



SIFMA Senior Investor Forum

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Opening Remarks

As prepared for delivery

Ken Bentsen

SIFMA President and CEO

Good morning. I'm Ken Bentsen, President and CEO of SIFMA.

I'd like to thank you joining us for our second Senior Investors Forum. I'd like to take a quick moment to recognize our team at SIFMA – particularly Marin Gibson, Lisa Bleier and Ira Hammerman. Along with many other staff colleagues, they have collaborated with member company experts across multiple SIFMA committees as well as with advocates, experts and regulators to identify potential solutions and practices to this emerging issue.

I'd also like to recognize our event sponsors, specifically Edward Jones, Merrill Lynch, and NYU Stern's Executive MBA program.

Without all of your support, this event would not be possible.

For the last four years, SIFMA has engaged at both the state and federal levels on matters involving senior investors. Those discussions resulted in our hosting our first conference last year in Chicago designed to focus on the challenges both the industry and our regulators face in serving an aging investor. It was an opportunity to discuss obstacles, explore solutions, and share best practices. Over the past year, there has been increasing focus by the states, federal regulators, advocates and the industry. Today is an opportunity to look back but also to look forward where all stakeholders can work toward a common goal.

Given our nation's aging population and the attendant medical and risk issues that come with that demographic shift, it's important that we maintain an ongoing dialogue – not just amongst ourselves in the financial services industry, but also with scientific experts who help us better understand the aging brain, policy experts, legal and compliance experts and law enforcement.

Every day for the next 16 years, 10,000 Americans will turn 65. At this point in time, there are currently more than 41 million people aged 65 and older in the U.S. By 2030, that number is expected to reach more than 72 million and will account for 18% of the nation's population.

Moreover, financial advisors are seeing an increased number of clients with early stage, difficult-to-detect cognitive issues. Already Mild Cognitive Impairment already affects more than 20% of adults over age 70 without dementia, and another American develops Alzheimer's disease every 67 seconds – the early stages of which can last many years and go undetected.



According to a MetLife study, seniors lose at least \$2.9 billion annually to financial exploitation. Furthermore, it has been estimated that about 1 in 5 Americans aged 65 or older have been victimized by financial fraud. This means that of those 10,000 Americans that turned 65 today, an estimated 2,000 of them will be a victim of financial fraud.

What is most alarming is who is committing the financial crime against seniors. The greatest percentage of elderly financial exploitation is not from career criminals, but actually from family members or close associates. In fact, it is estimated that 55 percent of financial abuse in the United States is committed by family members, caregivers, and friends. This number is based on “reported” accounts, which means that actual cases of financial abuse could be far higher.

Financial advisers as well as other financial industry representatives are often the first line of defense against elder financial fraud or cognitive issues. The broker or banker is more likely to understand what is going on in their client’s life, what behaviors are in-character, and what investment practices and risk tolerances are typical for that client. Our goal as an industry is to know the patterns, identify the signs when something is out of character.

This is an emerging issue that the industry has made a priority. Developing practices to identify and act on warning signs, such as continual training, screensavers highlighting red flags, and annual check-ins are critical. Many firms, including those we will hear from today, have developed innovative approaches to identify and act on issues of diminished mental capacity with their clients. Some retain the help of gerontologists on staff or require the listing of an emergency contact should signs of diminished capacity arise. Employees are being trained to identify a problem, how to have a difficult conversation with a client and follow a protocol for reporting exploitation and, then, managing the client’s account moving forward.

The industry is working collaboratively with policymakers throughout the country to update laws and regulations to meet this emerging threat such as defining when an adviser is acting in good faith to protect investor assets and report suspected abuse. Several states including Washington, Delaware and Missouri have adopted thoughtful and innovative legislation to address this issue. FINRA and NASAA are both working on proposals with similar goals. . SIFMA is engaging with both organizations to harmonize these proposals with existing laws, and ensure that the final language provides an effective mechanism to help our firms help their senior clients.

Additionally, we continue to advocate for a national standard that provides protection for senior investors’ assets while also providing protection from liability and retaliation for brokers so they will be able to report suspected abuses.

Together we have created an ongoing dialogue to keep the issue of the aging investor front and center. We have made great strides in developing our own unique practices that help firms serve and protect their senior investors. As we move forward, we will continue to educate



policymakers to create a national standard while simultaneously improving our internal practices on an ongoing basis.

Today, we're going to dive deeper into many of these issues and discuss what's been accomplished, what works and what doesn't, and where we are headed. With that, I'd like to once again thank you for taking the time to be here today.

It is now with great pleasure that I introduce our keynote speaker, Dr. Natalie Denburg.

Dr. Denburg is an associate professor of neurology and neuroscience at the University of Iowa Carver College of Medicine. Her research interests involve the neural basis of decision-making abilities in older adults, consumer, medical and financial decision making, neuroepidemiology, and social and affective neuroscience.

She holds a Bachelor's in Psychology from the State University of New York at Binghamton, a Master's in Psychology from Michigan State University, and a Doctorate in Clinical Psychology from Michigan State University. Dr. Denburg also published studies related to the aging brain and financial decision making, and has previous experience consulting on state investor protection laws in California.

I'd like to thank Dr. Denburg and all of our distinguished speakers and panelists joining us today. Ladies and gentlemen, Dr. Natalie Denburg.