

A GUIDE TO:

PROTECTING SENIOR INVESTORS

INTRODUCTION

Planning for retirement and wealth transfer involves some of the most important and personal financial decisions we will all face. ValMark investment professionals are dedicated to helping customers achieve their financial goals and dreams.

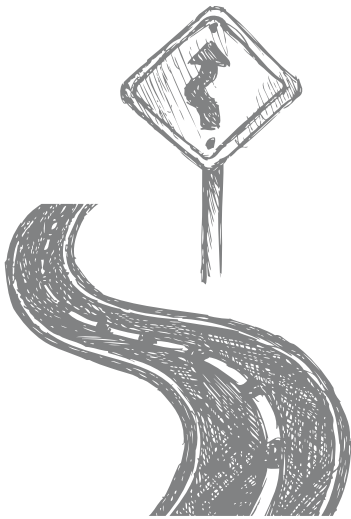
Unfortunately, trusting senior investors or those with diminished capacities are often the target of third-party scam artists. Worse yet unscrupulous family members, other trusted advisors, caregivers, home repair contractors and new best friends also prey on seniors or those with diminished capacities. Some of these investors may be especially

vulnerable due to isolation after the loss of a spouse, cognitive decline or physical disabilities. Sadly, victims of financial abuse are increasing nationally. But there is something we can do about it together.

Financial professionals play a key role in helping to detect and prevent financial exploitation and elder abuse. They are keenly aware of their client's family situations, investment goals, behavior patterns and expected account transactions. Often they are also the first to spot suspect behavior or possible abuse.

This paper is designed to be a roadmap to help ValMark investment professionals educate investors, particularly senior investors, and help prevent abusive situations from happening. Included are recommended best practices as well as tips to recognize signs of diminished capacity and elder abuse. There are many educational resources available to investors and financial professionals. We have listed several in the resource section to help increase awareness.

ROADMAP



Planning for retirement and wealth transfer starts with a good roadmap or financial plan. However, our journeys through life are not always exactly as expected. Scam artists who capitalize on the vulnerabilities of aging investors can be deterred with education and knowledge of some best practices. These tips may help investors and advisors recognize some of the possible signs of diminished capacity or abuse and provide guidance for what to do if either is suspected.

WHERE TO START

Effective Communication

Frequent communication between financial advisors and customers about changes in financial needs, employment status, health status and other life events is critical to helping protect investors. All conversations should be documented for easy recall. Sending follow up correspondence confirming conversations can be helpful reminders of prior conversations. **Don't be afraid to ask questions** to help ensure all investors fully understand their accounts and investment product features, benefits and costs. Customers can

be encouraged to invite a trusted relative, friend or advisor to attend meetings or discuss accounts. ValMark representatives are dedicated to helping explain investment and insurance options. They may also help spot red flags or scams indicating abuse.

Prepare For The Future

A few simple steps can help all investors plan for possible diminished capacity and avoid abusive situations.

Organization

Investors should consider organizing all financial and medical records in one secure place and advising a trusted family member or friend of the location.

Legal Directives

Investors are encouraged to consider one or more legal directives while they are healthy to help ensure their wishes are carried out. For example, a living will documents an individual's desires should they become terminally ill.

Investors should also consider a health care proxy, giving another authority to make health care decisions as needed. Designating a financial Power of Attorney ("POA") may also be a good planning idea to ensure everyday finances are managed as intended.

Emergency Contact

Investors should **consider identifying a trusted person** we may contact in the event of an emergency or if diminished capacity or abuse is suspected.

Duplicate Account Statements

Investors can also arrange to have duplicate copies of banking or

investment account statements sent to a trusted relative or friend while they have capacity to make these decisions.

Note: *It is important for investors to review legal directives and emergency contact designations with the people designated to be sure they know what the investor wants and does not want. It is also important that they revisit all directives with life changing events such as marriage, divorce, a second marriage or the birth of a child.*

POSSIBLE SIGNS OF DIMINISHED CAPACITY

The ability to observe and recognize changes in investor's behavior creates a challenging situation for financial professionals and family members. We are all forgetful at times. The challenge is recognizing some early signs of more than simple absentmindedness. Below is a non-exhaustive list of attributes that may indicate a temporary condition or a pattern of decline over time:

- Memory lapses or difficulty with remembering names
- Disorientation with surroundings or in a social setting
- Uncharacteristically unkempt appearance or disorganization
- Difficulty communicating or speaking effectively
- Difficulty understanding relatively simple concepts, and concepts that have previously been understood
- Difficulty reasoning or appreciating the consequences of decisions
- Making investment decisions that are inconsistent with the current long-term goals

POSSIBLE SIGNS OF FINANCIAL ELDER ABUSE

Elder abuse comes in many forms.

It can be physical or emotional abuse such as neglect, abandonment or through financial exploitation. Financial abuse is generally defined as misuse of a person's money by a family member or another person in a position of trust. Third-party scam artists are also commonly involved. Some examples of abusive financial practices could include:

Affinity Fraud

Members of closely knit groups such as places of worship, clubs and community organizations can be targets for individuals who claim to have similar interests. They attempt to gain the trust of group members and then exploit their victims by claiming to be looking out for their best interests only to later steal money.

E-Mail Phishing Scams

Fraudsters seek victims who are trusting and willing to provide personal information or click on links imbedded in emails that look like they came from a financial institution. **Legitimate companies will never ask for personal information** or to verify sensitive information such as social security numbers, account numbers or passwords in email.

Prize and Sweepstakes Fraud

This generally involves phone scams but email can also be used. Typically an older person is informed that they have won a valuable prize or cash. Unfortunately, in almost all instances the victim never entered a sweepstakes. The con artist requires the "winner"

to pay taxes or processing fees on the winnings before receiving the prize, often with a request to wire money to a foreign location. If the victim ever receives a check, it turns out to be a worthless counterfeit and the victim never recovers the wired funds.

Coins and Precious Metal Scams

Scammers promise their victims the opportunity to buy rare coins or metals that are sure to rise in value. After receiving payment for the coins and collecting a commission, the scammer typically claims the valuable asset will be held in safekeeping at a prestigious location. A certificate of ownership is all that may ever be delivered, and unfortunately in most cases no coins or precious metals exist. If they do exist, they are usually not worth what was purported.

Family Members or Caregivers with Ulterior Motives

Similar to identifying possible signs of diminished capacity, **financial professionals are on the front line of detecting suspect activity that could be abusive.** Educating investors and their family members about abusive practices others have suffered may help prevent another from becoming a victim.

Examples of signs that may indicate an investor could be subject to a sudden abusive situation at the hands of a stranger or relative are provided below to promote awareness.

- Giving POA or emergency contact permission to someone that seemingly appears inappropriate
- Changing a mailing address to an unfamiliar and unexplained address
- Inability to speak directly with the investor, despite attempts to do so
- Appears to be suddenly isolated from family or friends
- Unexplained or unusual change in normal investing or account disbursements or withdrawal patterns
- Sudden appearance of a new individual involved in the investor's affairs or requesting transactions on behalf of the investor without proper identification and authorization
- An unusual degree of uneasiness or submissiveness towards a caregiver
- Fear of eviction from a home or nursing care facility if money is not given to a caretaker

REPORTING

If an investor suspects they are the victim of a scam it is important that they report the activity to local law enforcement immediately. Reporting fraudulent activity is one of the first steps to stopping it. Reporting can also help protect others in the local community from becoming victims.

Outside of local agencies **there are many national organizations that investors can turn to for assistance.** Some of these organizations are listed in the Resource section.



INFORMATION SHARING

Our customers are our highest priority. As providers of financial products and services that involve the collection of personal and often sensitive information, protecting the confidentiality of that information is a top priority for ValMark. Our privacy promise to customers is based upon the basic principles of trust, ethics and integrity.

When dealing with one of ValMark's Member Offices we use customer personal and financial information to fulfill legal and regulatory requirements. The information gathered for these purposes varies

depending on the products or services that are requested but may include, for example, name, address, social security number, net worth, annual income and certain medical information.

Only where required by law or regulation or with customer permission will ValMark share information with a third party, other than the insurance companies and investment sponsors who need it to open accounts and process transactions.

If a customer is unable to respond and if account transactions or activities

appear inconsistent with their wishes, knowing the name of a POA or another trusted person we have permission to contact about account activity could help prevent financial crime or abuse.

All investors, regardless of age or current health, should consider providing the name of a trusted individual we can contact in the event of an emergency. The resource section includes a form to provide this information.

RESOURCES



There are many resources available to help educate senior investors, family members and trusted advisors. Local and state specific agencies, law enforcement agencies and estate planning attorneys can often provide helpful guidance. Additionally many regulatory agencies and groups are dedicated to helping educate senior investors and their loved ones. We have compiled a short list of helpful resources below:

Website resources for senior investors and their family members

- National Center on Elder Abuse—elderabuse.org
- National Council on Aging—ncoa.org
- Administration on Aging—aoa.gov
- H.E.L.P. for Seniors—help4srs.org
- American Association of Retired Persons—aarp.org

Regulatory / Industry websites

- Financial Industry Regulatory Authority, Investor Protection Campaign—FINRA.org
- Securities and Exchange Commission—SEC.gov
 - Investor Education—Publications—Protect Yourself Against Investment Fraud
 - www.sec.gov/investor/seniors/seniorsguide.pdf
- North American Securities Administration Association, Investor Education—nasaa.org
 - Protecting Senior Investors: Compliance, Supervisory and Other Practices Used by Financial services Firms in Serving Senior Investors
 - www.nasaa.org/wp-content/uploads/2010/08/SEC-NASAA_Senior_Report_0821210.pdf
 - www.nasaa.org/1535/nasaa-sec-finra-publish-updated-best-practices-for-firms-serving-senior-investors/
- Securities Industry and Financial Markets Association, Education Center—sifma.org

OPTIONAL EMERGENCY CONTACT CONSENT

All investors, regardless of age or current health, should consider planning for the future to ensure that temporary or permanent mental or physical incapacity will not derail their retirement and wealth transfer plans under the direction of another with a different agenda.

We take your privacy very seriously. We will not share information about your account with anyone without your permission outside of information needed to process your account or as required by regulation or law. If you are unable to respond and if account transactions or activities seem to contradict your wishes, knowing the name of your Power of Attorney ("POA") or another trusted person you have given us permission to contact about your account could help protect you from becoming the victim of financial crime or abuse.

I/we give consent to contact the individual listed below if I/we are unable to respond or if fraud is suspected.

Account Owner(s): _____
(Print) (Print)

(Signature) (Signature)

(Date) (Date)

Contact Name: _____

Relationship: _____
(i.e. spouse, child, trusted friend, attorney)

Address: _____

Phone: _____

Email _____