

The issue of elder financial abuse is likely to continue to grow as an average of 10,000 Americans turn 65 a day, a pace expected to continue through 2030, according to the U.S. Census Bureau.



Financial abuse of seniors sky rockets

A record 24,454 suspected cases of elder financial abuse were reported to the Treasury Department by financial institutions last year – more than double the amount five years earlier.

There are a number of reasons attributed to why elder financial abuse or exploitation continues:

- increased social media use by older Americans
- seniors still have landline numbers listed in phone books, making them an easier target for telephone scammers
- a large number of seniors are baby boomers and they control a vast amount of wealth that is targeted by fraudsters

Elder abuse is also a growing issue for credit unions and while there is legislation to protect the elderly, credit union employees are often in the position to detect and protect their elderly members from financial exploitation.

New federal and state laws are prompting financial

institutions to take a more active role in trying to address fraud and scams that target older members.

The **Senior Safe Act**, a federal law passed in May 2018, encourages the reporting of financial abuse and provides immunity from liability to credit unions when reporting concerns of financial exploitation / abuse of the elderly to regulatory agencies and law enforcement. The Act requires the individuals go through training and report the exploitation to a covered agency.

Elder financial abuse isn't always so obvious and can raise privacy issues, or risk alienating members and/or miss out on legitimate financial opportunities.

Many credit unions are beefing up training programs for employees on how to detect, stop and report issues without violating a member's privacy. In some states, employees are allowed to refuse or delay transactions, or notify family members when elderly members request suspicious money transfers.

Common Elder Abuse Scam: Grandchild Scam

An elderly member receives a phone call with the perpetrator pretending to be a grandchild. The grandchild says they've been arrested and need money for bail. The member receives wire instructions for where to send the money and makes the transaction. Soon after, the member will discover this was a scam and the grandchild was not who initiated the call.





Many cases of elder financial abuse involve family members or caregivers. Other scams use phone calls and emails by fraudsters to trick vulnerable seniors into making irreversible money transfers.

Other Common Schemes

- Someone with a legitimate purpose for being in the member's home such as home health care aid, providing a service, or a family member may discover and access items linked to the member's account (checkbook, plastic cards, safe deposit box key, statements) and take them with the intent to withdraw funds or takeover the account.
- Social engineering fraud and related scams where the elderly member is contacted by someone perpetrating to be a credit union employee confirming data and/or asking for Personal Identification Numbers (PINs), card numbers, expiration dates, passwords, etc.



Common Red Flags of Financial Exploitation

The key to spotting financial abuse is typically related to a change in a person's established financial patterns. Watch out for these characteristics and observations that can expose attempts of financial exploitation:

- Unusual activity in a member account such as large, frequent, or unauthorized withdrawals
- A "new friend" or "family member" who accompanies the member and appears to be instructing the member to make financial decisions
- An elderly member asking to add a "new friend" or "family member" to their account. This includes authorizing the individual to access their safe deposit box (which may contain jewelry, wills, titles and other important documents)
- An unauthorized individual appearing with a key to a member's safe deposit box
- Use of a typically inactive debit / ATM card being used for the first time, or other services previously not used such as funds transfer, online banking (bill pay), peer-to-peer transactions, etc.
- Request to increase card limits
- Closing certificate of deposits or accounts without regard to penalties
- Suspicious signatures on checks, or outright forgery
- Sometimes during casual employee-to-member conversation or transactions, you may see confusion, fear or lack of awareness on the part of an older member. Refusal to make eye contact, shame or reluctance to talk about a financial problem can also be an indicator
- New powers of attorney the older person does not understand and/or abrupt changes in a will or other financial documents

Elder financial exploitation can destroy the financial security of an older adult at a vulnerable stage of life. Financial exploitation can negatively impact physical and emotional health.

Interested in learning more about fraud, scams & protecting your elderly members?

Contact CUNA Mutual Group Risk Consultants at 800.637.2676 or riskconsultant@cunamutual.com



Credit union frontline staff may know a lot about members based on previous conversations about financial transactions, family, work, and outside interests.

Your credit union and staff can be quick to suspect elder financial exploitation based on familiarity with your elderly members – the Senior Safe Act defines a senior citizen as someone who is not younger than 65. You have the potential to be the first line of defense against financial abuse and protect your members' assets.

Information can be gathered from the member by asking questions based upon observation of the previously-identified red flags. Always pose questions in a manner that puts the member at ease, ensure they are physically okay, and to determine if they are actually being exploited financially.



Some potential financial questions to ask a member:

- Did you recently make a large withdrawal from your account?
- There appears to be a recent change to your account. Do you mind if I go over the change with you?
- We noticed an increase in the use of your debit card. Do you mind if we review the transactions to make sure they were all completed by you?
- We noticed an increase in the amount of checks written on your account. Do you mind if we review the checks to make sure they were all written by you?

Always give the member some privacy. Separate customers from unknown family members or strangers before discussing sensitive or confidential business

Other forms of elder abuse that may be observed when interacting with a member may include **emotional abuse**, confinement, and deprivation of food or medicine. If you suspect a member is under duress, employees may consider the following questions:

- Do you feel all right?
- Can I get you anything?
- Would you like to sit down?
- Would you like me to call someone/an ambulance?

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Senior Safe Act

The [Senior Safe Act](#) provides financial institutions and insurance companies protection from lawsuits connected to disclosure of customer information so long as institutions have (a) reported the suspected incident to proper authorities in good faith and with reasonable care and (b) provided training to their employees.

The Act outlines specific requirements for the employee trainings including that training must:

- teach employees how to identify and report suspected exploitation,
- address the need to protect the member's privacy and respect the integrity of each individual customer of the covered financial institution
- be tailored to the employee's job responsibilities
- keep records of when employees receive training so they are available to regulatory agencies as requested

In addition to the Senior Safe Act, many states have laws designed to protect the elderly and we recommend you check the laws that apply in states where you have branches. There are several training programs available that can assist in your employee efforts to minimize elder financial abuse – a good place to begin is by checking with your credit union trade associations and/or leagues.

Reporting Suspicious Activity

If it is determined a report should be made, the law specifies that an individual serving as a supervisor or in a compliance or legal function (including a Bank Secrecy Act officer) can, "in good faith" and "with reasonable care" report it to a covered agency which includes:

- State financial regulatory agency
- Each of the Federal agencies represented in the membership of the Financial Institutions Examination Council (FFIEC)
- A law enforcement agency
- The Security and Exchange Commission
- A state or local agency responsible for administering adult protective service laws

Contact CUNA Mutual Group's **Risk & Protection Response Center** at **800.637.2676** or by email at riskconsultant@cunamutual.com for additional insights.

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