Elder Financial Exploitation via Power of Attorney Abuse: An Analysis of In-Depth Interview Data from a Pilot Study

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Financial exploitation of older adults via power of attorney (POA) abuse in the United States is increasing (Stiegel & VanCleave Klem, 2008). This research is designed to explore the impact of such abuse through its analysis of family members' accounts related to their experiences when a POA document has been used by another family member to manage an elderly (age 65 or older) relative's finances. Results of this research can be used to help elders and family members: (a) prepare POA arrangements that prevent abuse; (b) work with POA documentation once it has been put into effect; and (c) obtain redress once abuse has occurred. This research can also be used to inform advocates and policy makers of potential factors within an elder's family system that contribute to successful and unsuccessful POA implementation.

Seniors are often encouraged to grant powers associated with a POA to others to assist them with decision-making as a component of their end-of-life planning. These arrangements have the potential to help an elder remain autonomous, avoid guardianships, and limit costs in a vulnerable stage of life (Stiegel & VanCleave Klem, 2008), but those in whom these powers are entrusted can easily exploit them for a variety of reasons, including a lack of oversight (Hafemeister, 2003). Family members, thought to be more trustworthy than non-relatives, are frequently selected as POA agents for seniors (Gunther, 2011). However, they often become perpetrators of elder financial exploitation (Met Life Mature Market Institute, 2011; Rabiner, O'Keeffe, & Brown, 2006; Shemanski, 2013).

Previous descriptive data associated with elder financial exploitation in this country primarily stem from secondhand accounts provided in the media. No national database exists to track such cases and limited data are available from individual states regarding this abuse (Stiegel & VanCleave Klem, 2008). Therefore, the prevalence of financial exploitation among older adults is currently unknown within the US. Elders often do not report this abuse. Victims may remain silent because of shame, self-blame, fear of retaliation, and/or further loss of independence. They may also fear the loss of the support they receive from the abuser (Hafemeister, 2003; Rabiner, et. al, 2006). When family members are perpetrators of this exploitation, it is very difficult to detect, halt, or prove that it has occurred (Rabiner et. al, 2006).

Costs associated with financial exploitation are significant. Potential damages in addition to financial losses include health care, social service, investigative, and legal costs (Gunther, 2011). Annual financial losses by victims are estimated to be at least 2.9 billion dollars (MetLife Mature Market Institute, 2011). Impacts on secondary victims within the family system beyond financial losses include, but are not limited to, emotional damage and irreparable family relationships.

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Pilot data for this study were collected from 13 family members who represented eight families involved in the situations of eight seniors (six women and two men). These eight families had family members who lived in 13 different states who were involved in their exploitation stories. During the interviews, each participant was asked to respond to a series of questions regarding family relationships prior to the exploitation, lessons learned from, and the impact of the abuse on, their family. Participants were also asked to share demographic information. Interviews were semi-structured and incorporated Seidman's (1998) approach to phenomenology. Participants engaged in at least one, and up to three, audio-recorded interviews that were subsequently transcribed. To protect confidentiality, pseudonyms were assigned for the names of participants, individuals, and places.

During analysis, data from the pilot study were organized into the following categories: (a) facts related to the exploitation, (b) facts related to the elder (financial status before and after exploitation, health, mental capacity, persons close to them), (c) how POA was developed and implemented, (d) understanding of POA (elder's understanding and family members' understanding), (e) patterns of financial management, (f) patterns of abuse, (g) role of family in the abuse and its resolution, (h) patterns of family interaction (i) role of professionals, (j) feelings associated with the abuse and its resolution, and (k) lessons learned.

These categories were then analyzed further. Emerging findings suggest: (a) family members who abuse often live close to the elders they exploit, (b) perpetrators are often successful in hiding their actions from the elders they mistreat as well as other members of the family system throughout POA development and implementation, (c) the personalities, mental health status, and other characteristics (including financial status) of abusers may influence their exploitive behavior, and (d) long-standing patterns of money exchange within the family system may play a role in the exploitation.

Results from this research can be used to inform professionals who provide financial and family counseling to individuals and families, as well as legal professionals who assist individuals and families in establishing POA for elders. Financially needy family members who serve as POA agents for elderly relatives who live geographically close to the elders they represent may be more likely to exploit them. The elders' personal money management practices and family patterns of money management and exchange—including patterns demonstrating enabling of offspring who become their POA agents—may suggest future exploitation. Family members who have POA who do not share pertinent financial information about the elder with other relatives may be more likely to exploit the elder.

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