

Executive Summary

Prior to this report, the most frequently cited estimate of the amount of money lost to elder financial abuse was \$2.9 billion. In the fraud research community, we have long suspected that this was an underestimate. In fact, it is a dramatic underestimate: our research reveals that seniors lose \$36.48 billion each year to elder financial abuse. This is more than twelve times what was previously reported. Approximately 36.9% of seniors are affected by financial abuse in any five-year period.

Breakdown of the problem

- **Financial exploitation:** \$16.99 billion is lost annually to financial exploitation, defined as when misleading or confusing language is used—often combined with social pressure and tactics that take advantage of cognitive decline and memory loss—to obtain a senior’s consent to take his or her money.
- **Criminal fraud:** \$12.76 billion is lost annually to explicitly illegal activity, such as the grandparent scam, the Nigerian prince scam, or identity theft.
- **Caregiver abuse:** \$6.67 billion is lost annually to deceit or theft enabled by a trusting relationship—typically a family member but sometimes a paid helper, friend, lawyer, accountant, or financial manager.

Sources of risk

- People often assume that those perceived as most vulnerable—widows, the very old, people with severe memory loss—are at greatest risk. In fact, risk equals vulnerability plus exposure. Seniors who are young, urban, and college-educated lose more money than those who are not.
- Some sources of exposure were surprising. Seniors described as extremely friendly lose four times as much to elder financial abuse,

perhaps because they are approachable and may give strangers the benefit of the doubt. Financially sophisticated seniors lose more to fraud, likely because they are comfortable moving larger amounts of money around. Thrifty seniors lose five times as much to fraud, perhaps because they are enticed by bargains.

The exploitation progression

- Small losses are evidence of an underlying vulnerability. What seems like an isolated incident is often the first step in a financial exploitation progression. A senior who lost as little as \$20 in a year to exploitation could be expected to lose \$2,000 a year to other types of fraud.
- A person who receives just one telemarketing phone call per day is likely to experience three times as much financial loss as someone who receives no or only occasional telemarketing calls.

Non-financial effects

- Financial abuse frequently results in reduced emotional and physical health for seniors. We estimate that 954,000 seniors are currently skipping meals as a result of financial abuse.

Research methodology

The primary source of data analyzed in this report is the 2015 True Link Senior Vulnerability Survey, a survey of family caregivers for older Americans that includes 2,335 cumulative years of data on incidents of financial abuse. The design of this survey was guided by the recommendations of an expert panel of fraud researchers convened by the Financial Fraud Research Center at the Stanford Center on Longevity.

Summary findings

Category	Annual cost to seniors	Avg. five year loss	Defining feature	Examples
Exploitation	\$16.99 billion	\$2,617	Operating openly claiming consent of the victim	<ul style="list-style-type: none"> • Hidden shipping and handling or subscriptions • Work-from-home schemes • Quack weight loss or dietary products • Excessive gifts • Misleading financial advice¹
Criminal fraud	\$12.76 billion	\$13,107	Anonymous illegal activity	
<i>Con artists</i>	\$9.85 billion	\$13,225	Attempt to get you to give them money	<ul style="list-style-type: none"> • Grandparent scam • Nigerian prince emails • Fake lottery winnings or government grants • Sweetheart scam
<i>Identity theft</i>	\$2.91 billion	\$7,633	Opening or using accounts without authorization	<ul style="list-style-type: none"> • Opening new credit cards, bank accounts, or payday loans • Car title or home equity loans on your property • Using card data gained by phishing, in data breach, or from the mail
Caregiver abuse	\$6.67 billion	\$26,879	Abuse of trusting relationship	<ul style="list-style-type: none"> • Theft by family members or caregivers • Rewritten wills or powers of attorney • Borrowing money hoping senior will forget • Sometimes combined with physical abuse or neglect
Total losses	\$36.48 billion²	\$11,583		