



Advocacy >>>
Senior Protection Discussion

Presenting



Michael Hedge

Director of Government
Relations



Maeghan Gale

Policy Director,
Government Relations



- ★ NAIFA is the preeminent membership association of financial and insurance professionals in the United States, representing a full spectrum of financial services practice specialties. Our members work with families and businesses to help them achieve financial security.
- ★ NAIFA provides producers a national community for advocacy, education and networking along with awards, publications and leadership opportunities to allow our members to differentiate themselves in the marketplace.
- ★ NAIFA has 53 state and territorial chapters and 35 large metropolitan local chapters.
- ★ NAIFA members in every congressional district advocate on behalf of producers and consumers at the state, interstate and federal levels.

Agenda

- Senior Protection – NAIFA Advocacy
- Federal Trends and Collaboration – Special Committee on Aging
- Senior Safe Act
- Other Efforts – FINRA
- NASAA Model Language
- Senior Protection – State Trends
- Q & A

Senior Protection

NAIFA Advocacy



When a Person Retires.... Their Need for Guidance Doesn't End

- NAIFA members help their retired clients:
 - adjust their budgets and estimate expenses
 - develop disbursement strategies for their retirement savings
 - find healthcare as well as limited and extended care solutions
 - create legacies to leave for loved ones or charities
- NAIFA members also provide front-line protection against scams targeting older Americans.

How do NAIFA Members Help?

- Understanding Social Security & Utilization of Social Security in Planning Process
- Medicare Enrollment
- Understanding & Navigating Medicare
- Medicare Supplemental Policies
- Annuitizing 401(Ks)
- Financial planning for downsizing and/or age-in-place of the home
- Emergency preparedness planning
- Charitable giving
- Estate planning

Federal Trends and Collaboration

Special Committee on Aging



Aging Committee Looks for Answers

Every year millions of older Americans and people with disabilities make decisions that have lasting consequences over their financial lives.

The Committee has identified six key decisions of interest:

- Claiming Social Security
- Enrolling in Medicare
- Annuitizing a 401(k)
- Downsizing a home
- Responding to a natural disaster loss
- Giving to a charity

Protecting Older Americans Survey Results

The U.S. Senate's Special Committee on Aging sought feedback on questions surrounding the financial care of older Americans. NAIFA members serve and protect older Americans through education, communication, and access to financial planning.



- **One in five** older Americans are victims of financial exploitation, with each **victim** losing more than **\$120,000**, on average.
- The U.S. financial industry loses roughly **\$1 billion** every year because of **exploitation** of adults over 50.

How do NAIFA Members Increase the Confidence of Older Americans Entrusting Them with Their Financial Security?

- Provide older clients with software tools to provide a central vault for documents and plans
- Ensure a trusted person of their older client is involved in the planning process
- Undertake additional training such as AARP's BankSafe program to help spot and prevent financial exploitation of seniors
- Discuss the ethics component of their NAIFA membership

NAIFA Partnered with to Develop The BankSafe Program

- BankSafe is a first-of-its-kind online training platform that empowers financial advisors with knowledge, skills, and confidence to spot and stop the financial exploitation of older Americans
- NAIFA and AARP partnered to develop a free training that combines AARP's understanding of the wants and needs of older adults with the expertise of the financial industry

Closer Look at Senior Safe Act



Federal Senior Safe Act

- The **Senior Safe Act** allows agents and advisors to report suspicious financial activities involving accounts of senior citizen clients to financial institutions
- Financial institutions would then evaluate the activities and, if appropriate, report them to proper authorities
- When first introduced, the act included only securities.
- NAIFA worked with legislators to extend the umbrella protections to include the insurance industry

Federal Senior Safe Act

What it Does

- The Senior Safe Act protects “covered financial institutions” – which include investment advisers, registered representatives of broker-dealers, and insurance producers from liability in any civil or administrative proceeding in instances where those employees make a report about the potential exploitation of a senior citizen (defined as not younger than 65 years) to a covered agency
- The inspiration for the Senior Safe Act was Maine’s Senior\$afe training program, an initiative launched in 2014 by the Maine Council on Elder Abuse Prevention

How to Qualify for Immunity

- The Senior Safe Act **does not mandate** that any employees be trained
- However, to qualify for the immunity provided by the law, **training must be provided** to and completed by the employees who are eligible for immunity and those employees who may come into contact with a senior citizen as a regular part of their professional duties
- The federal law does not supersede existing state law if the state law provides greater protection for seniors

Other Efforts

FINRA®



FINRA Financial Exploitation Rule

- In February 2017, the SEC approved:
 - (1) the adoption of new FINRA Rule 2165 (Financial Exploitation of Specified Adults) to permit members to place temporary holds on disbursements of funds or securities from the accounts of specified customers where there is a reasonable belief of financial exploitation of these customers; and
 - (2) amendments to FINRA Rule 4512 (Customer Account Information) to require members to make reasonable efforts to obtain the name of and contact information for a trusted contact person (“trusted contact”) for a customer’s account

Senior Security Act of 2019

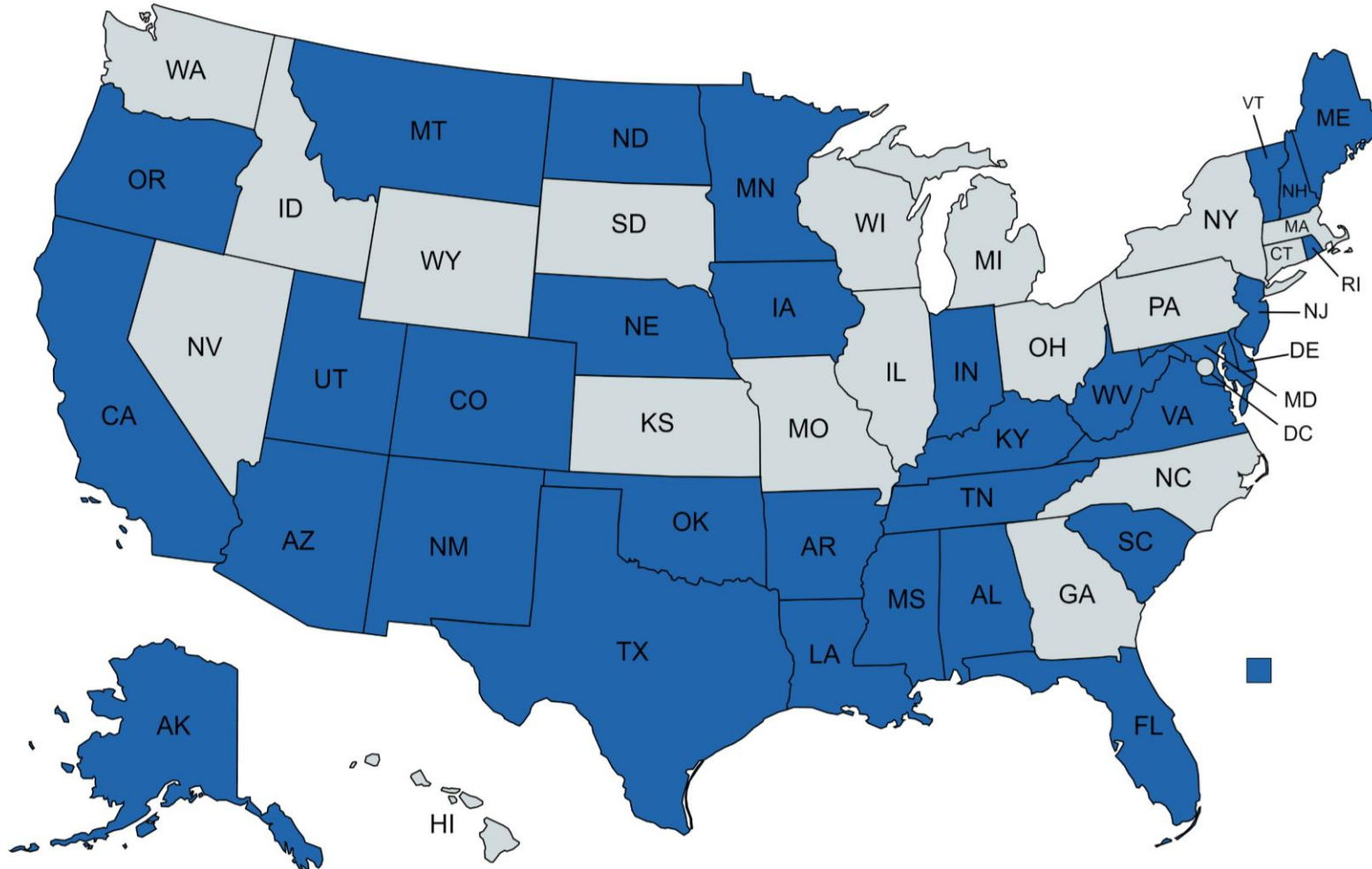
- Would have established an interdivisional task force at the **Securities and Exchange Commission** to investigate continuing issues facing senior investors.
 - The task force would work with government authorities to formulate recommendations to Congress that would address areas where more protections are needed to protect seniors
- The **Government Accountability Office** would also prepare a report on the economic impact and consequences of elder financial exploitation.
 - The study is intended to further assist legislators in better understanding the challenges faced by senior investors while allowing them to better address factors that lead to their exploitation

NASAA Model Act

NASAA MODEL ACT TO PROTECT VULNERABLE ADULTS FROM FINANCIAL EXPLOITATION

- The NASAA model act gives industry participants and state regulators new tools to help detect and prevent financial exploitation of vulnerable adults.
- The act mandates reporting to a state securities regulator and state adult protective services agency when a qualified individual has a reasonable belief that financial exploitation of an eligible adult has been attempted or has occurred

States that Have Adopted the Model



NAIFA Stipulations to NASAA Model Act

A voluntary, not mandatory, reporting process:

- A mandatory notification requirement could result in firms and advisors reporting an excessive number of transactions with many based on limited evidence or suspicion to avoid legal liability.
- To better protect their clients' assets from financial loss, advisors and firms should have flexibility in determining whether a disbursement request is connected with financial exploitation since reporting and delaying such a request could potentially devalue a client's potential investment.

NAIFA Stipulations Cont.

Permit advisors to report suspected financial exploitation of a senior client to their firms, rather than directly to authorities:

- The determination of whether to report should be **made at the firm level** rather than solely by advisors.

This would allow for an additional “set of eyes” to review a suspicious transaction, and it would ensure that reports to authorities are more likely to involve actual financial exploitation

NAIFA Stipulations Cont.

A legal “safe harbor” provision for advisors who report suspected financial exploitation:

- Advisors and their firms should be immune from liability for following the law’s provisions.

In the absence of such legal protection, an adviser who reports a suspicious transaction may be held liable for potentially violating the client’s privacy or confidentiality by doing the right thing to protect their client from financial exploitation and fraud

Continuing the Fight to Protect Seniors

NAIFA looks forward to continuing this important dialogue with legislators, regulators, and financial advisors, and other stakeholders as we collectively work towards enacting policies that foster a safer and more secure financial landscape for all seniors.

Questions?





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