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Retail Payments Risk Forum

**Talk About Payments  
Webinar**

**November 10, 2022**

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# FINANCIAL EXPLOITATION OF AGING ADULTS

## Panelists

Dr. Julie Brancale, Florida State University

Dr. Thomas Blomberg, Florida State University

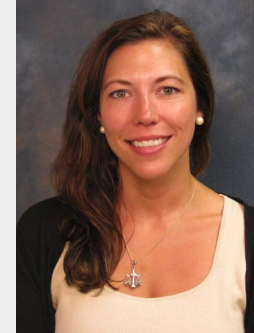
## Moderator

Dr. Scarlett Heinbuch, Federal Reserve Bank of  
Atlanta

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and Age-Homogenous  
Communities

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Practice

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Audience Q&A



## OUR EXPERTS



**Julie Brancale**

Assistant Professor &  
Co-Director of the  
Aging Adult Fraud  
Research and Policy  
Institute, Florida State  
University College of  
Criminology and  
Criminal Justice



**Thomas Blomberg**

Dean and Sheldon L. Messinger  
Professor of Criminology,  
Executive Director of the Center  
for Criminology and Public Policy  
Research, & Co-Director of the  
Aging Adult Fraud Research and  
Policy Institute, Florida State  
University College of  
Criminology and Criminal  
Justice

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# OVERVIEW

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- Adults aged 65 and older comprise the fastest growing segment of the United States population.
  - Approximately 10,000 people turn 65 each day.
  - By 2030, the number of aging adults is projected to exceed 71 million, a 29% increase in just 10 years.
- The current generation of aging adults differs from preceding generations in several ways:
  - They are living longer and more active lives.
  - They are spending more years in the workforce and retiring later in life.
  - They are wealthier than any preceding generation of retired Americans, controlling approximately 70% of the nation's invested wealth.
  - They have, on average, smaller families (e.g., fewer children, divorce).
  - They are more likely to relocate to various kinds of age-homogenous housing communities than preceding generations of aging adults.
- The growth of the aging adult population and the unique factors associated with this generation have created vulnerabilities for financial exploitation and contributed to an increased prevalence of financial exploitation victimization among aging adults.

# OVERVIEW

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- Financial exploitation is the misappropriation of funds or abuse of financial control and is among the most common forms of self-reported abuse by aging adults.
  - It takes many forms.
    - Identity theft, scams, mismanagement of funds
  - It occurs in a variety of situations.
    - Trusting relationships, direct exchanges with strangers, indirect/no contact exchanges with strangers
- Aging adults may be more vulnerable and targeted than are younger adults for scams involving:
  - Telemarketing
  - Charitable donations
  - Real estate
  - Automobile/home repair
  - Lottery/sweepstakes
  - Caretaker/health care

# OVERVIEW

- 5.4% of aging adults report experiencing financial exploitation each year.
- Widespread underreporting means this is only the “tip of the iceberg.”
- Financial exploitation is underreported by aging adults due to:
  - Fear
  - Uncertainty about where and how to report
  - Concerns that they may be:
    - Viewed as naïve
    - Unable to live on their own
    - In need of supervision





## OVERVIEW

- The consequences of financial exploitation can be severe and long-lasting for aging adults.



- Longer financial recovery
- Meal skipping
- Stress, anxiety, depression
- Reduction in quality of life and an increased likelihood of altering lifestyle, behaviors, activities
- Premature death

# OVERVIEW

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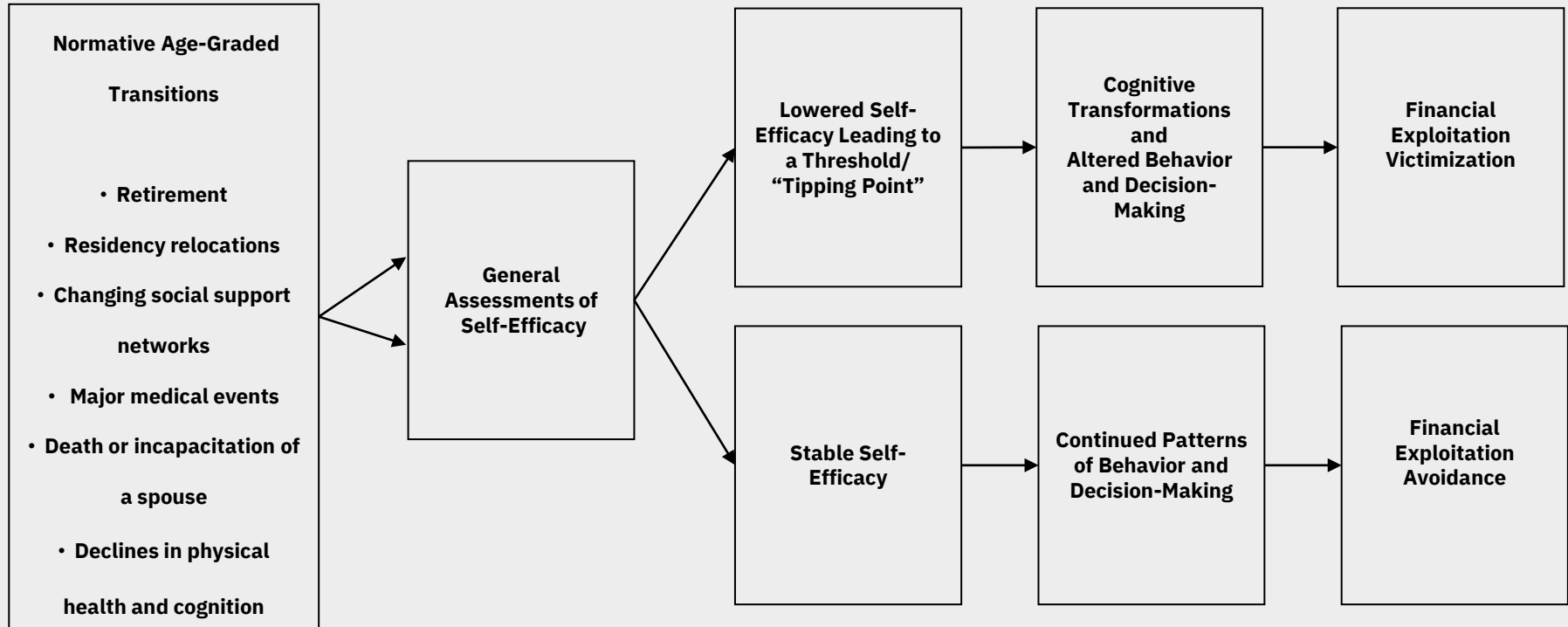
- Limitations with existing research and policy/practice:
  - Focus is mainly on the aging adult population with severe illnesses, disabilities, and cognitive declines.
    - A substantial number of aging adults do not fall into these categories yet are still at risk for financial exploitation.
  - Many of the identified risk factors for financial exploitation are normative in that many, if not all, aging adults will experience one or more in their lives.
  - The role of the community as either a risk or protective factor has not been a focus.

## RISK FACTORS, HUMAN AGENCY, AND AGE-HOMOGENOUS COMMUNITIES

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- Normative age-graded risk factors
  - Changes and declines to physical health and cognition
  - Changing social bonds and networks
  - Social isolation
- Human agency can explain the observed variation in who experiences financial exploitation and who does not.
  - Avoiding financial exploitation often depends on one's ability to navigate complex situations and social dynamics.
  - Experiencing physical, cognitive, emotional, or social changes may result in declines in an aging adult's self-efficacy, which can make it difficult to interpret situations, make decisions, or act in ways they used to, possibly making them more vulnerable to financial exploitation.

# RISK FACTORS, HUMAN AGENCY, AND AGE-HOMOGENOUS COMMUNITIES



# RISK FACTORS, HUMAN AGENCY, AND AGE-HOMOGENOUS COMMUNITIES

- A large and growing number of aging adults live in designated age-homogenous communities or areas where they make up a significant proportion of the population.
  - Although exact numbers of age-homogenous housing communities—which include facilities that specialize in skilled nursing care, assisted living, independent active living, and other retirement communities—are unavailable, such options are numerous and widespread.
  - Of available statistics, in 2021 there were over 3,000 senior living communities and over 30,000 residential and continuing care properties in the United States, with over 10 million residents.
    - According to the 2020 Census, a retirement community in Florida was the fastest growing metropolitan area in the country.
- The size of the age-homogenous housing sector suggests that aging adults may prefer different housing options for their retirement years than previous generations and are financially able to relocate to the oftentimes costly communities that have various healthcare options, amenities for active lifestyles, and a promise of added security.



## RISK FACTORS, HUMAN AGENCY, AND AGE-HOMOGENOUS COMMUNITIES

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- There has been some research about financial exploitation among aging adults who lived in assisted living facilities, which found that, in general, residents were vulnerable for financial exploitation.
- It remains unknown whether and how this compares to those who live independently in other types of age-homogenous communities.
- Crime tends to be concentrated in certain areas known as *hotspots*, and age-homogenous communities may be emerging as hotspots for financial exploitation.
- We recently completed an exploratory study about community-level factors associated with living in an age-homogenous community that influence aging adults' risk of financial exploitation.

## RISK FACTORS, HUMAN AGENCY, AND AGE-HOMOGENOUS COMMUNITIES

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- The study employed administrative data from Seniors versus Crime (SvC), arrest records from a county sheriff's office, surveys, focus groups, and interviews with retirement community residents.
- Findings
  - 3,734 cases of financial exploitation reported to SvC
  - 32 arrests made for financial-related offenses
  - The most frequently reported types of financial exploitation were related to direct in-person exchanges that were the result of the resident seeking needed goods or services (e.g., home service repairs, disputes with contractors, medical procedures, financial planning).

# RISK FACTORS, HUMAN AGENCY, AND AGE-HOMOGENOUS COMMUNITIES

## Findings

### Risk factors associated with living in the retirement community

- Large population of aging adults living close together  
*I think it's because we [have] so many seniors here that we're a bigger target than other places... we never felt targeted, by phone, email, or in-person, before moving here. Down here it's a daily occurrence.*
- The surrounding area is home to people who are motivated to financially exploit residents  
*It's the concentration of the age-group and the [community's] marketing strategy. People think it's a wealthy area and it isn't. Just like any community of 100,000 plus people, there are low-, medium-, and upper-class people. The outsiders just think, 'oh, look at all these old people living the good life, we're going to zero in on that!'*
- False sense of security facilitated by the retirement community and a lack of protection  
*...when people come [here] they're totally naïve. No matter what state they come from, they've never heard of people being taken advantage of the way they are here. The [retirement community] is comparatively safe and as opposed to many other places where they've moved from and so they perhaps relax a little bit more as far as, what is going on.*



## RISK FACTORS, HUMAN AGENCY, AND AGE-HOMOGENOUS COMMUNITIES

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- Many of the factors that led aging adults to move to the retirement community were the same factors that they now feel put them at risk for financial exploitation.
- Designated age-homogenous communities can create *opportunities* for financial exploitation because of the large number of vulnerable adults living near one another.
- The *organizational structure* of these communities can facilitate financial exploitation by not acknowledging the risks created by having so many vulnerable residents living together and not providing suitable protection measures.

# IMPLICATIONS FOR POLICY AND PRACTICE

- Based on the study's findings, a policy consideration that age-homogenous communities should consider implementing are Community Service Centers (CSCs).
  - CSCs would be a one-stop location for advice and assistance regarding financial exploitation.
    - To be most effective, CSCs should not just target aging adults but, importantly, their families and support networks as well.
    - Doing so will help to reduce fear and provide an increased understanding of the causes, consequences, and recovery strategies for both the aging adult victim and their support networks.
  - Example functions:
    - Holding educational classes
    - Developing financial safety plans
    - Publicizing information about risk and protective factors
    - Starting a “shopping buddy” program
    - Using a financial grant program to provide emergency relief money in the event of victimization
    - Setting up an anonymous hotline with staff answering questions and providing guidance about financial exploitation and information about how to recover from an incident (e.g., where/how to report, how to hire a lawyer)
    - Creating a community handbook with a listing of local service providers with proven track records



## IMPLICATIONS FOR POLICY AND PRACTICE

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- CSCs should be operated by both volunteers and trained staff and include an institutionalized evaluation of component to provide annual process and outcome assessments for evidence-based operational improvements.
- Financial exploitation of aging adults is a significant and growing social problem that needs more research attention and policies that are preventative and proactive in addition to those that are just reactive.

Thank You!

Questions &  
Comments



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