

Understanding financial vulnerability and financial exploitation

Peter A. Lichtenberg, Ph.D., ABPP
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Director & Distinguished University Service Professor of Psychology



Overview for today's talk

- Review cognitive aging and money management
- Examine the Domains of Financial Capacity
- Introduce our new WALLET study of personal financial management and exploitation among those with early memory loss and early results
- Discuss the growing problem of Financial Exploitation of Older Adults
- Describe our Financial Vulnerability Survey
- Introduce our website <https://olderadultnestegg.com> for caregivers and older adults
- Introduce the SAFE program



CENTER *for*
RETIREMENT
RESEARCH
at BOSTON COLLEGE

JANUARY 2017, NUMBER 17-1

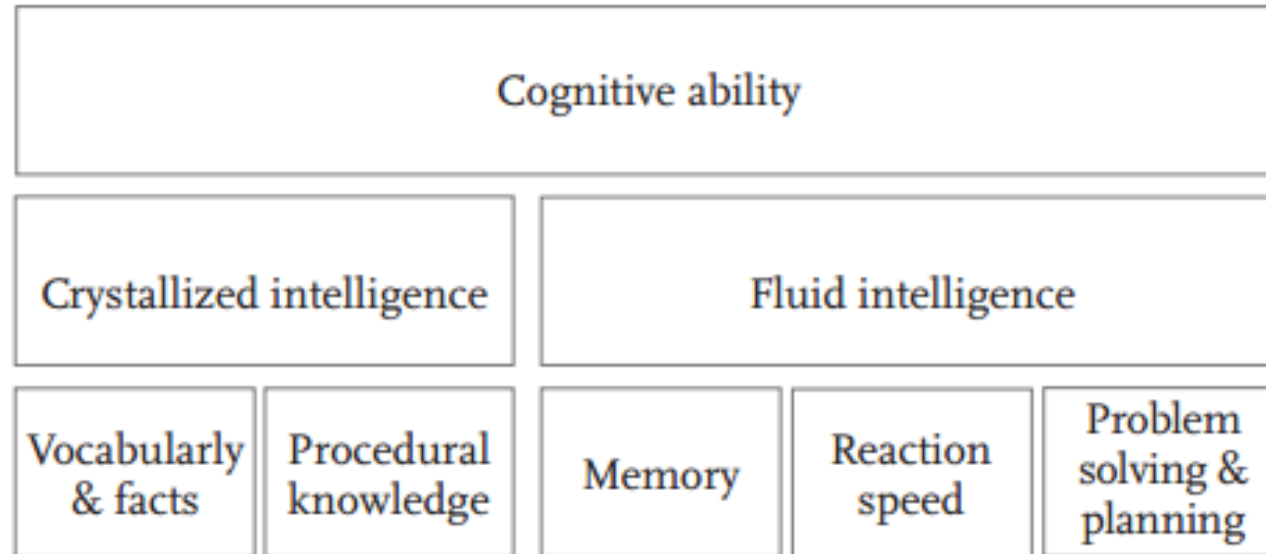
COGNITIVE AGING AND THE CAPACITY TO MANAGE MONEY

BY ANEK BELBASE AND GEOFFREY T. SANZENBACHER*

Vol. 17, No.1, pp. 1-6

Figure 1: Components of Cognitive Ability

FIGURE 1. COMPONENTS OF COGNITIVE ABILITY



Source: Authors' illustration.

Figure 2b:
Age-Related Changes in Episodic Memory–
Adjusted

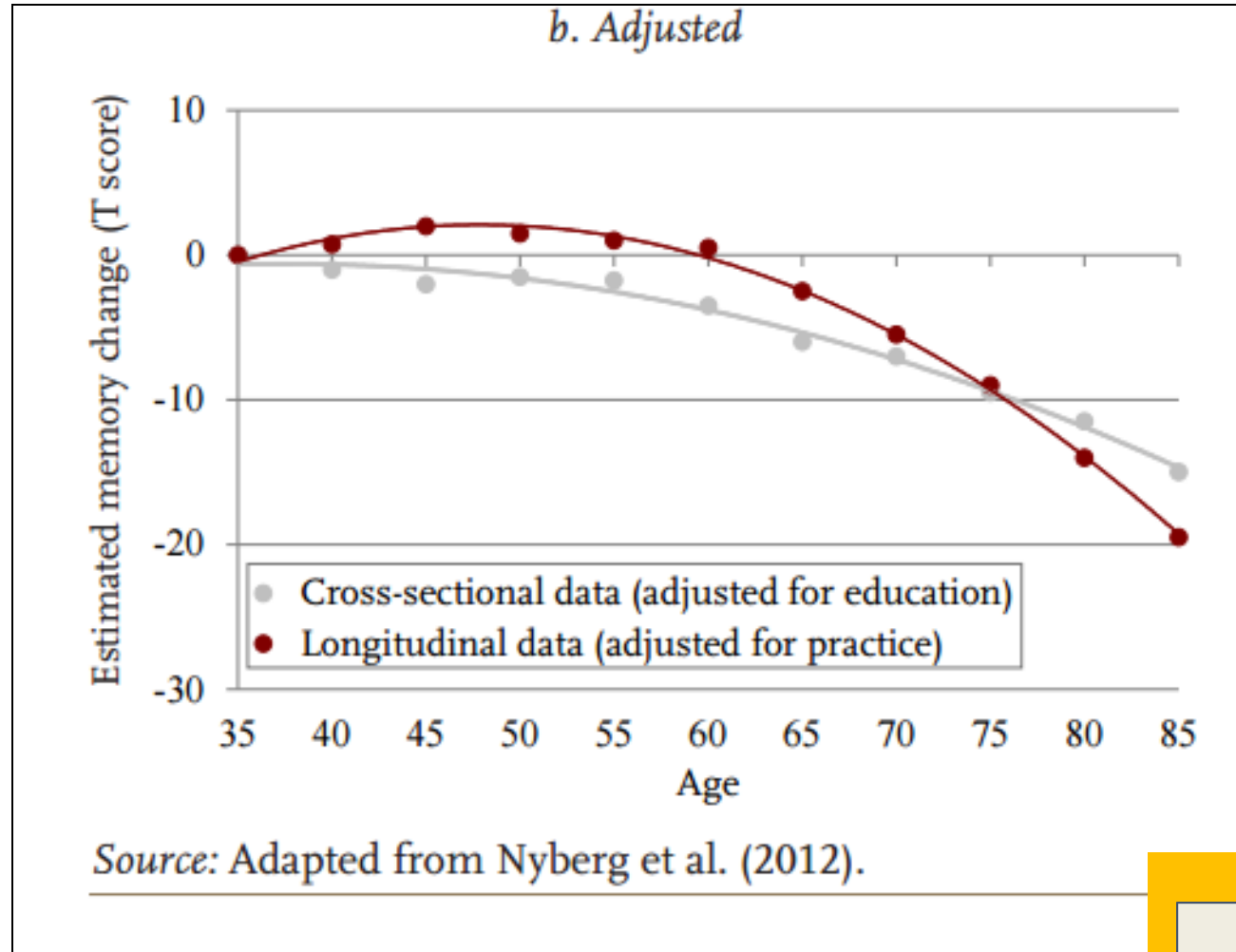
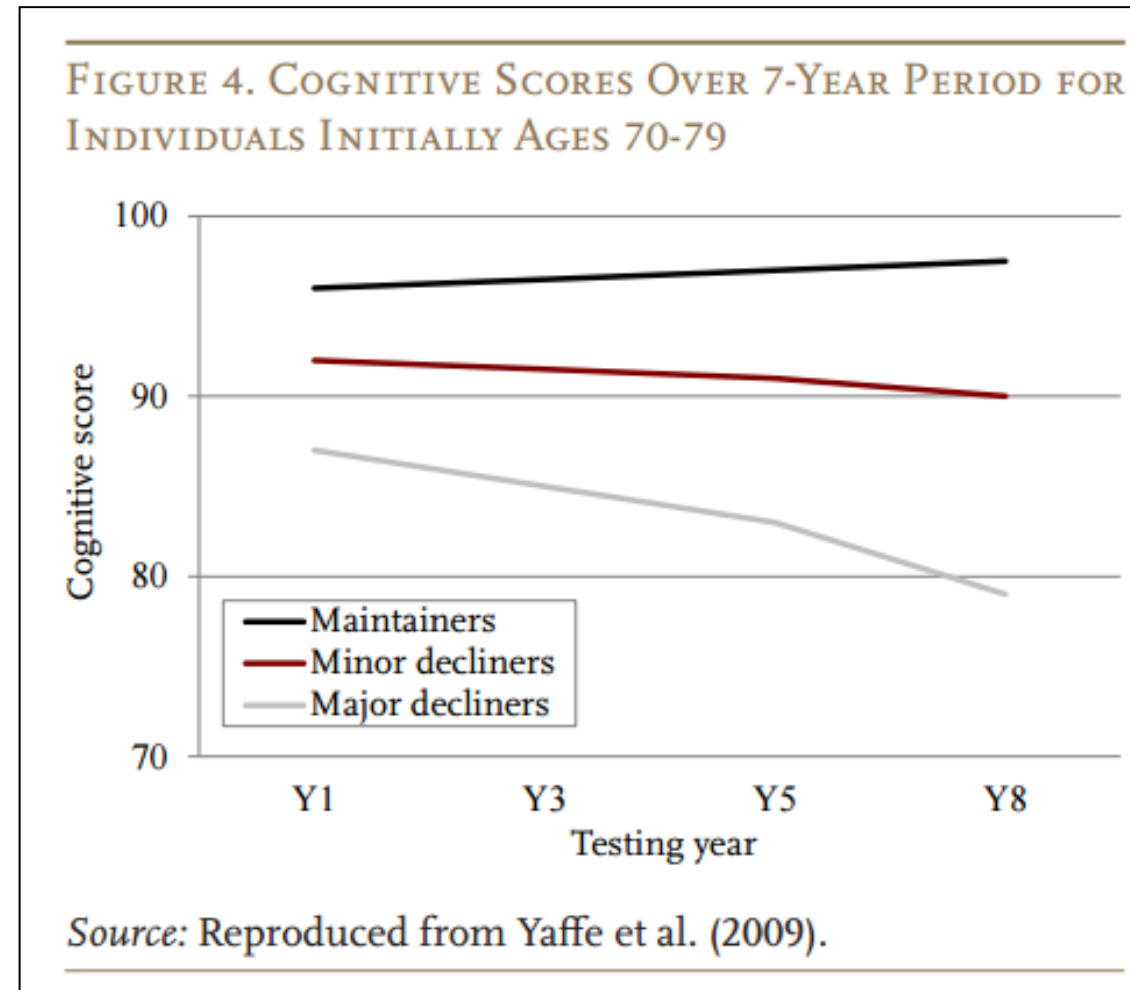


Figure 4: Cognitive Scores Over 7-Year Period for Individuals Initially Ages 70-79



Cognitively healthy older adults and those with cognitive decline

- Given cognitive aging, why do 95% of older adults manage debt, pay bills and maintain good credit just as well as 50-year-olds?

Answer: Crystallized Intelligence
(for those who have been managing finances for years).

For those taking over finances—it becomes a fluid intelligence task and not as solid in managing finances.

Now the scary part of the financial story

Angrisani & Lee, 2019, Health and Retirement study—longitudinal data



The Journal of the Economics of
Ageing

Volume 13, May 2019, Pages 86-101



Full length article

Cognitive decline and household financial decisions at older ages

Marco Angrisani  , Jinkook Lee 

- Decrements in wealth linked to cognitive decline such that 10-15% decline equated to 15-18% wealth loss in 2 year period.
- 61% of sample with decrements had cognitive decline but remained untreated/diagnosed

The Domains of Financial Capacity: Financial Management, Financial Decision Making and Avoiding Financial Exploitation



Looking for Volunteers to Participate in the WALLET Study



If interested, contact
Vanessa Rorai at
313-664-2604 or
vrorai@wayne.edu

Because the links between early memory loss and a decline in wealth are on the rise, the WSU Institute of Gerontology is seeking to interview older adults aged 60+. The interview will examine financial decision making, financial management, and completion of cognitive tests and other measures.

- **A review of financial records from a primary checking account will be included**
- **Participants will receive \$100 compensation for completing the study**
- **All financial records are de-identified and confidential**
- **Interviews will take place over the telephone**



PI, Peter Lichtenberg
Director
Institute of Gerontology, WSU

The WALLET Study:

Wealth Accumulations and Losses in Later life Early cognitive Transitions



Funded by RRF and the National Institute on Aging



Descriptive Data

- Median Annual income= \$37,000; Social security= \$15,552
- 48% worry about financial decision they recently made
- Only 52% satisfied with their finances
- 52% wish they had someone to talk to about finances
- 48% anxiety and 41% downhearted about finances and decisions
- 20% relationship strain as gotten older due to finances
- 10% repeatedly losing money without permission
- 20% reporting financial exploitation within past 18 months

Defining Financial Exploitation

Misappropriation or misuse
of the funds of an older and/or
vulnerable adult

Includes fraud, family or friend exploitation,
exploitation by staff or professionals

Financial Exploitation: What Is It?

Six Domains*

*Conrad et al. (2010)

Theft & Scams

Has anyone misused your ATM or credit card?

Abuse of Trust

Has someone convinced you to turn the title of your home over to them?

Financial Entitlement

Has anyone felt entitled to use your money for themselves?

Coercion

Did anyone put pressure on you to get a reverse mortgage?

Signs of Possible Financial Exploitation

Has anyone been frequently asking you for money?

Money Management Difficulties

Consumer Finance Protection Bureau (CFPB) Suspicious Activity Reports (SARs) 2019

- Reports from Financial Institutions: Deposit Institutions (Banks, Credit Unions) and Money Services Businesses (e.g. Moneygram, Western Union)
- SAR reports quadrupled between 2013 (1300/month) and 2017 (5700/month)
- 2017 losses connected to SARs \$1.7 Billion in 2017
- 80% SARs loss to an older adult; Mean loss \$34,000; 7% \$100K+
- 69% 60yo+
- 56% 70yo+
- 33% 80yo+

Comparison of FE characteristics between MSB and DI Institutions

Money Services Businesses (MSB)

- 69% Stranger Scams
- Romance, Relative in Need, Lottery

Deposit Institutions (DI)

- 27% Stranger Scams
- 67% knew suspect

- Overall: 51% stranger; 36% known person (70% family; 19% fiduciary)
- Biggest losses—Fiduciary average loss \$83,600

Lichtenberg et al. 2013 & 2016 Psychological Vulnerability

2013: The strongest finding, however, was the prevalence of fraud in persons with the highest depression and lowest social-needs fulfillment (**14%**) compared to the prevalence of fraud in the rest of the sample (**4.1%; $\chi^2 = 20.49$; $p < .001$**)

2016: Fraud prevalence among those with clinically significant depression and the lowest **10%** in social-needs fulfillment (**8.7%**) was more than twice as high compared to the rest of the sample (**4.1%; $\chi^2 = 7.85$, $p = .005$**).

Financial Exploitation Prevalence

- **Acierno (2010):** 5772 National Prevalence Sample 5% older adults victim of FE (not including scams) 2nd only to emotional abuse
- **Beach (2010):** 10% older adults victim of FE since age 60 (including scams)
- **Burnes et al. 2017 meta-analysis** -- 5% older adults victims of fraud each year
- **Predictors:** Psychological factors, financial factors, vulnerability factors



CrossMark

Clinical Gerontologist

Publication details, including instructions for authors and subscription information:

<http://www.tandfonline.com/loi/wcli20>

A Person-Centered Approach to Financial Capacity Assessment: Preliminary Development of a New Rating Scale

Peter A. Lichtenberg PhD, ABPP^a, Jonathan Stoltman MA^a, Lisa J. Ficker PhD^a, Madelyn Iris PhD^b & Benjamin Mast PhD^c

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^b CJE SeniorLife, Chicago, Illinois, USA

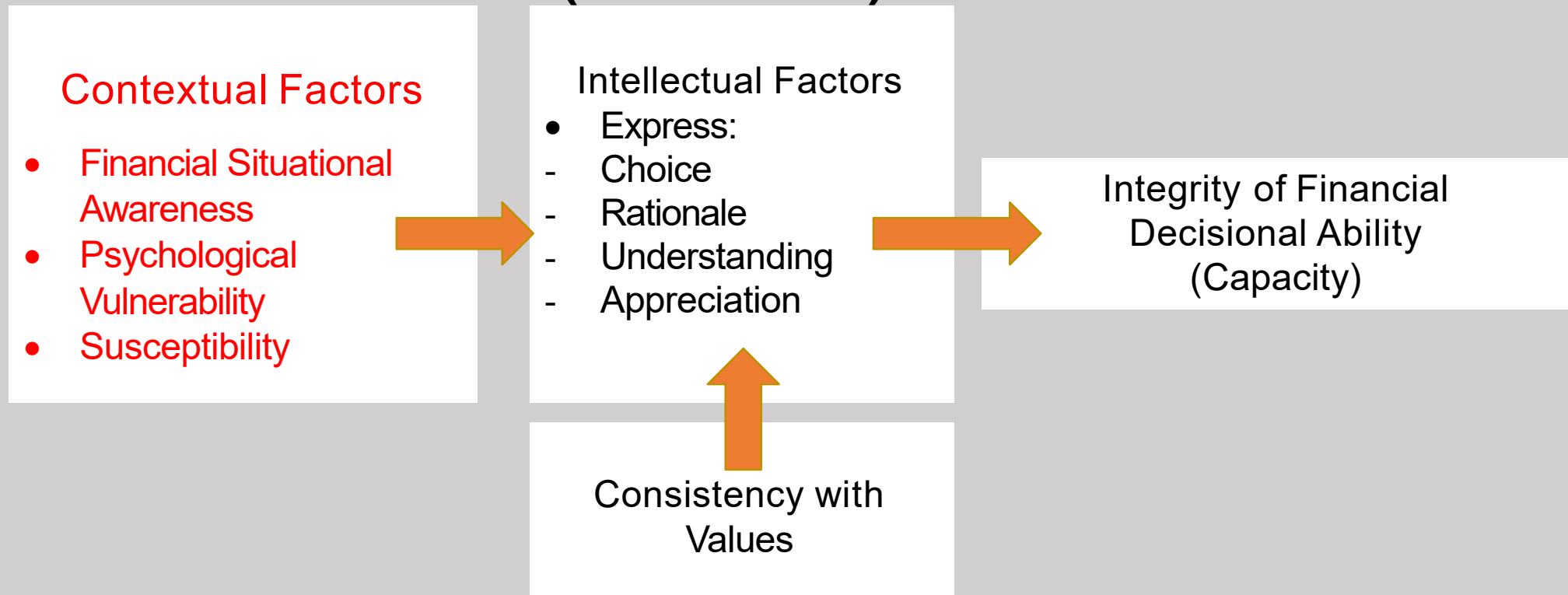
^c University of Louisville, Louisville, Kentucky, USA

Accepted author version posted online: 15 Oct 2014. Published online: 13 Jan 2015.

Ground Breaking Work of Appelbaum and Grisso 1988

- Originally for capacity for psychiatric treatment and guardianship, then health decisions
- Identified 4 aspects of decision-making
 - Communicating:
 - 1) Choice
 - 2) Understanding
 - 3) Appreciation
 - 4) Reasoning

Conceptual Model for the Lichtenberg Financial Decision Rating Scale (LFDRS)



Original Research Article

Examining Health and Wealth Correlates of Perceived Financial Vulnerability: A Normative Study

Peter A. Lichtenberg, PhD, ABPP,^{1,*} Daniel Paulson, PhD,² and S. Duke Han, PhD, ABPP-CN³

¹Institute of Gerontology and Department of Psychology, Wayne State University, Detroit, Michigan. ²Department of Psychology, University of Central Florida, Orlando. ³Departments of Family Medicine, Neurology, and Psychology and School of Gerontology Keck School of Medicine, University of Southern California, Los Angeles.

National Data

Health and Retirement Study 2020 release

Lichtenberg, Paulson & Han, 2020

- Anxious about financial decisions, at least sometimes – 65%
- Wish had someone to talk with about finances, at least sometimes – 55%
- Worried that someone will take away one's financial freedom, at least sometimes – 32%
- Confident making big financial decisions? Unsure/not confident – 26%
- Treated with less respect and courtesy during financial transactions, at least sometimes – 30%
- Talked into a decision to spend money that originally did not want to, at least sometimes – 22%

Research Article

Context Matters: Financial, Psychological, and Relationship Insecurity Around Personal Finance Is Associated With Financial Exploitation

Peter A. Lichtenberg, PhD, ABPP,^{1,*} Rebecca Campbell, BA,² LaToya Hall, MSW,¹ and Evan Z. Gross, MA²

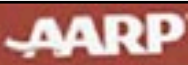
¹Department of Psychology, Institute of Gerontology, Wayne State University, Detroit, Michigan. ²Institute of Gerontology and Department of Psychology, Wayne State University, Detroit, Michigan.

Context Matters

- Examined 34 contextual items from the LFDRS
- Financial, psychological and relationship strain and insecurity differentiated FE (n=78) from non FE (n=168) group
- 17 items with Chronbach alpha .82, AUC .80 provided initial construct validity for a new self-report survey:
Financial Exploitation Vulnerability Scale (FEVS)

On [OlderAdultNestEgg.com](https://www.OlderAdultNestEgg.com)

FEVS is referred to as the Financial Vulnerability Survey

[Join](#)[Renew](#)[Help](#)[Member Benefits](#)

9 Online Tools That Help You Stay Safe From Fraud

These services help you safeguard your identity, finances and personal data

by Joe Eaton, AARP, April 1, 2021 | Comments: 2



GETTY IMAGES

1. Take a financial vulnerability survey

The Wayne State University Institute of Gerontology has developed an online financial vulnerability survey, at OlderAdultNestEgg.com, to help older Americans evaluate decision-making. Through its SAFE program, the service also offers one-on-one coaching to help users

Quiz
Surprise You

10 Things in Your Wardrobe to Never
Toss, Sell or Donate

AARP recommends using
WSU Institute of Gerontology
Financial Vulnerability Survey as a first step
to safeguard your identity, finances and
personal data. Take a survey today! Visit:
[www.OlderAdultNestEgg.com/
for-older-adults/](http://www.OlderAdultNestEgg.com/for-older-adults/)

Financial Vulnerability Survey

Age : _____ **Gender:** ____ Male ____ Female. **Date** _____

Highest Level of Education _____

Race/Ethnicity _____

—

Do you live alone? ____YES ____NO. **Are you employed?** __YES __ NO

Are you ____ Married ____ Life Partner(unmarried) ____ Widowed Single ____

Secure ID Code: _____

Survey results will be sent to the person who asked you to complete it. Please enter that name or their organization here:

Instructions: Circle one answer per question

Instructions: Circle one answer per question

1) How worried are you about having enough money to pay for things?

- a. Not at all worried (0) b. Somewhat worried (1) c. Very Worried (2)

2) Overall, how satisfied are you with your finances?

- a. Satisfied (0) b. Neither satisfied nor dissatisfied (1) c. Dissatisfied (2)

3) Who manages your money day-to-day?

- a. I do, without any help(0) b. I get help from someone (1)
c. Someone else manages all my money (2)

4) How satisfied are you with this money management?

- a. Satisfied (0) b. Neither satisfied nor dissatisfied (1) c. Dissatisfied (2)

5) How confident are you in making big financial decisions?

- a. Confident (0) b. Unsure (1) c. Not Confident (2)

6) How often do you worry about financial decisions you've recently made?

- a. Never or rarely (0) b. Sometimes (1) c. Often (2)

7) Have you noticed any money taken from your bank account without your permission?

- a. No (0) b. Yes (1)

8) How often do your monthly expenses exceed your regular monthly income?

- a. Never or rarely (0) b. Sometimes (1) c. Often (2)

9) How often do you talk with or visit others on a regular basis?

- a. Daily or weekly (0) b. Monthly (1) c. Less than monthly (2)

10) How often do you wish you had someone to talk to about financial decisions, transactions, or plans?

a. Never or rarely (0) b. Sometimes (1) c. Often (2)

11) How often do you feel anxious about your financial decisions and/or transactions?

a. Never or rarely (0) b. Sometimes (1) c. Often (2)

12) Do you have a confidante with whom you can discuss anything, including your financial situations and decisions?

a. Yes (0) b. No (1)

13) How often do you feel downhearted or blue about your financial situation or decisions?

a. Never or rarely (0) b. Sometimes (1) c. Often (2)

14) Are your memory, thinking skills, or ability to reason with regard to financial decisions or financial transactions worse than a year ago?

a. No (0) b. Yes (1)

15) Has a relationship with a family member or friend become strained due to finances as you have gotten older?

a. No (0) b. Yes (1)

16) Did anyone ever tell you that someone else you know wants to take your money?

a. No (0) b. Yes (1)

17) How likely is it that anyone now wants to take or use your money without your permission?

a. Unlikely (0) b. Somewhat likely (1) c. Very likely (2)

Decision Guide for Professionals Administering the Financial Vulnerability Survey (FVS)

Instructions For the FVS

- 1) Recommended for persons age 50 and up
- 2) Clients can complete it themselves or it can be administered by trained staff
- 3) Only one answer should be marked for each question
- 4) Survey is scored by adding the numbers in parenthesis after each answer
- 5) Critical items #7, 10, 11, 13, 14, 15, 16 that score as “Often” or “Yes” should be probed to determine financial exploitation (FE) (see below)
- 6) Scores above 5 have been associated with a higher likelihood of financial exploitation.

FVS SCORING

0 - 4 = Low Risk

- SAFE education to protect assets manage money
- Take the FVS every 6-12 months to monitor your risk

5 - 9 = Average Risk

- Administer Financial Decision Tracker if indicated (olderadultnestegg.com)
- If financial or relationship strain exists around money consider referral to SAFE and/or mediation services
- Follow-up on critical items. If FE is indicated, refer to APS.
- Encourage client to make changes to protect against FE

10+ = High Risk

- Administer the Financial Decision Tracker if indicated (olderadultnestegg.com)
- If financial or relationship strain around money, consider referral to SAFE and/or mediation services
- Follow-up on critical items. If FE exists, refer to APS.
- Encourage client to make changes to protect against FE

Critical Questions Follow-up

#7 - Have you noticed money taken from your bank account without permission? **If YES:** who, when, how much?

#10 - How often do you wish you had someone to talk to about financial decisions, transaction or plans? **If OFTEN:** Consider referral to SAFE program or financial coaching.

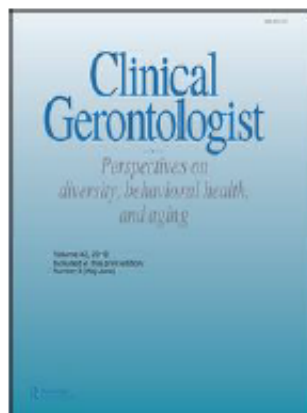
#11 - How often do you feel anxious about your financial decisions and/or transactions? **If OFTEN:** Do you feel anxious in other ways, explain. Consider referral for mental health treatment.

#13 - How often do you feel downhearted or blue about your financial situation or decisions? **If OFTEN:** Consider referral for mental health treatment

#14 - Are your memory, thinking skills, or ability to reason regarding financial decisions or financial transactions worse than a year ago? **If YES,** first probe to understand how cognitive decline has impacted finances. Consider referral for cognitive evaluation and/or dementia work-up.

#15 - Has a relationship with a family member or friend become strained due to finances as you have gotten older? **If YES:** Who? To what degree? Details. Determine if FE may be present.

#16 - How likely is it that anyone now wants to take or use your money without your permission? **If VERY LIKELY:** Who? Why do you think that? Determine if FE may be present.



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Examining the Validity of the Financial Exploitation Vulnerability Scale

Peter A. Lichtenberg, Maggie Tocco, Juno Moray & Latoya Hall

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To link to this article: <https://doi.org/10.1080/07317115.2021.1954124>

Table 1. Sample demographics across financial vulnerability risk levels.

	Total	Low	Moderate	High	Statistic
Age	71.9 (6.7)	71.5 (5.9)	72.6 (7.8)	73.2 (8.8)	$F(2,255) = 1.12$
Gender					
Male	124 (48.1%)	91 (73.4%)	21 (16.9%)	12 (9.7%)	$\chi^2(2) = 1.87$
Female	134 (51.9%)	88 (65.7%)	28 (20.9%)	18 (13.4%)	
Education					
Bachelor's and below	127 (49.2%)	84 (66.4%)	25 (19.7%)	18 (14.2%)	$\chi^2(2) = 2.43$
Graduate Education	129 (50.0%)	95 (73.6%)	23 (17.8%)	11 (8.5%)	
Living Alone					
Yes	98 (38.0%)	61 (62.2%)	19 (19.4%)	18 (18.4%)	$\chi^2(2) = 7.35^*$ $= 0.17$
No	160 (62.0%)	118 (73.8%)	30 (18.8%)	12 (7.5%)	
Memory Complaints					
Yes	99 (38.4%)	53 (53.5%)	25 (25.3%)	21 (21.2%)	$\chi^2(2) = 21.82^{**}$ $= 0.29$
No	159 (61.6%)	126 (79.2%)	24 (15.1%)	9 (5.7%)	

*Comparison is significant at the 0.05 level.

**Comparison is significant at the 0.001 level.

Table 5. Frequencies of FEVS risk scores.

	Concern Type			Total
	Low	Moderate	High	
Living Alone and Memory Problem	15 39.47%	8 21.05%	15 39.47%	38 100.00%
Living Alone Only	46 76.67%	11 18.33%	3 5.00%	60 100.00%
Memory Problem Only	38 62.30%	17 27.87%	6 9.84%	61 100.00%
Neither	80 80.81%	13 13.13%	6 6.06%	99 100.00%
Total	179 69.38%	49 18.99%	30 11.63%	258 100.00%

For
Professionals*So Much at Stake*

Interviews tools for establishing baseline assessments and keeping track of your client's financial decisional abilities as they change

CREATE AN ACCOUNT & GET CERTIFIED TO USE TOOLS



Financial Decision Tracker
(10 Items)

Financial Vulnerability Survey
(17 Questions)

Financial Vulnerability Assessment
(34 Questions)

Family & Friends Interview
(14 Questions)

USE TOOLS > DOWNLOAD REPORTS > GET NEXT STEPS

BRIEF VIDEOS SPECIFICALLY FOR:

Mental Health Professionals
(5:23 min.)

Health Care Professionals
(5:13 min.)

Financial Professionals
(5:06 min.)



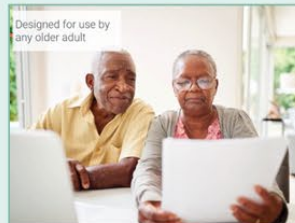
A New Way for Therapists to Help Clients

A Check-up for Your Patient's Financial Health

Are Your Clients Vulnerable to Financial Fraud?

For
Older Adults*Are you at risk of financial exploitation?*

How we make financial decisions can change as we get older. Our vulnerability survey and financial coaching can help inform and protect older adults

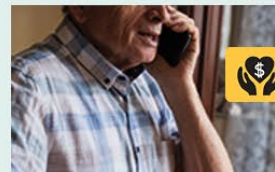


WATCH BRIEF VIDEO

Learn about the nature of the questions of the Vulnerability Survey, what our research tells us, and how it can help now and over time to protect a nest egg.

ANSWER A FEW QUESTIONS

*Fill out **Financial Vulnerability Survey** on-line to determine your risk of fraud, scams and financial exploitation. View your rating with next steps and print or save it to your computer.*
(17 Questions)



Successful Aging thru Financial Empowerment (SAFE) Program

ONE-ON-ONE COUNSELING

Additional SAFE Program Resources

Virtual Events • Financial Guides & Workbooks

SPECIAL SECTION ON BRAIN HEALTH & AGING

Plus, Helpful Organizations, Recommended Reading & Fraud Alerts

For Family
& Friends

*Money Matters:
Help for Caregivers Who Handle
Other People's Finances*

We specialize in educating caregivers to handle the critical money issues of the people they care for

LEARN FROM VIDEOS



Detecting Early Cognitive Impairment
(20 min.)

Holding Difficult Conversations
(20 min.)

Detecting Financial Mismanagement
(20 min.)

Managing Someone Else's Money
(20 min.)

Family & Friends Questionnaire
(14 Questions)



FILL OUT QUESTIONNAIRE

The FFQ can be taken by a trusted friend or relative of an older adult to help assess the older adult's financial decision making.

MORE RESOURCES

Sign up for Caregiver Newsletter • Get Fraud Alerts
Ask us on Facebook & Helpful Organizations



One-on-One Counseling • Virtual Events
Financial Guides & Workbooks • Ask us on Facebook

Successful Aging thru Financial Empowerment



What We Do

- Help older adults recover financially and emotionally after being victimized by financial scams or identity theft.
- Educate older adults, and the people who care for them, about scamming and identity theft techniques, identification, protection and reporting.
- Offer one-on-one support and education to caregivers on financial management issues



NO COST

Phone and Virtual Coaching/
Advocacy sessions



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SAFE Metrics

Saved or Recovered

Approximately \$135,000

Provided **NO COST**, One on One Services

135 Older Adults

45 Caregivers

Educated over 10,000 Older Adults,
Caregivers and Professionals



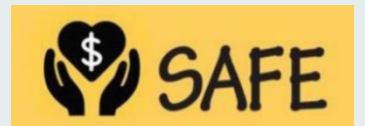
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How We Help Older Adults

We can help with

- Filing police and consumer reports
- Contacting credit report agencies
- Disputing information on your credit report
- Contacting creditors and closing accounts
- Placing fraud alerts on your credit report
- And more...a



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Lichtenberg et al (2019)

Study used baseline data to describe the program and methodology, and uses case examples and preliminary research to investigate the intersection of FE and physical and mental health functioning.

42 Community Dwelling Older Adults

21 SAFE

21 Community Comparison Group



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Lichtenberg et al (2019) (Cont...)

Results

SAFE Clients Compared to Older Adults with No Complaint of Scams and ID Theft

- Less Education
- Worse Health
- More Functional Deficits
- More Cognitive Deficits
- More Financial Hassles
- Less Social Support
- Higher Levels of Stress Anxiety and Depression
- Higher LFDRS Risk Scores



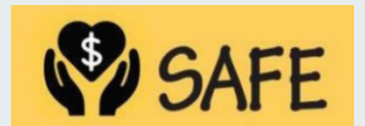
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How We Help Caregivers

We can help with

- Obtaining the necessary legal documents and designations to manage a friend or relative's finances.
- Proper record-keeping.
- Filing consumer complaints and crime reports
- Reviewing credit reports and addressing credit issues
- Preparing personal budgets and care recipient budgets
- Coaching on difficult conversations
- Financial coaching services for caregiver financial issues
- And more....



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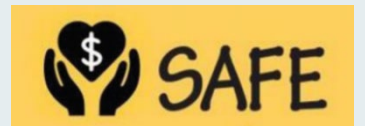


No Cost **SAFE Coaching Services**

Zoom and/or Telephone
Coaching/Advocacy Services for Older Adults



Contact: LaToya Hall
313-664-2608 or L.hall@wayne.edu



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Institute of Gerontology



Older Adult Financial Exploitation Epidemic

The financial viability of our senior population

Conversations on Compliance

May 25, 2022



Why should a credit union participate in the program?

Every credit union in the room has seen a rise in cases of Older Adult Financial Exploitation

Dr. Peter Lichtenberg's expertise in this area

The resources available through Wayne State University and the Institute of Gerontology

More reasons why MLCU participates

How many CU's in the room feel adequate to assist victims?

The assistance provided to member/owners who have been victimized

Great resources for caretakers as well as your older member/owners

Dr. Peter Lichtenberg's Expertise



**Peter Lichtenberg,
PHD, ABPP**

Dr. Lichtenberg is a national expert in financial capacity assessment and the financial exploitation of older adults. An award-winning author and researcher, his interest in how older adults make financial decisions, and the responsibility to defend autonomy while protecting the vulnerable, led him to create the interview tools found here. He has conducted numerous medical evaluations and been an expert witness in more than 80 cases related to older adults and capacity.

**Your best
resource**

<https://www.olderadultnestegg.com>

The Process

Step One:
Four week
training with staff

Step Two:
Subject Matter
Experts SME's

Step Three:
Include the FVS for
all new members
50 and +

Step Four:
Education to
members –
Money

Step Five:
OLLE Contest -
For all members
50 and +

Step Six:
Flag Accounts

Step Seven:
Results

The Benefits of the Program

Staff Education:

In a rising regulatory environment , staff can get certification

Financial Education:

One of the seven Cooperative Principals

Another Tool:

This is just another tool to help combat this rising epidemic

Post Incident Resources:
SAFE Program

Public Relations:

This is a win/win program for your credit union and a community win

The Results:

Staff are better equipped and trained to deal with the situations

The Early Results of the Program

Staff Education:

Staff have been able to ask more in depth questions to stop questionable transactions

Opening New Accounts:

Financial Education:

Scores Received from Vulnerability Survey:
One week into the marketing campaign 148 individuals read the email and 40 took the survey

Q&A



Thank you

Contact Information:

plichtenberg@wayne.edu
cpeters@michiganlegacycu.org

