

Smart Money: Protect yourself by naming a trusted contact person

Brad Brain / Smart Money
Nov 15, 2021 11:51 AM



Brad Brain: "Every day somebody somewhere gets ripped off by a scam artist. Or is a victim of elder abuse. Or is not in a position where they can make informed decisions. Every single day." | Getty Images



There is an important initiative in the securities industry, with the objective of protecting potentially vulnerable clients. It involves naming a trusted contact person for your investment accounts. A trusted contact person is someone who knows you well and that you trust to look out for you.

Let's say that your advisor receives investment instructions, but something just seems off. They can check with the trusted contact person that everything is legit. If something

seems odd, whether that be unusual client behaviour or suspicious transactions, the Trusted Contact Person is a mechanism to check that everything is in order, and potentially avert a disaster.

What do I mean if something seems odd? Well, let's say there is an email instructing the liquidation of your investments with the proceeds sent offshore. Or someone accompanies you to a meeting and seems to be influencing the decisions to their own benefit. Or there is an unusual pattern of redemptions. Or anything else that sets off the radar that something just doesn't seem right.

Why is this important? Simple. Every day somebody somewhere gets ripped off by a scam artist. Or is a victim of elder abuse. Or is not in a position where they can make informed decisions. Every single day.

Fraud protection isn't the only reason the only reason to name a trusted contact person. Some people will suffer cognitive impairment, either through illness or injury. Or maybe it is just that your advisor simply can't reach you after repeated attempts to get in touch. These are the types of situations where it can be helpful to have a trusted contact person to verify that everything is above board.

Naming a Trusted Contact Person is not a formal, legal process. It is simply the client consenting for the advisor to speak with a trusted person if any concerns arise about client behaviour or account transactions.

If there is any ambiguity about whether the client fully understands the ramifications of their decisions, or if there is the potential for financial abuse, or even if the advisor just can't find the client, the advisor can contact the trusted contact person to double check the validity of any unusual requests.

The Trusted Contact Person is not the same as a Power of Attorney. They cannot make decisions with your account. They can't buy or sell your investments. Rather, the trusted contact person is a safety measure in the event of something sketchy.

This isn't for routine transactions. It's for the suspicious ones. The ones where potentially you could be defrauded, or exploited, or something is out of character and it has significant financial consequences. It's for the times when the people that care about you might be inclined to ask you, "Are you sure you want to do that?"

Think of naming a trusted contact person like wearing your seat belt. You may take 10,000 car trips and never need your seatbelt. But you put it on anyway, every time you ride in a vehicle, just in case. The trusted contact person is like a seatbelt. You may never need it, but it's good to have one. Just in case.

If you would like to name a trusted contact person on your investment accounts, speak to your investment advisor. It won't cost you a dime, but it could save you a fortune.

Brad Brain, CFP, R.F.P., CIM, TEP is a Certified Financial Planner in Fort St John, BC. This material is prepared for general circulation and may not reflect your individual financial circumstances. Brad can be reached at www.bradbrainfinancial.com.

Comments (0)