

# Ask the Experts: Trusted Contact

Q: Whatâ??s a trusted contact? Should I name one for my investment accounts?

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A: Extra layers of security are excellent words to live by in these uncertain times. One easy step to take is adding a trusted contact person to your investment accounts. You may have received an email request from CAPTRUST to do just that, whether on a new account or one youâ??ve had for a while. So what in the world is a trusted contact, and should you have one?

A trusted contact is simply a person you authorize your investment firm to get in touch with in case of any difficulty reaching you or suspicion of potential fraud or financial abuse affecting your account. This person could be a spouse, a relative, a professional like your attorney or accountant, or any reliable person of your choosing over age 18.

Financial exploitation and fraud is rampant, and older Americans were scammed out of $1 billion in 2020, according to a report from the Federal Bureau of Investigation. As part of an effort to safeguard financial accounts, the Financial Industry Regulatory Authority (FINRA) introduced a rule in 2018 requiring financial institutions to ask clients to establish a trusted contact. Note that while a financial institution is required to ask you for this information, the choice is yours whether or not to provide a trusted contact.

If itâ??s not required, should you bother? In this age of identity theft and synthetic identity fraud, both FINRA and the Securities and Exchange Commissionâ??s Office of Investor Education recommend that you designate a trusted contact for your accounts.

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Imagine that your financial advisor has repeatedly tried to reach you without success for an urgent matter regarding your accounts. By having preauthorization to reach out to your established trusted contact, your advisor would have greater ability to help in a variety of situations, such as:

- Youâ??re on vacation.
- Youâ??re having health issues or are in the hospital.
- Youâ??ve been displaced by a fire or natural disaster.
- Youâ??re a victim of identity theft.

As you can see, the trusted contact should be someone who is able to reach you easily to convey a message. This person might need to confirm your health status, confirm the identity of someone with power of attorney for your account, or confirm the identity of an executor or trustee who is working on your affairs.

A trusted contact is not the same as a power of attorney. The trusted contact does not have any authority to:

- make trades or execute transactions;
- act on your behalf; or
- engage in activity on your account.

Youâ??d have to separately authorize this person to allow any such actions. However, the financial institution does have the ability to place a temporary hold on disbursements from the account if financial exploitation is suspected.

Adding a trusted contact is a bit like turning on two-factor authentication on your phoneâ??an extra step that might make all the difference in protecting your account from fraud or scams.

Have questions? Need help? Call the CAPTRUST Advice Desk at 800.967.9948, or schedule an appointment with a retirement counselor today.

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