

Elder Financial Abuse:

America's \$37 billion problem—and how VALIC and AIG are working to help address it



Financial exploitation is a fast-growing form of abuse of seniors, with approximately \$37 billion a year stolen from America's elderly.* VALIC and its parent company, AIG, are leading the way in helping the industry address this important issue. As a provider of retirement plan services to more than 1.8 million plan participants, we believe that we have a shared responsibility to help Americans protect their hard-earned retirement savings from exploitation as they age. Successful elder abuse prevention and detection require a collaborative effort—both within our organization and among our plan sponsors and participants.

What is elder financial exploitation?

Definitions vary by state, but in general, the North American Securities Administrators Association (NASAA) defines elder financial exploitation as the wrongful taking of money, assets or property of an individual aged 65 or older—or any attempt to do this through deception, intimidation or undue influence.

A commitment to protecting the vulnerable

In response to growing concerns on behalf of our customers, including VALIC retirement plan participants, we recognized the critical need for a specialized unit focused solely on this particular area of customer vulnerability. As a result, AIG formed the Elder and Vulnerable Client Care (EVCC) Unit in 2016—among the first of its kind within the financial services industry. Embedded in our Compliance Department, the EVCC acts as a resource to all AIG and VALIC employees, with a special focus on supporting those who interact directly with retirement plan participants.

The EVCC provides regular updates and raises awareness around elder financial exploitation issues through ongoing communication with customer-facing teams, and through

a mandatory educational training program for all VALIC employees. In addition to providing guidance and training, members of the EVCC unit respond to all suspected cases of financial exploitation of elder or other vulnerable clients. Detecting potential problems and protecting senior clients is a collaborative effort that often involves family members, financial advisors, law enforcement and others.

Understanding common scenarios

According to the National Council on Aging (NCOA), **approximately one in 10 Americans aged 60 and older have experienced some form of elder abuse**—whether physical, emotional or financial—and in most cases, the perpetrators are family members.








This matches what we're seeing through the investigations handled by the EVCC. In fact, a recent report of EVCC cases shows the majority of suspected exploiters were family members or close friends.

The VALIC commitment to retirement plan participants extends to and through retirement—as we continue to protect the individuals we serve well into advanced ages. The majority of cases reported to the EVCC for suspected financial exploitation involve individuals over the age of 70.

* Source: "How Criminals Steal \$37 Billion a Year from America's Elderly," Bloomberg.com, 2018.

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The EVCC cases reported to date have involved the following types of scenarios:

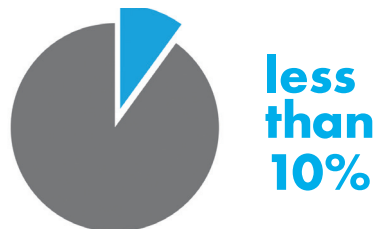
-  **Lottery scams**
-  **Romance scams (typically instigated through an internet dating site)**
-  **Forging the individual's signature on withdrawal or other transaction requests**
-  **Tricking the individual to sign documents while incapacitated (such as changes to beneficiary)**
-  **Power of attorney abuse (inappropriately using the individual's money for personal benefit)**

EVCC: Erring on the side of caution

When it comes to protecting our retirement plan participants, we believe it's better to be safe than sorry. Therefore, the EVCC team prefers to explore a suspected case of elder financial abuse and find it to be a misunderstanding, rather than to ignore a potential case due to insufficient information or difficulty of investigating it. In a recent analysis of EVCC investigations, we found that less than one-quarter (24%) of cases proved to be instances of exploitation. We addressed those cases and reported them to the appropriate state agencies and local authorities.

Although the majority of suspected cases do not meet

the criteria for reporting to the state, we take all inquiries seriously—and we explore them thoroughly. Most concerns are valid and warrant due diligence. As a firm, we do everything we can to provide appropriate, consultative guidance to advisors, call center personnel and any other VALIC representatives directly involved in supporting the plan sponsor and participant relationships. **There are very few open-and-shut cases (less than 10% of all reports) that require no action or further consultation from the EVCC.**



At VALIC, we're always looking out for the best interests of our plan participants, and the important work of the EVCC unit demonstrates this commitment. The EVCC's mission is clear: to help protect the elderly and vulnerable individuals who have entrusted us with their retirement savings.

Learn more

Protecting employees and retirees aged 65 and older is a collaborative effort—and you can help!

Recognize the red flags and report suspected activity immediately:

<https://www.aig.com/knowledge-and-insights/elder-financial-exploitation>

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VC 29361 (10/2018) J175603 ER

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