

**MFDA 2015 Seniors Summit**

Mark Gordon

President and Chief Executive Officer

October 29, 2015

Good Morning and welcome to the 2015 MFDA Seniors Summit.

We have a full agenda planned and I am sure it will be of great interest to everyone here today. But before we start, I'd like to take the next 15 minutes or so to talk about two things.

Firstly, I'd like to talk about how today's Summit is different from the Summit we held in 2013; how it fits within the scope of the MFDA's Strategic Plan; and in particular, how it relates to some of the key initiatives in the plan such as enhancing advisor proficiency, strengthening the advisory process, and improving the client experience for seniors.

Secondly, I would like to review some of the other initiatives that the MFDA is pursuing to better protect and benefit senior investors.

So let's begin with the first Seniors Summit we held two years ago. Why we did it, and what we did. The purpose of the first Seniors Summit was to raise awareness of the change that we all face with our growing senior demographic in Canada. We had several panel sessions discussing the many issues and challenges that Members and advisors will face, as well as the changing nature of advice that seniors will need. We received very positive feedback on the last Summit and Members asked us to have another Summit to drill down a bit more, and provide practical advice on the various situations that Members and advisors find themselves confronted with. That is why we are all here today. This Summit is a continuation of our efforts to enhance our collective awareness and proficiency on seniors' issues. We want to provide you with specific, practical, and actionable advice and guidance on dealing with these issues and challenges. Because these issues and challenges are changes that we all face.

If you look at the MFDA's Strategic Plan you will note that change is a theme. The very title of the Strategic Plan, "*Regulating in a Dynamic Environment*" recognizes that change is on the horizon, and we must not only prepare for and react to the change, but we must actively participate in the change, and use our best efforts to influence and even lead the change. How do we do this?

Today's Summit is a good example. We are sharing our collective knowledge and experience on the issues and challenges impacting seniors, ultimately with the goal of better protecting and serving seniors. We will use the learnings from today to help begin to raise Member, Approved

Person, and regulator awareness and proficiency in dealing with these issues. By doing this together we are helping to achieve our shared goals of promoting overall investor confidence and specifically, improving the investor experience for seniors.

When you look at the nature of MFDA Membership and its client base, as well as the nature of the issues, you will see that MFDA Members and their advisory network are particularly well positioned to lead in this area, and improve the senior client experience in Canada. This is especially the case for those seniors that are smaller investors with limited assets. MFDA Members have over 82,000 advisors operating out of over 20,000 branch locations widely dispersed across this country. MFDA Members have over \$600 billion in assets and over half of this amount represents mass market clients – clients with less than \$100,000 to invest. Many of these mass market investors are seniors. That's the broader MFDA wealth management footprint in Canada.

Today we are going to look at that wealth footprint as it relates to seniors. What is the scope of this particular demographic for MFDA Members and the industry at large? What are the trends for the senior demographic beyond the general facts and figures that we are all aware of? For example, the fact that seniors are the fastest growing demographic in Canada, and in less than 20 years over 1 in 5 Canadians will be a senior.

To begin to answer these questions we have our numbers and trends expert from Investor Economics, Goshka Folda. She will break down the numbers and trends for us, and provide us with more specific information about the financial footprint of the senior demographic.

This information will help set the groundwork for today, help us inform ourselves of what we need to know to begin to understand how to best serve this group. What will their financial service needs be? How large will the inter-generational transfer of wealth be? What will be the effects of that transfer? How can we best prepare families for this eventuality?

After we look at the numbers and the trends we will begin looking at the nature of the issues and challenges we face. As we learned at the last Seniors Summit, one of the big issues that we will be dealing with is diminished capacity. This is going to be a significant challenge. The prevalence of dementia in Canadians over 80 years old is estimated at over 20%. Together with the increasing senior population and the increased average lifespan of Canadians, the question is

not if you will encounter this challenge, but when. Navigating the family relationships and emotionally charged issues that dementia can bring up, including sifting through possible competing agendas of family members of your senior client can be a daunting challenge.

As a regulator we want to assist you in responding to these challenges because we recognize as you do that the practical solutions for many of these challenges are not set out in the MFDA Rulebook. In fact for that matter, the solutions are not in any rule book. Because each situation is context and fact specific, situations are different, they vary, and in many cases there is no obvious 'right' solution. So today, to assist us all in dealing with these issues and challenges we have brought together experts in various disciplines to discuss key issues and provide advice and recommend best practices.

You will hear from experts about the red flags of diminished capacity; what to look out for; questions to ask; and best practices for communicating with these clients. You will hear about basic approaches to deal with difficult legal issues such as competing powers of attorney; issues arising from joint accounts; and other estate related challenges. You will hear about the similarities and differences our peers in the United States are facing with respect to their increasing senior population from both the perspective of a regulator and compliance professionals. And you will hear about the solutions and best practices they are implementing, as well as how they are combating elder financial abuse.

In the afternoon we have a panel on advising senior clients during retirement. You will hear discussion about ways to invest the assets of a senior who is no longer in the accumulation phase. What can be done to help protect those assets from the volatility of today's markets? More importantly, what can be done to prepare seniors to deal with that market volatility? What can we do when retirement expectations are not aligned with financial reality?

We will then conclude the day with a panel of compliance professionals who will discuss some complex case studies that we've created. These case studies will touch on many of the issues from today's Summit.

Now let's briefly talk about some of the other things the MFDA has been doing to better protect and serve seniors in addition to today's Summit.

In Enforcement we continue to identify and flag complaints involving seniors. Those complaints are then prioritized and dealt with accordingly, and enforcement staff continues to offer assistance to seniors in filing and documenting their complaints.

In Compliance we recently performed a sweep of Member trading in DSC Funds with a specific focus on client age and time horizon in order to assess the suitability of DSC trades of senior investors.

In Member Education we continue to provide Member education sessions both formally, to all Members at large, and individually, to Members upon request. Over the past two years we have done over 70 educational and outreach sessions on various topics and many of these have dealt with issues associated with dealing with seniors and other vulnerable investors.

For investors, last year we launched a seniors section on the MFDA website where seniors can find information about the assistance that the MFDA can provide, and a library of on-line resources directed towards Canadian seniors.

We've also recently struck a Seniors Consultation Group comprised of Members and Approved Persons to provide MFDA staff with feedback as to what challenges they face in servicing senior clients, and what focus areas they want guidance on from MFDA staff.

Finally, we continue to work collaboratively with our regulatory and governmental partners on seniors initiatives. For example, last year the MFDA was invited to participate in the Financial Consumer Agency of Canada's Consultations on Strengthening Seniors' Financial Literacy which is part of the Federal Government's National Strategy on Financial Literacy. The MFDA's educational initiatives on seniors, including today's Summit, form part of that national strategy.

I began this morning by talking about how today's Summit will be different from the one we held two years ago, and before I conclude I'd like point out one last important difference. The difference is this — at the last the Seniors Summit we had only compliance and supervisory staff in the audience. But today, not only do we have compliance and supervisory staff in attendance, we also have with us, staff from our regulatory partners, staff from industry associations, and representatives from the investor advocate community.

This year we wanted to broaden the reach of the Summit. We wanted to bring all interested stakeholders together because the issues and challenges for best serving seniors affect us all. We are all be part of the solution and when we work together collaboratively and share our collective knowledge and experience, we have a much better chance of achieving the best possible outcomes for seniors. That is what we want. That is our goal here today.

So just as I did at the last Seniors Summit, I would like to not only welcome all of you today, I would also like to thank you for coming. Simply put, by virtue of you being here today, whether as a presenter or an audience member, it shows your collective concern about senior investors and their issues. It means that seniors' issues are important to you, and it demonstrates your commitment to work towards our shared goal of protecting and best serving senior investors. And again for that, I thank all of you.