

Trusted Contact Person – an important layer of protection for your wealth

Managing Your Money

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When you book a flight, join a gym, or start a new job, they usually ask for an emergency contact person. Generally, this is in case of a medical emergency, so they will know who to contact on your behalf. In some situations, this emergency contact can mean the difference between life and death, especially when it comes to providing critical medical information. In the financial industry we also use ‘emergency contacts’ – however, they are known as a Trusted Contact Person (TCP). While it may not be a life-or-death situation, it is an added layer to protect your wealth.

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It is unlikely your investment advisor or wealth manager will need to contact anyone for a medical emergency, but we encounter situations regularly in which having a Trusted Contact Person can protect our client’s assets and wealth. If you are of a certain age, have a parent or loved one that is, or are more vulnerable because of mental health issues, please consider this important step. In fact, it’s an additional line of defense for anyone – young or old – to help keep your finances safe.

The role of the Trusted Contact Person is to have someone you trust who will contact your investment advisor if they are concerned you might be experiencing financial abuse or exploitation – or if they feel poor financial decisions are being made that are out of character. The TCP is also someone the investment advisor can contact if they have concerns about cognitive decline, poor decision making, or a suspicion of financial abuse or exploitation. We may also reach out to the TCP if we can’t reach a client after multiple attempts, simply to ask: “I haven’t been able to reach Mr. Smith, is everything ok?”

As the name states, the most important part of choosing a Trusted Contact Person is that you TRUST them. It could be a close friend or family member. It could be a trustworthy professional or third party whom you believe would respect your privacy and knows how to handle the responsibility. It should be someone who knows you well enough and is aware of what is going on in your life.

I recently experienced a situation where I received an email from a person whom I had never heard of, who claimed to be the power of attorney (POA) for one of my clients. The legal POA document was attached to the email, and everything looked legitimate. This person seemed to want to get involved. However, a person who has been named as a POA does



not have the power to **activate** the POA; only the client can do that. I reached out to this client, who is an older gentleman, to see if this was initiated by him, but I was unable to reach him with the contact information I had. Luckily, I had a Trusted Contact Person on file, so I called his brother who explained that my client had moved into a retirement residence and provided me with the new contact information. When I reached my elderly client, he explained that the person who contacted me was in fact his POA but clarified that there was no need for the POA to get involved at this point. He did not want to **activate** the POA.

Investment advisors usually hold a place of trust and have a duty to ensure that the best interests of clients – particularly those that are vulnerable – are protected. Elder abuse affects hundreds of thousands of people every year, and often goes undetected or unreported. I recently had a client tell me that she just found out, after many years, that her mother was being taken advantage of financially by another sibling. Sadly, elder abuse can happen at home or in a community setting. It can be perpetrated by family, friends, paid caregivers, staff, or any person of authority or trust.

“It’s important to remember that a Trusted Contact Person is not the same as a Power of Attorney.”

It’s important to remember that a Trusted Contact Person (TCP) is not the same as a Power of Attorney (POA) – another person your investment advisor should be aware of. Unlike a POA, your trusted contact person has no authority over your affairs. However, they can alert your investment advisor if they feel that your POA is not acting in your best interest.

The Canadian Security Administrators introduced the Trusted Contact Person as a new industry standard to help investment advisors protect their vulnerable clients. From now on, when you update your personal information, your investment advisor should ask if there is a Trusted Contact Person who can be added to your account to make sure you are protected from fraud or financial exploitation. And if they don’t ask, then you should bring it up. If you know someone who could benefit from assigning a TCP, be sure to share this information with them.

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