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Elder Financial Exploitation Is a Growing Crisis—But Pending Legislation Holds Promise

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Reports estimate that one in five Americans over the age of 65 has been a victim of financial exploitation, with losses estimated at $2.9 billion annually. It's a statistic that's poised to rise as bad actors use sophisticated Generative AI tools to perpetrate increasingly complex financial fraud schemes, such as advanced synthetic identity creation and digital account opening fraud. As these threats evolve, the traditional ways of detecting financial fraud are becoming obsolete. Financial institutions are modernizing their fraud strategies to

keep up, but more needs to be done at the policy level to protect senior investors' lifetime savings.

As the fraud landscape undergoes rapid transformation, ICI and our members are committed to ensuring investors have the education and resources needed to identify and avoid fraudulent financial schemes. This includes ensuring vulnerable populations, like seniors and those with disabilities, are protected from financial exploitation and abuse. While improving financial knowledge is a key barrier against financial exploitation, financial education alone isn't enough. Policymakers must also act to protect vulnerable investors.

Fostering Investor Protection Through Legislation

ICI and other industry trade associations recently expressed our strong support for the *Financial Exploitation Prevention Act* (S. 2840/H.R. 2478), cosponsored by Senators Bill Hagerty (R-TN) and Ruben Gallego (D-AZ). The legislation was reintroduced in both the House and Senate and has broad bipartisan support.

The *Financial Exploitation Prevention Act* provides an important safeguard by allowing a registered investment company (RIC), such as a mutual fund, or its transfer agent to delay the date of payment after the sale of fund shares if the transaction involves suspected financial exploitation. For example, if there is reason to believe the redemption was requested through the exploitation of a security holder who is a senior, the RIC or transfer agent may postpone the payment date until they are able to communicate with the account owner, an advisor, or trusted contact to receive assurances that the transaction is legitimate. This additional time is vital because once assets have been disbursed, they are difficult to get back.

The legislation also directs the SEC to make legislative and regulatory recommendations to address the financial exploitation of seniors and other vulnerable adults. The fund and its transfer agent are often one of the first lines of defense in detecting financial fraud. This bill recognizes the important role the asset management industry plays in preventing financial fraud and protecting vulnerable investors, and it gives asset managers adequate time to address instances of suspected financial exploitation of senior investors.

Additionally, the recently introduced *National Strategy for Combating Scams Act* (S. 3355/H.R. 6425) would create a group of federal agency experts to establish a national strategy for combating scams. ICI is committed to the prevention of elder financial abuse and supports policies that seek to prevent bad actors from exploiting vulnerable investors.

Protecting Senior Investors a Key Discussion Topic at ICI's Next Conference

Elder financial abuse will be a topic at ICI's first conference of 2026, ICI Innovate. The conference, taking place in Houston in February, will have a session that addresses how to protect senior investors against the ever-evolving threat landscape. Panelists include the founder of the National Elder Fraud Coordination Center (NEFCC) and our members' leaders in investor protection. These experts will speak about the growing scope of the problem, provide tips on prevention, and explain what the industry is doing to tackle senior investor exploitation.

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