

## **SURVEY: 1 OUT OF 5 OLDER AMERICANS ARE FINANCIAL SWINDLE VICTIMS, MANY ADULT CHILDREN WORRY ABOUT PARENTS' ABILITY TO HANDLE FINANCES**

### *Poll Shows Half of Seniors Exhibit Warning Signs of Current Financial Exploitation*

#### *State Securities Regulators, Adult Protective Services Workers, Medical Professionals Launch Campaign to Reduce "Elder Investment Fraud and Financial Exploitation"*

**WASHINGTON, D.C. – June 15, 2010** – More than 7.3 million older Americans – one out of every five citizens over the age of 65 – already have been victimized by a financial swindle, according to a major new Investor Protection Trust (IPT) survey conducted by Infogroup/ORC and released today to mark World Elder Abuse Awareness Day.

The survey results underscore the urgent need for a new partnership between the nonprofit Investor Protection Trust, the North American Securities Administrators Association (NASAA), and the National Adult Protective Services Association (NAPSA) in cooperation with leading U.S. medical associations including the American Academy of Family Physicians, the National Area Health Education Center Organization and the National Association of Geriatric Education Centers. The "Elder Investment Fraud and Financial Exploitation" prevention campaign will educate medical professionals about how to spot older Americans who may be particularly vulnerable to financial abuse and then to refer suspected investment fraud involving these at-risk patients to state securities regulators and/or to local Adult Protective Services (APS) professionals. (See more details below.)

Key findings of the IPT survey of 2,022 American adults – including 706 adult children with at least one parent aged 65 or older and 590 adults who are aged 65 or older and have children – include the following:

- Half of older Americans exhibit one or more of the warning signs of current financial victimization. For example, more than one out three seniors (37 percent) are currently being pitched by "people (who) are calling me or mailing me asking for money, lotteries, and other schemes," while a much lower 19 percent of adult children believe that their parents are being pressured in such a fashion.
- Almost half of those aged 65 or over (44 percent) got at least two out of four questions wrong about basic investment knowledge.
- About one out of three older Americans (31 percent) says they are vulnerable in one or more ways to potential financial victimization.
- Only 5 percent of adult children in touch with their parents' doctors report "the healthcare providers ever mention[ing] any concerns about your parents handling of money or relayed any concern from your parent about handling money." However, of that same group, nearly one in five (19 percent) report the health care provider has mentioned concerns about "your parents' mental comprehension." Only 2 percent of Americans aged 65 or older say that their healthcare provider has ever asked about "how you are handling money issues or problems."
- Four out of 10 children of parents 65 or older are "very" or "somewhat" worried that their parents "have already become or will become less able to handle their personal finances over time." Among those over the age of 65, more than a third (36 percent) are "very" or "somewhat" worried about being less able to handle money issues over time.

**IPT President and CEO Don Blandin said: "We now know that a shockingly large number of older Americans are already victims of financial swindles and millions more are in danger of being exploited in such a fashion. Given that front-line medical professionals who deal everyday with older Americans are ideally positioned to spot the impaired mental capacity that can leave seniors vulnerable to financial abuse, our new program seeks to inform doctors, nurses and others about the warning signs of elder investment fraud and financial exploitation. Our goal is to improve the communication among medical**

**professionals, older Americans, adult children and state securities regulators in order to head off financial swindles before the damage is done.”**

**NASAA President and Texas Securities Commissioner Denise Voigt Crawford said: “The success of a Texas pilot program to train medical professionals to identify and report the signs of elder financial abuse to the Texas State Securities Board encouraged NASAA to form partnerships to expand this education and awareness campaign nationwide. We are pleased to have the support of family physicians, adult protective services workers and other caregivers in the effort to detect and fight the persistent problem of elder investment fraud and abuse. Investment fraud against seniors too often goes unreported, but by teaming up with clinicians and APS workers to give voice to the silent victims, state securities regulators will have more information to investigate and prosecute those who financially exploit our nation’s seniors.”**

**NAPSA Executive Director Kathleen Quinn said: “The National Adult Protective Services Association represents the ‘boots on the ground’ in the fight against elder abuse. Adult Protective Services professionals are the first responders to elder financial abuse, so they see the devastation these crimes wreak in older persons’ lives every day. It is imperative that a serious national campaign be launched to end rampant elder financial exploitation and to protect and help vulnerable older victims.”**

### **ABOUT THE NEW PROGRAM**

The “Elder Investment Fraud and Financial Exploitation” project will allow collaborators to work as a team to refer cases to each other, whether it is to report fraud to securities regulators, report abuse to Adult Protective Services (APS) workers, or refer a patient to a clinician for further medical evaluation.

Of particular concern are seniors with mild cognitive impairment who can perform most daily functions, but have trouble or become confused with others, like following their medicine regimen and managing their finances. A 2008 Duke University study found that about 35 percent of the 25 million people over age 71 in the U.S. either have mild cognitive impairment or Alzheimer’s disease. This makes them especially vulnerable to financial exploitation, including investment fraud.

State securities regulators and participating medical professionals now have available the project’s Clinician’s Pocket Guide and an informational brochure for patients/investors. The pocket guide – which outlines common red flags, how to ask about a patient’s financial capacity and what types of referral may be needed – can be used to train medical staff, as well as functioning as a handy reference card. The brochure tells how to protect against elder financial fraud and where to get help.

With a grant from the Investor Protection Trust, the new program was developed by clinicians and geriatrics faculty from the Baylor College of Medicine in Houston, Texas. For more information, go to <http://www.investorprotection.org>.

### **OTHER KEY SURVEY FINDINGS**

- 44 percent of those aged 65 or over got at least two out of four questions wrong about basic investment knowledge:
  - **WRONG** – 46 percent true/39 percent false: If an investment is registered with the Securities and Exchange Commission (the SEC) or state securities regulators, it has been reviewed to make sure it’s safe.
  - **WRONG** – 57 percent true/31 percent false: A very high rate of return is only okay as long as the investment is guaranteed or bonded.
  - **RIGHT** – 32 percent true/49 false: Variable annuities are usually good investments, especially for retirees.
  - **RIGHT** – 3 percent true/93 percent false: You can make a lot of money quickly without risk.

- More than three out of 10 older Americans (31 percent) say they are vulnerable in one or more ways to potential financial victimization:
  - You are financially responsible for an adult child or spouse – 14 percent.
  - You are isolated most the time from other people – 11 percent.
  - You are in bereavement – 8 percent.
  - You are depressed or have other mental problems – 5 percent.
  - You are dependent on someone else for your day-to-day care – 3 percent.
- 71 percent of those over 65 handle finances themselves, 24 percent rely on relatives for at least some help and 3 percent rely on non-family members, according to their children.
- 89 percent of children are “very confident” or “somewhat confident” of their parents' *current* ability to handle personal finances. Only 11 percent of are “not very confident” or “not confident” at all. This contrasts with the views of those aged 65 or older: 97 percent say they are "very" or "somewhat" confident about their *current* ability to handle money and just 3 percent who are "not very confident" or "not confident at all" with handling personal finances.
- 80 percent of children think that their parents aged 65 or older would tell them “immediately” if they were swindled, compared to 16 percent who think their parents would be ashamed and hide such a fact. Separately, over a third (35 percent) of children say it is not likely or not very likely at all that they would be able to figure out that their parents had been swindled if their parents did not disclose that fact.
- Of American adults with at least one living parent, over two out of three (68 percent) have parents aged 65 or older. Of those Americans aged 65 or older, 91 percent have living children.
- Of adult children with at least one parent over the age 65, 89 percent of the parents already are retired. Of those children with at least one parent over 65, 11 percent already are retired themselves and 10 percent are within five years of retirement.

For full survey findings go to <http://www.investorprotection.org> on the Web.

## **METHODOLOGY**

The IPT survey was conducted by Infogroup/ORC during the period May 20-24, 2010 among a sample of 2,022 adults comprising 987 men and 1,035 women 18 years of age and older living in the Continental United States. The group included 706 children with at least one parent aged 65 or older and 590 adults who are aged 65 or older and have children.

Completed interviews are weighted by four variables: age, gender, region and race to ensure reliable and accurate representation of the total population, 18 years of age and older. The margin of error for results based on the total sample is plus or minus 2 percentage points.

## **ABOUT THE GROUPS**

The Investor Protection Trust (<http://www.investorprotection.org>) is a nonprofit organization devoted to investor education. The primary mission of IPT is to provide independent, objective information needed by consumers to make informed investment decisions. Founded in 1993 as part of a multi-state settlement to resolve charges of misconduct, IPT serves as an independent source of unbiased and non-commercial investor education materials. The IPT provides investor education at both the state and national levels. The Texas Consortium Geriatric Education Center at Baylor College of Medicine piloted the elder investment fraud and

financial exploitation prevention initiative under an IPT grant with support from the Texas State Securities Board.

NASAA (<http://www.nasaa.org>) is the oldest international organization devoted to investor protection. Its membership consists of the securities administrators in the 50 states, the District of Columbia, Puerto Rico, the U.S. Virgin Islands, Canada and Mexico.

The National Adult Protective Services Association (<http://www.apsnetwork.org>) is a national non-profit 501 (c) (3) organization with members in all fifty states, including the District of Columbia, the U.S. Virgin Islands, and Guam. It was formed in 1989 to provide state Adult Protective Services (APS) program administrators and staff, who are the first responders to abused elders and younger adults with disabilities, with a forum for sharing information, solving problems and improving the quality of services for these vulnerable victims.

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**EDITOR'S NOTE:** A streaming audio recording of the news event will be available on the Web as of 6 p.m. EDT on June 15, 2010 at <http://www.investorprotection.org>.