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The News You Need to Know

Left to right: Andrew Woolley, Andrew Barninger, Christopher Miller, Steven Bell and Alan Loss.

There are many commentaries and narratives circulating about recent financial market volatility, which included the fastest 10% drop from a record high in the S&P 500 index in its history – only 9 days. Clients who follow our newsletter may recall that twice in 2017, and as recently as last month in the sidebar, we wrote about the likelihood that volatility would return at some point, and that it is a typical function of markets over time. That doesn't mean that anyone's concerns are minimized when risks seem heightened, rather we look forward to continuing to help provide context and understanding when it comes to investing and financial decisions.

New Regulatory Rules to Help Protect Seniors

By Steven F. Bell, CFP®, ChFC®

The Securities Exchange Commission ("SEC") and Financial Industry Regulatory Authority ("FINRA") have amended an existing rule and adopted a new one designed to address the issue of financial exploitation and abuse of seniors. These rules apply to Personal Wealth Advisory and our broker dealer, Geneos Wealth Management, so we wanted to let you know and give you some background in case you are surprised about questions we need to ask and information we may ask you for.

Rule 4512 (Customer Account Information) has been amended to require financial services industry firms to make "reasonable efforts to obtain the name of and contact information for a trusted contact person" when an account is opened or updated for a client aged 65 or over. In other words, we will ask you whether you would like to provide this information. It is optional for you to do so, and the account can still be opened and maintained if you decline. However, we believe that the trusted contact could come in handy for a number of different circumstances, so we do encourage you to provide us with one and thereby authorize us to share details with that person to address possible financial exploitation.

Rule 2165 is new, and permits firms to place a temporary hold on disbursements from the accounts of senior clients or those of any age who are reasonably believed to have an impairment that renders them unable to protect themselves from exploitation. This rule contains a number of definitions and specifics that we won't get into here; we would be happy to provide the full text of the rule upon request. Important to note is that trades within an account are not subject to this rule, rather just disbursements. The rule also encourages an active dialogue between the firm and the client when a temporary hold is being considered.

Because financial exploitation of seniors is a serious and growing problem, we hope that clients take comfort knowing that their advisors, broker dealer firms, and industry regulators are working hard to protect client interests as best they can.

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