AARP®

July 14, 2025

Jennifer Piorko Mitchell
Office of the Corporate Secretary
Financial Industry Regulatory Authority
1700 K Street, NW
Washington, DC 20006

Re: *Comment Letter Regarding FINRA Regulatory Notice 25-07 / FINRA Requests Comment on Modernizing FINRA Rules, Guidance, and Processes for the Organization and Operation of Member Workplaces*

Dear Ms. Mitchell:

AARP, which advocates for the more than 100 million Americans age 50 and older, appreciates the opportunity to submit comments in response to the Financial Industry Regulatory Authority's (FINRA) request for comment on modernizing FINRA's rules, guidance, and processes for the organization and operation of member workplaces.

AARP agrees improvements can be made to modernize the FINRA Rules and regulatory landscape to better address the risks to older investors and the markets. As FINRA updates its regulations, AARP urges FINRA to ensure that it maintains strong investor protections, particularly for seniors, who are frequent targets of fraud and financial abuse. Specifically, FINRA should:

- Maintain and enforce clear and consistent fiduciary duties, in line with Securities and Exchange Commission (SEC) regulations;
- Ensure seniors are protected against financial exploitation from family members and third parties; and
- Retain paper delivery as the default delivery method for financial disclosures.

Fiduciary Duties

AARP has worked for many years to ensure that middle-class Americans get retirement investment advice that helps them save for a secure retirement without paying hidden fees or being steered towards inappropriate products. Hard-working Americans who save and invest for a secure and independent retirement should be able to trust that the investment advice they receive is in their best interest, no matter who provides the advice. For years, financial advisers have been allowed to steer clients toward investments that charge higher fees and commissions, costing retirement savers billions each year. While gaps remain, the SEC's adoption of Regulation Best Interest (Reg BI) was an important step in the right direction. AARP urges FINRA to ensure it maintains a clear and consistent standard of conduct for broker-dealers, as required under Reg BI and other regulations. All financial professionals who give advice should be required to act solely in their clients' best interests.

Retirees trust their financial advisors to make recommendations in their best interest.[1] In fact, investors often assume that financial professionals are required to act in the customer's best interest, when this may not be the case. According to AARP polling, 87 percent of adults 50-plus say they use professional financial advice to make important financial decisions, and 89 percent expect that advice to be in their best interests.[2] However, despite the widespread expectation that financial advice will be in their best interest, many of those who have used a financial professional for help with retirement planning (43 percent) admit that they actually don't know whether the most recent professional they used was required to give them advice in their best interest.[3] These poll results make it clear that people use the advice from financial professionals to make important financial decisions and expect it to be in their best interest, but do not understand the legal obligations of their advisers. This underscores the importance of providing retirement savers with the protections they expect when seeking out professional advice from financial professionals. As you consider different compensation arrangements, we urge you to ensure the strong protections that preserve the transparency that savers deserve.

FINRA also plays a critical role in enforcing Reg BI, and we have been pleased to see FINRA take enforcement in this space seriously. We urge you to maintain high standards and continue enforcement efforts to ensure that consumers have the strong protections they deserve.

Fraud and Financial Exploitation Prevention

Elder financial exploitation (EFE) is the illegal or improper use of an older adult's funds, property, or assets – including fraud. While the issue of fraud is not unique to older adults, it often has a disproportionate financial impact on them. Data from the Federal Bureau of Investigation (FBI) shows that investment fraud remains in the top five types of fraud reported to them, and by far outstrips other crimes in terms of the loss to consumers ($6.6 billion in losses in 2024 alone).[4] Older adults bear the brunt of this fraud, with an average of $83,000 stolen from them in 2024. And we know this is only a small portion of the fraud that is occurring – in a 2024 report the Federal Trade Commission (FTC) submitted to Congress, the agency acknowledged the significant problem of under-reporting.[5] Using its own estimates of under-reporting, the agency extrapolated that money stolen from fraud in 2023 was more like $158.3 billion. And the FTC pegged fraud losses among older adults at $61.5 billion.

Criminals often target older adults because they have more money – they have had a longer time to accumulate savings and are therefore appealing targets for criminals. These losses can have

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[1] AARP Research, "Unbiased Financial Advice about Retirement: Importance to Adults 50+," January 2024, https://www.aarp.org/pri/topics/work-finances-retirement/financial-security-retirement/fiduciary-duty-retirement/.
[2] Id.
[3] Id.
[4] Federal Bureau of Investigation, "Internet Crime Report: 2024," April 2024, https://www.ic3.gov/AnnualReport/Reports/2024_IC3Report.pdf.
[5] Federal Trade Commission, "Protecting Older Consumers 2023-2024," October 2024, https://www.ftc.gov/system/files/ftc_gov/pdf/federal-trade-commission-protecting-older-adults-report_102024.pdf.

significant impacts on the financial security of older Americans, as they are often living on fixed incomes and can scarcely afford to lose funds to criminals.

Common methods of exploitation fall into two main categories: crimes perpetrated by strangers and crimes perpetrated by known others, such as family members or caregivers. It can be something as simple as using an older adult's debit or credit card to rack up unauthorized charges to something as complex as using a fiduciary relationship to prevent an older adult from accessing and controlling their assets.

Stranger-perpetrated scams often rely on fear, quick actions and irreversible transactions. Some of the most common scams include the perpetrator impersonations and tech support schemes. In other instances, the perpetrator preys on people using dating or social media applications, pretends to be in a relationship with their victim and eventually asks them for money. Caller ID spoofing is a deceptive tactic where scammers falsify the information displayed on your phone's caller ID to appear as a trusted entity, such as a government agency, bank, or even a family member. This manipulation aims to exploit a victim's trust and extract sensitive information or money. And now, we are seeing AI used to impersonate a loved one's voice and/or write a spoof email.

Perhaps more emotionally devastating is exploitation by someone the victims knows. In these instances, perpetrators take advantage of their long-established relationship with the victim to gain direct access to funds, such as through joint account ownership or a power of attorney. These are especially threatening because the perpetrator can make recurring and large withdrawals without the victim knowing, robbing that person of their hard-earned savings. Because of their direct access to the account, these instances can be harder to detect and are woefully underreported.

Both forms of exploitation can be financially devastating. According to FinCEN's review of the latest Bank Secrecy Act (BSA) report data, scams perpetrated by strangers account for most reported exploitation. The average reported suspicious activity amount for these types of scams was a staggering $129,483. Still, theft by known others averaged an amount of $98,863 when reported, underscoring the need to address both types.

It is difficult for older adults to overcome the financial consequences of being exploited. It is highly unlikely that a person will receive restitution from the perpetrator – the money is usually spent as soon as it is taken. It is also very difficult, if not impossible, for older adults to re-earn the lost income or assets, as most older victims are retired.

FINRA's Trusted Contact provisions are helpful in protecting older investors. FINRA should also require firms to notify their customers that FINRA's members will reach out to the trusted contact if they suspect the client may be the victim of a scam or fraud, as long as the trusted contact isn't the suspect. At present, far too many brokerages operate as though reaching out to a trusted contact would somehow be a breach of client privacy. Giving explicit notice to customers about this possibility will make clear that doing the right thing and calling a trusted contact to confirm a significant transaction is not in any way a privacy breach.

In crafting any new rules, FINRA must take care to ensure older Americans are protected against financial exploitation by both family members and external third parties. The fiscal impact of financial exploitation is staggering. For many older adults, EFE means the loss of their entire life's savings and their financial and emotional security. This impacts not only the victim but also their local communities.

Electronic Delivery

AARP has long worked to preserve access to the information that investors need to make informed decisions, including through access to paper statements and notices. Millions of Americans, particularly those aged 50 and older or living in rural areas, do not have regular broadband internet access or do not routinely use computers at home.[6] This digital divide means that many would miss out on critical account information if electronic delivery were the default. Many people can access the internet only with their smartphones – including 17 percent of adults over 65.[7] The ability to read and digest complex financial information on such small screens is limited. Much has been done to increase access to high-speed internet and build digital skills, but significant gaps remain. More than one in four people aged 65 and older do not routinely use the internet, and only 70% of adults in this age group have access to broadband at home.[8]

Millions of workers are not just without internet access or a personal computer at home; they also do not have access to computers at work. Jobs in the construction, transportation, manufacturing, and storage sectors, for example, are unlikely to require the use of a computer. Roughly 50 percent of workers in these fields have very limited exposure to computers or digital skills.[9] If this proposal passes without changes, these hardworking Americans could very well never see disclosures again, leaving them with no knowledge about what is happening with their hard-earned money.

Current electronic delivery disclosure frameworks are preferred by some, but importantly, not by all. Most have low click-through rates and a multi-step process, which can frustrate and dissuade recipients from reading important disclosures, especially where they have limited access to email and the internet.[10] Investors who are pushed into e-delivery could potentially need to monitor websites for the availability of new regulatory communications and then search for them. Further, where investors miss the notice, fail to check an online account, or do not see a notice in their spam filter, they also may never see these vital disclosures.

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[6] Pew Research Center, "Share of those 65 and older who are tech users has grown in the past decade," January 13, 2022, https://www.pewresearch.org/short-reads/2022/01/13/share-of-those-65-and-older-who-are-tech-users-has-grown-in-the-past-decade/.
[7] Pew Research Center, "Internet, Broadband Fact Sheet," November 13, 2024, https://www.pewresearch.org/internet/fact-sheet/internet-broadband/.
[8] Id.
[9] National Skills Coalition, "Nearly 1 in 3 workers lack foundational digital skills, new report finds," May 20, 2000, https://nationalskillscoalition.org/blog/future-of-work/nearly-1-in-3-workers-lack-foundational-digital-skills-new-report-finds/.
[10] Consumer Federation of America, "House Financial Services Committee Considers Anti-Investor Disclosure Bill," March 23, 2023, https://consumerfed.org/house-financial-services-committee-considers-anti-investor-disclosure-bill/.

Polling and research consistently show that a significant majority of older adults prefer to receive paper statements. For instance, AARP's polling indicates that most adults with employer-sponsored retirement plans would prefer to receive paper statements in the mail at least once a year.[11] This preference is especially pronounced among those aged 50 and older, individuals with household incomes under $50,000, and those who do not use computers at work. Similar findings have been reported by Vanguard and FINRA.[12,13] This widespread preference underscores the importance of honoring the preference of Americans and maintaining paper statements as a default option to ensure that all investors have access to critical financial information in a format that they can easily review and retain.

Every individual has the right to receive and retain information in the format that best suits their needs. Current federal securities laws require the default delivery of disclosures in paper, ensuring that all investors have access to vital information in a manner that they can easily review and retain. The federal E-Sign Act allows delivery of disclosures only where investors have requested such "e-delivery," and only after the investor has demonstrated their actual ability to access and retain the disclosures that will be delivered electronically.

As FINRA contemplates potential changes, AARP urges them to follow these simple guidelines:

(1) all consumers should be asked their preference as to how they would like to receive disclosures;
(2) if a participant fails to submit a preference, paper should be the default;
(3) providers should determine if participants who elect email or smartphone disclosures actually open them; and
(4) paper disclosures must be sent if electronic disclosures bounce back or are consistently left unread.

Conclusion

Thank you for considering AARP's views. We would be pleased to discuss this further with you. If you have any questions, please feel free to call me, or have your staff contact Clark Flynt-Barr with our Government Affairs team at cflyntbarr@aarp.org.

Sincerely,

Jennifer C. Jones

Jennifer C. Jones
Vice President
Government Affairs

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[11] Brown, S. Kathi. *Retirement Account Statements: Paper or Electronic?*," May 2022, https://doi.org/10.26419/res.00529.00.
[12] Vanguard Research, The Digital Investor, "Patterns in digital adoption," July 2017, https://personal.vanguard.com/pdf/CIRDA.pdf.
[13] FINRA, "Investors in the United States," 2016, https://www.usfinancialcapability.org/downloads/NFCS_2015_Inv_Survey_Full_Report.pdf.