

PANEL 3: Aging Policy Roundtable

Moderator: Naomi Karp, Policy Advisor, Consumer Financial Protection Bureau

Panelists: Donna Butts, Executive Director, Generations United
Yanira Cruz, President and CEO, National Hispanic Council on Aging
Brian Duke, Secretary of Aging, Commonwealth of Pennsylvania
Dan Marson, Director, Division of Neuropsychology, University of Alabama-Birmingham
Anne Wallace, Senior Director for Consumer Financial Services and President of the Identity Theft Assistance Corporation, Consumer Financial Services Roundtable
Julie Zissimopoulos, Ph.D., Associate Director, Schaeffer Center for Health Policy and Economics, University of Southern California

The third panel of the *Financial Experiences of Older Adults* forum explored key issues affecting the financial stress, stability, and security of older adults. Moderator Naomi Karp asked panelists to identify priorities among the issues they raised and to suggest policies for addressing them.

Beginning the session, panelists Yanira Cruz and Donna Butts offered their perspectives on the changing face of older adults in America. Cruz described the current trend of aging among predominantly white, non-Hispanic older adults and a more racially and ethnically diverse population among younger age cohorts. At the same time, the share of older adults that is Hispanic also is growing. Hispanics are disproportionately affected by economic security issues, she said, including high poverty rates and lack of access to health care and insurance. She noted the importance of outreach to this group, carried out by trusted community groups and advisers who can communicate with this segment in their native language.

Donna Butts cited recent growth of 10 percent among multigenerational households as a profound change among households of all ages. She reported that a survey conducted by Generations United “unexpectedly” found that although two-thirds of multigenerational households said they live together for economic reasons, most are staying together by choice. Nearly eight-in-ten agreed that living together enhanced their family bonds, Butts said. She further noted that older adults (including grandparents and other relatives) are, to an increasing extent, taking care of and raising younger children in their families, which has resulted in savings of more than \$6.5 billion dollars per year in public spending by keeping children out of the formal foster care system. Unfortunately, she added, this causes financial hardship for some. These caretakers seldom know about the supports and services that are available to them. For example, barely one-in-ten of the poorest grandparents, who could be eligible for TANF (Temporary Assistance for Needy Families), actually apply for assistance.

Turning to the issues of cognition, exploitation, and fraud, Dan Marson remarked that virtually all older adults are subject to normal cognitive aging and, therefore, to potentially diminished financial capacity. Changes range from mild cognitive impairment to cognitive disorders to dementias, such as Alzheimer's. He noted that the great majority of older adults experience normal cognitive change and may be doing quite well with their finances. However, Marson emphasized, diminished financial capacity can “quickly turn into a very poor financial decision that might impoverish someone or that puts them at risk for financial exploitation.” That is why, he added, family conversations are critical to heading off future

financial problems for some older adults. Down the road, he noted, MRI scans may be used as a way of helping to detect people who might be at risk for decline in financial capacity.

Anne Wallace observed that the true scope of financial fraud is unknown because it tends to be under-reported due to fear, embarrassment, lack of awareness on the part of its victims. While technology already aids in detection by spotting deviations in spending patterns, Wallace emphasized the importance of education for older adults and their families and for employees of financial institutions. The Financial Services Roundtable has developed training for employees of member financial institutions, she said. It serves as a roadmap to help employees spot fraud and then escalate the incident within their organization or to Adult Protective Services or law enforcement, if appropriate. For example, employees may be the first to spot an unknown person who demands access to an older adult's accounts. Families can help older adults plan ahead, Wallace added, by designating a trusted family member beforehand so that a financial institution is able to respond should the need arise.

Naomi Karp discussed some of the initiatives on the part of the Office for Older Americans at the Consumer Financial Protection Bureau (CFPB). These include a train-the-trainer program developed with the Federal Deposit Insurance Corporation called "Money Smart for Older Adults," as well as consumer-directed publications that educate about frauds, scams, and misuses of powers of attorney that can occur within a family. CFPB also is working with the American Bar Association on developing plain language "Lay Fiduciary Guides" for family members, friends, and non-professionals who have legal authority to manage finances on someone else's behalf, but no experience doing so. In addition, CFPB also has been at work with other agencies to develop guidance for exempting financial institutions from privacy rules for purposes of reporting fraud.

Turning to economic security issues, Brian Duke recalled that the purpose of the nearly half-century-old Older Americans Act is to help improve the quality of life of older adults and to protect the vulnerable. He urged attendees to think about prevention and protection for fiscal health as one of the definitive measures of overall health and well-being. This entails thinking about employment policies, including training to update skills and converting volunteer work to paid employment. Also, while individuals are primarily responsible for their financial futures, a public role exists for financial education. He also urged the financial industry to think creatively about investment vehicles that can help individuals who struggle to save and invest. Duke noted a dramatic increase in financial exploitation cases in Pennsylvania, citing \$27 million that has been paid in medical assistance on behalf of older adults who have lost their income to financial exploitation. In most cases, older adults were financially exploited by their adult children, he said.

Focusing on employment, Julie Zissimopoulos observed that job loss late in life tends to have serious financial repercussions for older adults who do not have the time to recoup their losses. Drawing on Social Security early can result in a loss of about 20 to 30 percent of their annuity value, making it especially important to educate older adults about these costs. In terms of barriers to hiring, claims data suggests that the cost of health care for a man over age 65 is about five times higher than for a man under the age of 45. Policies are starting to address the issue of high health-care costs, she said,

but more can be done. She further noted that cognitive decline varies greatly among older adults, and when it occurs, may be difficult to spot. Employers cannot easily distinguish among productive and non-productive older workers and this may result in general discrimination against all older workers. Policies should encourage research, she said, to connect what the field is learning about the aging brain in neuroscience to actual productivity in the workforce.