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Remain Competitive With Innovative Products and Services



As they near retirement, the “me generation” is looking for individualized, personalized and convenient financial solutions to ensure their retirement years are well-funded and personally fulfilling, says Joseph Coughlin, Ph.D., founding director of the MIT AgeLab. “That’s going to require financial advisors, planners, wholesalers and retailers to think differently about how they approach this customer. And, there will be innovations in what they sell and how they sell it.”

Joe Coughlin, Ph.D.

Founding Director of the MIT AgeLab

AgeLab is a multidisciplinary partnership between MIT, industry and the aging community to engineer innovative approaches to improve quality of life for older adults and those who care for them. Dr. Coughlin conducts research, consults and speaks about the implications of aging on business strategy and public policy to business and government audiences throughout the world, including the American Geriatrics Society, the White House Conference on Technology and Aging and the U.S. Senate Committee on Aging.

Coughlin recently spoke with *The Retirement Insider* (TRI) about the products and services baby boomers want and need from the financial services community.

TRI: How do financial pros need to change their approach to baby boomer clients and prospects?

Coughlin: Boomers don’t want an advisor with a calculator who says, ‘OK. You’re 46, you have two kids and let’s plan it out.’ We think financial advisors and planners need to become whole innovators: They are going to have to approach the customer in mind, body and soul.

They have to consider the rational in terms of numbers, the body in terms of activities and vitality, and the soul or how the clients feel about their savings and allocations and the overall relationship with their advisor.

Financial advisors have been well-trained to guarantee the income stream, but without knowledge of what it is supposed to feed. So now boomers are going to demand that you know me, know my expectations, and what I am planning on doing with my life going forward, whether it’s returning to school, starting a business or a new career, volunteering or caregiving. And they are going to be looking for someone to give them consulting or coaching regarding those possibilities. That means all of a sudden, financial brokers and planners need to start thinking holistically in terms of *life* planning, not just financial planning.

Very soon financial advisors and planners are also going to be required to be

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very skilled at things such as long-term care, reconciling health-care costs and end-of-life planning. Convenience is no longer just about having time, it's about people finding a trusted one-stop-shop to deal with life issues for both themselves and their parents.

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TRI: Is there a difference between boomer women and men?

Coughlin: Unlike their mothers or certainly their grandmothers, they aren't waiting for their husbands to make the right financial decisions, or to see how his income and pension plan are going to work. At least 70 percent of baby boomer women work at least part time and they have growing incomes. They are looking for a predictable relationship with someone they can trust who is willing to look at the comprehensive life they are trying to manage, not just the portfolio.

TRI: Should advisors look outside the industry to find ways to improve the customer experience?

Coughlin: Yes. Apple is one of my favorite examples. Each store has a Genius Bar where advisors help and teach clients. They make it fun in an enjoyable surrounding. Some financial services businesses are now increasing their retail presence. It's not necessarily because they are bringing in more money through those outlets, but they are actually buying mind share by having people come in, sit down, read a newspaper, have a cup of coffee and learn from the advisor.

TRI: What about the independent financial advisor who doesn't have a large office or staff?

Coughlin: This should be a two-part strategy. One is to build a network around other providers like accountants, lawyers and probate professionals to develop a trusted network and create a one-stop-shop. The second part is also to have relationships with wholesalers who provide them with the knowledge necessary to be strategic partners with their clients, as well as the products and services that enable them to provide a holistic approach.

Essentially we are looking at a sea change of innovation across the value chain in financial services— all being driven by the disruptive demographic of the baby boomers.

TRI: What are some of the new products available to help financial pros develop a holistic approach and engage clients and prospects?

Coughlin: You are seeing an emergence of eldercare services and end-of-life planning, such as funeral concierge services. Banks are experimenting with geriatric assessments to determine if homes are safe for aging people, and some are offering monthly bill-paying services.

TRI: What are the benefits for advisors and planners?

Coughlin: It's quite simple. Throughout their lives, baby boomers have been looking for solutions that are both convenient and personalized. If you don't provide them, someone else will.

TRI: Where will the competition come from?

Coughlin: You could see banks move into this area very quickly. They already own many parts of financial life, from paycheck processing to individual car and home loans and the like. If companies like Wachovia, Wells Fargo and others choose to develop cross-sell strategies to offer more products around geriatric assessments, eldercare, home maintenance and household financial products, I think it could be a great partnership for individual financial advisors and planners—or a serious disruptive threat.

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