

Elder Financial Abuse

America’s \$37 billion problem—and how AIG Retirement Services is 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.¹ Knowing that 22 percent of individuals age 60 and older keep retirement assets in their former employer’s plans, it’s critically important for plan sponsors to work with a retirement plan provider who can help protect these assets.²

AIG Retirement Services and its parent company AIG is leading the way in helping the industry address this important issue. As a provider of retirement plan products and solutions to more than 3 million Americans, we believe that we have a shared responsibility to help protect their hard-earned retirement savings as they age. Successful elder financial abuse prevention and detection require a collaborative effort—both within our organization and among plan sponsors, families, advisors and policymakers.

What is elder financial abuse?

Definitions vary by state, but in general, the North American Securities Administrators Association (NASAA) defines elder financial abuse 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 AIG Retirement Services retirement plan participants, we recognized the critical need for a specialized unit focused solely on this particular area of customer vulnerability. As a result, we 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 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 AIG Retirement Services 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 many 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.

It’s not all that surprising when you consider research from AIG’s Senior Financial Abuse Survey that shows 47 percent of seniors 65 or older handle their financial decisions and money management entirely alone.

¹ Source: “How Criminals Steal \$37 Billion a Year from America’s Elderly,” Bloomberg.com, 2018.

² Distributions from DC Plans, Alight Solutions 2019

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For those seniors who rely on family and friends to manage their finances, including an impartial third party can add an extra layer of protection. Currently, only 20 percent of Americans report having a financial professional in place to help manage their finances—and potentially protect against financial abuse. AIG Retirement Services' 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.

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

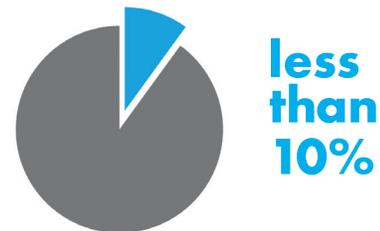
-  **Lottery scams**
-  **Romance scams (typically instigated through an internet dating site)**
-  **Forging the individual's signature on withdrawal or other transaction requests**
-  **Tricking the individual to sign documents while incapacitated (such as changes to beneficiary)**
-  **Power of attorney 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 AIG Retirement Services 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 AIG Retirement Services, 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.

Another aspect of AIG's commitment to protecting the elderly from financial abuse is researching the issue to better understand why it happens and what solutions work best. With that goal in mind, AIG Life & Retirement recently surveyed more than 2,200 adults for the AIG Elder Financial Abuse Survey. The findings reveal that creating a plan and building a system of checks and balances can help protect seniors' financial assets.

"Fear is a powerful motivator. Seniors have adopted valuable defense mechanisms to shield themselves from strangers looking to take their hard-earned savings," said Michele Kryger, head of AIG's Elder and Vulnerable Client Care unit. "But when the financial abuser is someone who knows you—a friend, caretaker or even family—then you need an additional line of defense: a financial professional who can help safeguard your interests."

While in most cases family members look out for their aging loved ones' best interest, seniors are more likely to be taken advantage of by family than by strangers, according to the National Center on Elder Abuse. Still, seniors remain trusting of those dear to them; 81 percent of seniors in the AIG survey don't believe anyone close to them would take advantage of them financially (compared to 74 percent of all adults).³

³ National Council on Elder Abuse, "Statistics and Data," ncea.acl.gov/What-We-Do/Research/Statistics-and-Data.aspx

Advisors help seniors plan ahead

Including an impartial third party can add an extra layer of protection. However, only 16 percent of Americans report they have a financial professional in place to help manage their finances—and potentially protect against financial abuse. This cohort displayed positive financial behaviors, likely encouraged by their advisor. For example, almost two-thirds of those survey respondents with financial advisors (64 percent) report having a trusted contact in place with their financial advisor, a critical step in helping protect against abuse. A trusted contact is an individual designated by the account holder that a financial institution can contact if they are concerned about the account holder's mental health or suspect financial abuse may be occurring.

Those who work with a financial professional are also getting on the same page as their significant other; 90 percent of adults say they involve their spouse or significant other in conversations with their financial professional.

Reducing instances of senior financial abuse

Seniors and their family, financial advisors, financial services companies and the government all can play a role in thwarting financial abuse.

- **Seniors and Their Family:** Nearly half of respondents (46 percent) say family members have the most responsibility to protect seniors from financial abuse. A powerful way to protect against abuse is to plan ahead by having family conversations about a loved one's wishes long before cognitive decline or an unforeseen incident occurs.

- **Financial Institutions:** Nearly all Americans (92 percent) expect financial services companies to have safeguards in place to protect seniors from financial abuse.⁴ The EVCC responds to suspected cases of financial exploitation of clients, raises awareness of senior financial exploitation with customer-facing teams, and provides mandatory training to all employees in its U.S. Life & Retirement businesses.
- **Policymakers:** Americans believe that the government has a role to play in protecting seniors from financial abuse by raising awareness (77 percent), giving financial institutions more flexibility to protect their clients from senior financial abuse (55 percent), and increasing funding for agencies to protect seniors from financial abuse (49 percent).⁴ Increased funding for government agencies can support programs that aim to protect seniors from financial abuse and assist victims nationwide.
- **Financial Advisors:** Eighty-four percent of Americans expect their financial advisor or financial account representative to inform them when they suspect financial abuse, and 81 percent of seniors say if they were to fall victim to senior financial abuse, they would feel comfortable talking to an advisor.⁴ Financial advisors can play a role in educating seniors to protect themselves, setting up a trusted contact and a durable or springing power of attorney before a need arises, and facilitating important planning conversations.

⁴ AIG Elder Financial Abuse Survey, 2019.

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.

Real strategies Let us put real retirement solutions to work for your organization and your employees

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