

# 2018 Wells Fargo Elder Needs Survey

## The path to planning begins with a conversation

Emotions sometimes make us say things we shouldn't. But when it comes to the needs of aging parents, emotions often prevent us from speaking up. Whether you're older and anxious to preserve your independence or a child afraid of appearing covetous, strong feelings around elder care, life planning, and wealth transfer often breed silence when conversation is needed most.

That silence can be costly, potentially leading to conflict and loss over legacies, money management, financial fraud, and other issues.

In this survey we asked older Americans and a group just old enough to be their children (both with at least \$25,000 in investable assets) for their feelings on important financial issues. We found some surprises, and we hope this research will help you begin your conversations.

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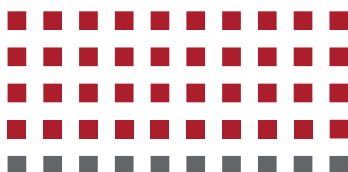
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# 1 in 5

Americans 65 and older are victims of financial abuse<sup>1</sup>

Only one in ten older Americans think it could happen to them

**81%** of adult children want parents to plan for old age, and parents who do say they're happier



Only 1 in 8 older Americans think they need help with their finances in their later years, but nearly half (43%) of adult children disagree



Older Americans are five times more likely to say they need help taking care of their home than managing their finances

## Defining the need

In the Wells Fargo Elder Needs Survey, we asked older Americans their current status, perception of future needs, and other key issues related to finances and their personal lives. We also asked adults who were about the right age to be the older group’s children the same questions, thinking about their parents. The responses of the two groups were often significantly different.

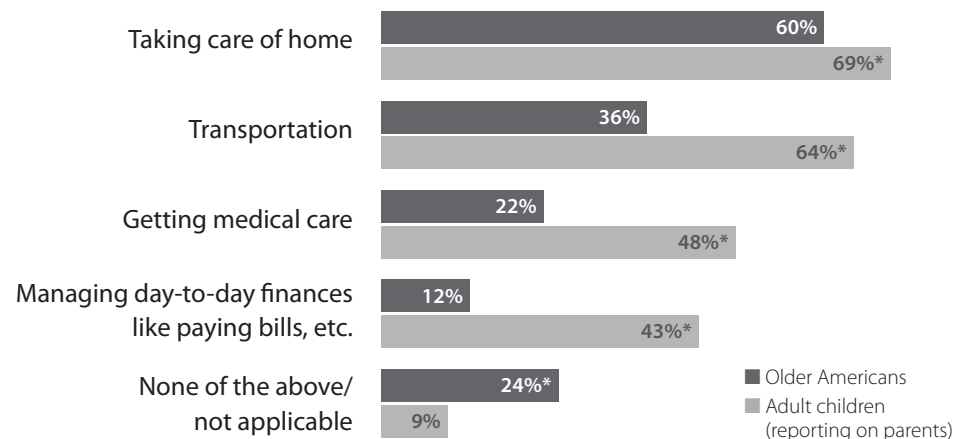
Four out of five older Americans in our survey say they feel younger than their age (by almost 16 years, on average, among those feeling younger), and adult children agree that seems to be the case (though they say by 12 years). Older Americans say they are happy, healthy, and unlikely to need help as they age. But adult children aren’t so sure.

Percentage in good or great shape	Older Americans	Adult children (reporting on parents)
Emotional health	87%*	65%
Financial health	81%*	67%
Physical health	72%*	53%

\*Significantly higher

When it comes to areas where they might need help, older Americans are five times more likely to think about who will mow the lawn than who will manage their finances. Women worry about financial help more than men, and adult children are more than three times more worried than their parents about their parents’ finances and such things as day-to-day bill paying. Likewise, in the areas of transportation and getting medical help, adult children are more likely to project future needs for their parents than older Americans.

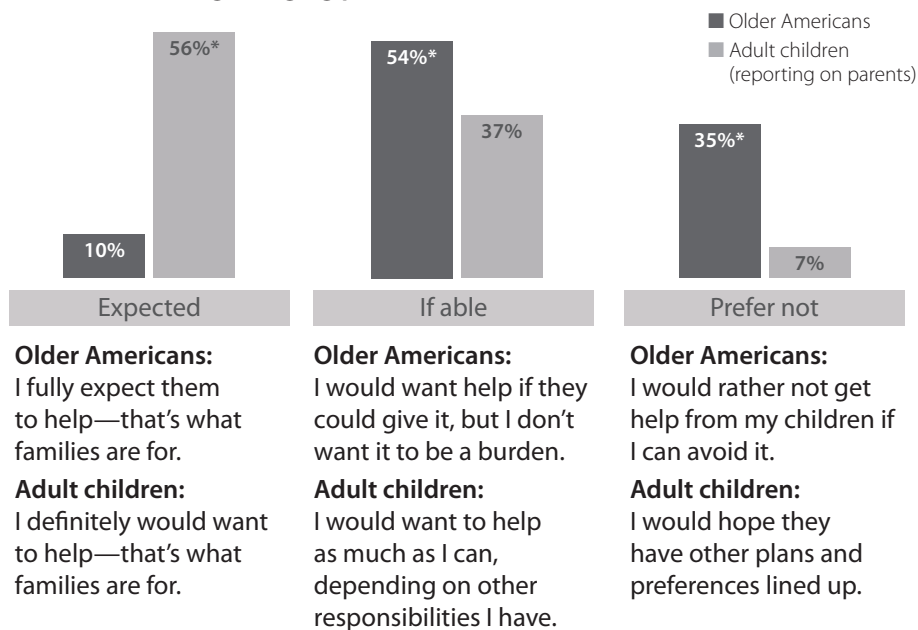
### Anticipated areas of needed help in later years



\*Significantly higher, comparing older Americans to adult children.

While older Americans are more likely to project independence, there is good news in the sense that most adult children stand ready to help. Only 10% of older adults say they'd expect help from their children, but more than half of adult children say they'd definitely want to help—that's what families are for. Older Americans seem to acknowledge this, with nearly half saying that, though they aren't expecting help, they don't have to worry about the future because their children will take care of them if needed, and four out of five adult children agree. In a familiar theme, many older Americans say they don't want to be a burden.

### Adult children caring for aging parents



\*Significantly higher, comparing older Americans to adult children.

Among those who may not be able to help their parents, living too far away is cited most often (75%) as the reason. Other common responses are that the children didn't have the means to help or had other responsibilities.

While most stand ready to help, four out of five adult children (81%) want parents to plan for old age so they don't need to intervene for them. A sizable minority of older Americans (35%), however, says they feel too much planning for the future gets in the way of enjoying life right now.

✓ **Implications:** Nearly 90% of older Americans say they would not want to be a burden or they hope to avoid getting help from their children. A very similar percentage of adult children say they definitely want to help or will help as much as they can, depending upon other responsibilities (like children of their own). In a sense, parents and children seem to be approaching the subject of elder needs from different poles. One standout finding, however, is that by far the majority of adult children want parents to plan for old age.

56%  
of adult children say helping parents is what families are for

81%  
of children want parents to plan for old age

**34%**  
of adult children are uncomfortable talking about their parents' money

**41%**  
of older Americans say no one (except spouse) knows how much money they have

## Barriers to conversation

Certain topics are hard to address, and here it's the adult children in the survey who have a more difficult time. Where will you live? When should you give up your driver's license? What do we do when you can't walk? What if your memory fails? None of these is easy to discuss with someone you love. About one in five adult children (18%) say they currently let their parents drive even though their driving is unsafe.

Difficult topics for parents and adult children	Parents	Adult children
Where to live when parents can't take care of themselves	35%	49%*
Parents' memory and cognitive problems	32%	48%*
Parents' ability to drive	28%	46%*
Parents' money and finances	24%	34%*
Parents' health and physical problems	22%	33%*

\*Significantly higher

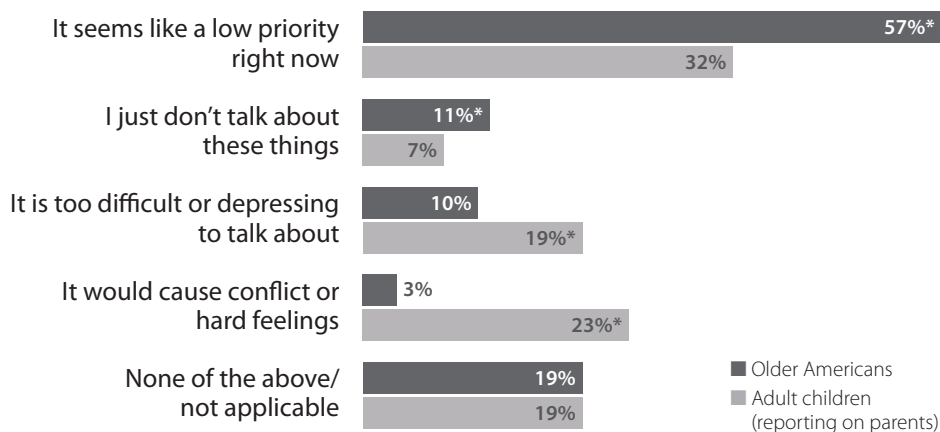
Money and finances can be particularly hard to discuss, with 72% of older Americans saying they tend to keep financial matters private and personal, a percentage almost identical in adult children. In both older Americans and adult children, roughly half of respondents say they feel uncomfortable talking about how much money the parents have. And 39% of adult children worry that a discussion about money would make it seem like they want that money.

Secrecy in financial matters can make planning difficult. In the survey, older Americans say just 4 in 10 have family members who know how much money they have, and outside the family only advisors (23%), accountants (8%), attorneys (7%), and/or friends (2%) know. Four out of 10 older Americans (41%) say nobody except them (or their spouse) knows how much money they have. Adult children are largely in the dark, with 20% saying they know how much money their parents have, 34% saying they have an approximate idea, 24% saying they have only a guess, and 22% with no idea. One in five adult children says they often wonder about it.

Older Americans say they would feel least comfortable asking for help with day-to-day finances (54%)—less than asking for help with transportation (77%), medical care (76%), or taking care of their home (63%). Seventy-six percent of adult children, on the other hand, say finances are the area where they're most comfortable lending a hand.

The main barrier preventing parents and children from discussing elder needs is that older Americans (57%) see no urgency, even among those in their 80s. This is despite the fact that the average life expectancy in the U.S. for those who reach age 65 is in the mid-80s.<sup>2</sup> About one in five parents and adult children see no barrier at all.

### Biggest barrier to talking about later life needs



\*Significantly higher, comparing older Americans to adult children.

A large majority of older Americans (70%) says they will always want control of their money, even if they make mistakes. Nearly as many children (65%) feel aging parents deserve control of their money, even if they make mistakes. Three out of five children (61%) hope they will not have to take over their parents' finances for them.

**✓ Implications:** A lack of urgency and a reluctance to talk about finances are key barriers to conversations and planning. They also open the door to unwanted intrusion by outsiders or "trusted persons" who are, in fact, untrustworthy.

57%  
of older Americans see no urgency to talk about elder needs

70%  
of older Americans want to control their money, even if they make mistakes

Only  
**40%**  
of older  
Americans have  
four key legal  
and financial  
documents  
in place

## Financial protections aren't in place

Almost 9 out of 10 older Americans (87%) say they feel well organized when it comes to having important documents and passwords available for children, family, or friends, if needed. But only half as many (44%) say they're very well organized. Just one-third say they have a trusted contact on file with their financial firm for protection against financial scams or exploitation.

Among basic documents, three-quarters of older Americans have a written will, but only 4 in 10 have all 4 of the following key documents, and sizable numbers of adult children are unsure which documents their parents have in place. Additionally, one in six older Americans (17%) says their documents are out-of-date.

Legal and financial documents in place	Older Americans	Adult children (reporting on parents)
Will	74%	77%
Advance healthcare directive	60%	58%
Power of attorney for healthcare	59%	64%
Power of attorney for financial matters	48%	61%

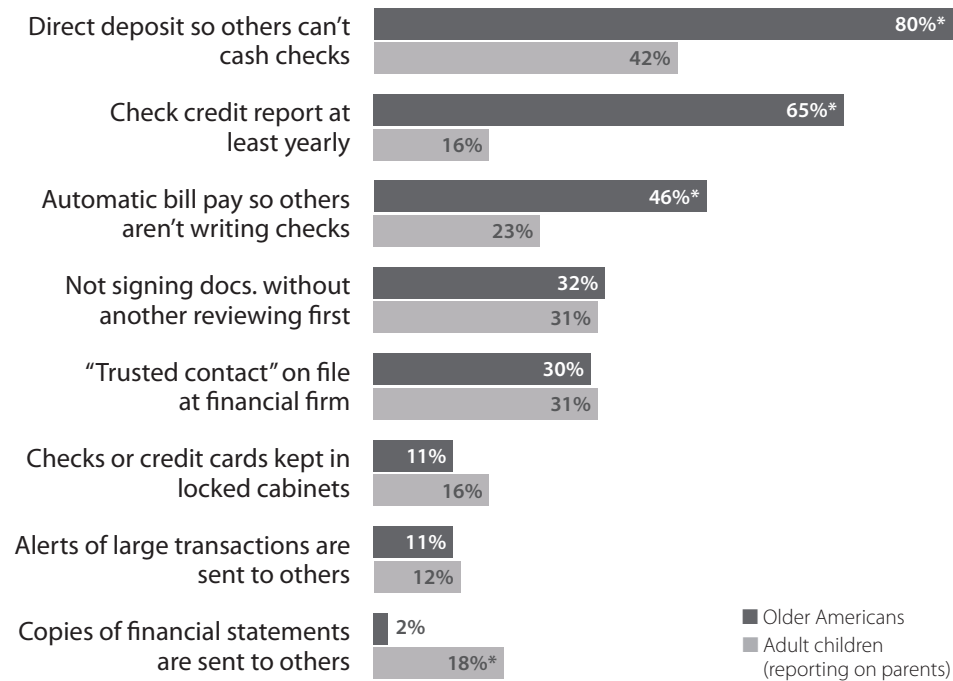
One-third of older Americans have not talked with family members about later-life and end-of-life plans, including:

- Inheritance plans and beneficiaries (32%)
- Who has been designated to manage financial matters, healthcare decisions, and/or wills (31%)
- Where to find legal, medical, and financial documents, if needed (32%)

Adult children report similar communication gaps on these important subjects.

Financial protections such as direct deposit, regular credit reports, and automatic bill pay are relatively common, while others are fairly rare. Significantly, one-third of adult children say they have no idea whether their parents have such protections in place.

### Protections in place



\*Significantly higher, comparing older Americans to adult children.

Independent of those protections, more than four out of five Americans want banks and financial institutions to alert them when unusual account activity takes place (88% of older Americans and 83% of adult children). Two out of five older Americans (39%) and half of adult children (50%) specifically want banks and financial institutions to educate and protect them from fraud and scams.

Other financial services that survey respondents (especially adult children) say they would value include:

- Advice on saving and investing
- Help with planning for their later years
- Help with estate planning, including wills and powers of attorney

**✓ Implications:** Potential financial protections can be surprisingly easy to put in place, and sooner is often better than later. While many adult children say they're willing to help with day-to-day finances, a third seem to have overlooked important steps that might help safeguard their parents' assets.

# One-third

of adult children have no idea whether their parents have financial protections in place

98%  
of all respondents  
feel older people  
are susceptible  
to scams

Only  
1 in 10  
older respondents  
thinks it could  
happen to them

## The growing problem of elder financial abuse

Rising numbers of financial scams targeting seniors have been called the crime of the 21st century.<sup>3</sup> Fearing a loss of independence or embarrassed at having been misled, many victims don't report incidents, with as few as 1 in 44 cases of elder financial abuse said to be reported.<sup>4</sup> It has been estimated that as much as \$36.5 billion is lost each year due to elder financial abuse,<sup>5</sup> and survey respondents had some apparent blind spots.

While nearly all older Americans and adult children (98% in both cases) believe that older people are susceptible to scams, and 9 out of 10 older Americans say they've received phone calls, sales pitches, or emails they thought were scams, many still believe it won't happen to them. Only 1 in 10 older Americans in the survey (10%) feels they are susceptible to scams, though 1 in 4 says they worry about it. Four out of five (81%) are confident they won't be scammed out of their money as they age. Nonetheless, almost half of older Americans (46%) say they know someone who has been the victim of a scam, and many say they've already been victimized themselves. True to the national trend, many didn't report the incident.

Adult children are more wary, with 38% saying their parents are vulnerable and nearly half (45%) saying they're worried. Twice as many adult children (51% versus 27% for older Americans) worry about someone trying to get at their parents' money, and 19% feel their parents are too trusting.

### Scams older people are most susceptible to



\*Significantly higher, comparing older Americans to adult children.



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Curiously, though nearly a quarter of older Americans (23%) say older people are susceptible to romance scams, only 9% of adult children think older people are susceptible. This is despite the fact that 20% of adult children with a parent who has married or started living with a partner in later years express concern about that relationship. In our survey, nearly one in five older Americans (18%) says they often feel lonely now.

An important problem is that older Americans may be blindsided by misplaced trust. While most older Americans in the survey (68%) and adult children (55%) think a stranger is most likely to be the perpetrator of a scam, 66% of elder financial crimes are reportedly committed by family members, friends, or trusted persons.<sup>6</sup> Adult children (20%) are twice as likely as older Americans (9%) to suspect other family members. Common family member scams include misuse of power of attorney or joint bank accounts, use of ATM cards or checks to make unauthorized withdrawals, and threats of abandonment unless financial reward is given.<sup>7</sup>

Just one-third of older Americans (36%) have talked with children or other family members about how and from whom they may eventually get help managing day-to-day finances, though this increases to 51% for those over 80 years of age. Half of older Americans (48%) say there are some family members they would not trust with their money, and one in four (25%) say they have children whom they would not trust. Nonetheless, when told who will manage their parents' personal matters, nearly all adult children (98%) say they trust the person who has been appointed.

A large majority of older Americans (88%) expect to have money left over when they die, and on average, they plan to leave 91% of it to family members, in line with adult children's expectations. About one in seven older Americans believe they have children or family members who feel entitled to some of their money, and nearly one-third of older Americans (31%) are currently providing financial support to children or other family members.

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✓ **Implications:** With 10,000 Baby Boomers turning 65 every day,<sup>8</sup> elder financial abuse is a growing concern, whether from strangers, family members, or trusted persons. Though many recognize the problem, few see themselves as vulnerable. Failure to discuss finances and money management openly can lead to unexpected issues unless protections are put in place.

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68%  
of older  
Americans think  
strangers target  
them for scams,  
though national  
figures say it  
is more likely  
to be someone  
they trust

Only  
one-  
third  
of older  
Americans have  
talked to their  
children about  
how they plan to  
manage finances

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## Elder lifestyle

Beyond specific questions about planning and finance, we asked about elder lifestyles and attitudes. For example, we asked older Americans what they considered to be very important areas of life, and they say mental exercise, weekly contact from family or friends, and physical exercise.

Very important areas of life	Older Americans
Exercising your mind	82%
Having weekly contact from family or friends	67%
Exercising your body	57%
Vacations and travel	53%
Planning for the future	51%
Living in the moment	48%
Spirituality and faith	47%
Volunteering	22%
Learning new skills	22%

We also asked about older Americans' greatest fears. Declining health and loss of independence are the biggest concerns, followed by loss of memory and not being able to drive.

Biggest fears about growing older	Older Americans
Declining health or physical abilities	71%
Losing independence	59%
Loss of memory	56%
Not being able to drive	38%
Falling and getting hurt	29%
Family and friends dying	28%
Isolation and loneliness	23%
Lack of money	19%
Safety and security fears	16%

In keeping with their fear of losing independence, 87% of older Americans say they want to stay in their home as long as possible, with 76% of adult children reporting that aspiration for their parents. Among older Americans who have children, a large majority (85%) talk with their children at least weekly, with nearly 30% talking every day. They say communication is primarily by phone (91%), in person (68%), by text (66%), or email (53%).

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## People who plan say they're happier

Earlier we mentioned that four out of five adult children in the survey want their parents to plan for old age so they won't have to intervene. In looking at eight planning behaviors measured in our survey, forty percent (40%) of those who have done six to eight of them describe themselves as very happy, compared to 22% of those who have done none, or just one or two. So there may be good news in all this: children want parents to plan, and parents are happier if they do.

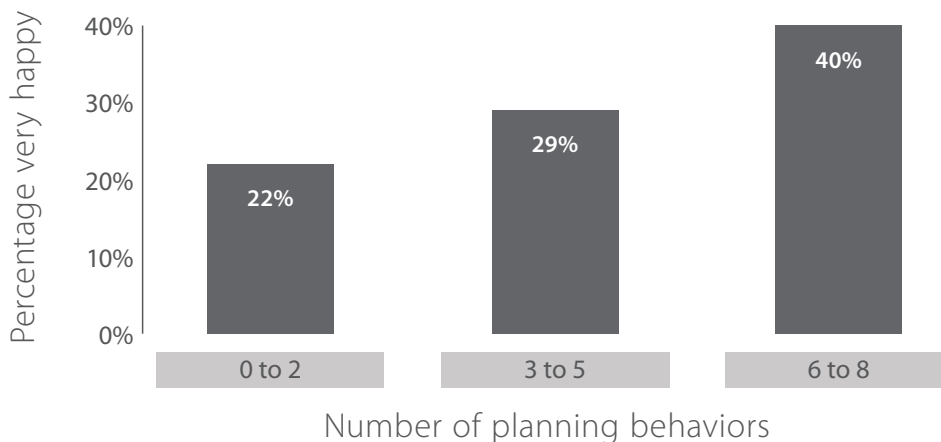
### Planning behaviors

- Documents and passwords are very well organized
- Have discussed with the family who will manage affairs
- Have discussed with the family inheritance plans
- Have a will
- Have an advance healthcare directive
- Have a power of attorney for healthcare
- Have a power of attorney for financial matters
- Have told the family how much money there is

**81%**  
of adult children  
want parents to  
plan for old age,  
and parents who  
do say they're  
happier

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### Happiness among older Americans by number of planning behaviors



Finally, we asked older Americans what they liked best about growing older. Grandchildren (59%) topped the list, followed by wisdom (53%), more time for loved ones (52%), senior discounts (49%), a sense of accomplishment (46%), and the opportunity to pursue their dreams (41%).

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✓ **Implications:** While it is encouraging that many older Americans have protections in place, many still do not. With \$3 trillion in assets estimated for Baby Boomers alone,<sup>9</sup> a lot is at stake.

Elders want independence, but they also need help. The survey results cited in these pages are backed by real emotions and, in most cases, a desire to do the right thing. Determining what this is for each individual usually begins with a conversation that is sometimes difficult to open, but which holds the possibility of increased understanding and security when those attributes are needed most.

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## About Wells Fargo

Wells Fargo & Company (NYSE: WFC) is a diversified, community-based financial services company with \$1.9 trillion in assets. Wells Fargo's vision is to satisfy our customers' financial needs and help them succeed financially. Founded in 1852 and headquartered in San Francisco, Wells Fargo provides banking, investments, mortgage, and consumer and commercial finance through more than 8,200 locations, 13,000 ATMs, the internet (wellsfargo.com) and mobile banking, and has offices in 42 countries and territories to support customers who conduct business in the global economy. With approximately 265,000 team members, Wells Fargo serves one in three households in the United States. Wells Fargo & Company was ranked No. 25 on Fortune's 2017 rankings of America's largest corporations. News, insights and perspectives from Wells Fargo are also available at Wells Fargo Stories: <https://stories.wf.com>.

## About the survey

Versta Research conducted a national survey for Wells Fargo of 784 older Americans (ages 60-plus, with at least \$25,000 in investable assets) and a similar survey of 798 adult children (ages 45 to 69 with at least \$25,000 in investable assets) who communicate with a parent regularly. The survey included an over sample of Americans with at least \$1 million in assets, including 272 older Americans and 270 adult children.

The two groups included in the survey were sampled independently, each stratified by age, gender, race, ethnicity, region, and assets to ensure samples that reflect the full U.S. population of each group. Data were weighted to adjust for the over sample of high-net-worth Americans.

The survey was conducted between February 26 and March 15, 2018. Assuming no sample bias, the maximum margin of sampling error is +/- 4% for each group. Versta Research is a third-party research firm and is not affiliated with Wells Fargo or its affiliates.

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1. Investor Protection Trust (IPT), "IPT Elder Fraud Survey," 2010
  2. Centers for Disease Control and Prevention, National Vital Statistics Report, November 27, 2017
  3. National Council on Aging, "Top 10 Financial Scams Targeting Seniors," 2018
  4. National Adult Protective Services Association, "Policy and Advocacy," 2017
  5. True Link Financial, "True Link Report on Elder Financial Abuse," 2015
  6. Jewish Council for the Aging, National Center for Elder Abuse, "Who Commits Elder Financial Abuse and Why Isn't It Reported?" 2016
  7. National Adult Protective Services Association, "Elder Financial Exploitation," 2018
  8. United States Census Bureau, "An Aging Nation: The Older Population in the United States," 2014
  9. Kiplinger, "Boomers Going Out With A Bank: A Historic Transfer of Wealth," February 27, 2017

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