

PLANNING AHEAD

CHECKLIST FOR PREVENTING FINANCIAL ABUSE OF OLDER PEOPLE

Financial abuse of older people: Prevention

The evidence is that older people who remain connected to the community and to their assets are less likely to be victims of financial abuse. For those who can no longer conduct their own financial affairs, thorough preparation beforehand is the key to avoiding becoming a victim. The accountant's role is to advise their client professionally and ethically, and to ensure their client is fully informed. It is the client's right to make the decision for themselves, even if they ultimately make a poor decision.

For the accountant

- Advice should be independent and comprehensive so the client can make informed decisions
- Ensure the client demonstrates capacity and is not acting under undue influence. Interviews with your client are best conducted in the absence of other interested parties, including family members.
- Ensure the client receives and understands your advice
- Ensure instructions are clear, documented and confirmed in writing to the client.
- Be open with your client about costs in the context of the value of being prepared.
- Take into account preferences for preservation of family relationships

Checklist

✓	Activity	Key points
	Make the client aware of the issue	<ul style="list-style-type: none"> • Most family arrangements are successful • Financial mismanagement is something that can eventuate due to lack of preparation • It can even happen in previously loving families • Financial mismanagement of the older person's assets is malicious • It is too important an issue to be left to chance, for the sake of themselves, and their family
	Make the client aware of the importance of protecting against potential misuse of assets	<ul style="list-style-type: none"> • The client should consider their own best interests first • The client should also consider the interests of their whole family and the consequences of misunderstanding and perceived favouritism • The effects of misuse of assets can be devastating, to the individual and to their family
	The client should remain connected	<ul style="list-style-type: none"> • Remain active in the community • Retain a network of friends • Manage their own financial affairs as long as they can
	Advise the client to consult with their family or friends and trusted professional and make their wishes known	<ul style="list-style-type: none"> • Let all family members know that they are making arrangements for their retirement • Talking can help the client organise their thoughts and priorities • Discuss their wishes for the management of their estate and their personal priorities and objectives with all family members • Discuss who they would like to manage their assets if they lose capacity, and why • Discussions of these sorts of matters can be difficult but if potential problems are not talked about, good relationships might be put at risk for the future. • Choose the person or persons to manage their assets carefully - must be able to manage money responsibly and competently. (Gambling, alcohol, drugs problems for example would suggest a person is not suitable)
	Formalise their arrangements and seek legal advice	<ul style="list-style-type: none"> • Ill-advised to rely on informal arrangements. Never share pin numbers with others including family members. • Seeing a lawyer doesn't mean you don't trust your family, it means you will be better informed about any arrangements and your options. • Seek legal advice regarding arrangements for the future of your estate: <ul style="list-style-type: none"> ○ Wills ○ Family care agreement

		<ul style="list-style-type: none"> ○ Enduring Power of Attorney (Financial) ○ Enduring Power of Attorney (Medical) ○ Enduring Guardianship ● Document their wishes, priorities, how they want their estate to be managed. ● Don't sign a contract without first reading it carefully and getting professional advice. ● There is some initial cost, but this is an investment in their future and the future of their family – the cost of not getting it right could be devastating
	Wills up to date	<ul style="list-style-type: none"> ● Wills should reflect their current wishes Review beneficiaries – family circumstance may have changed; friends may have passed. ● If they wish to leave money to charities be specific, what and why ● Choose their executor(s) carefully
	<p>Are they considering an assets-for-care arrangement? Important to formalise the agreement.</p> <p>(For example, selling their home and giving the money to a child to build a granny flat on their land)</p>	<ul style="list-style-type: none"> ● Formalise the arrangement through a thorough, definitive document prepared under legal guidance. ● Document should detail the care to be provided and what consideration is being given in exchange ● Document should expressly describe what should happen if the care fails to eventuate. ● Consider shared-ownership arrangements instead of giving money away. ● Ensure that the arrangement meets the needs of the older person, while keeping in mind fairness to all members of the family. ● How will it affect their pension entitlements and taxation liability?
	Are they considering loaning money or going guarantor for an adult child's personal or business loan?	<ul style="list-style-type: none"> ● Formalised loan agreement is advised ● Consider the likelihood of being repaid and the consequences if they are not repaid. Is the investment wise? ● Consider security or shared ownership arrangements. ● How will it affect their Centrelink payments and assistance for aged care accommodation?
	Have they made an Enduring Power of Attorney (Financial)	<ul style="list-style-type: none"> ● Important to put it in place while they have capacity ● Should expressly state when the POW comes into effect and how the client wants the estate managed. ● Consider who they can trust to manage their affairs when they are no longer able ● Once in place, review the document from time to time to keep it up to date
	Have they made an Enduring Power of Attorney (Medical)	<ul style="list-style-type: none"> ● Not a financial matter but part of preparing for the future while the client still has capacity ● Medical treatment such as surgery or medication generally requires consent, so it is advisable for the

		<p>client to document their wishes and appoint someone to act for them in the event they are unable to act for themselves</p> <ul style="list-style-type: none"> • Loss of capacity may be temporary, but can hinder medical treatment in the absence of delegated authority • Once in place, review the document from time to time to keep it up to date
	Enduring Power of Guardianship	<ul style="list-style-type: none"> • A legal document appointing someone they trust to make lifestyle choices for them in the event that they are unable to make decisions themselves • The donor cannot appoint a person who is providing professional care, treatment or accommodation. • Part of protecting against potential negative lifestyle impacts arising future loss of capacity
	Before they finalise their arrangements	<p>The client is advised to:</p> <ul style="list-style-type: none"> • Read reference material • Make sure the agreements meet their needs and wishes • Discuss the arrangements with their family • Ensure they put the interests of the older person first