



## Age-Friendly Banking Definitions

Although the Age-Friendly Banking movement is rooted in simple concepts and incremental changes, fully understanding the various buzzwords, acronyms, and programs is not always easy. Successful Age-Friendly Banking campaigns depend on each participant's ability to comprehend the mission and methods of the movement. In an effort to help improve understanding of Age-Friendly Banking, we have provided a list of definitions for various key phrases, concepts, organizations, and goals. This list provides definitions for elements found throughout National Neighbors Silver's Age-Friendly Banking publications.

**Age-Friendly Banking:** (From NCRC) Age-Friendly Banking is providing effective and tailored financial products, services, and protections specifically for low- and moderate-income older adults. There are six primary components to Age-Friendly Banking: protecting older people from financial abuse and fraud, customizing financial products and services to senior needs, expanding affordable financial management, guaranteeing access to critical income supports, facilitating aging in the community, and improving the accessibility of banking for those with restricted mobility or living alone in remote areas.

**Aging in Community:** (From NCRC) An extension of Aging in Place, Aging in Community places emphasis on friends, family, neighbors, and caregivers supporting each other as they age (rather than aging alone) in a community setting with comprehensive planning, land use, transportation planning, and financial services that facilitate aging.

**Aging in Place:** Aging in Place is the ability to live in one's own home safely, independently, and comfortably, regardless of age, income, or ability level.

**Alternative Banking:** Alternative banking is the term for financial services such as payday loans, title loans, and check cashers that operate in the absence of traditional banks. These predatory lenders charge higher fees and interest rates than traditional financial service providers.

**Benefit Screens:** A benefit screen is the process of working with clients to identify specific financial, housing, health, and emotional needs, to provide necessary support and referrals for programs and services they are eligible to receive, and to access income.

**Cognitive Impairment:** (From the CDC) Cognitive impairment involves trouble remembering, learning new things, concentrating, or making decisions that affect everyday life. Cognitive impairment ranges from mild to severe. With mild impairment, people may begin to notice changes in cognitive functions, but still be able to do their everyday activities. Severe levels of impairment can lead to losing the ability to understand the meaning or importance of something and the ability to talk or write, resulting in the inability to live independently.

**Community Reinvestment Act (CRA):** (From the CRA, P.L. 95-128, 91 Stat. 1147, title VIII of the Housing and Community Development Act of 1977, 12 U.S.C. § 2901 et seq.) The Community Reinvestment Act is a United States federal law designed to encourage commercial banks and savings associations to help meet the credit needs of borrowers in all segments of their assessment communities, including low- and moderate-income neighborhoods.

**Dementia:** Dementia is a general term for a decline in mental ability severe enough to interfere with daily life. Memory loss is an example, with Alzheimer's being the most common type of dementia.

**Exploitation:** (From the Elder Justice Act) Exploitation is the fraudulent or otherwise illegal, unauthorized, or improper act or process of an individual, including a caregiver or fiduciary, that uses the resources of an elder for monetary or personal benefit, profit, or gain, or that results in depriving an elder of rightful access to, or use of, benefits, resources, belongings, or assets.

**Financial Abuse:** (From the CDC) Financial abuse is the illegal, unauthorized, or improper use of an older individual's resources by a caregiver or other person in a trusting relationship, for the benefit of someone other than the older individual. This includes, but is not limited to, depriving an older individual of rightful access to, information about, or use of, personal benefits, resources, belongings, or assets. Examples include forgery, misuse or theft of money or possessions, use of coercion or deception to surrender finances or property, or improper use of guardianship or power of attorney.

**Financial Caregivers:** A financial caregiver is a person who, by law, contract, court order, or voluntary action, is charged with or has assumed the responsibility for an adult's financial needs.

**Financial Capability:** Financial capability is the combination of attitude, knowledge, skills, and self-efficacy needed to make and exercise money management decisions that best fit the circumstances of one's life within an enabling environment that includes, but is not limited to, access to appropriate financial services.

**Financial Coaching:** Financial coaching is a relatively new form of coaching that focuses on helping clients overcome their struggle to attain specific financial goals and aspirations they have set for themselves. Financial coaching is a one-on-one relationship in which the coach works to provide encouragement and support aimed at facilitating attainment of the client's financial plans. A *financial coach*, also called *money coach*, typically focuses on helping clients to restructure and reduce debt, reduce spending, develop saving habits, and develop financial discipline. In contrast, the term *financial adviser* refers to a wider range of professionals who typically provide clients with financial products and services.

**Financial Literacy:** Financial literacy is the possession of knowledge and understanding of financial matters. Financial literacy is mainly used in connection with personal finance matters. Financial literacy often entails the knowledge of properly making decisions pertaining to certain personal finance areas like real estate, insurance, investing, saving (especially for college), tax planning and retirement. It also involves intimate knowledge of financial concepts like compound interest, financial planning, the mechanics of a credit card, advantageous savings methods, consumer rights, time value of money, etc.

**Financial or Material Exploitation:** (From the National Center on Elder Abuse) Financial or material exploitation is defined as the illegal or improper use of an elder's funds, property, or assets. Examples include, but are not limited to, cashing an elderly person's checks without authorization or permission, forging an older person's signature, misusing or stealing an older person's money or possessions, coercing or deceiving an older person into signing any document (e.g., contracts or will), and the improper use of conservatorship, guardianship, or power of attorney.

**"Helper/Caregiver" Bank Account:** A "Helper/Caregiver" bank account is a convenience or agency account that allows an older adult to grant a caregiver access to their bank account. However, the account differs from a traditional multi-party joint bank account as it lacks rights of survivorship. This means that the caregiver with access to the account is legally obligated to use the funds in the best interests of the older adult and when the older adult dies, custody of the account does not transfer to the caregiver. Thus, subversion of the older adult's estate planning is avoided.

**Home Modifications:** A home modification is any physical modification to a residence that increases its usage, safety, security, and independence, especially for the elderly and those with motor or sensory limitations.

**Income Support:** Income support is any government system or interpersonal exchange that provides monetary assistance to people with an inadequate or no income. Social Security is an example of income support.

**Medicare:** Medicare is a U.S. government program of hospitalization insurance and voluntary medical insurance for persons age 65 and over and for certain disabled persons under 65.

**Medicaid:** Medicaid is a joint federal and state program that helps with medical costs for some people with limited income and resources. Medicaid also offers benefits not normally covered by Medicare, like nursing home care and personal care services.

**Neglect:** (From the National Center on Elder Abuse) Neglect is defined as the refusal or failure to fulfill any part of a person's obligations or duties to an elder. Neglect may also include the failure of a person who has fiduciary responsibilities to provide care for an elder (e.g., pay for necessary home care services) or the failure on the part of an in-home service provider to provide necessary care. Neglect typically means the refusal or failure to provide an elderly person with such life necessities as food, water, clothing, shelter, personal hygiene, medicine, comfort, personal safety, and other essentials included in an implied or agreed-upon responsibility to an elder.

(From the CDC) Neglect is the failure by a caregiver or other responsible person to protect an elder from harm or the failure to meet needs for essential medical care, nutrition, hydration, hygiene, clothing, basic activities of daily living or shelter, which results in a serious risk of compromised health and/or safety. Examples include not providing adequate nutrition, hygiene, clothing, shelter, or access to necessary health care; or failure to prevent exposure to unsafe activities and environments.

(From the Elder Justice Act) (A) Neglect is the failure of a caregiver or fiduciary to provide the goods or services that are necessary to maintain the health or safety of an elder; or (B) Self-Neglect.

**Older Adults:** Multiple sources cite different ages of adults who fall into the range defined as an "older adult." For NCRC's purpose, we seek to be as inclusive as possible and consider older adults to be adults age 55 years and older.

**Overdraft:** An overdraft occurs when money is withdrawn from a bank account and the available balance goes below zero. In this situation the account is said to be "overdrawn." If there is a prior agreement with the account provider for an overdraft, and the amount overdrawn is within the authorized overdraft limit, then interest is normally charged at the agreed rate. If the negative balance exceeds the agreed terms, then additional fees may be charged and higher interest rates may apply.

**Power of Attorney:** Power of Attorney is a written document in which one person (the principal) appoints another person to act as an agent on his or her behalf, thus conferring authority on the agent to perform certain acts or functions on behalf of the principal. Powers of attorney are routinely granted to allow the agent to take care of a variety of transactions for the principal, such as executing a stock power, handling a tax audit, or maintaining a safe deposit box. Powers of attorney can be written to be either general (full) or limited to special circumstances. A power of attorney generally is terminated when the principal dies or becomes incompetent, but the principal can revoke the power of attorney at any time.

**Predatory Lending:** Predatory lending is any lending practice that imposes unfair or abusive loan terms on a borrower. It is also any practice that convinces a borrower to accept unfair terms through deceptive, coercive, exploitative or unscrupulous actions for a loan that a borrower doesn't need, doesn't want or can't afford.

**Reverse Mortgage:** A reverse mortgage or home equity conversion mortgage (HECM) is a special type of home loan for older homeowners (62 years or older) that requires no monthly mortgage payments. Borrowers are still responsible for property taxes and homeowner's insurance.

**Suspicious Activity Report (SAR):** SARs are reports made by financial institutions about suspicious or potentially suspicious activity. The criteria to decide when a report must be made varies, but is generally any financial transaction that does not make sense to the financial institution, is unusual for that particular client, or appears to be done only for the purpose of hiding or obfuscating a transaction.

**Self-Neglect:** (From the National Center on Elder Abuse) Self-neglect is characterized as the behavior of an elderly person that threatens his/her own health or safety. Self-neglect generally manifests itself in an older person as a refusal or failure to provide himself/herself with adequate food, water, clothing, shelter, personal hygiene, medication (when indicated), and safety precautions. The definition of self-neglect excludes a situation in which a mentally competent older person, who understands the consequences of his/her decisions, makes a conscious and voluntary decision to engage in acts that threaten his/her health or safety as a matter of personal choice.

(From the Elder Justice Act) Self-neglect is an adult's inability, due to physical or mental impairment or diminished capacity, to perform essential self-care tasks including (A) obtaining essential food, clothing, shelter, and medical care; (B) obtaining goods and services necessary to maintain physical health, mental health, or general safety; or (C) managing one's own financial affairs.

**Unbanked:** The unbanked are adults who do not have their own bank accounts. Along with the underbanked, they may rely on alternative financial services (such as check cashers, payday lenders, and pawnbrokers) for their financial needs.

**Underbanked:** The underbanked are people or businesses that have poor access to mainstream financial services normally offered by retail banks. The underbanked can be characterized by a strong reliance on non-traditional forms of finance and micro-finance often associated with disadvantaged and poor individuals, such as check cashers, payday lenders, and pawnbrokers. Underbanked may also refer to those who have language barriers, the inability to access to banking facilities due to distance, or simply feel uncomfortable using Automated Teller Machines (ATMs).

**Whealthcare:** Coined by Drs. Jason Karlawish and Daniel Blazer, two leading gerontologists, whealthcare refers to a model of collaboration between healthcare and financial services providers. Cognitive decline, both due to old age and more serious illnesses like Alzheimer's, is the primary reason for older adults' susceptibility to financial exploitation and fraud. Moreover, the ability to effectively manage one's own finances is one of the first cognitive abilities to deteriorate. Banks and doctors can help each other by encouraging their clients or patients to allow information sharing between the two. For instance, a bank notices that "John" is forgetting to sign his checks or has been coming into the bank to withdraw money every day, seemingly unaware he visited yesterday until a bank teller notifies him. These "senior moments" are the first signs of serious cognitive decline, and in the model of whealthcare, the bank could notify his doctor, thereby helping in the diagnosis of cognitive disease. Contrariwise, doctors could tell banks about diagnosed cognitive diseases in their patients and help banks to identify which customers are at higher risk of fraud and whose accounts need to be watched more carefully.