

## FINANCIAL WARNING SIGNS YOUR ELDERLY PARENTS NEED HELP —AND WHAT TO DO ABOUT IT

Many of us struggle to keep our own finances together. But if you have elderly parents or a close older relative or friend, you should also be alert to signs that they may be experiencing money management problems that may require you to intervene.

Here are a few of the potential problems, warning signs and steps to take to minimize problems.

**Money mismanagement.** As parents age, they may begin to forget to pay bills, experience diminished ability to handle numbers or even be physically unable to write checks. And of course, they may simply not have the money to pay their bills. Warning signs include bills piling up at home, calls from creditors and checks that haven't been deposited.

Who's doing their taxes? Most elderly people have to file not only annual taxes but also quarterly estimated taxes. Are these getting done, done accurately and done on time? Letters from the IRS might reveal a problem.

If you personally can't ensure that their bills are paid and taxes completed—either because you don't live close or because your parents refuse your help—try to get them to use professional services such as a tax accountant and a bonded, licensed bill-paying service. Be sure the services are reputable and try to monitor their work. Automate bill paying as much as possible and have Social Security and pension checks automatically deposited in their bank accounts.

**Financial scams.** The Federal Trade Commission reports that 80 percent of the victims of telemarketing scams are over the age of 65. Isolated seniors who live alone are especially vulnerable because they like the attention of phone calls and no one else is around to question the scam.

Look for checks made out to unfamiliar, out-of-state companies or phone calls from solicitors (have a caller ID installed). Bounced checks or sudden trouble paying bills or may disclose that they're losing money to scams. Put them on the no-call telemarketer lists. If they have a computer, sneak a peek to see if they're responding to scams over the Internet.

Watch for piles of junk mail from contests, "free trips" or sweepstakes, or such items as costume jewelry, pens and pencils, and cheap beauty products. This may signal that they are buying worthless "valuable prizes" or sending money for magazine subscriptions to enhance their chances of winning. Be alert to bills paid to questionable home-repair services or too-good-to-be true investments.

**Financial abuse.** Sadly, the elderly are often financially abused by people closest to them: family members, friends, privately paid caregivers or a legal guardian.

These people usually have access to the person's finances, and may drain bank accounts, cash checks and run up credit cards.

One red flag is if your parent starts shunning all outsiders, including family and friends, relying solely on the "caregiver." This can be difficult to break through because the parent is typically set against others by the Svengali-like abuser. You may need to call in the county's adult protective services or even the police. In the case of a privately paid caregiver, run a background check for prior arrests or convictions.

Unsuitable financial products. While not an outright scam, the elderly are frequently sold legitimate but unsuitable financial products. An example might be a salesperson convincing an elderly couple to roll a maturing certificate of deposit into a deferred annuity to "earn higher interest" even though the annuity is not appropriate for their financial circumstances. Convincing your parents to work with a reputable financial planner can eliminate this potential problem.

Compulsive gambling. Gambling can become an addictive form of entertainment for older people. Are your parents making frequent trips to casinos, buying many lottery tickets, gambling on credit or constantly talking about "winnings"? They also may be gambling online.

The challenges of spotting and preventing these and similar money management problems are frequently compounded by the tendency of older people to be secretive about their personal finances, embarrassment about having money problems, resistance to giving up their independence, and having children who live far away.

You may feel uncomfortable playing detective to spot these warning signs. But the loss of their financial savings and their financial independence is far more devastating.

April 2004 – This column is produced by the Financial Planning Association, the membership organization for the financial planning community, and is provided by local member Bill Rodau, MS, MBA, CFP® at *Creative Financial Services*, 262-820-0870, [www.cfsfeonly.com](http://www.cfsfeonly.com). The column is provided for your general information only and you should contact this planner or other professionals for specific advice regarding your unique situation.

