

Testimony of Kai Stinchcombe
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Chairman Casey, Ranking Member Scott, Members of the Committee, thank you for inviting me to provide testimony on an issue that is very near and dear to my heart.

Personal story

I'm Kai Stinchcombe, cofounder and CEO of True Link Financial.

My grandmother, Ruth Heimer, was born in 1921 in Rensselaer, Indiana. She worked as a missionary and taught music at the church school. She died in 2020 at 98 years old. My mom, Carol Heimer, was her primary caregiver as she aged. During her last decade and a half, she experienced increasingly serious Alzheimer's.

Inherently, a person with a certain stage of Alzheimer's is unable to budget, because knowing how much you have already spent requires you to have memories of recent events – memories you are unable to form. Having no recollection of recently spending any money, from your perspective your budget is always full. Anything you used to do occasionally or on a budget is now potentially an out-of control spending problem. This can include sweepstakes entries, TV shopping, magazine subscriptions, discount clubs, gifts to friends or family, drinking, gambling, or wire transfers to your new girlfriend you met online who just needs a little help with her immigration paperwork.

In my grandma's case it was charitable contributions. She might historically have donated ten dollars a month to support hungry children or veterans charities. With the onset of her disease, however, she was making these donations many times per day, in response to mail and phone solicitations. Some were legitimate organizations who were excited to have found a donor who would give every time they called, while some were deliberately lookalike-name charities or used confusing scripts to persuade her that she had contributed in the past, or that it was time to renew her membership.

My grandma still cooked her own food, bought her own clothing, went out for pizza or ice cream or to the movies – she just couldn't remember what happened earlier that day, or how many hours it had been since she last made a charitable contribution.

When my mom talked to her bank, they told her that unfortunately it sounded like my grandma could no longer safely use a checkbook, a credit card, or a debit card, and that the best bet was probably to close the account. But taking away her forms of payment – i.e., making my grandmother unbanked – would have meant such a tremendous loss of freedom, at a time when her remaining freedom was so precious.

When I talked to my mom about it I assured her there are six million people in America with Alzheimer's – not only was this guaranteed to be a solved problem, but surely someone had built a very very successful company solving it.

About True Link

It turned out that, in fact, no company was solving this problem. Fifteen years later, I am the cofounder of True Link, a company that serves people like my mom and grandmother – providing an account and form of payment that is designed from the bottom up to be used by two people, a trusted care provider and someone in a situation of supported decision making. Our products, introduced for those with memory loss, have also found application in special needs, mental health, recovery from addiction, and other forms of disability.

Today we are a team of about 105, have raised around \$70 million of venture capital from firms like Y Combinator, QED, Khosla, and Centana, and 97% of our customers would recommend our product to a friend. Our financial advisor manages approximately a billion dollars of assets¹ and our card company has processed approximately a billion dollars of Visa card transactions over its lifetime, on behalf of around 200,000 members in all fifty states. We prevent close to \$100m of estimated financial loss to people over 60 every year.

For example, our customers might need their accounts monitored for large or unexpected transactions, or controls against large cash transactions, or blocks on certain merchants or categories of merchants, or might apply a curfew to themselves to help stay sober, or define a weekly or monthly budget, or set up the card for use at only a set of predefined stores they regularly visit. In the end, what we enable is the kind of day-to-day autonomy many take for granted – the accounts are typically used to make purchases of \$25 or less, with top categories of groceries, gas stations, restaurants, utility bills such as electricity and phone, and shopping for household goods and necessities.

We work with family members and friends as well as professional care providers including government programs, nonprofit organizations, attorneys, accountants, banks and trust companies, care managers, group homes, professional trustees and fiduciaries, recovery

¹ Investment services are provided through True Link Financial Advisors, LLC, an investment adviser registered with the U.S. Securities and Exchange Commission ("SEC") and wholly-owned subsidiary of True Link Financial, Inc. Registration with the SEC does not imply a certain level of skill or training nor does it constitute an endorsement by the SEC. The remainder of this testimony refers only to the card offering.

centers, retirement homes, and in-home care providers. We have worked with hundreds of thousands of family members and approximately eight thousand professionals. True Link is used by over 300 nonprofits, over 75 government agencies, and over 250 banks and trust companies.

And when financial institutions like True Link do solve the problem, the impact is extraordinary. One customer told us (more quotes at the end):

My mother has dementia. I just want to let you know how impressed I am with your service and the level of support your company provides. The ability to allow my mother to maintain some level of independence by having a credit card while providing me the ability to monitor her account and prevent unauthorized use has meant the world to my family.

Along the way we heard the story of a man who, because of our card, could still get coffee with his army buddies once a week like he had been doing for years. We heard about an individual with developmental disabilities making a purchase on her own behalf for the first time – something her parents had not expected would ever happen. We heard about a mom whose son was sleeping in his car, and she gave him a card for the gas station so that, even if he had spent all his money on drugs, at least he could keep himself warm at night that winter.

Independence is not when you don't need any help, it is when you have all the help you need.

Challenge and market opportunity

Reflecting on these ten years since the company was founded, we have come to better understand the size and scope of the problem we are addressing, and the opportunity available in addressing it. The total population of family caregivers is 44 million – about one in three households – providing care to 50 million family members, about twice as large as the population of teenagers.

Focusing first on the challenges facing our older population, our survey research found that about \$36.5 billion is lost to schemes targeting seniors.² Approximately \$7 billion of that is caregiver exploitation – a family member, friend, or professional taking advantage of a trusted relationship. Approximately \$13 billion is exploitation by strangers – identity theft, the “Nigerian prince” scam, the “grandparent scam,” and so on. And the largest category, approximately \$17 billion, is what my grandmother experienced – misleading or confusing sales tactics explicitly targeting vulnerable seniors. This estimate is consistent with previous studies by Allianz (2014) – finding that 5% of seniors have experienced average losses of \$30,000 per person for a total

² <http://documents.truelinkfinancial.com/True-Link-Report-On-Elder-Financial-Abuse-012815.pdf>

of \$69 billion among seniors alive today – and MetLife (2011) finding that fraud reported in the press totaled \$2.9 billion per year, with an estimated five to forty times as much unreported.³

There is not similar richness in the studies of financial challenges related to addiction, disability, or mental health challenges. We did find in our own survey research that 87% of family members of people in recovery from addiction said that banks or credit card companies do not offer much help to people with substance abuse disorders as they try to regain control of their financial lives.⁴

I would be remiss in not describing the economic opportunity here for financial institutions that are willing to go the extra mile. Bankers might be interested to learn that one in three people managing a small business account is a family caregiver (caregivers are 198% more likely to have a small business account than the general population); that relative to non-caregivers, caregivers to an aging parent are 68% more likely to have a mortgage, 94% more likely to have an investment account, 93% more likely to carry life insurance; and that financial caregivers are the main financial decision makers in 22 million households – approximately one in five American households. We also found that a good experience in this situation of financial caregiving could more than double customer loyalty.⁵

Every single person deserves high quality banking services – regardless of their age, disability status, income, or wealth. It is also a good business.

Policy environment

Why, then, is this population still so underserved? Much of it is awareness of the category, the opportunity, and the solution. But, given the audience, I will highlight two relevant policy issues.

From a financial services perspective, legal competence or capacity is primarily viewed as a binary construct: either someone is deemed to be legally competent to engage in financial services transactions and sign contracts, etc., or they are not. In this sense, if a person is legally competent or has legal capacity they are responsible for everything that happens in their financial services account – including being defrauded, taken advantage of, a purchase that is the start of a relapse, or spending decisions made during a bipolar episode. In contrast, if a person is deemed legally incompetent or lacking capacity they are essentially prevented from engaging in any type of financial transaction. Either way, the financial services industry washes their hands, leaving a gaping void of unbanked individuals.

³ See https://en.wikipedia.org/wiki/Elder_financial_abuse

⁴ http://documents.truelinkfinancial.com/True_Link-financial_wellness_in_addiction_and_recovery.pdf

⁵ “A lifelong duty: Underserved today, caregivers present an opportunity for banks.” Survey of 5,400 adults about caregiving and finances. Not yet published, available on request.

Yet this is a false binary. There is no person who can correctly make every decision without consulting a supporter, and there is no person who should have zero input into the decisions that govern their life.⁶

A second challenge is that the role of care providers is poorly treated across the board. Caregivers certainly prevent a massive amount of fraud and financial abuse – far, far more than they perpetrate. Yet you would not know it from the headlines.

It is entirely appropriate that bad actors are punished. But the incentive structures – headline risk, liability, regulatory findings – are entirely on the side of avoiding trusting the wrong caregiver. It may feel from the financial institution's perspective that the safest thing to do is to do nothing.

In both cases, some of this is about the banks' mindset, but some of it is about the policy and regulatory environment. An example of constructive policy change is the 2013 Interagency Guidance, the 2016 CFPB Advisory, and the 2018 Senior Safe Act. This set of rules successively created better and better safe harbors for financial institutions that (a) recognized, in a nuanced way, a situation where someone might be legally competent but making a bad decision, and (b) encouraged banks to get others involved.

The CFPB's 2016 recommendations in particular suggest that banks "offer account holders the opportunity to consent to disclosure of account information to trusted third parties when the financial institution suspects financial exploitation." The more safe harbors like this that we are able to create from a policy perspective, the more fintech companies and financial institutions will see the opportunity in creating solutions.

Moving forward

I am optimistic that we have already taken steps in the right direction, that we continue to take steps in the right direction, and that these steps are increasingly visible and impactful.

I believe there are five ingredients for success as we continue to move toward an America in which supported decisionmaking is available through the banking system to all who need it.

The first is more widespread acceptance of supported decisionmaking as a concept – rather than the binary of zero help versus zero autonomy. This is not a new concept but I believe it is gathering steam.

The second is knowledge of the private-sector opportunity size. I think we are starting to have that with the aging population, and with it, awareness of memory loss. The thinking on other

⁶ There are many good resources on this topic. One is here: <https://autisticadvocacy.org/actioncenter/issues/choices/sdm/>

forms of disability may be moving slower but I am confident it will arrive, and that the places where it arrives first will thank themselves for being forward-thinking.

The third is permission from policymakers and regulators. Financial institutions are often, correctly or incorrectly, highly motivated by fear of regulatory repercussions. Policymakers and regulators have taken some steps to indicate that they will not punish financial institutions who are in good faith and with due care trying to broaden inclusion in the financial system.⁷ We need more of this, especially around the ability to trust a caregiver or supporter, but it does feel like we are headed in the right direction.

Fourth, interest from policymakers and regulators in the topic is very helpful. At every bank in America there is someone whose job ultimately is trying to figure out what people like you care about. Holding hearings on this topic genuinely helps.

And then finally, there is individual decisionmaking within the financial system. Everyone wakes up in the morning and goes to work with a choice about what they are going to focus on and, in doing so, who they are going to include and who they are going to exclude. I hope today's hearing not only contributes to an encouraging policy environment, but also inspires each of us and those we touch to broaden the scope of the US financial system.

Appendix: quotes from cardholders and caregivers

With the True Link Card, I am able to make purchases for myself without needing to ask permission from others. It is empowering knowing I can buy my own groceries, get myself a new outfit, or fill up my car with gas on my own terms.

As my mother's memory continued to fade, she missed more and more monthly bill payments. She would forget, or think she already paid, and it was difficult for me to check in on her while her statements were coming in the mail. With the True Link card, I helped my mom enroll in automatic bill pay. I can now confirm that her bills are paid each month, and don't have to worry about her electricity being turned off due to a missed payment.

I've been trying to help and assist my brother, who has a disability, for the last 20 years. In using it for one month, it has really provided a tremendous help... that we have never been able to establish. For those of us taking care of someone who is somewhat independent, it has been a savior to ensure my brother can stay independent.

⁷ An idea for future agency guidance: many states expire drivers' licenses more frequently for older drivers, to get folks to come in for an in-person test. In many cases non-drivers just let the license expire. What if there was guidance that a driver's license valid at your 70th birthday could be used for the rest of your life to open a bank account (i.e., no-action against a financial institution from an AML / KYC perspective for a policy of accepting an expired driver's license, if the policy would be otherwise acceptable)? (See <https://www.cdc.gov/motorvehiclesafety/calculator/factsheet/licenserenewal.html> for a list of state-by-state rules.)

My father's bank-issued credit card was constantly hacked because he was shopping on sketchy websites to alleviate his boredom. I know he was humiliated each time I had to step in. Now that doesn't happen anymore. This card has allowed him to retain his autonomy, but protects him at the same time.

True Link is such a godsend for our child. It's a really comfortable way to give him independence, but know he is getting food every single day. You are so amazingly professional but also really heartwarming too.

[Before True Link] everything was in the glove box of my car: money, stacks of paystubs, all my financials... my 'bank' was at risk of being stolen.

Early in my recovery, I realized that I have no money, and no one trusts me to give me money – but I still needed to get a haircut, to buy deodorant.

Most people see those in recovery in one way – we're bad investments.

Before True Link, I had to take a bus to the cash-checking store across town twice a month. I had to leave work early to make it there in time, paid a high fee to cash my check, and then take the bus home after dark with a full paycheck worth of cash in my pocket. I could not open a bank account because of my credit history. I was afraid of being a target. True Link has saved me time, money, and most importantly, has made me feel safe.

True Link has been a godsend, and has helped our son avoid relapse. Now, our son has been able to have more control and independence, allowing him to reclaim responsible behavior.

We've had four situations in the past few years, with four different guys, where, if not for True Link, a resident would have returned to use.

I manage a True Link Card for my sister who has special needs. This allows me to give her the freedom to spend money as she chooses without needing me to be involved day to day. I've been recommending your product to everyone who will listen.

This is amazing. This is the most amazing service I've ever experienced. You are doing God's work.

This is the best product I have ever experienced.

I'm taking it all in, and just want to shed tears of joy... I just have to say, I love working with True Link.