

The terms **financial capacity**, **financial exploitation**, and **undue influence** all relate to financial management. Veterans may be targeted for financial exploitation because of disability payments. At first glance, financial capacity may seem unrelated to healthcare. However, concern regarding a Veteran's finances becomes relevant if funds are being directed away from the Veteran's care without the Veterans' consent. If the Veteran raises a concern to the clinician, or if the clinician observes financial abuse or exploitation which requires reporting under state laws.

Financial Capacity, Financial Exploitation, and Undue Influence

EDUCATIONAL HANDOUT SERIES

VA



U.S. Department of Veterans Affairs
Veterans Health Administration
Employee Education System

DEFINITIONS¹

Financial Capacity	Broadly refers to the knowledge, skill, and judgment related to managing one's assets.
Financial Exploitation	A type of elder abuse, involving the improper use or theft of another's assets. The individual may or may not have capacity.
Undue Influence	When exploiters – whether family, acquaintances, or strangers – use their power to deceptively gain control over the decision-making of a victim. Often involves financial exploitation. The individual may or may not have capacity.

What VA Policies may apply?

VA clinicians must follow VA laws, regulations and policies, in addition to clinical practices, when treating Veterans and sharing Veteran health information. At the national level, the Veterans Benefits Administration defines a person who lacks financial capacity in the context of need for VA fiduciary as a "person is one who because of injury or disease lacks the mental capacity to contract or to manage his or her own affairs, including disbursement of funds without limitation." (38 CFR 3.353)

How might dementia affect financial capacity and financial exploitation?

Most older adults do not have dementia, and the presence of dementia does not necessarily mean that an older adult lacks capacity for domains such as consent to treatment, choosing a health care agent, or other types of decisions. Similar to other types of capacity assessments, assessment of financial capacity should focus on the individual's abilities and not his or her diagnosis. Very broadly, individuals with mild to moderate dementia likely retain many financial skills, but consideration should be given to the complexity and level of risk involved. Older adults with dementia may be at risk in discerning financial scams when subtle social judgement is necessary in novel situations, particularly if the individual has limited social support.

What supports can help?

Provide supports as necessary to accommodate for any sensory deficits (e.g., drawings, pocket talkers, magnifying glass). Also consider the Veteran's language and preferred mode of communication (written, verbal, and/or visual). Supportive services for finances include: shared bank accounts with a trustworthy person, automatic bill paying and deposits, money management services (e.g., through the Area Agency on Aging), a durable power of attorney for finances, and creation of a trust.



What values are important in considering financial issues with Veterans?

Just as in any capacity assessment, it is important to understand the individual's values that underlie their choices so that the assessment considers consistency with the individual's (and not the clinician's!) values.¹

General History	What is the Veteran's general history of savings, debt, and investment? Are current patterns consistent with the past? Comparing the current financial picture to the previous can be informative.
Preferences	What is the Veteran's preference for spending versus savings; targets for donations and support (e.g., children, charities); how much risk is comfortable? Financial preferences vary greatly among individuals.
Experiences of Exploitation	Has the Veteran had problems with financial vulnerability in the past? Sometimes a direct question about previous outcomes can be revealing.
Engagement in Management	In the past has the Veteran managed their own finances or has another person assisted? Does the Veteran wish for support now?



How do I assess financial capacity?

As in any assessment of capacity, the assessment should focus on the specific issue or task at hand. Also consider cognitive and emotional symptoms, complexity of task at hand, risks, values, and supports. It may be useful to organize your consideration of financial abilities in three areas:

Knowledge	Awareness of personal income and assets, as well as general financial principles.
Skills	Ability to perform financial tasks consistent with the Veteran's habits, for example making change, balancing a checkbook, performing online transactions.
Judgment	Ability to make financial decisions, particularly in novel or socially ambiguous situations, consistent with an individual's best interests and values.

Potential questions to consider:²

1. Are you concerned about having enough money to pay for your home and food?
2. Who do you turn to if you have questions about your money?
3. Has anyone been frequently asking you for money?
4. Have you received phone calls about lotteries or awards? How have you responded to these?
5. Is any of your money missing? How would you know if it is?
6. Are you concerned about your long term financial security?
7. Do you need to make any big purchases? Are you helping anyone else to make purchases?
8. Has anyone misused your ATM or credit card?
9. Does anyone feel entitled to use your money for themselves?
10. Did anyone put pressure on you to get a reverse mortgage?

Preventing Financial Abuse

- Put financial plans in place.
See http://www.veteranshealthlibrary.org/LivingWith/AgingVeterans/Dementia/ForCaregivers/142,41452_VA
- Report frauds and scams at www.stopfraud.gov and www.ftc.gov
- Report misuse of veterans benefits at 1-888-407-0144.
- Initiate a request for a VA fiduciary or Guardian for financial purposes.



Tools and Tips

- Publications for professionals and consumers at <https://ncea.acl.gov/resources/publications.html> and <https://www.justice.gov/elderjustice/eji-brochures>



Acknowledgement and Disclaimer

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Additional Resources at: Additional Resources are available at the VA TMS system.
Please search the course catalog by keyword 'capacity'.

References:

1. The American Bar Association and the American Psychological Association. Assessment of older adults with diminished capacity: A handbook for psychologists. Washington DC: ABA and APA; 2008.
2. Conrad KJ, Iris M, Ridings JW, Langley K, Wilber KH. Self-report measure of financial exploitation of older adults. Gerontologist. 2010;50(6):758-773.