

The DAILY PLAN-ITTM

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Even a whip smart CPA can get ripped off

Cynthia served as a Certified Public Accountant for 50 years. She worked hard, rarely took a day off, saved her clients a lot on their taxes, and charged a fair price for her services. She was active in church and volunteered in her community. She and her late husband had raised one daughter, Linda.

Cynthia lived frugally and meagerly. Typically, on a good year she would save about 70 percent of her after-tax earnings and carefully invest them into conservative mutual funds. She clipped coupons, purchased stale bread and dented cans of soup to save money, and could've written a book on how to live significantly below one's means.

Four million-dollar portfolio

Cynthia was a great mother, but she would not gift money to her daughter at any point in her life. She insisted that Linda pay for her own college education - like she had herself.

Cynthia more than just "liked" to save money. She saw it as a calling. Ultimately, her hard work allowed her to build up a \$4 million-dollar portfolio.

Even with her millions, as she aged, Cynthia lived inexpensively. When she eventually realized that she needed to live in an assisted living center for seniors, she carefully built a spreadsheet and analyzed which one would give her the best deal.

Her daughter lived out of state but would fly to visit Cynthia at least once a month. Linda could see that her mother was developing dementia but she did not confront her about it nor attempt to reason with her mother on ways to protect her finances. Over time, Cynthia's financial acumen and ability to make good decisions declined.

One day, the center called Linda to let her know that her mother had bounced a rent check. Cynthia did not have a power of attorney over her mother's finances and could not access her mother's records.

Nor, when asked, would Cynthia agree to give her daughter access. Unfortunately, Linda had to file a guardianship (sometimes called a conservatorship) option to get control of her mother's finances.

It's all gone

After obtaining guardianship over her mother, it took about 30 days for Linda to unravel what had happened. More than a year earlier, Cynthia began receiving phone calls from a man named Robert who developed a rapport with her. He invited her to participate in multiple international lotteries. Over the months, he acquired every penny of Cynthia's savings. What took a lifetime to build was gone - stolen, essentially.

Cynthia was now broke. Her daughter felt guilt-ridden and heartbroken.

What can you as an advisor do to help prevent situations like Cynthia's? Teach your clients to start with the basics.

- Get their senior loved ones off junk mail lists by visiting the Direct Marketing Association's [DMA Choice website](#) and opting them out of receiving unsolicited direct mail offers from companies.
- Change the elderly loved one's phone number. If possible, get them to use a cell phone rather than a landline and pay for it to be unlisted.
- Sign them up for [annualcreditreport.com](#) to receive free credit reports that will help spot unusual activity and identity theft.
- Get to know who helps the senior parent with their investments. Ask for an in-person introduction, and regularly review the portfolio for signs of risky investments or fraud.
- Insist on obtaining a power of attorney for financial matters. It prevents the need for guardianships and allows the family to act fast. This isn't about taking away an aging parent's control over the checkbook so much as it is about protecting them from being fooled by a swindler.

While you can't always prevent theft, you can at least do what you can to help minimize a thief getting to someone like Cynthia.

Taking over a senior parent's finances is a difficult decision, but the ultimate goal is to minimize long-term risks by handling these important planning issues right away.

Whether your client is the adult child or the retiring senior, encourage them to tackle these issues head on and avoid costly and painful legal problems.

We hope this information is useful to you and helps your clients and their families. If you have a specific case or a question, please don't hesitate to call our office.