Be Alert for Caregiver Financial Abuse

Do you have a parent or other elderly relative who may soon need a caregiver? If so, be diligent when selecting the right person for the job — because choosing the wrong one could lead to big financial problems.

You might find a close family member or friend to serve as caregiver — someone who is honest and trustworthy, with good judgment and strong money management skills. However, in many cases, people hiring caregivers just don't know how they'll perform until the caregivers have begun work. A dishonest caregiver could steal valuables or cash from the person they have been paid to assist or incept their mail to obtain credit card numbers and other sensitive information to commit identity theft.

So, if you enlist a caregiver and begin having doubts about them, you'll need to watch out for these warning signs of possible financial abuse:

• Efforts to prevent the individual receiving care from speaking to family members

• Inquiries into the location of estate-planning documents, such as a will

• Interest in brokerage and retirement accounts, possibly with the intent to change transfer-on-death designations

• Withholding financial or medical information from the family

• Missing jewelry or property

• Requests to be a joint holder on bank or brokerage accounts, sometimes followed by large cash withdrawals paid to the caregiver

• Request for legal authority, such as a financial power of attorney naming only the caregiver

This last item — the request for financial power of attorney, or POA — is particularly concerning because of the scope of duties covered by this type of authority. That's why it's so important that all family members understand what a financial POA can and cannot do.

A *general* financial POA provides the agent with the authority to act on behalf of an individual's finances, while a *limited* financial POA gives the agent the authority only for certain actions, such as paying bills, making withdrawals and opening or closing bank accounts. A general financial POA and a limited financial POA both can be *durable*, which means they take effect once executed, or *springing*, which is contingent on a specific event, such as a physical illness, mental incapacity or even a hospitalization.

Unfortunately, some POA agents have abused their responsibility by stealing money, making unauthorized transactions and even attempting to change the beneficiary designations on retirement accounts or insurance policies owned by the people for whom they provide care. These beneficiary designations can even supersede the instructions left in a will or living trust — and they can't be changed by a financial POA.

If you suspect financial abuse by a caregiver, you can consider contacting your loved one's financial advisor or attorney, if you know who it is. While they can't share information with you, they can check for red flags and contact your loved one directly. You also can get help from your state government. The National Adult Protective Services Association (NAPSA) provides a listing of offices in each state at napsa-now.org/help-in-your-area.

Finding a caregiver for a parent or other elderly relative can be emotionally difficult — but it doesn't have to be financially draining. Get to know the caregiver if you can and watch for any red flags, so you can take comfort in knowing that your loved one's finances are in good hands.

This article was written by Edward Jones for use by your local Edward Jones Financial Advisor.

540 words