

Communicating With Older Clients

Part 1

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Brief Snapshot of 50+ Population



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U.S. Population Now

Age	Male Total	Percent	Female Total	Percent	Total	Percent
50+	44,283,006	14.4%	51,835,924	16.9%	96,118,930	31.3%

Bottom line:

96 million Americans are aged 50+, which is more than 31% of the population.



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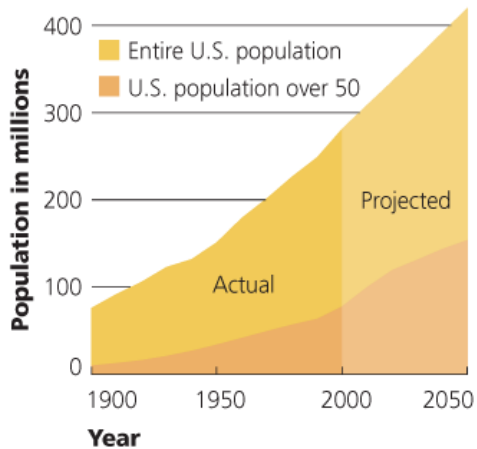


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U.S. Population Future

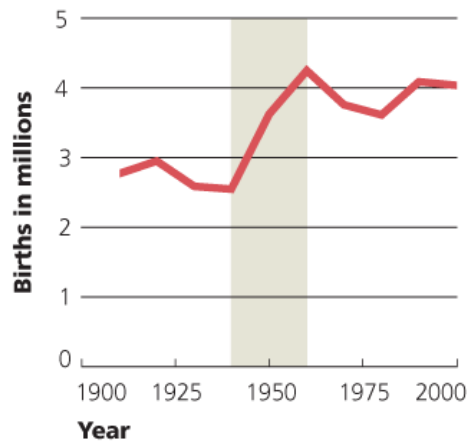
Age and population growth

The proportion of the U.S. population age 50 and older is steadily increasing.



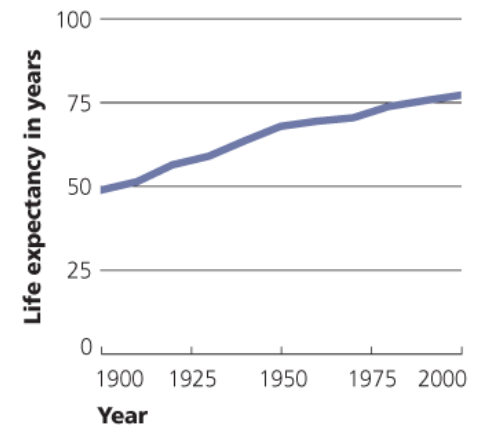
More entering the 50+ population...

Baby boomers, born between 1946 and 1964, are reaching their "golden years."



...and living longer

Americans live longer now than they ever have, and life expectancy will continue to increase.



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Financial Preparedness

- Almost 8 in 10 Boomers within five years of retirement state that they will try to live on income alone (Social Security, pensions, interest, etc.)
- For Boomers more than five years out from retiring, more than half—55%—do not know how much they need to save for retirement.
- Approximately 6 out of 10 Boomers within five years of retirement prefer to consult a specialist when making financial decisions.
- Unretired Boomers cite retirement planning as the top financial advice they would like to receive in the next 12 months, expressing a clear preference to gaining that information in a face-to-face exchange, rather than via online and electronic methods.



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Working With Older Clients— What To Know About Them



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What Is Older?

“Older” is variously defined:

- Age Discrimination in Employment Act applies to 40+.
- AARP membership begins at 50.
- Retirement savings withdrawals can start at 59½.
- State “elder abuse” laws generally apply to those 60+.
- Social Security is available at 62.
- Medicare is available at 65.
- Minimum distributions start at 70½.
- Fraud starts at any time.

Older can be an age, a status, or a frame of mind.



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Special Challenges

Older clients have many different needs but some commonality...

- Those nearing retirement may have to readjust expectations.
- Possible quick shifts from wealth accumulation to spend down.
- Often lack familiarity with financial products and services.
- Strongly established spending and money management habits.
- Problem or crisis (e.g., loss of spouse) ignites financial changes.
- Physical and mental changes do occur.



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Special Challenges

AARP has found turning 50 is significant in people's lives:

- Turning 50 triggers a number of changes in physical and mental well-being.
 - A time of mixed blessings.
 - Their bodies are changing as well as their psychological outlooks.
 - Some start to feel the effects of lifestyle choices.
 - They are redefining their physical potential for appearance and activity.
 - Find themselves sandwiched between demands (work, parents, children and grandchildren).
 - Start feeling cultural bias towards the young.
- Many have decided to give aging a run for its money.
 - Others my age are starting to get old, but I'm not going to.
 - They're looking for strategies to get ahead of the curve.



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Boomers' Mindset

- Nearly half of all Boomers broke from the traditional life path. They are currently redefining retirement.
- Boomers Near Retirement have nearly twice as much in financial assets than Other Non-Retired Boomers.
- Economic crisis has changed Boomers' outlook regarding retirement, most often by delaying when they expect to retire, followed by declining expectations for retirement lifestyles and increasing expectations for Revolving Retirement.
- Boomers are more prepared, both fiscally and psychologically, for retirement. They are focused on managing their assets, and they want to try to live on income in retirement.
- Boomers are aware of uncertainties associated with retirement in the 21st century, but with this, there is an increase in mistrust of financial institutions and intermediaries, especially associated with investment needs.
- Financial providers are faced with a massive challenge and opportunity. Traditional products and services, marketing and delivery, and relationships and expectations of retirement have to change to more effectively address the realities that Boomers face.



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Social Situations

Aging brings lifestyle changes

Midlife	Pre-Retired	Retired
<p>Time of reckoning and change:</p> <ul style="list-style-type: none">- Holding onto midlife- Work-oriented- Accumulating (wealth)- Face multiple demands- Fight aging- Caregivers (parents)- Experience life changes- Looking to the future	<p>Prolonging career returns:</p> <ul style="list-style-type: none">- Not ready to move on work-oriented- Streamlining life- Consider semi-retirement- Face multiple demands- Are health conscious/see changes in health- Want the best of both- Seek financial comfort	<p>Finding a new sense of self & values:</p> <ul style="list-style-type: none">- Time for me- Feel life slows down- Self identity & values change- Family time increases and yet family members pass on- Adjusting dreams to reality- Are disease-conscious- Maintain active function- Strengthening and making new bonds- Loosening and weakening of old ones- Keep independence- Stay connected (Religion/South)



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Family Situations

Professionals rarely deal with older clients in isolation

Family Members	Other Decision Makers
<ul style="list-style-type: none">- Adult children often get involved for both good and bad reasons- Many more adults will have step-relatives in years to come- 4.5 million children are living with grandparent-headed household, with 2.4 million relying on them as primary responsible adult- New relationships after loss of spouse- Family dynamics can impact investment goals and decisions, complicate decision making, and raise ethical issues	<p>Older clients bring more than family...</p> <ul style="list-style-type: none">- Powers of attorney<ul style="list-style-type: none">- Excellent tool to assist when declining capacity- Disastrous results when misused- Client must sign while still has capacity- Agent can't do what client has not directed to do- Guardianship<ul style="list-style-type: none">- Court process after client loses capacity- Professional caregivers<ul style="list-style-type: none">- Should be bonded



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Life Changes Checklist

Family Changes

- Marriage
- Divorce
- Remarriage
- Birth or adoption of a child/grandchild
- College (you, spouse or child)
- Graduation from college
- Your child reaches age of majority (18 or 21, depending on your state)
- Your child marries
- Death of spouse, child, other dependent
- You become the legal guardian for another person(s)

Career Changes

- A new job
- Job loss
- You start, buy or close a business(s)
- You gain or lose a business partner(s)
- Experience changes to retirement plans or insurance providers
- Enter or leave retirement

Personal Finance Changes

- Your investments dramatically increase or decrease
- You establish a trust(s)
- You add/change insurance policy
- Reception of inheritance, settlement or any financial windfall
- You discover an old life insurance policy
- You discover old mutual funds or annuities that you may have forgotten
- You purchase or sell a home
- You or your spouse receive Social Security or Medicare

Health Changes

- You, your child or guardian becomes incapacitated
- You are afflicted with a serious illness
- Death of a beneficiary



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Educational Resources

AARP professional materials:

www.aarp.org/forfinancialpros

AARP consumer materials:

www.aarp.org/orderfinancialpubs

IRI website:

www.irionline.org

IRI members-only website:

(including access to client-approved material)

www.myIRIonline.org



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Additional Resources

FINRA:

www.saveandinvest.org/55plus

Securities and Exchange Commission:

www.sec.gov/investor

National Association of Insurance Commissioners:

www.naic.org

American Council of Life Insurers:

www.acli.com

North American Securities Administrators Association:

[www.nasaa.org/Investor Education/Senior Investor Resource Center](http://www.nasaa.org/Investor_Education/Senior_Investor_Resource_Center)



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