

Opening Statement of Senator Herb Kohl
September 5, 2007
Special Committee on Aging Hearing
“Advising Seniors About Their Money; Who's Qualified--And Who's Not?”

We welcome everyone to today's hearing. We particularly thank our witnesses for taking time out of their busy schedules to be with us. Today we will examine the nationally growing problem of poorly trained “senior investment specialists” and take the first step towards much needed reform.

Many seniors are discovering that their life savings will not see them through their golden years and are turning to investments to increase their retirement income. With the intent of investing wisely and knowledgably, older Americans often turn to financial advisors. An investigation conducted by this Committee has found that many seniors are losing their retirement income and savings by placing their trust in so-called “advisors” who in many cases may not deserve it. More and more, individuals are representing themselves as certified “senior” investment specialists when they often have limited or no education and experience in extremely complicated financial matters. It's estimated that there are thousands of individuals holding themselves out as “senior” specialists. Although some of them may have legitimate credentials, far too many do not.

We know that an attorney must go to school for three years and pass a state bar exam. A CPA must have a college degree, an additional year of study and must pass a national exam. Neither can offer their professional services without those credentials. Seniors should be able to trust the people who invest their money. They should not be worried that the title after their advisor's name is scarcely more than a marketing ploy, and that it was not earned through sufficiently rigorous financial education or training.

As you can see from the poster we have, there are many different designations and they all sound very official. These are just a handful of those being marketed. You would be surprised to know that in order to obtain some of them, all it takes is a weekend and as many cracks at an open-book, multiple-choice exam as is needed? We can't tell the difference between the more legitimate titles and those with less rigorous standards. Can you? Can our seniors?

During this hearing, we will also take look at how some of these so-called “senior advisors” and other inadequately trained sales agents are placing seniors' money in investments unsuitable for their needs. I want to make it clear at the outset that we're not taking any position on the benefits or relative value of any financial products. However, some investment products are extremely complex and require a trained expert to explain their costs and benefits. Unfortunately,

many seniors are not receiving these clear and unbiased explanations when they receive financial advice.

To be fair, and to gain as wide a perspective as possible, we've invited a number of financial and insurance-related organizations to provide their written views on these issues, and we've made those statements available.

While it is true that many financial advisors hold reputable designations, far too many do not. More importantly, having too many designations and certifications out there can only serve to confuse our seniors. Older Americans need to know whom they can trust. To address this problem, we intend to develop legislation that will provide a uniform standard for the accreditation of senior financial advisors.

In the months to come, we'll also be working with the financial and investment industries to reform the use of designations. We are pleased that increasing concern surrounding this issue has already caused a number of companies to ban or limit the use of "senior specialist" designations by their employees.

Once again, I thank all of our witnesses for being willing to take part in the Committee's work. With that, I turn to our Ranking Member Gordon Smith for his opening statement.