



ADVISOR  
SOLUTIONS  
GROUP, INC.

# COMPLIANCE UPDATE

## Tips for Working with Senior Investors

Investment advisers often work with clients over many years and through different life stages. As the investing population ages, advisers should be aware of the issues and challenges they may encounter when working with senior investors. Numerous agencies and organizations, such as the SEC, FINRA, and AARP, have produced guidance on dealing with elderly clients. Compiled below are some suggestions for working with seniors.

### Planning Ahead

Preparation should begin long before an adviser suspects a client might have diminished capacity. With advanced planning, the adviser's employees will know how to handle situations when they arise and can help clients and their family members make smart financial decisions.

- Examine your client base by age, in part to anticipate coming customer needs
- Collect contact information for a trusted person (e.g. family member, attorney, or accountant) up front in the advisory relationship (i.e., include it in your client questionnaire and make sure you have written authorization from the client to share personal information)
- Have a process to update next of kin information regularly
- Contact clients over a certain age (e.g. 65 or older) to discuss contingencies in case of cognitive difficulties
- Get to know the client's family long before dementia sets in
- Recommend that clients have a revocable trust
- Discuss with clients to ensure beneficiaries have been designated and any applicable powers of attorney have been established, and periodically confirm whether any changes have been or need to be made
- Powers of attorney can be limited to financial affairs; be aware that, unless specifically prohibited, these may grant authority to change beneficiaries
- Recommend that clients have a family fiduciary contract, a statement of understanding between the family and the trustee of the family's assets that confirms the family's expectations and the trustee's obligations
- Urge seniors to keep an "inventory of assets," including account numbers and passwords in a safe place and also to maintain a list of "important contacts"
- Consider producing educational materials, such as brochures, targeted to the senior population; these could encourage seniors to monitor their credit reports and pass on tips, such as to never give cash to a securities professional or sign blank documents
- Educate clients not to blindly rely on senior-specific designations. Scammers may use "senior specialist" designations that sound legitimate, but are not. Investors can learn more about professional designations on FINRA's website:  
<http://apps.finra.org/datadirectory/1/prodesignations.aspx>.

## Getting Educated

Know the warning signs of dementia. While the presence of one or more of these signs may not be definitive, any evidence should be documented and reported to compliance to determine whether the firm should take any action.

- Educate staff to recognize early signs of dementia:
  - 10 Signs of Alzheimers:  
[http://www.alz.org/alzheimers\\_disease\\_10\\_signs\\_of\\_alzheimers.asp](http://www.alz.org/alzheimers_disease_10_signs_of_alzheimers.asp)
  - National Institute of Health
    - 1) Asking the same question over and over again;
    - 2) Repeating the same story, word for word, again and again;
    - 3) Forgetting how to perform common everyday activities;
    - 4) Losing one's ability to pay bills or balance one's checkbook;
    - 5) Getting lost in familiar surroundings, or misplacing household objects;
    - 6) Neglecting to bathe, or wearing the same clothes without washing and insisting they are still clean;
    - 7) Relying on someone else, such as a spouse, to make decisions or answer questions they previously would have handled themselves
- Hold training classes for staff to remind them about issues that come up when working with seniors along with appropriate sales practices
- Create a mailbox for staff to send questions related to senior clients and their issues
- Choose a person at the firm to get further training on senior issues

## Meeting with Clients

Some older clients have physical limitations that make it difficult for them to come to an adviser's office or that affect communication. In addition, advisers might observe changes in elderly clients' behavior that indicates early signs of dementia or cognitive impairment.

- Meet with senior clients annually, in person if possible, to verify understanding of what happened in their portfolio over the past year
- Review your office location for safety hazards and take steps to remove potential barriers
- Be willing to meet with clients in their home or other convenient location if they cannot come to you
- Speak in clear and concise sentences
- Clients with dementia may be most alert in the mornings
- When meeting with older clients, assess their behavior and comprehension in comparison to the client's past conduct
- It may be prudent to have another member of the firm or the compliance officer present in meetings with elderly clients
- Do not be afraid to ask a client "How is your memory?"
- You may ask the client "Tell me what you understood about what I just told you" to test their memory and understanding
- If you suspect a client is showing early signs of cognitive problems, ask for a trusted person (a family member, close friend, attorney, or doctor) to join you in meetings

## Giving Advice

It is an adviser's obligation to provide investment advice that is in the best interests of and appropriate for the client. This requires understanding a client's financial situation and adjusting recommendations as the client's needs change.

- Consider a client's age as one factor in determining if an investment is appropriate
- When discussing investments with older clients, take into account age, intelligence, financial knowledge, and education level
- Alter the client's allocations and investments over time to fit the changing financial needs of seniors
- Incorporate into your portfolio management process a trigger to review a client's account when they reach a certain age, and annually review with clients their investment objectives
- Tweak your trade blotter to be able to filter it by senior investors, however your firm defines that phrase, and review trading activity for these clients
- If you suspect a client has dementia, stop giving advice and find someone to represent the client
- If you do not have the qualifications or experience to assist a client in a certain area, have a list of other knowledgeable professionals to whom you can refer the client

For more resources on working with senior clients, please contact:

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