

The Opioid Epidemic and Financial Professionals

The opioid epidemic is one of the biggest public health crises currently facing North America. The cost of opioid addiction and treatment can have major financial ramifications. Recovery can be a lifelong battle. Clients facing opioid addiction – either themselves or within the family – may be strapped for resources and can be vulnerable to poor financial decision-making or even fraud. This Industry Advisory discusses how this health crisis impacts investment professionals and their clients.

Impact on Investment Professionals, Clients, and Firms

The opioid crisis in North America is a rising contributor to elder financial abuse. Investment professionals are often the first to see the signs of this type of exploitation. This should be of great concern to investment professionals and firms who will need to evaluate their internal systems to ask the following questions to best serve clients:

- Do our employees know the numerous ways the opioid epidemic might affect clients?
- Do our employees know how to spot the signs of financial exploitation?
- Do we have adequate internal controls to appropriately handle cases of suspected financial exploitation?

An Investment News survey reported in August 2017 that more than one-third of investment professionals have had clients identify as having opioid use dis-order or having a close family member struggling with opioids.

In August 2017, the U.S. government declared opioid use a national public health emergency. Overdose deaths from prescription and illicit drugs doubled in recent years, climbing from 21,089 deaths in the United States in 2010 to 42,249 deaths in 2016. The Centers for Disease Control and Prevention notes 115 Americans on average die every day from opioid abuse.

What Can You Do Today To Provide Guidance And Support To Affected Clients?

1. Understand opioid use disorder

- Opioid and/or any substance use disorder is a disease, not a moral failing.

- The Centers for Disease Control and Prevention (CDC) found that opioid dependency can begin in as soon as three to five days of initial use.
- Out-of-pocket costs for recovery programs can be upwards of \$50,000 and do not guarantee results.
- Opioid use disorder is not limited to illicit substances.
- Prescription drug use is also a contributing factor and is prevalent throughout all demographics.

2. *Understand and know how you may encounter it*

- Investment professionals may see the tremendous costs associated with opioid use disorder and recovery efforts, particularly in-patient recovery programs.
- Investment professionals may be able to identify and detect a client who is struggling with opioid use or who is being financially exploited by someone who is struggling with opioid use.
- Clients may request or even demand money from retirement savings, use home equity lines, or draw on credit cards to cover the expenses for themselves or a loved one experiencing opioid use disorder.

3. *Understand what you can do to help*

Here are some questions to ask to help your clients understand the short-term and long-term implications of funding opioid recovery and other opioid-related expenses from retirement savings.

- ✓ **Do your clients understand the unpredictable and costly cash flow of recovery programs for treating opioid use disorder?**
 - Since initial recovery attempts may not be successful, you can help your client prepare for future cash needs to help minimize financial losses.
- ✓ **Have your clients canvassed other options?**
 - Are there other options to costly recovery programs?
 - Will insurance cover any of these costs?
 - Are there any government-funded programs or local initiatives that might assist or offset the cost?
 - Can any of the costs be claimed on your tax return?
 - If money is being spent in other areas – such as on legal fees or in raising grandchildren – do government assistance or local programs exist to help offset the costs?
- ✓ **Do you know how to spot and report financial exploitation?**
 - Opioid use disorder can bring with it financial exploitation. This could come in the form of exploitation by family members or trusted professionals.

- Red flags of financial exploitation include:
 - Others showing too much interest or control in the client's finances.
 - Displays of fear, anxiety or submission.
 - Declines in appearance or signs of neglect.
- ✓ Do investment professionals have sufficient internal controls?
 - Opioid use disorder does not discriminate and affects all ages, ethnicities, and socio-economic classes. It might even affect the people and clients you least expect.
 - Ensure investment professionals have sufficient internal controls to identify suspicious account activity and strong verification protocols.
 - Watch for sudden changes in account control or suspicious activity.

Other Available Resources

Knowing what other resources are available in your area may assist you in providing possible service recommendations to your client. The following is a non-exhaustive list of resources that may be helpful.

United States

Substance Abuse and Mental Health Services Administration (SAMHSA)
findtreatment.samhsa.gov
 Treatment Hotline: 1-800-662-HELP (4357)

Nebraska Department of Health and Human Services
 Division of Behavioral Health
dhhs.ne.gov/Pages/Behavioral-Health.aspx

Canada

Government of Canada
canada.ca/en/health-canada/services/substance-use/get-help.html

How to Open a Conversation with Clients

Broker-dealer agents and investment adviser representatives are well placed to identify and detect when a client is struggling with opioids or being financially exploited by someone struggling with opioids. Investment professionals are encouraged to use conversation starters for financial professionals to discuss financial ramifications of opioid addiction with clients available on ndbf.ne.gov.