



FINANCIAL PLANNING STANDARDS BOARD

# Understanding Senior Investor Vulnerabilities and Best Practices for Serving Seniors in FC/IE Context

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**IFIE-IOSCO Global Investor Conference**

**Istanbul, 14 June 2016**

# Session Purpose

- IOSCO has made this a priority issue
- “Drill down” and share issues, concerns, approaches and practices on understanding senior investor vulnerabilities and best practices for serving seniors in FC/IE Context
  - Issue surfacing
  - Problem framing
  - Programmes, initiatives or best practices
  - Suggestions to address or solve concern/challenge growing all over the world

The screenshot shows a web browser window with the following elements:

- Browser Tabs:** "WSJ The Signs of Elder Financi...", "FINRA.org".
- Address Bar:** "blogs.wsj.com/experts/2015/12/11/the-signs-of-elder-finan".
- Market Data:** Nikkei 15859.00 (-1.00%), U.S. 10 Yr 1/32 Yield 1.607%, Yen 105.75 (-0.48%).
- Page Header:** "THE WALL STREET JOURNAL." with "Subscribe" and "Sign In" links.
- Navigation:** "Financial Abuse blayney" search bar, home, and social media icons.
- Featured Articles:** "Orlando Shooting Plays Into FBI's Homegrown-Terror Worries" and "Donald Trump Goes On Offense, Blaming President".
- Article Section:** "THE EXPERTS" category, title "The Signs of Elder Financial Abuse", date "Dec 11, 2015 6:15 am ET", and "0 COMMENTS".
- Image:** A photograph showing the back of two people's heads looking out a window.
- WSJ Banner:** "WSJ COVERAGE YOU TRUST. INSIGHT YOU NEED. 2 MONTHS FOR ONLY €1 JOIN NOW".
- Taskbar:** Windows search bar, taskbar icons (mail, browser, file explorer, etc.), and system tray showing "8:51 AM 6/14/2016".

# Types of Elder Financial Abuse

- phishing
- identity theft
- Internet scam
- urgent phone requests
- affinity fraud
- undue sales pressure at a “free lunch”
- conning a senior into signing over home deed

# Emotions From Elder Financial Abuse

- Being “had” not something elders like/dare to talk about
- Too embarrassed ... at their age, should know better
- Too frightened ... worry further harm will come to them if they speak up
- May simply not know they’ve been “had”
- Cognitive decline goes hand-in-hand with age
- Cognitive decline may blunt older individuals’ awareness that some money’s gone missing
- Elders may confuse abuse with love (family as perpetrator)

# Advisers and Elder Financial Abuse

- Financial “advisers” sometimes acting as “foxes guarding the henhouse”
- Misleading and meaningless “senior” designations that require no fiduciary responsibility
- Making “easier” for an aged client by signing or completing key financial documents for them

# Prevent Elder Financial Abuse

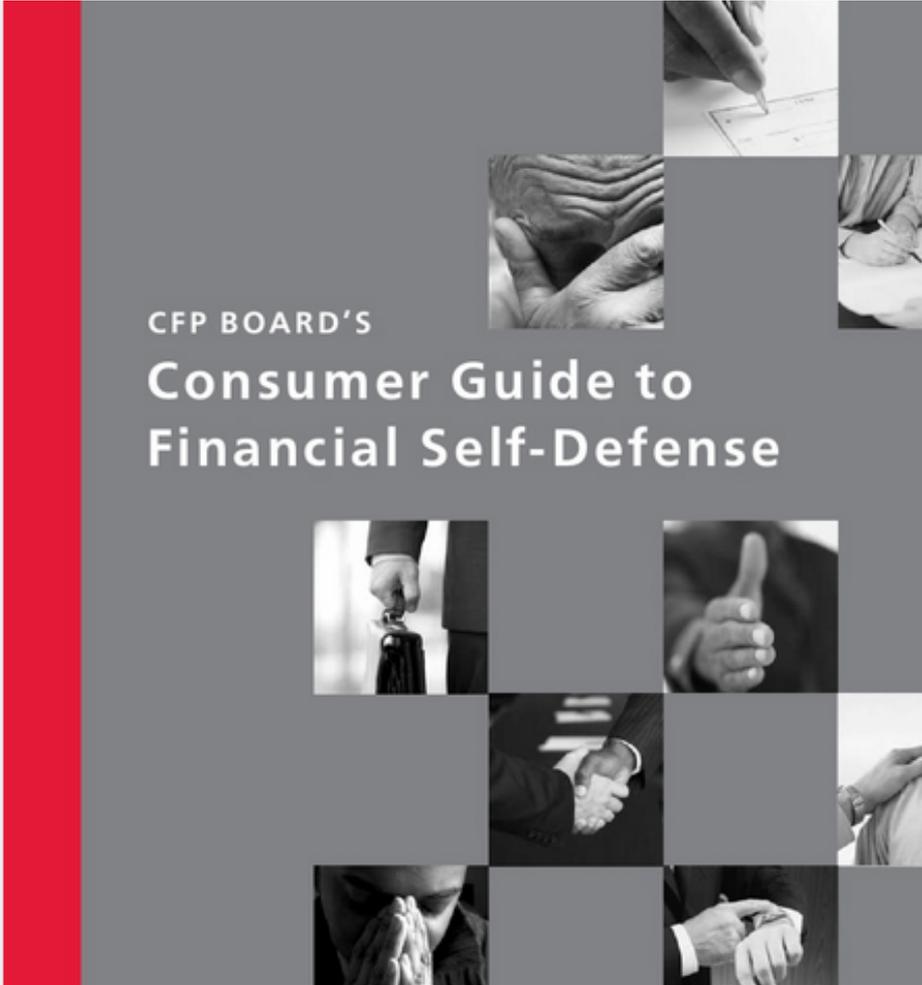
- ***Be present in a senior's life.***
  - Isolation can be fertile ground for abuse.
- ***Look for the warning signs.***
  - unprecedented agitation about money or bills
  - a new “friend” in the elder's life
  - unusual financial transactions such as large wire transfers
  - close-out of certificates of deposit despite early penalties.

# Prevent Elder Financial Abuse

- ***Develop a financial abuse prevention plan.***
  - measures to protect identity
  - preparation and annual review/update of legal documents such as powers of attorney, trusts, beneficiary designations and asset titles
  - written authorization of whom you may contact, and what information may be conveyed, in the event you suspect cognitive impairment or financial abuse

# Prevent Elder Financial Abuse

- ***If you suspect something, say something.***
  - call Adult Protective Services in your area or local law enforcement.
  - report this to the relevant supervising agency
  - register a complaint with the Consumer Financial Protection



CFP BOARD'S  
**Consumer Guide to  
Financial Self-Defense**

◀ 1 of 28 ▶



CFP Board Financial Self Defense Guide

1,

# Senior Self-Defense Moves

## 1. Look beyond the letters.

CFP Board, <http://www.cfp.net/about-cfp-board/publications/request-a-free-financial-self-defense-guide-for-seniors>

## Street Cred

Some professional credentials are more difficult to earn than others. A few examples:

### HIGHLY RIGOROUS

**Chartered financial analyst (CFA):** Requires roughly 900 hours of study in accounting, economics, ethics, finance and mathematics; students must pass three six-hour exams.

**Certified public accountant (CPA):** Students must hold a bachelor's degree with a concentration in accounting and pass a 14-hour CPA exam.

**Certified financial planner (CFP):** Students must take the equivalent of 15 credit hours of undergraduate-level courses, culminating in 10 hours of exams spread over two days.

### LESS RIGOROUS

**Certified retirement financial adviser (CRFA):** Students must pass one 100-question exam, for which 40 to 75 hours of preparation are usually sufficient.

**Certified senior adviser (CSA):** Students must pass a three-hour, 150-question exam.

**Chartered senior financial planner (CSFP):** Students must take a three-day review course and pass an exam that is usually finished in two to three hours.

Source: WSJ research

<http://www.wsj.com/articles/SB10001424052748703927504575540582361440848>

# Senior Self-Defense Moves

1. Look beyond the letters.
2. If you don't understand what is being said, don't buy it.
3. There's no such thing as a free lunch.
4. Just because a so-called expert recommends it doesn't mean it's right for you.
5. If it sounds too good to be true, it's probably not legitimate or safe.
6. Don't confuse familiarity with trust.
7. The final sign-off should always be yours.
8. Make sure the money others are making isn't yours.
9. Get the full story.
10. You have rights as a homeowner. Know them.

# FPSB Research With Members

1. As investors age and have increased access to pension funds, with more freedoms to make decisions about funds, risk of fraud will rise rapidly.
2. Impact of risks for aging investors are disproportionate because of life stage – investors can't “catch up” if they experience a loss and social safety nets are dwindling.
3. Risks go beyond risk of capital or financial worth – also include risks of trust, where we need to consider mental competence of the investor on top of aging.
4. Financial planners/advisers don't have tools or authority to make the judgment call when they suspect their client isn't competent to make a financial decision at any age.

# FPSB Research With Members

5. Regulators should not separate aging process from the competency of that aged investor/client.
5. Financial intermediaries could be encouraged to invite a younger companion of the investor to analyse the products or recommendations.
7. Tendency to typecast client by age (i.e., at a certain age, certain portfolio allocation) – more appropriate to understand each client's needs.
8. People living longer need to take more risk to achieve goals, without pension guarantees from employers/governments.

# Framework for Senior Investor Vulnerabilities

1. Develop/implement **national policies and plans** for preventing senior investor abuse.
2. Take action to **improve data** on and surveillance of senior investor abuse.
3. Undertake evaluative **research** of what does/doesn't work, what's needed.
4. **Strengthen responses** for victims.
5. Build capacity and **exchange good practices** across the sectors.
6. **Incorporate equity** into government policy to address senior investor abuse.
7. **Raise awareness** and **allocate funds** to prevent senior investor abuse
8. Promote a “**generational contract**” at individual, familial and societal levels, with special emphasis on senior investor abuse prevention.
9. Establish **ethical and quality standards** for services provided to senior investors.

Based on WHO European Report on Preventing Elder Maltreatment  
[http://www.euro.who.int/data/assets/pdf\\_file/0010/144676/e95110.pdf](http://www.euro.who.int/data/assets/pdf_file/0010/144676/e95110.pdf)