

# PREVENTING FRAUD IN RETIREMENT PLANS

In recent years, fraudulent actors have increasingly targeted participant balances in retirement plans. The industry has taken note and aggressive action to prevent successful fraudulent attempts.

LIMRA and the Society of Actuaries assessed the current situation through a series of interviews with retirement plan recordkeepers regarding industry practices in financial crimes and fraud prevention.

## TOPICS in Retirement Plan Fraud...

### Trends



Fraud has become a significant concern for plan sponsors, recordkeepers, advisors, and participants in recent years.

While known party or familial fraud makes up the majority of fraud attacks, account takeover (ATO) attacks perpetrated by unknown and unrelated third parties can be the most damaging from a financial and reputational perspective for recordkeepers.



Fraudsters are opportunistic, and seemed to shift their efforts toward pandemic themed schemes from early 2020 through early 2021. Recent activity indicates they have shifted back toward retirement accounts.

### Targets

Anyone can be targeted, but our research finds the most likely to be:



Wealthy



Executives



Doctors



Healthcare/  
Education  
Industries

### Together



Recordkeepers, plan sponsors, and participants need strategies to protect their data and funds.

## PARTNERING in (Fraud) Prevention

### Recordkeepers



Multi-factor identification



Distribution rules



The human intervention factor



Monitoring and investigation



Vendor and third-party services

### Plan Sponsors



Communicating with recordkeepers



Enabling training and participant communication



Monitoring participant changes and distributions



Protecting employee data

### Participants



Register online accounts and visit them frequently



Regular statement review



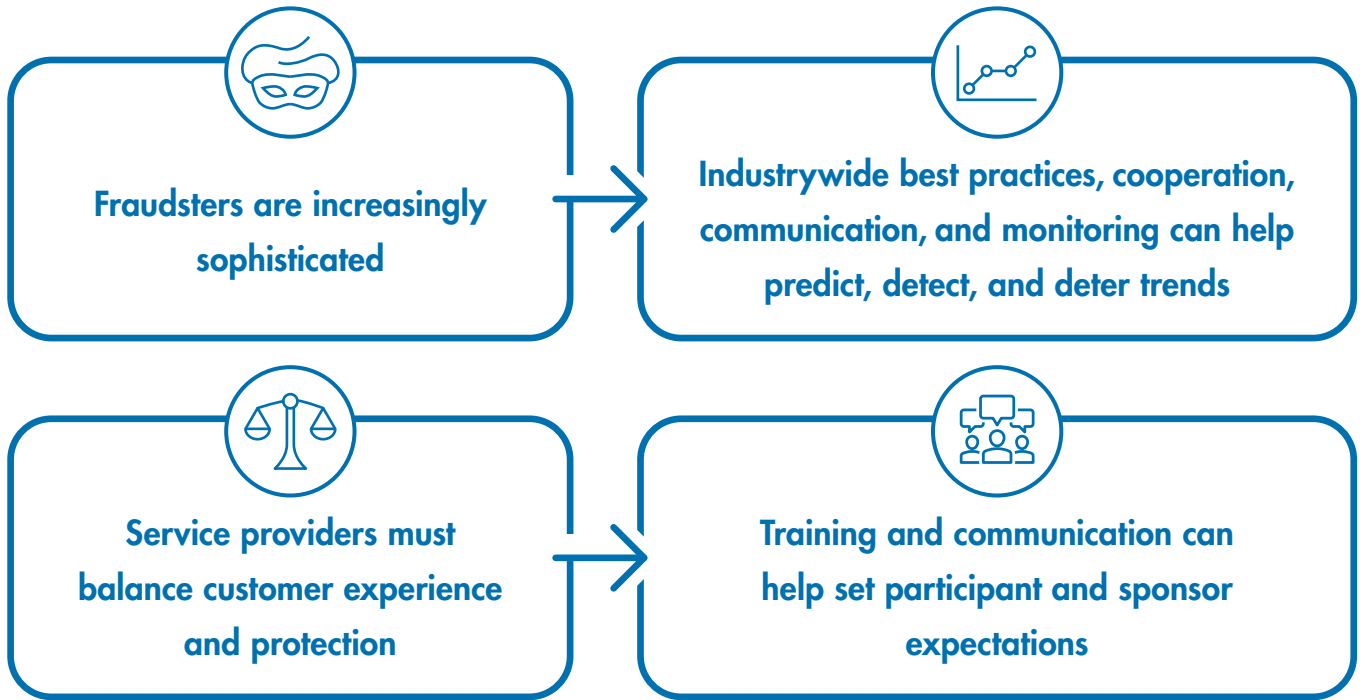
Don't reuse usernames and passwords; set non-discoverable passwords



Protect personally identifiable information

## PREPARING NOW for the Future of Fraud

Fraud in retirement plans is an evolving problem; protection requires constant and evolving vigilance.



FRAUDULENT ACCOUNTS FOR REAL ELIGIBLES EXPANDED  
OFF-LINE ACCOUNTS  
T ACCOUNTS FOR REAL ELIGIBLES  
EMAIL HACKING  
"WARE" ATTACKS  
OFF-LINE ACCOUNTS  
EMAIL HACKING "WARE" ATTACKS FRAUDULENT  
EXPANDED FRAUD: USING THE PLAN ACCOUNT AS A GATEWAY