Institutional Insights

Managing the risks of working with senior investors

Consider ways to protect your senior clients, your firm, and your advisors.

IN BRIEF

- **Be aware and proactive:** With Americans retiring in unprecedented numbers, the aging process brings two growing risks that can lead to financial hardship for clients—diminished capacity, or dementia, and financial exploitation. To help protect aging clients and firms alike, all advisors and client-facing associates should be aware of specific signs that a client may be at risk to either or both of these situations. Likewise, firms should consider establishing risk management policies and procedures for dealing with these sensitive situations.
- **Strategize how you serve aging clients:** Firms should consider developing a specific game plan for serving aging clients. From enhancing client communications to establishing stronger relationships with family members, thoughtful best practices can benefit aging clients with growing risks—as well as the advisors who serve them.
- **Educate and communicate as a team:** If your firm serves clients as a team, consider training them on the signs of both diminished cognitive capacity and financial exploitation—and on your procedures for escalation.

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Why it's critical to recognize the risks posed to aging clients

For years, when the advisor community focused its eyes on the baby boomer generation, one word sprang to mind for all: Opportunity. And for good reason: 10,000 baby boomers reach retirement age every day—a historic opportunity for advisors looking to manage retirement assets and plan legacies.

To underscore that opportunity, baby boomers, according to a recent survey, are projected to have 70 percent of all U.S. disposable income over the next five years. What's more, baby boomers will inherit about $15 trillion in the next 20 years.[1]

Yet, amid these enormous opportunities, another word related to aging clients has significantly grown in importance in recent years: Risk. Two main issues are behind the rising concern:

1. **Diminished capacity:** In recent years, there has been a significant rise in cases of dementia, or diminished cognitive capacity, which most commonly manifests as Alzheimer's disease. How serious is the increase in cases? The Alzheimer's Association® estimates that the number of Americans with Alzheimer's disease and other dementias will escalate rapidly in coming years. By 2050, the number of people age 65 and older with Alzheimer's disease may nearly triple, from 5.8 million to as many as 14 million, unless medical breakthroughs are developed to prevent, slow, or stop the disease.[2]
2. **Financial exploitation:** Older adults are a prime target for financial scams and other unscrupulous acts, regardless of their physical and mental condition. Older Americans lose an estimated $2.9 billion annually because of financial exploitation. Unfortunately, it is estimated that only 1 in 44 of these crimes is ever reported to authorities, a motivating factor for perpetrators.[3]

Financial damage to clients from both risks can be significant. Clients suffering from diminished capacity can lose a substantial amount of money because of poorly thought-out transactions they may make on their own, or requests they may make of their advisor. What's more, those with some form of diminished cognitive capacity face highest exposure to the second risk: financial exploitation. That's one reason that suspicious activity reports (SARs) filed with the federal government by financial institutions on financial exploitation of elders quadrupled from 2013 to 2017. In 2017, elder related SARs totaled 63,500 incidents.[4] The bottom line is that when the financial risks to seniors go unchecked, clients can lose a lifetime of savings without even knowing it.

On the other side of the relationship, firms and their advisors face significant risks as well. Consider these three:

1. **Lawsuits.** The aging client or the client's family could take legal action if they feel that the advisor or firm did not act in the best interest of the client.
2. **Regulatory sanctions and increased scrutiny.** With regulatory bodies focused increasingly on the protection of vulnerable seniors, sanctions could lead to fines and penalties. Even if an advisor or firm is exonerated of charges, complaints filed against either may put them on the radar screen of the regulatory agencies for years to come.

Fast facts about alzheimer's disease

- 5.8 million Americans are living with the disease.
- Every 65 seconds, someone in the United States develops Alzheimer's.
- One in three seniors dies with Alzheimer's or another form of dementia.
- Alzheimer's disease is the sixth leading cause of death in the United States.
- It kills more people than breast cancer and prostate cancer combined.

Source: The Alzheimer's Association, alz.org, as of April 2019.

Trusted individuals may prey on aging clients

NAPSA says the most common perpetrators come from within the victim's circle of trust:

- Caretakers
- Family members
- Neighbors
- Friends and acquaintances
- Attorneys and agents pursuant to a power of attorney
- Bank employees and other financial services professionals
- Pastor/Clergy
- Medical professionals

Source: National Adult Protective Services Association, napsa-now.org, as of April 2019.

3. **Reputational risk.** As in all cases, allegations against an advisor or firm could potentially tarnish the reputation of both advisor and firm. In the following pages, we will provide firms with proactive ways to educate and help protect your organization, advisors, and clients. Our hope is that you use this information as a framework for developing a thoughtful game plan for serving both aging clients and your firm's needs. This paper is not intended as legal advice.

Ways to help identify diminished capacity in and financial exploitation of aging clients

The first way to help aging clients and your firm is to know how to spot the signs of diminished capacity in clients, and instances where they may have been taken advantage of financially.

Understanding diminished capacity, or dementia

Let's start with the basics. What is dementia? According to the Alzheimer's Association, dementia is a general term for a decline in daily function due to memory loss or a decline in thinking skills—and it's caused by physical changes in the brain.[5]

While dementia can be associated with a wide range of disorders, Alzheimer's disease is the most common type of dementia, according to the Alzheimer's Association, accounting for 60 to 80 percent of all cases. Vascular dementia, which can commonly occur after a stroke, is the second most common dementia type. Other conditions, including Parkinson's disease and Huntington's disease, can cause symptoms of dementia.[5]

Understanding financial exploitation

Know one thing about your clients as they age: They become clear targets for financial abuse and scams. To understand the full scope of the problem, consider the following from the National Adult Protective Services Association (NAPSA, as of April 2019):

- **Widespread and underreported:** One in 20 older adults has experienced some form of financial exploitation over the recent 12 months, yet only one in 44 situations is ever reported.
- **Family members are the biggest culprits:** 90 percent of abusers are family members.
- **Financially devastating:** Almost one in 10 financial exploitation victims will turn to Medicaid as a direct result of their money being stolen.
- **Dementia plays a big role:** Dementia and the need for help with daily living activities make victims more vulnerable to financial exploitation.

Most common forms of financial exploitation

Financial exploitation of aging clients can take many forms. NAPSA says these are the most common abuses reported to Adult Protective Services agencies:

- **Forgeries and falsified records**—This fraud often includes unauthorized checkwriting or potential Ponzi-type financial schemes
- **Unauthorized property transactions**—Includes real estate sales or property transfers
- **Payment for work not done or finished**—Includes building contractors or handymen receiving payments for services not completed
- **Lottery scams**—Includes payments to collect unclaimed property or "prizes" from lotteries or sweepstakes
- **Cyberfraud and other forms of electronic fraud**—Includes "phishing" email messages to trick people into unwittingly surrendering bank passwords; may also include faxes, wire transfers, or telephone calls
- **Mortgage product sales**—Includes the sale of unaffordable or out-of-compliance mortgage products, as well as loans issued against property by unauthorized parties
- **Unauthorized investments**—Includes any investment made without full knowledge or consent
- **Inappropriate insurance products**—Includes the sale of insurance products the consumer does not need and/or unauthorized

Two growing scams to beware of

Two specific scams are being seen more and more by financial institutions, and your firm should be on the lookout for them:

1. Grandparent scams. In 2017, nearly one in five people reported losing money in an impostor scheme like the grandparent scam. In this scheme, an imposter will call, pose as one's grandchild, and explain that the child is in trouble and needs money. The imposter then provides a phone number of a phony "local authority" who will provide instructions for sending money. People fall for it, particularly because the imposter is asking the grandparent to call a local authority who in fact is an imposter. Losses to this scam totaled $328 million in 2017, according to the Federal Trade Commission, with people ages 70 and older having suffered the highest average losses.[6]

2. Romance scams. Preying on lonely older clients looking for love, the number of romance scams reported to the Federal Trade Commission has grown from 8,500 in 2015 to more than 21,000 in 2018. Reported losses to phony love interests have more than quadrupled in recent years—from $33 million in 2015 to $143 million last year.[7]

Potential indicators of financial exploitation and diminished capacity

All associates in your firm should consider being vigilant in looking for changes in client behavior that feel out of the norm of what they've experienced in the past with these individuals. To help them see the signs, consider the following list of scenarios that could prompt client escalations over suspected financial exploitation and diminished capacity.

Financial exploitation (potential indicators with examples)

Unexpected addition of authorized persons or changes to beneficiaries

- The client surrenders the oversight of finances to others without explanation or consent.
- The client transfers assets to new "friends" or "relatives" to assist with finances.
- The client makes beneficiary changes that appear out of character for what is known of the client.

Unknown individual appears in the client relationship

- An individual the advisor is not familiar with accompanies the client to a meeting or call with the advisor. This individual could include an unscrupulous caregiver or new "significant other" that the client recently met through an online dating site.
- The client may reference someone unfamiliar to the advisor in a conversation they are having.

Using a third-party interpreter

- The client needs to communicate through, or is taking instructions from, a third party. This is beyond using a third party to compensate for hearing impairment or a language barrier.

Discussion of unusual or unexpected investments

- The client brings up investments that may be indicative of a pyramid or Ponzi scheme (e.g., investments with a guaranteed return, prime bank securities, or offshore products).
- The client indicates having been introduced to these investments through a friend or new advisor.

Out-of-the-ordinary withdrawals from investment accounts

- The client wants to use the funds at issue to support a grandchild or other relative in need, when in fact a suspicious person is claiming to be the relative.
- The client wants to invest in a new idea introduced by a friend or an unsolicited phone call or email.
- The client has unexpected bills that monies held in bank accounts not managed by the firm cannot cover.
- The client is unwilling to give a reason for the unusual withdrawal.
- The client has no concern for tax implications (e.g., excessive withdrawals from tax-deferred retirement accounts when required minimum distribution has been met).

Irrational account activity

- The client adds a power of attorney (POA) and then the agent/attorney-in-fact changes account details such as banking information, beneficiaries, or contact information. Alternatively, the agent/attorney-in-fact uses that POA to benefit people other than the client.

Multiple calls or activity within a short time

- The client makes several calls within a brief period of time and requests duplicate or multiple changes and transactions.

Third parties

- New caregivers or family members purport to be helping without authorization.
- The client appears to be frightened, fearful, or submissive with companion.
- A third party has excessive interest in the aging client's affairs, is aggressive, or won't permit the client to speak.

Diminished capacity (potential indicators with examples)

Confusion with simple concepts

- The client, with whom the firm has a long established relationship, demonstrates confusion with concepts that the client had understood before.

Repeating instructions or questions

- The client repeatedly asks the same question over the course of a meeting, and it does not appear that the client has hearing loss.

Memory loss

- The client forgets to attend a meeting at the advisor's office or misses a phone call that was previously confirmed.
- The client is unable to correctly answer verification questions.

Increased irritability or anger

- The client becomes angry or irritated in discussions about making account changes that are intended to align with an agreed-on investment policy statement (IPS) or financial plan.

Difficulty performing familiar tasks

- The client is unable to review the quarterly or annual report provided by the advisor.
- The client demonstrates difficulty signing a personal check or any other document.

Disorientation of time and place

- The client goes to the wrong office for a scheduled meeting.
- The client does not recall prior conversations or meetings.

The above indicators and examples are provided for illustrative purposes only.

Keep in mind that these signs are not intended to cover the full range of ways a client may demonstrate diminished capacity or financial exploitation; however, they do provide a baseline for observing client behavior.

An increasing number of regulatory requirements for protecting the senior population

Protecting aging clients against risk is not only the right thing to do ethically; it is increasingly becoming your firm's legal duty, as regulatory agencies focus more and more on protecting the vulnerable adult population.

That process began in earnest in 2011, when the Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) issued an advisory to assist the financial industry in reporting instances of financial exploitation of elders via SARs. Since that important measure, education, guidance, and regulations have continued to evolve and become a priority at both federal and state levels. Below, we provide an overview of some important and continually evolving regulatory measures for you to keep in mind as your firm develops its plan for serving aging clients. To stay on top of the changing regulatory landscape, firms should consider consulting their legal counsel to gain a better understanding of how best to work with clients with diminished capacity or facing potential financial exploitation.

FINRA

FINRA Rule 2165 (Enacted February 5, 2018)
This rule is intended to help a "specified adult," which includes a person age 65 and older and a person age 18 and older who with a mental or physical impairment who may be victims of financial exploitation. This rule provides broker-dealers "and their associated persons with a safe harbor" from

FINRA Rules 2010, 2150, and 11870, enabling them to temporarily hold certain disbursements in an effort to review a transaction to determine whether it appears to be potential exploitation. According to the rule, broker-dealers may place a temporary hold on a suspicious disbursement of funds or securities for 15 days (with a potential extension of 10 days). Broker-dealers may not place a hold on securities transactions. While this is an optional tool to prevent theft, firms run the risk of fraud or larceny in the event of an incident.

FINRA Amendment To Rule 4512
(Enacted February 5, 2018)
Unlike Rule 2165, the amendment to Rule 4512 (Customer Account Information) is a requirement. According to this amendment, broker-dealers must make a reasonable effort to obtain the name and contact information for a trusted contact to all new customer accounts that are opened or updated. The rule enables firms to contact a person, without the risk of privacy concerns, when there are concerns about the customer's financial management, especially when no other authorized parties exist. A trusted contact does not have any authority on the management of the accounts but could be critical in assisting with cases of suspected fraud against a vulnerable client.

Senior Reporting Hotline
In 2015, FINRA established the Senior Reporting Hotline for seniors who have questions or concerns about their investment accounts. FINRA requires a dedicated person at firms to respond to inquiries regarding calls received from the hotline.

Annual Priorities Letters
FINRA's Annual Priorities Letters have included focus areas specific to seniors and should always be reviewed in conjunction with your firm's compliance department.

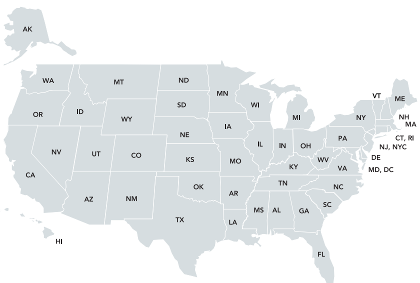
Securities and Exchange Commission (SEC)

Although the SEC has not implemented specific regulations regarding financial practices relating to aging clients, the SEC is conducting examinations of advisors to review their products and services offered to seniors. The SEC may also request copies of a firm's policies and procedures for handling issues of diminished capacity or client competence. The SEC's 2019 Examination Priorities includes matters of importance to retail clients, with a focus on seniors and those saving for retirement.

Federal

Senior Safe Act (Enacted May 2018)
The Senior Safe Act enables financial institutions to report suspected fraud to law enforcement without fear of litigation, as long as the financial institutions have trained their employees in how to detect suspicious activity indicative of elder financial abuse. This law was designed to encourage covered agencies to invest in training their employees to identify and report instances of elder financial exploitation.

Online tools to track and understand state statutes



The EverSafe® State Reporting Map:
EverSafe.com/mandatory-reporting

Serve Our Seniors:
ServeOurSeniors.org/connect

State-specific requirements

In many states, firms are obligated to alert government protection services organizations if financial exploitation of elders is suspected. The types of agencies to whom they are required to report include:

- Adult Protective Services (APS)
- State Securities Commission (SSC)
- Law enforcement

Mandates and reporting processes vary by state as well as agency—and requirements are often evolving. Currently, the NASAA Model Act to Protect Vulnerable Adults from Financial Exploitation has specified reporting requirements and is either fully or partially adopted by a number of states. We encourage you to consider consulting your legal counsel to understand the specific requirements for each state in which you operate and have clients.

You may also want to consider establishing internal guidelines for reporting to APS and law enforcement if financial exploitation is suspected but reporting is not required. Such good faith efforts can lead to investigations that ultimately help protect the client, especially if other forms of abuse are occurring. Further, any investigation may provide firms with next steps to managing the customer relationship, such as requesting a power of attorney or terminating the relationship.

Strategies to consider when helping protect aging clients and help mitigate risk for your firm

The following eight proactive steps may help limit risk to your organization while also helping your firm better protect aging clients. Fidelity recognizes that each client situation is different and that you may identify additional actions and measures to consider based on the unique needs of your firm.

Keep in mind that the ideas below are not intended to be the sole basis for any measures you establish. We encourage you to consult your legal counsel or other professional advisors with whom you work.

1. **Enact documented policies and procedures for escalating and addressing issues related to diminished capacity and financial exploitation.** Take the guesswork out of how and when members of your firm should act. A well-thought-out set of policies and procedures can help your organization define how all associates (at all levels) should respond when they suspect a client is experiencing diminished capacity or financial exploitation, helping to ensure consistent and clear responses across your organization.

Additional resources

NASAA offers the following guide to help firms develop policies and procedures to protect seniors and vulnerable adults:

"A Guide for Developing Practices and Procedures for Protecting Senior Investors and Vulnerable Adults from Financial Exploitation," ServeOurSeniors.org, September 2016.

Act with tact: how to introduce the trusted contact form to clients

- Explain that fraud is on the rise and that seniors are prime targets.
- If your firm suspects suspicious activity on any client account or there is another urgent situation requiring a client's response, advise the client that you want to be certain to notify someone the client trusts, in the event the client cannot be reached.
- Emphasize that the trusted contact does not have any power or authority over the accounts. This contact person is on record for notification purposes only.

Your policies and procedures should be a written document that's easily accessible (e.g., online or by a shared drive) by all associates at any time. When developing the document, firms must consider the legal, risk, and business ramifications of each policy. That's why it's important to have these policies created by a cross-functional team that includes executives from the business, as well as the compliance and legal professionals your firm relies on.

You may want to consider including the following in your policies and procedures document:

- **Potential "trigger" events**—The signs and events suggesting that a client may be suffering from diminished capacity or financial exploitation.
- **Procedures for internal escalation and documentation after a trigger**—This may mean different escalation procedures for advisors, client service associates, and the administrative staff.
- **When to involve outside parties or counsel after a trigger**—Document specific instances that may require additional resources and what those specific resources are.
- **The firm's point person for monitoring and escalating situations**—This person will lead efforts to involve outside counsel and any local authorities.
- **Requirements for having clients complete a trusted contact form**—FINRA requires firms to take reasonable steps to have a completed form on file. While not required for registered investment advisors, investment advisory firms should consider making this a requirement.
- **Procedures for reaching out to individuals named on a completed trusted contact form**—This should include factors to consider in making the decision to reach out, as well as your communication point person and best practices for communication.
- **When and how to terminate clients**—Be as specific as possible on your firm's policies and procedures for terminating a client.

Given the evolving regulatory climate around senior-related issues, consider regularly reviewing your policies and procedures with your legal counsel to see whether any adjustments are needed.

2 **Require advisors to proactively discuss beneficiaries, power of attorney (POA), trusted contacts, and the need to plan ahead.** Talking with older clients and, in appropriate cases, their adult children about planning in advance for challenges that may arise will serve to assure them that you are their lifelong partner in protecting their financial health.

One way to broach this topic is to regularly review the following important documents with clients, regardless of their age:

- **Beneficiary designations**—Be sure to look at all accounts.
- **Durable Power of Attorney (POA)**—Whom does the client want to designate as a decision-maker should the client become unable to manage financial affairs?
- **Trusted contact form**—While third parties and industry groups offer samples and templates for this form, be sure any form you use is reviewed by your legal counsel to ensure that (1) it is fully enforceable and (2) those you designate in your firm to reach out in the event of an incident are legally able to.

3. **Create specific communication guidelines for aging clients.** Frequent and consistent outreach with older clients through in-person meetings and phone calls can potentially build trust, avoid potential miscommunications, and allow advisors to stay on top of client situations. These communications may also help advisors better identify any necessary adjustments in how to manage their money.

Advisors may want to consider scheduling conversations with aging clients on a more frequent basis than with younger clients. While it may be easier for advisors to limit extra conversations to phone calls, they should consider a mix of in-person meetings at their office and other venues, allowing them to observe clients in multiple settings.

Advisors should also consider following up all phone conversations and in-person meetings with a letter or note that outlines the key points of the discussion—as well as any action items the advisor and client both agreed on. This can help ensure that there are no misunderstandings from the conversation.

Additional steps advisors may want to consider include:

- **Double up**—Require two associates from your firm to participate in all face-to-face meetings with older clients.
- **Educate clients on current scams**—Regularly send educational materials to aging clients about the financial risks of diminished capacity and financial exploitation. Advisors may also want to consider including clients with aging parents in these communications so that these clients become better educated about the risks their parents face.
- **Encourage clients to monitor their money**—Exploiters typically fly under the radar by making small transactions and then working their way up to larger ones—often stealing across accounts and institutions. Advisors can suggest using a service that helps monitor for suspicious transactions and then alerts the client as well as designated third parties to signs of irregular activity.

4. **Require the diligent documentation of all client interactions.** Advisors should make a habit of documenting all client interactions in your firm's CRM. Remaining diligent with this habit can provide a means for your firm to thoughtfully and critically analyze times when the advisor believes the client is exhibiting signs of diminished capacity or financial exploitation.

Specifically, this practice can help your firm:

- Build a detailed client history—This includes any conversations, contacts, and advice given over time.
- Better identify client trends—Review client histories periodically to look for repeated activities.

This practice can also help ensure that all members of your organization who interact with clients see the entire client relationship. You may also want to consider using your customer relationship management system (CRM) to document your clients' outside advisory relationships to give you a clearer picture of all the various individuals your clients may receive guidance from.

5 **Encourage advisors to develop stronger connections with your clients' families.** Ultimately, you want your advisors to be able to carry out your clients' financial wishes, even if the clients are unable to make important decisions because of health reasons at some point. For aging clients, communicating their desires regarding their assets, their estate plan, and ultimately their long-term care with trusted family members can help these clients maintain control of their financial outcomes.

Advisors can play a valuable role in helping clients plan ahead, as well as help them engage trusted family members in the process so that:

- Future wishes are honored
- Misunderstandings over money management wishes are minimized

Keep in mind, however, that encouraging older clients to engage a trusted family member in their future planning can be a touchy subject for some.

To overcome any sensitivity, advisors should consider initially meeting family members on an informal basis to get a better sense of the client's family and their overall dynamics. Over time, the advisor can then encourage clients to invite trusted members to meetings when planning issues are discussed. In fact, advisors could offer to help conduct any family meetings that clients may want but are unsure of how to run.

The objective of the advisor is to help ensure that aging clients' wishes, plans, and future needs are met, with their finances intact, regardless of health challenges.

6 **Document and regularly review an investment policy statement (IPS).** Oftentimes, aging clients may forget conversations with advisors about how their investments will be managed. Proper documentation can help with this problem.

Having a comprehensive, written IPS can help ensure that the relationship continues to serve both sides without misunderstandings. Don't think of maintaining an IPS as an administrative task—instead, think of it as a tool to help you manage the client relationship.

Be sure to have an IPS on file for every client that the advisor reviews and reaffirms annually—it's an evolving document that can change as the client's life changes. When creating an IPS for clients, consider clearly specifying the following:

- **Client goals and risk tolerance**—Ensure that this is always up to date to reflect the client's life stage and situation, which can be much more dynamic as a client ages.
- **Target asset allocation**—This is the asset mix and allocation based on the client's goals and risk tolerance.
- **Investment types**—This is the specific types of investments for the portfolio.
- **Exclusions**—Identify any types of investments the client wants to exclude from the portfolio.

In addition to providing clients with a signed copy of the IPS for their records, advisors should go the extra mile of regularly reminding clients of the purpose of the IPS and how it's used for ongoing decision-making and communication.

7 **Train your team.** Even the best policies and procedures have little chance of success if members of your organization do not know how to properly apply them.

Training is vital. Once your firm begins the education process, ongoing internal dialogue is crucial as well, because this is far from a one-time event for advisors and other associates in your organization. To that end, implementing your procedures with consistency will be important for everyone in the firm.

For guidance in developing and implementing a plan for your organization, consider the suggestions in the "Sample Training Plan" chart on the next page.

8 **Create a team of cross-company champions.** Managing the risk of working with aging clients brings a new way of thinking and working for nearly all associates in your firm.

Consider establishing a senior client experience team, with a designated leader, to act as champions of your newly implemented policies and procedures. This team can include a mix of associates at various levels and functions of your organization and help do the following:

- Provide a venue for associates to reach out to with questions and concerns or to share experiences they are having with aging clients
- Facilitate firm-wide communication and training initiatives relating to working with aging clients
- Monitor the industry and regulatory climate, as well as communicate relevant updates to the broader organization

Larger firms that may already have an in-house fraud unit may also want to establish a senior investor financial exploitation team within the same group to specifically monitor suspicious activity relating to accounts of seniors.

Conclusion

As you explore the potential ways for your firm to proactively mitigate the risks associated with working with aging clients, consider starting by assessing current measures in place and develop a plan to fill in the gaps to further protect your clients and your firm. Keep in mind that the protection of aging clients is an evolving area that will require you to continuously build your knowledge and evolve your practices over time. By taking steps to prepare for the unexpected, your firm will be in a stronger position to address sensitive issues when they arise.

Sample training plan (activity with sample steps to consider)

Conduct initial and ongoing training for all associates

- ☐ Hire a third-party facilitator or professional trainer to help initially present your policies and procedures to your entire staff.
- ☐ Then, ask associates to acknowledge that they have reviewed and understand the policies and procedures established by your organization.

Consider administering a test or quiz—and administer it either annually or every 18 months.

- ☐ During regularly scheduled meetings of client-facing associates, incorporate ongoing discussions about working with aging clients. Make a point of discussing specific client situations in team meetings to keep everyone up to date on potential issues.
- ☐ Periodically invite a third-party expert on topics related to senior issues to speak to client-facing associates and those involved in fraud and risk.

Make policies and procedures easy to understand and accessible by all staff

While clearly documenting your organization's policies and procedures is a must for every firm, accessibility and ease of understanding are just as critical. Your policies and procedures must be accessible so that all members of your organization can refer to them at any time (e.g., on your firm's intranet site or on a shared drive with full staff access).

Go the extra mile to ensure full understanding of your policies and procedures by doing the following:

- ☐ Create a short training video on ways to spot various trigger events.
- ☐ Develop case studies of how situations of clients with diminished capacity or financial exploitation instances have been handled. You can use hypothetical situations for these case studies.
- ☐ Conduct role-playing exercises with client-facing associates so that they can practice how to handle trigger events or situations when they suspect diminished capacity or financial exploitation. Provide feedback after each exercise to point out what the associates handled well and where they may need to course-correct in a real-life situation. You may even want to videotape these exercises and use them as a teaching tool to share throughout your organization.

Train all new associates

- ☐ Require training on these policies and procedures as part of the onboarding process for all new associates. Administer a quiz or test at the end of the training to ensure new associates understand key aspects of the policies and when to refer to them for further guidance if situations arise.

Additional resources

Industry resources:

- The Alzheimer's Association
- The Elder Justice Initiative
- National Adult Protective Services Association
- FINRA Senior Investors
- FINRA New Account Application Template
- NASAA Senior Investor Resource Center
- Serve Our Seniors
- SIFMA Senior Investor Protection Toolkit
- EverSafe: specialized protection services for seniors and families

Fidelity resources:

- White paper: Ten Ways to Stop Financial Elder Fraud
- Fidelity ConsultSpace℠: Quickly find the experienced consultants you need to help your business be future-ready.
- FidSafe®, a free, secure online safe deposit box, to save digital backups of electronically scanned essential documents, such as bank and investment account statements, birth certificates, insurance policies, passwords, tax records, wills, and more.

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