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Consumer Protections for Adults with Cognitive Impairments

Naomi Karp, Consumer Financial Protection Bureau
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Research, Care and Services
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Consumer Financial Protection Bureau (CFPB)

- Created in Dodd-Frank Wall Street Reform and Consumer Protection Act; launched July 2011
- Mission: make markets for consumer financial products and services work for Americans — whether they are applying for a mortgage, choosing among credit cards, or using any number of other consumer financial products
- Core functions: educate, enforce and study



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CFPB Tools/Services for Consumers of All Ages

- **Ask CFPB**

- Interactive online tool with answers to many questions regarding financial services and products
- Can browse by topics, e.g. “fees” or “closing,” or by populations, like servicemembers, students, and older Americans
- Under “older Americans” tag, find answers to questions about financial products and services, powers of attorney, accepting assistance with bill-paying and banking, and tips to avoid financial harm
- <http://www.consumerfinance.gov/askcfpb/>



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CFPB Tools and Services, cont'd

- **Consumer Response**

- Accepts consumer complaints by phone, mail, fax, and through website
- Currently handles complaints about credit cards, credit reports, debt collection, money transfers, mortgages, bank accounts and services, car loans, other consumer loans, and private student loans
- CFPB forwards complaint to the company and works to get a response from them
- If another government agency would be better able to assist, CFPB forwards the complaint and lets the consumer know
- <http://www.consumerfinance.gov/complaint/>

- **“Tell your story”**



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Office for Older Americans (OA)

- **Mission: help consumers 62+ to get the financial education and training they need to:**
 - Prevent unfair, deceptive and abusive practices aimed at seniors
 - Help seniors make sound financial decisions as they age.
- **The only office in the federal government specifically dedicated to the financial health of seniors**

Office for Older Americans, cont'd

- **OA is:**
 - developing education initiatives;
 - researching the best practices for helping older investors understand the different senior certifications and designations that many financial planners and advisers use when selling investment and other financial products
 - coordinating efforts with federal and state regulatory agencies, and law enforcement; and
 - collaborating with community leaders and local organizations.

OA Initiatives: Lay Fiduciary Guides

■ PROBLEM:

- Declining capacity to handle finances can make older adults vulnerable
- Even mild cognitive impairment (MCI) disastrously reduces an older adult's ability to detect fraud or a scam; 22 percent of Americans over 70 have MCI.*
- People with diminished capacity often need a surrogate to handle their money
- "Lay fiduciaries" – critical source of help; often have no training; some even commit fraud

* Plassman et al., "Prevalence of Cognitive Impairment without Dementia in the United States," *Archives of Internal Medicine* 148, no. 6: 427-34

Lay Fiduciary Guides, cont'd

■ CFPB INITIATIVE:

- Developing a set of **guides for "lay fiduciaries."**
- User-friendly "how-to" guides for
 - agents under powers of attorney
 - guardians of property
 - trustees
 - Social Security representative payees and VA fiduciaries.
- National guides; six sets of state-specific guides; and a replication manual for other states.

Lay Fiduciary Guides, cont'd

- **What is a fiduciary? Anyone named to manage money or property for someone else**
- **Four main duties:**
 - Act only in the person's interest – avoid conflicts
 - Manage the money and property carefully
 - Keep the person's money and property separate from yours
 - Keep good records
- **Guides will teach people to spot financial exploitation and protect assets from scams and frauds by third parties.**

OA Initiatives: Money Smart for Older Adults

- **PROBLEM:**
 - Many older Americans, their caregivers, and others in the community don't know how to spot and avoid frauds and scams.
- **CFPB INITIATIVE:**
 - The Office developed an awareness program called **Money Smart for Older Adults** in collaboration with the FDIC.
 - Content on common issues facing seniors, including how to identify a potential scam or fraud
 - Training materials focus on preventing, recognizing, and reporting elder financial exploitation
 - http://files.consumerfinance.gov/f/201306_cfpb_msoa-participant-guide.pdf

OA Initiatives: Financial Institution Role in Reporting Exploitation

- **PROBLEM:**
 - Financial institution personnel observe signs that an older account holder may be the victim of financial abuse, but may be unsure whether federal privacy laws permit them to share their suspicions with government agencies.
- **CFPB INITIATIVE**
 - CFPB is developing strategies for communicating to financial institutions that the **Gramm-Leach-Bliley Act** generally does not prohibit them from reporting suspected abuse to law enforcement, adult protective services agencies, and other relevant entities.

OA Initiatives: Congregate Care Facilities

- **PROBLEM:**
 - Residents of assisted living and nursing facilities can become victims of fraud and financial abuse.
 - Operators of facilities may see that bills are going unpaid and residents are threatened with eviction, but they don't know how to intervene in cases of financial exploitation.
- **CFPB INITIATIVE:**
 - Producing a national **guide for operators of congregate facilities**.
 - Provide them with skills to identify and intervene in exploitation cases further upstream and to have protocols for doing so.

Your Ideas and Questions

- What are the key consumer financial protection issues for adults with dementia and their caregivers?
- What public education materials could help caregivers and service providers? Gaps in existing resources?
- How can we best encourage people to plan for future incapacity?
- What are some ways to encourage families to “have the conversation” about financial management and cognitive impairments?
- How can we collaborate to distribute the lay fiduciary guides and other CFPB OA tools?

Contact me

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