



# Who is at risk for fraud?

#### Advanced age can mean bigger losses for fraud victims

Financial advisors can help curb the prevalence of fraud by educating their clients about how to protect themselves from common scams. Although fraud impacts people of all ages, levels of education and incomes, clients may face increased risk as their cognitive abilities decline with age. And when older people are victimized, research suggests they may be at greater risk for losing more money.

The federal government received more than **1 million** fraud reports in 2017, but experts estimate these represent just a fraction of the actual incidents.



### How is fraud solicited?<sup>2</sup>



It's difficult to know the full extent of how fraud affects victims because incidents of fraud are significantly underreported.<sup>3</sup>



**52%** tell friends or family about the fraud incident



14% of victims report the incident to police or other government reporting agencies



**39%** don't tell anyone

Of victims who never report the incident:<sup>4</sup>

**33%** didn't believe it would do any good

22% felt embarrassed

## How fraud affects older victims

25% of all fraud victims are 60 or older⁵



37%

37% of seniors experience financial abuse in any five-year span<sup>6</sup>



Median loss by age

#### Annual losses

# Seniors lose an estimated **\$36 billion** to elder financial abuse annually. Of that they lose:<sup>12</sup>



**\$16.99 billion** to exploitation, such as phony diet products and fraudulent work-from-home schemes



#### \$12.76 billion

to criminal fraud, such as identity theft and lottery, sweetheart or grandparent scams



**\$6.67 billion** to caregiver abuse, such as theft by relatives or caregivers and rewritten wills

Scammers tend to believe older victims have bigger nest eggs that may lead to a higher payoff. They also prey upon retirees on a fixed income, who might be more open to financial opportunities. Financial advisors can help clients avoid high-dollar scams by raising their awareness of investment fraud and other types of financial abuse.



- <sup>1</sup> Federal Trade Commission, FTC Consumer Sentinel Network Data Book 2017: Visual Snapshot, 2017. ftc.gov/policy/reports/policy-reports/commission-staff-reports/consumer-sentinel-network-data-book-2017/ visual-snapshot
- <sup>2</sup> Stanford Center on Longevity, "Findings From a Pilot Study to Measure Financial Fraud in the United States, 2017." (Respondents could choose more than one answer.)
- 162.144.124.243/~longevl0/wp-content/uploads/2017/02/SCL-Fraud-Report-Feb-2017\_Draft2.pdf

<sup>3</sup> Ibid.

<sup>4</sup> Ibid.

- <sup>5</sup> Federal Trade Commission, FTC Consumer Sentinel Network Data Book 2017: Reported Frauds and Losses by Age, Percentage Reporting a Fraud Loss and Median Loss by Age, 2017. ftc.gov/policy/reports/policy-reports/commission-staff-reports/consumer-sentinel-network-data-book-2017/frauds-loss es-age-%age
- <sup>6</sup> True Link Financial, The True Link Report on Elder Financial Abuse 2015, 2015. truelinkfinancial.com/research
- <sup>7</sup> Ibid.
- <sup>8</sup> Ibid.

<sup>9</sup> Ibid.

- <sup>10</sup> AARP, AARP Investment Fraud Vulnerability Study, 2017.
- aarp.org/content/dam/aarp/research/surveys\_statistics/econ/2017/investment-fraud-vulnerability.doi.10.26419%252Fr es.00150.001.pdf
- <sup>11</sup>Federal Trade Commission, FTC Consumer Sentinel Network Data Book 2017: Reported Frauds and Losses by Age, Percentage Reporting a Fraud Loss and Median Loss by Age, 2017. ftc.gov/policy/reports/policy-reports/commission-staff-reports/consumer-sentinel-network-data-book-2017/frauds-loss es-age-%age

<sup>12</sup> True Link Financial, The True Link Report on Elder Financial Abuse 2015, 2015. truelinkfinancial.com/research

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