

**Elder Financial Exploitation in a Large Retirement Community**  
**Executive Summary**

There were 44.7 million Americans over 65 years of age in 2013, comprising 14.1% of the total United States Population (U.S. Department of Health and Human Services, 2016). By 2020, the number is expected to increase to 55 million (U.S. Census Bureau, 2014). According to former U.S. Attorney General Eric Holder, every year as many as eight million elderly citizens fall victim to financial exploitation (Holder, 2012). It is estimated that financial exploitation costs elders over thirty-six billion dollars annually (True Link Financial, 2016). Beyond the billions in lost savings, elderly financial exploitation victims are at an increased risk for psychological and emotional harm and are three times more likely to die at an earlier age (National Adult Protective Services Association, 2014).

In spite of this growing problem, research on elderly financial exploitation is plagued with methodological issues and inconsistencies in findings across studies, preventing a reliable assessment of the scope and its associated risk factors. With support from Merrill Lynch, The Center for Criminology and Public Policy Research in Florida State University's (FSU) College of Criminology and Criminal Justice used Life Course theory to explore the risk factors, protective factors, circumstances, and consequences of elder financial exploitation in a large retirement community of over 100,000 residents in Florida. The study implemented a mixed methods approach that included: 1) an extensive review of the literature, 2) the collection of national survey data on financial exploitation and identify theft, 3) open town hall meetings conducted in the retirement community, 4) the collection of local incident data from Seniors vs. Crime (SvC) and the local sheriff's department, 5) focus groups with SvC volunteers and

community residents, and 6) individual interviews with residents.

### **Findings**

The majority of reported incidents of financial exploitation occurring in the retirement community related to home services or disputes with contractors. A number of individuals described incidents where a deposit was given for home repairs/services and never receiving the services. Many individuals cited a difference in trust and honesty between seniors and younger generations. Specifically, residents tended to believe that their word is their bond, but some service providers may not share those beliefs. In addition, some pointed to the idyllic and friendly nature of the community as exacerbating generational differences and providing a false sense of security. This perception of the community may lead to less vigilance by residents. Across the interviews and focus groups, the majority of people felt more targeted in the retirement community than their prior place of residence. This greater targeting was attributed to the number of wealthy elderly individuals who have retirement savings and require home and health services.

Residents who described themselves as being generally trusting of others or naïve were more likely to experience financial exploitation incidents involving pressure sales, misleading advertisements, and lottery/sweepstakes scams. In the case examples of exploitation related to pressure sales widowed women with little to no support networks were most vulnerable. Identity theft, credit/debit card fraud and check forgery were among the least-frequently reported incidents of exploitation in our study. We categorized these types of financial exploitation as having a normative

risk because the life events leading up to and the circumstances of the incident were not elder- or age-specific. Residents who reported never experiencing an incident of financial exploitation considered themselves to be highly skeptical and generally untrusting of strangers or service providers. Residents who reported one incident of financial exploitation said they learned from their experience and had a major change in their behavior and/or personality by becoming skeptical of others and vowing to never be taken advantage of again. Those who experienced multiple victimizations often experienced significant life events and/or changes that had lasting effects on their lives prior to the exploitation.

Based on the interviews and focus groups, the life-course framework provided a useful perspective for explaining financial exploitation. The life-course perspective argues that changes in an individual's life have the ability to alter behavior. These life changes or turning points include weakening of social bonds over time due to divorce or death of a spouse, retirement, moving to a retirement community, and changes in physical and mental health. These turning points may be associated with financial exploitation in several ways, first, if the spouse who handled the financial decisions is no longer able to do so because of divorce, death, or a serious illness the other spouse may not know how to properly manage finances. Second, particular life events are likely to create a significant amount of distress and/or distraction leaving the individual vulnerable to financial exploitation because they are too busy dealing with bereavement, care giving, pain or an illness to worry about exploitation. Third, the turning points may result in an individual being physically or mentally unable to handle daily housework or

decisions they were previously able to do. Several residents noted they used to thoroughly research companies before paying for services, however, since they or their spouse became ill they "no longer had the time" to properly vet people which led them to selecting service providers that took advantage of them.

Moving to the retirement community emerged as a significant turning point associated with financial exploitation. Some individuals that we interviewed said they were victimized while moving because the transition itself was highly stressful. Several appeared to have been victimized due to a significant change in their social support networks. Individuals likely change doctors, financial planners, banking locations, lawn maintenance companies, and home repair providers when they move long distances to retirement communities. Further, most interviewed residents indicated they had left behind family members and longtime coworkers, friends, and neighbors that they had trusted and relied upon for support, advice, and security. Though new friendship and support networks were often formed in the retirement community, they took time and did not appear to be as strong as those with their family, friends, and former coworkers prior to moving. Finally, as a result of being defrauded, many victims lost trust in strangers, service providers, financial planners, and doctors. The majority of victims reported feelings of lasting "anger," "frustration," and "disgust," others indicated that they are "constantly stressed out," "nervous," "sleep deprived," and feel as though they have "lost control" of their finances and livelihoods.

Consistent with prior research, we also found that incidents of elder financial exploitation are underreported to law enforcement. The most common reasons for

not reporting incidents of financial exploitation among our study participants were that they were too embarrassed, they did not know where to report, or that they did not believe anything could be done about it. In addition, among those who did report, many found the process to be a “hassle”, stressful, and had difficulty in identifying the appropriate agency or organization to help them.

### **Recommendations**

Our findings highlight the need and potential usefulness of “Community Service Centers” (CSCs). Many of the residents fell victim to exploitation, in part, because they lost their social network when they moved to The Villages and/or experienced significant life changing events. CSCs could serve, as a surrogate family and support network where residents of retirement communities, could turn for advice and assistance. A mixture of professionals and community residents would operate CSCs. This includes volunteer representatives from the development company, the local Better Business Bureau, SvC, law enforcement, and community members. CSCs should provide direct and indirect services, and information for victims and non-victims. Direct services include a hotline staffed by CSC volunteers that residents could call and

request information as well as obtain answers to various questions. CSCs would maintain a list of “endorsed” service providers in the area that could provide guidance to residents. CSCs should host regularly scheduled classes on topics related to elder financial exploitation and work with media outlets within retirement communities to publicize information about incidents of elder financial exploitation.

Given this growing national problem, the FSU College of Criminology and Criminal Justice plans to implement a named Institute for Research and Policy on Elder Abuse and Financial Exploitation. The Institute will focus upon research, policy, and outreach both in Florida and nationally. The Institute’s research of elder financial exploitation will include a series of projects aimed at better understanding elder abuse and financial exploitation both inside and outside retirement communities. Research projects include a replication of the current study in other retirement communities. Additionally, a large national survey of elder citizens is essential to understanding the national prevalence of financial exploitation, the risk and protective factors, and drawing comparisons between retirement community and nonretirement community residents.

### Typology of Elder Financial Exploitation

Exploitation Type	Method of Perpetration	Life Course Turning Points or Personality Characteristics
Misrepresentation/ Inappropriate Contracts for Services	Face-to-face interaction with service provider	Death of spouse or significant health diagnosis making service provider necessary; moving to new community resulting in loss of social networks
Pressure Sales/Misleading Advertisements	Face-to-face interaction, postal mailing, telephone calls, “free lunch” seminars	Overly trusting/Naïve, Widowed Moving to a target rich environment
Investment	Face-to-face interaction with financial service provider, “free lunch” seminars	Death/incapacitation of spouse, Significant health diagnosis, Divorce
Lottery/ Sweepstakes	Postal mailings, email, telephone calls from strangers	Overly trusting, Naïve
Medical/Dental	Face-to-face interaction with medical service provider	Significant health diagnosis resulting in desperation
Embezzlement	Family, significant others	Loss of a spouse, loss of family and social network resulting in loneliness
Credit Card/Forgery	Indirect/no contact	Normative-risk
Identity Theft	Indirect/no contact	Normative-risk

### Services provided by CSCs

Prevention Services	Victim Services
Hotline	Advocates
List of “endorsed” service providers	Mediation
Education	Assistance with reporting
Media outreach	Financial safety planning
“Shopping buddy” program	Emergency recovery fund
Support groups	Support groups
Referral services	Referral services

**Quotes to be included in textboxes that standout**

“If I weren’t sick this would have never happened.”

“When you’re consumed with a major event in your life, a lot of the time you lose the ability of focus, or the desire to be a little bit more skeptical.”

“The gates here produce this false sense of security. You don't think that there are these vultures flying around ready to take advantage of you.”

“Because we have so many seniors we’re probably a bigger target than other places.”

“Every time we get the credit card bill, I start shaking just wondering what kind of charges will be on there.”