



January 30, 2023

The Honorable Ann Wagner
Chairwoman
Subcommittee on Capital Markets
House Committee on Financial Services
2350 Rayburn House Office Building
Washington, DC 20515

Dear Chairwoman Wagner:

The Insured Retirement Institute (IRI)¹ writes to express support for the *Financial Exploitation Prevention Act of 2023*. The enactment of this bill would be a positive step taken by Congress to help protect vulnerable Americans who are exposed to financial exploitation.

Costing a conservatively estimated \$2.9 billion annually² and impacting roughly 1 in 10 older Americans,³ combating elder abuse and financial exploitation is a national imperative. The average loss per incident of financial abuse or exploitation is estimated to be \$120,000,⁴ a figure which happens to align with the average amount Americans have saved for retirement.⁵ As such, financial exploitation can erase a lifetime of savings and leave older and vulnerable Americans in financial ruin. With the population of older Americans expected to double in size to nearly 84 million citizens by 2050,⁶ Congress needs to undertake a concerted effort to combat financial exploitation.

The enactment of the *SeniorSafe Act* in provided those on the front lines fighting financial exploitation with more robust tools for their arsenal. Unfortunately, many older and vulnerable Americans remain exposed to financial exploitation as they seek to accumulate a nest egg to enjoy their retirement years. By directing the Securities and Exchange Commission (SEC), in consultation with the Commodity Futures Trading Commission, the Consumer Financial Protection Bureau, the Financial Industry Regulatory Authority, the North American Securities Administrators Association, and the Board of Governors of the Federal Reserve System, to report policy recommendations to improve protections and bolster safeguards, the Financial Exploitation Prevention Act of 2021 will help Congress and federal regulators continue to provide the necessary tools to keep older and vulnerable investors safe from exploitation.

The *Financial Exploitation Prevention Act* will help enhance protections for older and potentially more vulnerable investors by enabling registered open-ended investment companies or the transfer agents to postpone payment on a security or fund if the company or agency believes the request for redeeming the security or fund is being conducted

¹ The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, broker-dealers, banks, marketing organizations, law firms, and solution providers. IRI members account for 90 percent of annuity assets in the U.S., include the foremost distributors of protected lifetime income solutions, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community. Learn more at www.ironline.org.

² Susan Collins and Robert Casey, "2019 Fraud Book," 2019 Fraud Book, accessed August 24, 2020.

³ Makaroun, Lena K, Rachel L Bachrach, and Ann-Marie Rosland. "Elder Abuse in the Time of COVID-19-Increased Risks for Older Adults and Their Caregivers." *The American journal of geriatric psychiatry: official journal of the American Association for Geriatric Psychiatry*. Elsevier, August 2020.

⁴ "The Thief Who Knows You: The Cost of Elder Exploitation Examined" (AARP), accessed August 24, 2020.

⁵ "The Nation's Retirement System: A Comprehensive Re-evaluation Is Needed to Better Promote Future Retirement Security," *The Nation's Retirement System: A Comprehensive Re-evaluation Is Needed to Better Promote Future Retirement Security* § (2017).

⁶ Ortman, Jennifer M., Victoria A. Velkoff, and Howard Hogan. Rep. "An Aging Nation: The Older Population in the United States". US Census Bureau, May 2014.



to exploit the security or fundholder. The bill also authorizes state regulators, courts, or administrative agencies to delay payment further. Delaying the security or fund's redemption provides financial firms and the appropriate agencies with time to thoroughly investigate suspected exploitation.

The prevention of financial exploitation and the protection of older and vulnerable Americans is a top legislative and regulatory objective for IRI, as noted in our [2022 Federal Retirement Security Blueprint](#). Our members are on the front lines of this issue, working with clients across America every day. As a result, they are often the first to notice that a client may be the victim of a financial crime. Our members are committed to protecting older Americans and ensuring that their clients' hard-earned retirement savings are protected from exploitation and fraud.

While IRI is pleased to support the Financial Exploitation Prevention Act of 2021, we respectfully submit the following suggested amendments, which we believe will further enhance the legislation. Section 1 of the bill would amend the Investment Company Act of 1940 by adding a paragraph stating that a "registered open-ended investment company of a transfer agent acting on behalf of said company may postpone the date of payment or satisfaction upon redemption of any redeemable security." The term "redemption" could be subject to incorrect interpretation and narrows the scope of the transaction types covered under the legislation. IRI suggests the legislation be amended to enable temporary holds on "disbursements" to bring the legislation into parity with FINRA Rule 2165. We also suggest that the language be further broadened to allow for temporary holds on "disbursements and other account transactions." We also recommend the delay period be extended to not more than 45 business days. We believe this increased time allotment will result in a thorough investigation and allow the proper authorities to take appropriate actions. This change would align the legislation with proposed amendments to FINRA Rule 2165 issued by FINRA in December of 2020.

As Congress considers this measure to help prevent the financial exploitation of older and vulnerable investors, IRI welcomes the opportunity to work with you and your staff to advance the Financial Exploitation Prevention Act of 2021. Please feel free to contact me at prichman@irionline.org or John Jennings, IRI's Assistant Director, Government & Political Affairs, at jjennings@irionline.org if we can help secure passage of this important legislation.

We thank you for your leadership in pursuing legislation that will help protect Americans and their hard-earned retirement savings.

Sincerely,

A handwritten signature in cursive script that reads "Paul J. Richman".

Paul J. Richman
Chief Government & Political Affairs Officer
Insured Retirement Institute

A handwritten signature in cursive script that reads "John B. Jennings".

John B. Jennings
Assistant Director, Government & Political Affairs
Insured Retirement Institute