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Boomers and Fraudsters: A Closer Look at the Financial Elder Abuse Cycle in America

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Cover Page Footnote
Acknowledgment: Dr. Marianna Richardson, Ph.D., EMBA for her continued support and mentorship.
BY RYAN E. BROWN
A TERRIFYING CLOSER LOOK AT THE ELDERLY FINANCIAL ABUSE CYCLE IN AMERICA!

THE EPIDEMIC

In 2011, a landmark study was published by the Metlife Mature Market Institute claiming that nearly $3 billion disappears from the wallets and bank accounts of senior citizens annually. More surprising is that a similar study reported that figure could be as high as $36 billion. Because so many seniors let incidents of fraud or financial deceit go unreported, there is a huge discrepancy in annual reporting. This contributes to the overall lack of understanding we have of elder financial abuse, or why seniors continue to lose to fraudsters and scam artists. In this brief overview of financial elder abuse in America, I review why senior citizens are so important to American society, why they are being scammed, and what the government is doing to protect seniors from becoming victims of fraud in the future.

WHY ARE SENIOR CITIZENS SO IMPORTANT?

Senior citizens take on several different forms in American society. They are grandparents. They are war veterans. They are leaders, whose time-tested advice is both envied and undisputed by politicians and business leaders. Perhaps most importantly, they are vessels of our national history: they remind us of America's involvement in world wars, the suffering experienced during the Great Depression, and even the scandal of Watergate.

Because seniors are such a great source of wisdom, the responsibility is on Americans at large to protect the vessels of that wisdom.

BIG SPENDERS

If that does not seem like reason enough, the fact that senior citizens keep our economy's engine running at a steady hum should be cause for appreciation. Seniors age 65 years and older account for huge amounts of spending in America each day. They far outspend any other demographic.

Furthermore, America's aged population is growing at an unprecedented rate. By 2050, there will be nearly 84 million seniors in America, exceeding practically every other measurable demographic (see Figure 1). As a result, they will continue to be America's most valued spending class and have a massive influence on the national economy.

Because of this, government officials recognize the value of protecting the financial interests of senior citizens. Together, local communities, families, and government leaders should look for ways to ensure that senior citizens enjoy retirement and avoid fraud.
American culture has a powerful influence on how our seniors view and treat money. In East-Asian cultures, the elderly are completely integrated into the homes and lives of their children. For example, in Japanese culture, children consider it a great honor when their parents move in with them. These same children feed, provide, and care for their parents for extended periods. Scholars agree that this tradition is why Japan’s elderly live long and healthy lives.

In contrast, American seniors equate total independence in later life to prosperity. This makes them reluctant to move in with family, move into retirement communities, or even accept support from trusted others. Ultimately, seniors consider it a part of the American dream to live independently and make purchases at will. And who can blame them? It only makes sense for seniors to enjoy the fruits of their labors during retirement.
UNHEALTHY LIFESTYLES DESPITE ACCESS TO GREAT BENEFITS

Unfortunately, most seniors – (especially Boomers) – did not save at all for retirement. Far more disconcerting is that Boomers as a demographic have been largely carefree in their approach to life. Many did not consider the effects that unhealthy eating and spending habits would have, resulting in a retirement filled with costly prescriptions and hospital visits.

For example, one report estimates that more than 70 percent of adults age 65 and older are already enrolled in diabetes management care through Medicare. Of course, seniors endure a whole host of other diseases and health setbacks that cost them billions of dollars every year. That kind of financial stress can add to a senior’s already considerable pile of debt, resulting in financial desperation.

But there is more; because the modern senior enjoys more advanced healthcare, they tend to live longer, healthier lives than previous generations. This has stretched the average span for retirement from about to ten years to nearly 25. With such a lengthy average retirement, many seniors fall victim to boredom. Fraudsters will find them at this juncture and pull off effortless cons at their expense.

CYCLE OF ABUSE

When you mix in other elements, such as dementia, loneliness, anxiety, poor care, boredom, or physical abuse, financial decision-making becomes a bit hairy at best.

Scam artists and fraudsters tap into this and use exploitative tactics to siphon off private information or get unknowing elders to send them money. It is at this juncture – where desperation meets opportunity – that fraudsters ensnare their elderly victims.

Ironically, there seems to be an overabundance of information in journals and on the Internet that detail who American seniors are, as well as how many of them are being taken advantage of. What largely remains undocumented is what happens at the scene of the crime.

WHAT IS BEING DONE TO SOLVE THE PROBLEM?

Because of the disconnect, there have been congressional and regulatory committees formed to address a looming issue:

GOVERNMENT STEPS

In a 2013 Congressional Hearing entitled Elder Justice, Director Kay E. Brown of the U.S. Government Accountability Office (GAO) alluded to the fact that our society hasn’t really claimed responsibility for the poor financial treatment of the elderly, so pursuing and identifying perpetrators has been a
bit troublesome. To make matters worse, the 2011 MetLife study concluded that only about one in 44 cases of abuse is reported annually.

Because of the endemic nature of these exploitative crimes, several government agencies have been assigned by GAO to develop preventative measures for protecting the elderly. These agencies have been charged with combating financial elder abuse on several different levels. For example, the Federal Trade Commission works to protect the elderly against poor investments, and the U.S. Postal Service protects our mail system from illegal or dangerous use. Together, they treat financial elder abuse as a malfeasance perpetrated by a major crime syndicate.

**FINAL THOUGHTS**

However, these efforts alone are not enough. Adults 65 and older are still being taken advantage of online, in care facilities, and by impersonators. Although these congressional committees are working diligently, they are ultimately finding that success is hard to measure. Even as technology improves and seniors become more informed, it is difficult to stay ahead of the curve. The best thing our nation’s leaders can do is to keep the elderly population abreast of new scams or help implement strategies for avoiding current scams.

As families and communities, our best solution is to honor the independence of senior citizens without jeopardizing their well-being. They should feel free to spend their income within reasonable limits. To ensure they are as independent as possible, it makes sense to communicate openly and honestly with seniors about financial burdens or questions. If everyone is open, honest, and willing to listen, scammers and fraudsters won’t have any ground to rip off our country’s most prized resource: senior citizens.

**Notes**