The Planning Quarterly

Issue 13 | August 2023

PEAPACK PRIVATE

Wealth Management

Welcome to the August 2023 issue of the Peapack Private Planning Quarterly—it's our Summer Grab Bag edition. The topics we're covering this quarter aren't exactly beach reading, but certainly, one of them is likely to resonate. Please reach out to our authors, or to any of our investment and planning professionals with your questions and feedback. Ask your own questions—you may inspire a future article. Our guidance can help you achieve your financial goals.

peapackprivate.com

Click to jump to a desired article

Roth Accounts and SECURE 2.0 Act: Key Highlights

By Sarah Vehap, MBA

Roth accounts can be a meaningful component of retirement planning due to the tax-free nature of the withdrawals. They provide tax diversification when coupled with traditional IRAs and 401k(s), along with taxable or brokerage accounts.

Recall that Roth accounts use post-tax contributions, so they are essentially taxed on the way in and their earnings and withdrawals are tax-free. Conversely, traditional IRAs and 401k(s) use pre-tax dollars on the way in and are subsequently taxed on the way out at ordinary income tax rates. (Note, brokerage accounts also use post-tax dollars on the way in, however, their withdrawals are taxed at capital gains rates.)

It may be worth looking back to understand the origins of the Roth accounts.

A Brief History

Pension Plans and Traditional IRAs. Due to a number of pension plans being underfunded or going bankrupt in the 1970s, a sweeping protections act was passed in 1974 called ERISA (Employee Retirement Income Security Act of 1974). ERISA regulated pension and retirement plans. It also introduced the traditional individual retirement account (IRA). In the beginning, these new IRAs were limited to a small segment of the population, as they were restricted to workers who were not already covered by a qualified employer sponsored retirement plan. However, the 1981 Economic Recovery Tax Act (ERTA) eliminated those restrictions, and all taxpayers (70 ½ or younger) could contribute to an IRA. Further complicating these new products, subsequent legislation in 1986 curtailed deductible IRA contributions by imposing income restrictions on them.

The Roth IRA. The Taxpayer Relief Act of 1997 introduced the Roth IRA, a retirement account funded solely with after-tax contributions and with tax-free withdrawals. By creating this new type of IRA with tax benefits on the back end, access to tax-advantaged accounts was expanded.

The Roth 401k. The Roth 401k was included in the Economic Growth and Tax Relief Reconciliation Act of 2001 and went into effect in 2006. It was modeled after the Roth IRA using after-tax dollars; however, it allowed an employee to save for retirement in an employer sponsored plan.

For Both Roth IRAs and Roth 401k(s). The primary advantages to the investor are tax free earnings and tax free withdrawals (with limits - account must have been funded for at least five years and the participant must be 59 ½ or older). One advantage a Roth 401k has over a Roth IRA is the higher contribution limits: IRA contribution limits are $6,500 ($7,500 if you're 50 or over) in 2023; 401k contribution limits are $22,500 ($30,000 if you're 50 or over) in 2023.

SECURE 2.0 ACT of 2022

With the passing of the SECURE 2.0 Act in December of 2022, the government has signaled its continued support for the Roth plans. From the government's perspective, it gets paid first, so this may not be a surprise.

A few highlights -

Traditional Retirement Plans (e.g., 401k, 403b, 457b).

- Employer contributions are not limited to pre-tax accounts. Starting in 2023, companies will be allowed to make Roth contributions to 401k, 403b, and governmental 457b plans. (In reality, 457b plans usually don't have employer contributions). This is discretionary on the part of the company; it is not a mandatory option
- Employers can deposit matching or nonelective contributions to employees' designated Roth accounts
- For tax purposes, Roth employer contributions will be treated the same as Roth employee contributions:
  - The employee will be taxed on the amount of the Roth contribution in the year it's made
  - When the employee takes a distribution from the 401k, the contributions themselves will come out tax-free
  - Earnings on the contributions also will be distributed tax-free if made after age 59 ½, disability or death and after a five-year holding period has been met
- Starting in 2024, all catch-up contributions to employer-sponsored qualified retirement plans for participants earning more than $145,000 must be made on a Roth basis

529 Savings Plans. Starting in 2024, 529 owners can rollover funds from 529 plans to Roth IRAs, with limitations:

- The lifetime rollover limit is $35,000
- The receiving Roth account must be in the name of the 529 beneficiary
- The 529 account must be at least 15 years old
- Contributions and earnings from previous 5 years cannot be transferred (how this will be determined remains to be seen)
- Rollovers are subject to the annual Roth IRA contribution limit. So, for example, if the Roth IRA contribution limit in 2024 remains $6,500, then no more than $6,500 can be rolled over from a 529 to a Roth IRA in 2024. Additionally, any actual Roth IRA (or traditional IRA) contributions made by the 529 beneficiary would count against the $6,500 limit. The effect is that a full $35,000 529-to-Roth IRA rollover would need to be done over several years. It also means that the 529 beneficiary doing the rollover must have compensation in that year at least equal to the amount being rolled over
- Roth IRA income limitations are waived for 529-to-Roth IRA Rollovers

Required Minimum Distributions (RMDs).

- Elimination of lifetime RMDs for Roth plan dollars (401k), 403(b), etc.) starting in 2024
- This is more aligned to current Roth IRA RMD rules

Simple and SEP IRA Roth's.

- Roth contributions are allowed starting in 2023
- Due to the complexity of the logistics, some custodians may not elect to have these available immediately

Keep in mind, the potential opportunity of Roth accounts will depend largely on tax rates (pre and post-retirement). Most people think they'll experience lower tax rates in retirement; however, they may also have fewer deductions, and there is also the risk of higher tax rates due to future legislation. It's for this reason that younger taxpayers in lower tax brackets may want to consider opening a Roth 401k or Roth IRA (or both).

Contact Sarah Vehap at svehap@pgbank.com or (908) 227-3773 with any questions.

Own a Second Home? Be Careful!

By Laurie Wolfe, CPA, CFP®

As many people approach their retirement years, they begin to think of downsizing and moving to a better climate, or to a different area of the country, or maybe even to another country. Some may already own a second home and find that they are spending more and more time there, with the eventual goal of selling their principal residence.

It's hard selling your home of many years, where you have developed friendships and may have raised a family. Your doctors are there, your place of worship may be there. You may find that you want to hang on to it for a period of time, while you still have friends and relatives in the area. Or you may find that the housing market is down, and you don't want to sell your house until it improves. You may decide to rent it out in the meantime. There are many scenarios for people to consider when they own two homes. Some careful planning in these situations is necessary to preserve a well-known income tax exclusion on the gain on the sale of a principal residence, or main home, which often has appreciated substantially over the years.

What is Considered Your Principal Residence?

A principal residence is one where you reside and have established as your main home. If you own more than one property, your principal residence is usually where you spend most of your time. In cases where this is unclear, all the facts and circumstances are considered. Where you work, vote, register automobiles, attend religious services, etc. could indicate the property where you principally reside.

What is the Exclusion of Gain from Sale of Principal Residence?

Federal law allows an exclusion of gain on the sale of your principal residence of $250,000, if you are single and $500,000, if you are married. Most states follow these federal rules. Many people mistakenly confuse the term 'gain' with the sales price of the home. Your gain on the sale is the excess of what you sell the house for over both what you paid for it and the capital improvements you made to it over the years. A mortgage on the home does not come into play in the calculation of gain. For a married couple, an example of a gain calculation would look like this:

Selling price of home, less certain closing costs	$950,000
Cost of your home	$250,000
Cost of improvements made	$100,000
Total cost of your home	$350,000
Gain on sale of home	$600,000
Allowable federal exclusion from taxation	($500,000)
Taxable gain on sale of home	$100,000

With capital gains tax rates of 15% and 20%, depending on income, you probably wouldn't want to jeopardize this valuable exclusion if you know you will want to sell this home during your lifetime. Assuming a 15% rate, the tax saved on a $500,000 exclusion is $75,000, plus state taxes. If you are also subject to the net investment income tax, that could be another 3.8%.

Who Qualifies for the Principal Residence Exclusion of Gain?

Let's go over the rules of exclusion. To qualify you must meet a few eligibility tests:

1. You must not have acquired the home through a like-kind exchange during the past 5 years.
2. You must not be subject to the expatriate tax.
3. You or your spouse, if married, must have owned the home for at least 2 years in the 5 years leading up to the sale date.
4. You and your spouse, if married, each must have lived in your home for at least 2 years in the 5 years leading up to the sale date.
5. You must not have excluded a gain on a different home within the prior 2 years from the sale date.

The 2-year requirement for **ownership and use** may be met by establishing ownership and use for 24 full months or for 730 days. The requirements may be satisfied during nonconcurrent periods, so long as both requirements are met during the 5-year period ending on the date of sale.

"You probably wouldn't want to jeopardize this valuable exclusion…"

For most people, only the last three rules apply. The third and fifth rules are straightforward. The home must have been owned for at least two of five years leading into the sale and you can't use the exclusion more often than once every two years. Only one spouse must meet the ownership test. The 4th rule has a few caveats. You and your spouse, if married, must each have used the home for 2 years. The 2 years does not have to be concurrent in the 5-year period, but occupancy of the residence is required. There are two exceptions for the occupancy requirement. Short temporary absences, such as for vacation or seasonal absence, are counted as periods of use, if the intent is to return to the home. You may even rent out your house during these absences and the time will not be disqualified. The Internal Revenue Code and Regulations do not define the length of time that would be considered either temporary or seasonal. Instead, they give a couple of examples: a two-month overseas vacation would be considered temporary, but a yearlong sabbatical would not.

An Example of the 2/5-Year Requirements

Let's see how the timing plays out. Assume that you have lived in your main home concurrently for at least 2 years leading up to the date you move out to a new principal residence. If you move out of the home on January 1, 2024, then in order to preserve the exclusion of the gain on the sale of that home you are going to want to make sure the sale of the home is final by December 31, 2026, at the latest. This is because the 2-year period of use would start on January 1, 2022, and end on December 31, 2023. To be in the 5-year ownership time frame, you would take that out a further 3 years to December 31, 2026.

In the above example, if the period of use was not concurrent, then the date you must close the sale by would be 5 years after the first day of use qualification. It gets a little confusing in these cases and you really must lay out a timeline.

There are certain instances where you won't lose the exclusion if you don't meet the ownership and use requirements. If the primary reason for the sale was a change in place of employment, health reasons, or unforeseen circumstances, a reduced exclusion could be available. Other rules apply for partial use of the home as a residence. This would apply if part of the home is separate from the dwelling portion and is not used a part of the main residence. These additional rules are not addressed in this article.

Seek Advice

Because of the intricacies and complexities of these rules it is especially important to consult with your tax professional well in advance of moving from a home that has appreciated substantially.

Contact Laurie Wolfe at lwolfe@pgbank.com or (908) 719-6574 with any questions.

How Can You Give More to Your Favorite Charities?

By Cynthia Aiken, MBA, CFP®

Did you know that Americans give more than $1 billion every day to charity? In 2022, Americans gave $499.33 billion to charitable institutions. That is an astounding amount of charitable giving! Perhaps you give generously to the charities you want to support. How do you donate – by cash, check, credit card? Or do you donate securities or other assets? If you typically donate securities or other assets, establishing and funding a Donor-Advised Fund may be a tax efficient method for donating more funds to your favorite charities.

A Donor-Advised Fund, or DAF, is an investment account established at a public charity, formally known as a Donor-Advised Fund sponsor, used to support charitable organizations you care about. Donors to a DAF make a charitable contribution, receive an immediate tax deduction, and recommend grants from the fund to the charities of their choice over time. Contributions to the DAF can be made whenever the donor chooses and likewise, grants can be recommended on the donors' timetable.

How Do Donor-Advised Funds Work?

1. **Establish a Donor-Advised Fund Account.** The donor establishes a donor fund account with a Donor-Advised Fund sponsor that is an IRS approved public charity. Fidelity Charitable, Schwab Charitable, and Vanguard Charitable are among the largest public charities sponsoring Donor-Advised Funds, but there are also local, regional, and national sponsors as well.

2. **Make a Gift.** The donor makes an irrevocable contribution to the Donor-Advised Fund. The donor may contribute cash, securities, real estate and more. This contribution is reflected in the donor's fund account.

    a. Although publicly traded securities are the most common assets donated to DAFs, other acceptable assets include restricted securities, exchange-traded funds, mutual funds, bonds, closely held business interests, private equity interests, hedge fund interests, cryptocurrency, real estate, fine art and collectibles, life insurance policies, and retirement account distributions.

3. **Receive a Tax Deduction.** When the donor contributes to their Donor-Advised Fund account, he may be eligible to claim an itemized tax deduction for federal and/or state income tax purposes. Donor-Advised Fund sponsors are public charities, so contributions to them are considered tax-deductible charitable contributions.

    a. Donation of highly appreciated securities is one of the most common ways to fund a DAF. Because the securities are donated at their market value on the date of contribution, this can be a very tax-efficient method of donating. This donation of securities is not subject to capital gains taxes. On the other hand, if a donor sold securities, paid capital gains taxes on the sale and subsequently donated the net proceeds to charity, the gift to charity would be considerably less due to the tax impact. This tax efficiency is a key benefit of establishing and funding a Donor-Advised Fund.

    b. In addition to avoiding the payment of capital gains taxes, the donor receives a tax deduction of up to 30% of adjusted gross income (AGI) for their gift to the DAF and can carry forward the deduction on gifts exceeding AGI limits for five years. A donor who does not typically itemize deductions can make a single large gift to a DAF and itemize, then recommend grants over the next few years. This technique is known as bunching deductions.

4. **Personalize DAF Account.** The donor can name his DAF, appoint family or others to help manage the responsibilities of the DAF and design a legacy plan to determine the future of the DAF beyond the donor's lifetime. You've likely seen gifts listed as from the "John and Mary Smith Family Fund" or similar—are likely from DAFs.

5. **Invest DAF Assets for Growth.** Once the assets are deposited in the Donor-Advised Fund account, the donor can recommend an investment strategy for the account. The strategy may be selected from investment offerings provided by the DAF sponsor or in some cases, may be self-directed by the donor. There are various investment strategies – simplified, customized, pooled investment accounts, sustainable/impact investing, and professional investment account management. There is no taxation on any investment growth in the DAF account. As the holdings in the account appreciate, there will be more funds available for charitable grantmaking.

6. **Support Your Favorite Charities Now and in the Future.** After the DAF is established and funded, the donor can recommend grants to organizations that are tax-exempt under IRS code 501(c)3 as well as certain private operating foundations. Through online access to his account, the donor can easily make single or recurring grants of $50 or more. Grants can also be made by phone, fax, or mail. Grants can be made with name recognition or anonymously. The DAF sponsor verifies the charities that the donor selects, sends them a check and appropriate correspondence, and maintains a record of all the donor's grants. This makes it very simple for the donor to determine what gifts have been made and when; it simplifies recurring gifts. If the donor's long-term financial goals include charitable bequests after death, the DAF can be named as a beneficiary in estate planning documents. Because the donor receives the tax deduction when contributing to the DAF, there is no deduction when the DAF makes grants.

What does it cost? Some DAF sponsors do not have a minimum initial contribution or a minimum balance for the Donor-Advised Funds they support; others require an initial gift of $5,000 or so. Typically, there is a minimal administrative fee based upon the account balance to cover transaction processing costs and providing donor support. Additionally, because the account is invested in securities, there are related investment fees for mutual funds or exchange traded funds based upon the investment strategy selected by the donor.

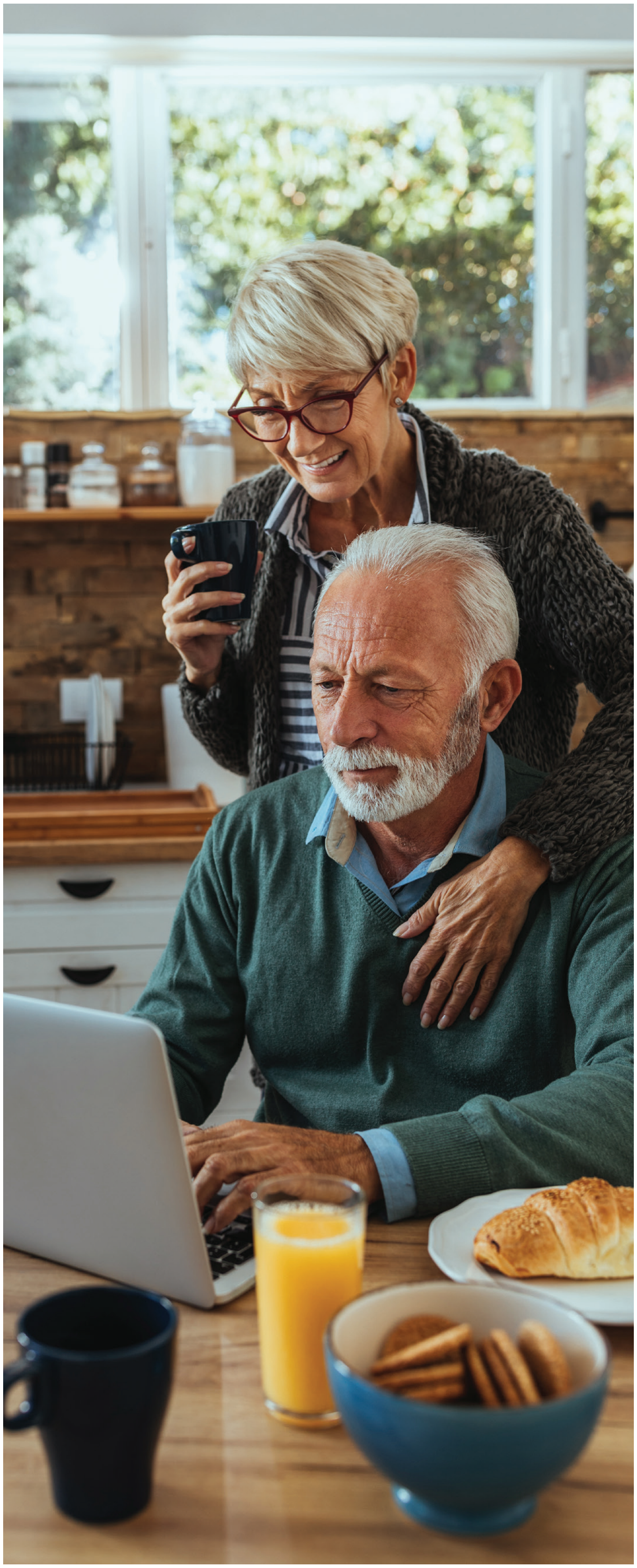
Establishing a Donor-Advised Fund can enable you to fund charitable organizations in a very tax efficient manner and will potentially enable you to give them more funds. Your Donor-Advised Fund can become a family affair by including all family members in discussions about where donations should be directed to express family priorities and values. This inclusion will deepen your family's impact on worthy causes now and in the future.

Contact Cynthia Aiken at caiken@pgbank.com or (973) 276-0843 with any questions.

Ready for Retirement?

By Claire E. Toth, JD, MLT, CFP®

Most American workers have viewed retirement as something that will happen sometime, down the road. Pre-pandemic, the average retirement age hovered in the first half of the 60s. The past three years have changed the way many of us think about retiring. For some, it's prompted a rush (or a kick) out the door. Others are thinking more seriously about work-life balance and hoping to tip the scales away from work. Still, others plan on using hybrid work schedules to remain employed longer. Wherever you are on the continuum from work to retirement, take these steps to ensure success in the transition.



What Does Retirement Look Like?

You wouldn't take a job without knowing what it entailed. Don't go into retirement blind, either. Most of us envision retirement as some combination of travel, hobbies, family, friends, and perhaps volunteerism or a side gig. Be more specific than that. Your job—plus associated commuting, preparation time, and what-have-you—takes up much of your week. How specifically are you going to fill that newly freed up time? If an unscheduled long weekend makes you restless, you may have some planning to do here. Put another way, you don't retire FROM, you retire TO. Define your TO.

Consider location—will you remain in your current home? In your current community? This isn't a decision you need to make immediately, but certainly begin contemplating it. Travel to potential new locations and spend some time there as a local. Determine if your proposed retirement community offers enough to engage you, to provide healthcare needs, to meet any concerns about climate and natural disasters, and so forth. If you think you may sell your home, this is a good time to begin any needed upgrades to market it. Financing major improvements is easier while you're still employed. Plus, you ought to enjoy those improvements, too.

Chances are your retirement affects others. If you are married or otherwise partnered, retirement is not a solo decision. You want your partner on board—both for your post-retirement activities and for the effect on your family finances. If other family members live locally, consider being very clear about what caregiving tasks you'll take on (or not) in retirement. Setting boundaries up front can avoid resentment down the road.

Do the Numbers Work?

If you haven't already, determine if you can truly afford to retire. In a perfect world, you have a budget and can adapt it to retirement. Few people are truly that disciplined, so here's a quick and dirty way to determine if you're in the ballpark.

- Take last year's tax return. Start with your Adjusted Gross Income (line 11)
- From that number, subtract cash outflows you know you won't incur in retirement. For example:
    - After-tax savings
    - Tuition payments that will end by retirement
    - Mortgages or other loan payments that will end by retirement
- Subtract known retirement income, such as:
    - Social Security (you can download a current statement from ssa.gov)
    - A pension, if you will have one
- The result is approximately the annual retirement spending you will need to replace. Multiply that number by 20 if you're an optimist, by 25 if you're a pessimist. The result is your target nest egg

Are you there? If not, consider options. Working an additional year or two is often your best bet. This allows you both to add to your retirement nest egg and avoid drawing down on it immediately. Additional years of work can also delay the onset of Social Security, allowing your monthly and lifetime benefits to increase. Delaying Social Security beyond full retirement age (67 for most people in the workforce) increases your benefit eight percent annually. For the long-lived, that's a significant boost in retirement income.

"You don't retire FROM, you retire TO. Define your TO."

Other possibilities include ramping up current saving levels, cutting projected retirement expenses—often by downsizing and moving to a less expensive community—or planning to work part time in retirement.

Further, if you retire before taking any pension and claiming Social Security, you'll need additional funds to bridge that gap. You'll also need to create an income stream from your investments. All this can be refined further with some in-depth financial planning. What matters is that you get serious about making the numbers work.

How Will You Cover Health Care Costs?

Health care costs come in at least three distinct flavors as you move through retirement. First, if you plan to retire before you (or your spouse) turn 65, how will you handle health insurance before Medicare eligibility? COBRA, the federal law covering workplace health insurance for businesses with at least 20 employees, allows you to buy into your existing healthcare coverage for 18 months—though you lose the employer subsidy. Some states, including New Jersey, mandate the same for smaller employers. This can carry you if you retire at age 63-1/2 or later. Otherwise, you must look at other options, which vary by state. The public health exchanges (created by the Affordable Care Act) are a good place to start.

Next, once you turn 65, you enter the Medicare system. That is a topic of its own. Here, be aware that your Medicare premiums are tied to your income two years prior. That means your income at age 63 dictates your Medicare premiums at age 65, and so on. For 2023, the base Medicare premium--$164.90 monthly per person—is tied to 2021 income of $194,000 for a married couple and $97,000 for a single person. Above those income levels, Medicare premiums rise. Most retirees also buy supplemental (so-called Medigap) insurance, which can run $250 per month per person.

Finally, consider health care costs for the long term. Estimates for a couple's total health care costs in retirement start at $250,000 and go north from there. Advance planning can help. Do you intend to move eventually to a continuing care retirement community, or do you want to remain in your home? Is your home suitable for aging in place or can you adapt it so that it is? Do you have long term care insurance (few do) and if not, how will you fund the help you may need? There is no one-size-fits-all answer, but you should begin developing some flexible plans.

What Tax Planning Can You Do?

Those who retire before claiming Social Security benefits and taking retirement plan distributions often have some years with low taxable income relative to cash flow. They draw down cash and live on taxable savings, resulting in small tax bills.

Anticipate these years and plan for them. They are an excellent opportunity to make significant Roth IRA conversions or to diversify a large, highly appreciated stock holding. In a perfect world, you cadence these moves so as not to inflate your Medicare premiums—again, careful planning rules the day.

Contact Claire Toth at ctoth@pgbank.com or (908) 719-6577 with any questions.

Financial Abuse of Older Adults

By Patricia Daquila MBA, CPA, CFP®

The U.S. Department of Justice reports that at least 10% of adults aged sixty-five and older will experience some form of elder abuse in their lifetime; many will experience it more than once. Financial exploitation is one of the most frequently reported forms of elder abuse. It occurs when someone misuses an elderly person's money or belongings for their own benefit. According to the National Council of Aging, the financial abuse of elderly persons is estimated to cost more than $36.5 billion each year! Financial abuse can be exceedingly difficult to uncover because it is frequently perpetrated by close family members, friends, and caregivers.

Older adults are often viewed as ripe for financial abuse. An elderly person may feel socially isolated and lonely, which makes them susceptible to someone who befriends them. A new friend or a caregiver may get close to the elderly person with the intent of gaining their trust and exploiting them. The elderly person may have some form of Alzheimer's or dementia, which makes them more vulnerable to the offender. In many cases, financial abuse is committed by a person who is already close to the older adult, such as an adult child or caregiver. Financial elder abuse can also take place in a nursing home, an assisted living facility, or by a financial caregiver such as a power of attorney, a trustee, or a court-appointed guardian.

According to the National Council on Aging, telephone and internet frauds make up more than 65% of all the financial scams on the elderly. These scams are hardly limited to senior citizens, but older adults may be more trusting of these frauds. Among the most common of these are:

- A fraudster impersonates a governmental agency such as the Internal Revenue Service, Social Security, or Medicare. The fraudster states that the victim has unpaid obligations, may threaten loss of benefits, arrest, or deportation if they do not pay immediately
- A criminal calls and impersonates the victim's grandchild and asks for money because the grandchild was arrested or is in danger
- A fraudster calls and pretends the victim won a lottery or sweepstakes. They tell the victim that to claim their prize they must send money, cash, gift cards to cover the taxes on the winnings and the processing fees
- Other phone scams include pretending that the victim's car warranty or computer warranty is expiring, and the criminal needs payment to renew it

Further, computer or internet scams also prey on both elderly adults and other individuals. A message will pop up on the elderly's person computer or phone. If the elderly person clicks on that message, the criminal gains access to the device. The criminal may even ask for remote access to the elderly person's computer or ask for money to fix it. The criminal will then have access to the elder's computer and may be able to gain access to his personal information such as bank and financial accounts.

These scams share a sense of urgency—the victim must act now, or something terrible will happen. The best reaction is to pause—tell the caller you need to consult your financial advisor or a family member before you act. Chances are that the scammer will move on to a less prepared victim.

Scams exploiting older adults are not limited to electronics. Financial exploitation can include a staff member or caregiver who steals a nursing home resident's or client's check book or credit cards. The caregiver may potentially trick the victim into signing forms that transfer ownership of cars, bank accounts, investment accounts, or homes without clearly understood consent.

Financial abuse can be immensely difficult for a victim or a family member to notice. Signs include sudden changes to financial accounts, such as adding a new account holder or authorized user. Another red flag is a transfer of assets to someone who is not a close family member. A distant relative or old friend may suddenly appear, needing financial help and asking for money. The elder person may be paying the caregiver too much. It is important to monitor the elder person's spending habits.

Despite its frequency, financial elder abuse is very rarely reported. A victim may be reluctant to report the abuse out of fear what may happen. They may think that if they report their caregiver, they will lose that person and be forced into a nursing home. The elderly person may feel embarrassed and partially responsible or very fearful that the family member will retaliate. The elderly person may fear that they will be viewed as incompetent or lonely.

If you discover that your loved one is being financially exploited and is in immediate harm, call 911. If the elderly person is not in immediate danger, contact adult protective services in their area. The protective services will investigate any allegations of abuse or neglect and work with the victims and their families to stop it. In addition, contact the local police using a non-emergency number to report the financial abuse. There is also a National Elder Fraud Hotline provided by the U.S. Department of Justice. Its phone number is 1-833-372-8311. The hotline is staffed by personnel that will guide you with local, state, and federal reporting procedures. They will connect the caller with other assistance as well. If the financial abuse occurs at a nursing home or assisted living facility, then you can contact the long-term care ombudsman in your state. You can also speak with the social worker or the facility's resident or family council. If you have any doubts, then report the suspicious activity.

You can take steps to help prevent financial elder abuse. All adults should have a durable power of attorney, appointing a trustworthy person to that role. Older adults should appoint a trusted contact on financial accounts. Typically, the contact does not have access to the accounts, but the financial institution will reach out to the contact to discuss suspicious behavior. In addition, you can encourage the elder to sign up for a monitoring service that detects suspicious activity in their accounts, tracks spending habits, and notifies a contact if any is reported.

It is also particularly important to stay in close contact with your loved one and get to know their caregivers. The caregiver will be less likely to financially abuse the elderly person if they know someone is watching. It is critical to educate your loved one about the possibility of financial exploitation and to encourage them not to share their personal or financial information. Financial exploitation can occur to any adult at any age. However, isolation and dependency make older adults that much more vulnerable.

Contact Patricia Daquila at pdaquila@pgbank.com or (908) 642-6029 with any questions.