The Intersection of Dementia, Financial Decision Making and Financial Exploitation

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Recognition of Colleagues

Wayne State:
Lisa Ficker, Ph.D.
Evan Gross
Analise Rahman Filipiak
Rebecca Campbell
Elder Law of MI: Ron Tatro
APS in Michigan: Cynthia Fuller, Doug Williams, Lillie Dorsey, Lisa Fisher, Terry Beurer, Marie Shipp
Aging Services: Richard Kline, Scott Wamsley
Attorneys: Howard Collens, Sandy Mall, Pat Simasko
Financial Planners: Sandy Adams, James Speir
Michigan CPA
Colleagues: Jeanne Teresi, Daniel Marson, Ben Mast, Brian Yochim, Jenny Moye, Jeff Barth

Funders:
Department of Justice
State of Michigan
Michigan Health Endowment Fund
Retirement Research Foundation
Wayne State University
American House Foundation
Martha and Bob Sachs

THANKS GO MOST TO MY LATE WIFE AND COLLEAGUE DR. SUSAN MACNEILL (1963-2014)
Overview of Today’s Presentation

• Cognitive decline and wealth loss
• Financial exploitation definition and current trends
• Intersection of financial decision making, dementia, exploitation
• New person centered scales and research findings
• Training and Implementation: www.olderadultnestegg.com
COGNITIVE AGING AND THE CAPACITY TO MANAGE MONEY

By Anek Belbase and Geoffrey T. Sanzenbacher*

Vol. 17, No.1, pp. 1-6
Early Memory loss and Wealth loss

• Angrisani & Lee, 2019

• Health and Retirement study—longitudinal data

• Decrements in wealth linked to cognitive decline such that 10-15% decline equated to 15-18% wealth loss in 2 year period.

• 61% of sample with decrements had cognitive decline but remained untreated/diagnosed
Financial Exploitation

• Includes some interaction between the older adult victim and another “trusted” person.
Financial Exploitation: What Is It

**Six Domains***

*Conrad et al. (2010)*

**Theft and Scams**
Has anyone misused your ATM or credit card?

**Abuse of Trust**
Has someone convinced you to turn the title of your home over to them?

**Financial Entitlement**
Has anyone felt entitled to use your money for themselves?

**Coercion**
Did anyone put pressure on you to get a reverse mortgage?

**Signs of Possible Financial Exploitation**
Has anyone been frequently asking you for money?

**Money-Management Difficulties**
5.2% report victims of financial exploitation across previous 12 months*

- 60% misappropriation of money by family
- ADL deficits combined with non use of social services were related to FE

* Acierno et al. (2010)
Consumer Finance Protection Bureau (CFPB)  
Suspicious Activity Reports (SARs) 2019

• Reports from Financial Institutions: Deposit Institutions (Banks, Credit Unions) and Money Services Businesses (e.g. Moneygram, Western Union)

• SAR reports quadrupled between 2013 (1300/month) and 2017 (5700/month)

• 2017 losses connected to SARs $1.7 Billion in 2017

• 80% SARs loss to an older adult; Mean loss $34,000; 7% $100K+

• 69% 60yo+

• 56% 70yo+

• 33% 80yo+
Comparison of FE characteristics between MSB and DI Institutions

- Money Services Businesses (MSB) - Deposit Institutions (DI)
- 69% Stranger Scams - 27% Stranger Scams
- Romance, Relative in Need, Lottery - 67% knew Suspect

- Overall: 51% Stranger; 36% Known person (70% family; 19% Fiduciary)
- Biggest losses—Fiduciary Average loss $83,600
The title of the paper is "Financial Exploitation, Financial Capacity, and Alzheimer’s Disease" by Peter A. Lichtenberg from the Institute of Gerontology, Detroit, Michigan, and Wayne State University.

Research in the past decade has documented that financial exploitation of older adults has become a major problem, and psychology is only recently increasing its presence in efforts to reduce exploitation. During the same time period, psychology has been a leader in setting best practices for the assessment of diminished capacity in older adults culminating in the 2008 American Bar Association Commission on Law and Aging and American Psychological Association (ABA/APA) joint publication on a handbook for psychologists. Assessment of financial decision-making capacity is often the cornerstone assessment needed in cases of financial exploitation. This article will examine the intersection of financial exploitation and decision-making capacity and introduce a new conceptual model and new tools for both the investigation and prevention of financial exploitation.
Groundbreaking Work of Applebaum and Grisso 1988

- Originally for capacity for psychiatric treatment and guardianship, then health decisions.
- Identify four aspects of decision making.
  Is the person communicating:

1) Choice
2) Understanding
4) Appreciation
4) Reasoning
Model: Financial Decisional Abilities

- Formed 3 New Scales:
  
  Lichtenberg Financial Decision Making Rating Scale (LFDRS)
  
  Lichtenberg Financial Decision Screening Scale (LFDSS)
  
  LFDRS-I Family/Friends Informant Scale
  
  https://olderadultnestegg.com
  
  FDT, FVA, FFI
A Person-Centered Approach to Financial Capacity Assessment: Preliminary Development of a New Rating Scale

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MADELYN IRIS, PhD
CJE SeniorLife, Chicago, Illinois, USA

BENJAMIN MAST, PhD
University of Louisville, Louisville, Kentucky, USA
Expert Panelists

• Using the Concept Mapping Model (Conrad et al., 2010) we then assembled two groups of experts:
  • 6 were engaged in financial-capacity work across the nation and
  • 14 were local and worked directly, on a daily basis, with older adults making sentinel financial decisions and transactions
  • 4 phone conferences held total (2 per group)
How the scales were shaped by the panels

• Originally 28 open-ended stems were proposed as potential questions.

• Based on their extensive feedback, a broader set of questions (66 in total) was created for LFDRS, 10 items selected for the Lichtenberg Financial Decision Screening Scale (LFDSS)

• Later developed 34 item scale (Financial Vulnerability Assessment or FVA on our website)

• It was further agreed that a multiple-choice format would be used for questions
Conceptual Model for LFDRS

**Contextual Factors**
- Financial Situational Awareness
- Psychological Vulnerability
- Susceptibility

**Intellectual Factors**
- Express:
  - Choice
  - Rationale
  - Understanding
  - Appreciation

**Integrity of Financial Decisional Ability**

**Consistency with Values**
Using Person-Centered Principles for Financial Decision Making Capacity

- Mast (2011) Whole Person Dementia Assessment approach—integrates person-centered ideas with standardized assessment
  - Context Matters
  - Voice of Older Adult is Critical
  - Real life decisions vs Vignettes
Financial decision-making abilities and financial exploitation in older African Americans: Preliminary validity evidence for the Lichtenberg Financial Decision Rating Scale (LFDRS)

Peter A. Lichtenberg PhD, ABPP, Lisa J. Ficker PhD & Annalise Rahman-Filipiak MA

A Person-Centered Approach to Financial Capacity Assessment: Preliminary Development of a New Rating Scale

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Financial Exploitation, Financial Capacity, and Alzheimer’s Disease

Peter A. Lichtenberg
Institute of Gerontology, Detroit, Michigan, and Wayne State University
Summary of our Research on the LFDRS

• Community based samples with data collected by me and my research team
• Psychometric expertise and independent analyses by Dr. Jeanne Teresi and her colleagues
• Examined reliability (inter-rater, internal consistency)
• Examined whether conceptual model was empirically supported
• Examined validity—convergent, and whether the scale classified decisional deficits and financial exploitation at accurate levels
• Demonstrated intersection of cognitive decline, reduced decision making and financial exploitation
• Just finished collecting a new sample to cross validate findings and expand
Both under and over-protection of older adults can lead to damaging consequences. Under protection for older adults can lead to gross financial exploitation. Moreover, the dilemma is that over protection can be equally as costly. Many older adults have very strong needs for autonomy and control.
Promoting Autonomy in Financial Decision Making in People with Cognitive Impairment

- 84 year old man suffered injury and in rehab—wants to change POA
- 82 year old woman misdiagnosed with AD and wants to fight conservatorship
- 87 year old man with MCI challenges Conservatorship and Guardianship application
- 90 year old man with mild stage dementia makes will change to benefit his only daughter
Lichtenberg Financial Decision Screening Scale (LFDSS): Aka—“Tracker”

Foundational to the Rating Scale
Aging and Informed Financial Decision Making: New Tools for the Professional Working With Older Adults

Evaluating an older client's cognitive status regarding financial decision-making is like walking a tightrope, but a new tool is available to help professionals perform this delicate balancing act.

By Peter A. Lichtenberg, PhD, ABPP, and Debra A. Peck, CPA

Journal of Elder Abuse & Neglect

Cross-validation of the screening scale in an adult protective services sample

Rebecca J. Campbell, Evan Gross & Peter A. Lichtenberg

Journal of Elder Abuse & Neglect

Item response theory analysis of the Lichtenberg Financial Decision Screening Scale

Jeanne A. Teresi, Katja Ocepek-Welikson & Peter A. Lichtenberg

Journal of Elder Abuse & Neglect

Assessment of financial decision making: an informant scale

Rebecca C. Campbell, Peter A. Lichtenberg, Latoya N. Hall, Jeanne A. Teresi & Katja Ocepek-Welikson
10 Questions from LFDSS

1. What is the financial decision you are making? **Choice**
2. Was this your idea or did someone suggest it or accompany you? **Autonomy**
3. What is the purpose of your decision? **Rationale**
4. What is the primary financial goal? **Understanding**
5. How will this decision impact you now and over time? **Understanding**
6. How much risk is involved? **Appreciation**
7. How may someone else be negatively affected? **Appreciation**
8. Who benefits most from this financial decision? **Understanding**
9. Does this decision change previous planned gifts or bequests to family, friends, or organizations? **Appreciation**
10. To what extent did you talk with anyone regarding this decision? **Autonomy**
Create a user account and select profession from drop down
Get Certified

Scroll to bottom of home page and click “Start Training” to use the Interviews

OR

Select Tools at top menu A new sub menu will appear. Click “Training & Education” then select ”Start training” below

OlderAdultNestEgg.com
REPORTING

RISK SCORE for each interview completed

No Concerns

Based on interview responses we recommend the decisional ability grade of no concerns about financial decisional abilities to make this decision/transaction.

Risk Rating: 4

Your clients' responses indicated a risk score of green, which falls into the low-risk range. The Tracker identifies no concerns about your client's ability to make this financial decision.

RATING REFERENCE

PO-SVANCED People who scored in the high range and generally not experiencing any difficulty with making financial decisions.

SAME-VANCED People who scored in the high range demonstrating some difficulty with financial decisional abilities.

TRO-GRADING People who are struggling with decisional abilities.

Your Account keeps an archive of your interviews (by client ID, interview date and type)

Interviews

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<th>Date Entered</th>
<th>Client Name</th>
<th>Client ID</th>
<th>Interviewer</th>
<th>Action</th>
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<td>Jane Doe</td>
<td>789012</td>
<td>David Brown</td>
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</tr>
</tbody>
</table>

Next Steps & Resource recommendation for each interview

Next Steps for No Concerns

RECOMMENDED ACTIONS

Allow the completion of the financial transaction related to the decision.

1. The financial decision has been made with awareness, thought, and autonomy, at this time.

RESOURCES

Administration on Aging
https://www.aoa.gov

American Bar Association
https://www.abanet.org

Consumer Financial Protection Bureau
https://www.consumerfinance.gov

Alzheimer's Association
https://www.alz.org

Each interview can be retrieved on screen and downloaded as pdf

Responses

Q1 What financial decision are you making or have made? (investment, planning, retirement, insurance, portfolio, etc.)

Do you agree with the respondents' answer? Yes

Q2 Was this your idea or did someone else suggest it or accompany you? Your idea?

Do you agree with the respondents' answer? Yes

Q3 What is the primary purpose of this decision? (decreasing debt, changing beneficiary, increasing income, etc.)

Do you agree with the respondents' answer? Yes
Wealth Accumulation and Loss in Later Life
Early cognitive Transitions (WALLET)

A Study of Memory Change and Money Management

Because the links between early memory loss and a decline in wealth are on the rise, the WIOI Institute of Gerontology is seeking to interview older adults aged 60+ who have received a diagnosis of mild Cognitive Impairment or believe their memory to be declining.

The interview will examine financial decision making and financial management as well as completion of cognitive tests and other measures. A review of financial records from a primary checking account and credit card account will be included. We anticipate the interview to take two hours and will be scheduled at your convenience.

If interested, contact Vanessa Koral, M.W. at 313-664-2604 or vkoral@wayne.edu

INSTITUTE OF GERONTOLOGY
www.leg.wayne.edu
WALLET Study Details

- Individuals with Mild Cognitive Impairment or Perceived Memory Impairment (self-report) over age 60
- Interview and Retrospective look at 12 months of bank account records
- Goal: New scale for “real world” Financial Mismanagement
- Contact: p.Lichtenberg@wayne.edu or 313-664-2633
Takeaway messages

• Experience with finances protects financial management skills in aging

• Cognitive decline is associated with wealth decrements before diagnosis

• Financial decision making is often a key element to important financial transactions

• Cognition, financial management, financial decision-making all play a key role in financial exploitation

• Online narrated training and Empirically validated clinical tools to assess informed financial decision making are available at no charge on www.olderadultnestegg.com

• WALLET study is next tool to create