SVI – Not a New Cable Series

SVI stands for Senior & Vulnerable Investors and is a relatively new initiative by securities and financial services regulators. As the baby boomers are well into their retirement years and aging, they have become rich targets for fraud. Financial institutions reported a total of $1.7 billion in suspicious activities targeting older persons in 2017, including actual losses and attempts to steal assets. A MetLife study put elder fraud at a much higher $2.9 billion annually. Outright fraud is not the only concern. Financial exploitation by family members and other "trusted" persons is another concern. Financial exploitation can take many forms, such as a loan with the promise to repay, an investment in a new business venture, or even a change in beneficiaries.

Unfortunately, as baby boomers age, diminished capacity puts them at greater risk of financial exploitation. We are all familiar with the phone scam warnings about fake IRS agents or law officers threatening some action if monies or personal information is not immediately provided.

Broker/Dealers are the first that have new tools available to help protect senior investors. One tool is the Trusted Contact form that provides the ability to contact another party should there be concerns of diminished capacity without violating privacy rules. Another tool is the ability to place a temporary hold on an account should there be any suspicious activity.

Seaway Advisors, as a fiduciary, recognizes its duties to all clients and has long been especially cognizant of our senior or aged clients who may begin to have signs of diminished capacity and be at risk of financial exploitation. We have had cybersecurity and privacy policies in place to protect against loss of personal information. Also, we have long had informal actions to protect our clients. During client meetings, we inquire as to whether there is a need to change beneficiaries and we also ask about anticipated cash flow needs. Any unexpected changes or significant withdrawals would be cause for a phone call to the client to ascertain the nature of the new request.

We have been precluded from discussing account or personal information even to those named as beneficiaries on IRA's. The trusted contact form now allows us to reach out to assist those clients we feel should have one.

Currently, 21 states have adopted laws to pause account withdrawals when financial exploitation is suspected and some permit the contact of third parties. These laws are patterned after the Model Act to Protect Vulnerable Adults from Financial Exploitation and also applies to investment advisers. Notably, New York is not one of the 21 states.