

Human-Centric Investing Podcast

Episode 3 - How Technology Will Change How We Age

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Featured Guest: Dr. Joseph Coughlin, Senior Strategist Coughlin Partners & Director of the MIT AgeLab

John Diehl: Hello, everyone. This is John Diehl, senior vice-president of Strategic Markets here at Hartford Funds. Welcome to episode three of the Human-Centric Investing podcast. You know, a generation ago, Kodak was one of the world's most powerful companies. Today, their sales are less than \$1 billion. They're a case study of a company that was disrupted by changing technology.

But I just learned in a Harvard business review article that Kodak didn't fail as a result of not investing in new technology. They actually created the first digital camera and they knew that in the future, people would be sharing photos online, but they failed to realize that online photo sharing was the new business, not just a way to expand their photo printing business. Kodak failed to embrace the new model caused by disruptive change.

On today's podcast, we'll talk about how you can embrace the changes being caused by new technology that are affecting financial advisors and their clients. Joining me again is Dr. Joe Coughlin, founder and director of the MIT AgeLab.

Joe, welcome to the podcast.

Joe Coughlin: It's great to be back, John.

John Diehl: Oh, my pleasure, Joe. So, you know, Joe, in a previous podcast we talked about longevity and the advisor value continuum and we talked about being a longevity solutions advisor, and how that means, in addition to providing investment performance, we also need to do two additional things, and that is educate our clients and connect them to resources that can help. Joe, how do you see technology kind of playing into this picture in the future of financial advice?

Joe Coughlin: Oh, thank you for having me back. It is a delight to be chatting with you and the advisory community. You know, technology is one of those things that is truly ubiquitous in our lives. It only makes sense that it would also address the future of our retirement.

Financial advisors should look at technology as a powerful way to inform their clients of not just how to be independent and secure in retirement, but how to live well at retirement. And perhaps the power of technology for the advisor is that you're essentially providing solutions for your client and their family to not just live longer, but to live better. So technologies now span across our lives, and our homes, our cars and the like.

But something else about technology that goes really to the heart of the client-advisor relationship. Technology's not just providing a solution or a novelty that you can introduce to your client as a value. It's inherently interactive. It gives you the possibility of interacting with your client by maybe showing them something, sharing with them an app, demonstrating particular technology in your home, maybe their home, maybe at the office.

But I guess probably the big thing with technology is that it is a powerfully positive conversation. Technology by definition empowers what we can do in the future. So for an advisor, technology's not just a topic that provides a solution. It's an education, interactive, and demonstrably positive discussion that one can have with their client.

John Diehl: Joe, when we think about demographics, because obviously at the AgeLab you're doing lots of studies regarding demographic change, a couple of questions for you. One, how are older adults transitioning to technology? I mean are we to believe the stereotype that says as we get older technology passes us by? And then secondly, from a gender basis, is there any difference in the way that men and women adopt technology and maybe adopt it as we age? How would you think about those two?

Joe Coughlin: There's certainly a story between generation and gender on technology. First off, the mythology and indeed it is a myth that I address in my upcoming book, "The Longevity Economy," that older adults do not like technology. The fact of the matter is that technology is loved by everyone and older adults simply don't like bad technology, that is technology that's hard to use, hard to see, is not easy to understand.

We are already seeing more than half of adults over 65 on the Internet. They have nearly doubled the number online and percentage online in as little as the last 10 years. More than that, more than almost 40 percent of them are on social media. So needless to say, the digirati are not just for kids anymore.

And finally, many of them are more willing to give up their partner or their spouse for many years than they are their smartphone. They're out there mobile and online. That's the generational part. You know, think about it. It's not just that they're online, but if it's high tech, high-priced and high style it is more likely that an older adult is buying it. Think of the vehicles that we buy out there that are the highest price and highest tech. Those are bought by the 50 plus.

But from a generation point of view, we transition to gender. Think about women. Women tend to use technology in a far more, shall we say, useful way. Boys and their toys. Guys like technology quite often because it may do some interesting things and they play with it as a gadget.

Unfortunately, John, I have to report, the research that we've got here at MIT seems to indicate that men not only don't ask for directions in their youth, but they don't necessarily like to consult their GPS in older age. Women, in contrast, are very attracted to technology because of its profoundly practical implications. Does it keep me safe? Does it keep me connected? Does it provide me information? Does it allow me to provide a way to monitor, manage and motivate my children, my older adults in my life and the like?

So, yes, generationally we are all online. We are all enamored with technology. From a gender perspective, keep it practical and women will come. And for a few of the guys, if it's interesting we'll look.

John Diehl: So, Joe, as I think about it, I think – and correct me if I'm wrong, is it something like 43 percent of women over the age of 70 are aging by themselves? And therefore as we think about mom aging at home, locating services, staying connected is going to be increasingly important for her as she ages, let alone obviously for men as well who are aging independently I'm sure it's true. But demographically speaking, that's a large segment of technology users. Is it not?

Joe Coughlin: Absolutely. You know, as a student of demographics, I'm enamored, of course, with the aging of the population and that's something everyone has a retention on. But another one of those characteristics you just put your finger on in the population is that we are living solo and greater and greater numbers.

So 43 percent of the over 70 population of women are living by themselves. The highest divorce rate in the nation is amongst the 50 plus, the so-called gray divorce way that's out there. So as a result, these technologies, whether it's the Internet of Things in our homes or the apps on our phones and indeed our phones themselves, these are powerful and really important platforms to keep a family connected with a mother or grandmother that is often living by themselves and for her to be able to access the services that enable her to stay well-connected and otherwise engaged.

John Diehl: So, Joe, in the insights that you provided us, you've outlined five ways that technology is changing the way our clients age. And to kind of – kind of title those right upfront, you've told us that technology's going to help people stay on the job, keep us connected with friends and family. It's going to help us stay mobile. It's also going to help us perhaps live in our homes longer through a home that helps to keep itself. And then lastly, when we think about health monitoring, the technology will help us monitor the – some of the challenges that may come about as we age and help us, as you say, live longer and live better. Why don't we start – what do you mean by technology will help us stay on the job?

Joe Coughlin: You know, these days most of us are saying that we want to stay on job to continue working. Of course, for many it's about the money. But for many others, it's also about the meaning. And technology is important and vital way for us to be able to stay on top of our game to say we can make the business case to stay in the workplace.

And retirement was once a kind of a clear line. You reached a certain birthday and you are done and you are out. But today there's a certain ambiguity as we approach traditional retirement age. We may be working part-time. We may be doing much more flexible hours. We may even be changing careers. And so the new skills that we will need to stay in the workplace that we're in is one set of things that we will need to use technology to learn.

But the other thing is many of us want to change careers. So going back to school is not, unfortunately for many, going to be going back to college and having a great time and perhaps drinking a better quality beer this time, but, in fact, it's more likely to be taking many courses online and learning new technologies. I mean think about the following, 40 percent of baby boomers according to AARP are planning to work until they drop, 65 percent of them plan to work well past the age of 65.

So some of the things that they're going to be looking at are new ways to learn, but also new jobs to have. So the jobs that are out there that are new because of the sharing economy including going to work for Uber and being a driver. You know, I can't tell you how many older adults that I've spoken to, particularly men, who have made the remark that their wives informed them upon retirement that she married them for life not necessarily for lunch and as a result they're out there driving Uber and not just to make a little extra money but to stay engaged. Or families that are using Airbnb as a way of renting part of their house or an entire bedroom, whatever it might be to make a little extra money. So the sharing economy, and staying sharp, the sharing economy is a way of staying engaged, if you will, in working past the job that you may have had already.

But probably the thing that's really exciting are the new courses that are online. Here at MIT and others, we have massively open online courses that are offered by edX which is a consortium of high-end research universities, Khan Academy, Coursera and others. They will teach you, well, frankly to get a certificate or an entirely new degree from Computer Science to Art History.

But, you know, John, technology and education is not just about a degree or something about taking your class at a distance. Frankly, even the YouTubes in the world are a form of technology to teach you how to do the things that frankly the directions out of the box don't make sense. In fact, you're more likely to find that the person teaching you is going to be a 12 to 14-year old in his mother's basement teaching you how to do something you couldn't figure out from the very beginning.

John Diehl: Great points, Joe. And I know, you know, some of the advisors that I talked to have even benefited from sharing with their clients what some of their favorite podcasts are, even teaching them what podcasts and audio books because generally speaking if you look at an area of professional interest, maybe there's a thought leader in that industry or someone who often makes news where oftentimes they publish via audio books or via the different types of podcasts that people can subscribe to to stay in touch with what's going on, so staying on the job obviously important.

Joe, how about the category of staying connected with friends and families, something I know that is crucially important as we age?

Joe Coughlin: You know, we quite often think about aging and we rightfully so correlate the concern around physical aging. And physical aging and multiple chronic conditions are certainly an issue, but I'll tell you, regardless of your health, the risk of social isolation and retirement is perhaps even greater than many of the chronic conditions that you may face. And so technology is a critical way for us to stay connected, if you will.

So imagine technologies as simple as Skype or FaceTime and the like that allow you to check in on a grandchild, check in on a friend, simply having that smile on the screen. Now, am I suggesting that high-tech can replace high touch? No, but – and in the absence of any touch at all, they are exceedingly powerful.

So these are now ways to stay in contact with our grandchildren who frankly quite often face-to-face or the old-fashioned telephone is not their preferred mode of chat. Get them online for Snapchat, Instagram or certainly a Skype call, and all of a sudden you're the favorite grandparent of the year.

John Diehl: I think, Joe, that what I hear from clients and from advisors is that grandparenting now is kind of a participation sport and that we have to think about how to put ourselves in the way of our family so that in the normal course of daily activity, I wind up being in their world. And if they're all communicating using these technologies – and this part is where I challenge advisors, if advisors were already using technologies like Facebook, Skype, Snapchat, who knows what it is, two things happen, one, it encourages the conversation around what is that company, what do they do and do we own these type of companies. But more often, it's how does that work and how do you use it?

Because, Joe, what I like to say, is your client got to remember the last economic forecast you gave them or they're going to remember that you're the person that showed them how to use Skype that now lets them stay in contact with their grandchild across the country.

Joe Coughlin: Yes.

John Diehl: So, Joe, as – I'm sorry. Go ahead.

Joe Coughlin: Well, I was going to say, one of the key lessons that we were learning in our research is that the advisor that has the greatest stickiness and indeed value with their client is the one that is able to give them something more than money. And what we're talking about here is we're giving them the possibility of the connection of what they really want and that's with friends and family. The money is that basic utility, but the smile of a grandchild, whether it's on the screen or in person, that's priceless.

John Diehl: Joe, I know that when we talk transportation and mobility, it strikes near to your heart because I know that's a kind of a passion of yours in a lot of the work that's done at the MIT AgeLab. Tell us though – I mean driving is something that most of us take for granted unless we've ever had to have that conversation with mom and dad about when it's time to give up the keys. How do you see technology benefiting us as we age and we continue to remain – try to remain independent?

Joe Coughlin: You know, driving in the United States is the primary mode of transportation. Let's just think of the following, 70 percent of old adults in the United States over age 50 live in suburban and rural areas. If they don't drive, for the most part, they don't get out. These areas are not necessarily transit-friendly or transit does not exist at all. And frankly even if it does, if you do not feel well enough to drive at 75, 80, 85, whatever it is, it is highly unlikely that you're going to wake up one day and say, "Hey, I think I'll take the bus."

Well, in fact, technology is now making our cars more than just comfortable and more than simply fuel-efficient and safe. Technology's making it possible for us to stay on the road longer and safer, because one of the things we have found that if you do not have that mobility, that seamless ability to connect all those big and little things that we call life together, people don't call that a lack of transportation. They call it a loss of independence, a loss of freedom.

And at the end of the day a financial advisor planning for your retirement is trying to plan, it's like guarantee your independence, well, frankly, John, if I have my health, I have all the money I need and I get three square meals a day and I am sheltered, without transportation, that's also a definition of prison not just your home.

So one of the things to think about is what are the new technologies going into the cars of the future or frankly the cars in the showroom now? We look at everything from smart headlights that help compensate for those eyes that at age 40 we begin to lose contrast sensitivity and night vision, blind spots detection that compensate for that stiffer neck that we all start to feel or even assistive parking systems that frankly I was never good at, parallel parking when I took my driver's test and I'm sure I've not gotten any better now. So the car of the future and shopping for that car of the future is going to be a way of staying on the road, staying mobile, staying safe and probably more importantly staying happy in retirement.

John Diehl: And, Joe, it's not only about us getting places in our car. What about the role of ride-sharing companies and other services like app-based delivery services? How do these all fit in the longevity picture?

Joe Coughlin: You know, I think most people are shocked by this, including even the financial advisors is that the second largest cause in retirement is not health. We always put housing atop as it should be, but it's actually transportation. And so one of the things we should start to think about is the cost of transportation for the average older adult can be \$10,000-plus per year, not that you're buying a car but the sum cost of fuel, insurance, the original purchase of that vehicle, maintenance and the like. So that \$10,000 plus budget, if you will, is a mobility budget that perhaps you can use for taxis, sharing economy services like Lyft or Uber, or frankly as you mentioned home delivery

of those things that you may not necessarily really want to go out for but you want to have them delivered. So this is a way of closing the distance between us and where we want to be and what we want to do.

John Diehl: You know, Joe, one action set I hear, advisors have brought up to me is the idea that if you're an advisor who's used to using any of these services, a delivery service or maybe a ride sharing service like Uber or Lyft or something else like that, you know, it's one thing to describe to a client what these services do. But it's quite another, for example, if you're going to go out to grab a bite to eat after your client review session. And some of these advisors would say leave the car parked in the parking lot, dial up an Uber yourself and get in the car with the client and give them the experience. Show them how it works. Show them other how you rate the driver and how the driver rates you. Show them how there's no cash that changes hands, because when that client goes back to their social network and shows everyone else that they're going to pick them up in an Uber car, what's the first question they get? You're not smart enough to figure that out. Who showed you how to do that? Well, my advisory team, they show me these kind of things all the time. So whether it's thinking of creative ways, oftentimes to use the apps that you're using I think it's a really creative way to create a remarkable experience for your clients.

Joe, the next area that we talked about is the house that keeps itself and home technology. What can you tell us about advances in home technology and how they're helping people to age, live longer and better?

Joe Coughlin: Well, I think this is one of the shall we say coolest areas of technology and how it's going to affect how all of us live and certainly how all of us age in our homes. I want to imagine the smart house of the future that is now part of the Internet of Things, that's essentially with all the little things in your home from the lights, to your TV, to indeed your toasters and your toilet and your refrigerator are able to talk to each other. Yes, if this sounds somewhere between cool and creepy, you're probably right. But there are the technologies that are out there today that we're buying for convenience that will actually be in place for us when we need care.

Think about the very popular these days Amazon's Echo a.k.a Alexa or Google Home. These devices not only help us order food and play music and check the news and the like, but they are becoming platforms for services in the house that will become vital for us as we're trying to plan a busy day but also if we're living by ourselves, a vital assistant that we can speak to across the house in case we need help. Even little robots that we take for granted today, they are robots that are vacuuming our floors or cleaning our gutters and the like, a whole new generation of robots out there that are therapeutic animals that actually not only keep us company but may calm our loved ones who are suffering from Alzheimer's.

Some companies are out there creating a whole new variation of what we call the F economy, that is where your refrigerator and your kitchen appliances are not only able to take inventory of what's inside, what's fresh and what you have been eating, but facilitating home delivery of the food that you may need, perhaps even overtaking that need for transportation that you may or may not be able to do for yourself. So the whole Internet of Things now is in creating a home as platform rather as home as simply shelter.

John Diehl: And, Joe, I know another area that tech is helping people is just helping us locate the professionals like services like HomeAdvisor, Thumbtack, Angie's List, Task Grab, helping us locate the resources that can do things to help us stay in the home. So it's not only the devices, it's also the services. And speaking of services, Joe, and the devices, the last segment is machines that will help us monitor our health. And so we know that healthcare is kind of inspiration in terms of all

the technology coming down the road, but what are – what’s the meaning of these technologies and how do you see them helping us as we age?

Joe Coughlin: You know, the whole wearable computing revolution, so essentially everything from your smartphone to your wristband to things that eventually will be implantable, so not just wearables, but what they do is they increase our cognition and awareness of what we’re eating, how much exercise we are or are not getting. It is what we call the quantified life, so reminding us to take our medications and the like.

What are we talking about? We’re talking about everything from the coffee machine that is able to detect are you getting up at the same hour every day to perhaps sensors on your bed that say what kind of quality sleep did you have. Perhaps one of my favorites and also, again, between cool and creepy is a toilet that has been manufactured in Japan, in Israel and the like that not only shall we say helps you do your business but also weighs you and monitors whether or not your glucose level has changed and, in fact, did you take your medication.

So we’re now looking at a whole new revolution of things that are connected to your phone, connected to you that will connect to nutritionists, doctors and loved ones to proactively detect whether you’re living longer and better.

John Diehl: So, Joe, like you mentioned, keeping us connected with our loved ones, kind of a funny story, you know, a few years ago my brothers and I bought our mother an iPad and she’s not exactly tech-savvy. But the bigger issue is that my one brother bought her a Fitbit for her birthday the following May. Now, every morning I get up there’s these daily challenges about step counts and, you know, she’ll start prodding me about am I sleeping in today and that shouldn’t I get moving a little bit. You know, it’s one thing, it’s kind of that fun competition.

But you know what I find the value in it is, it gives her a reason to interact with others in the community whether it’s members of my family or outside of my family, it gives her something to interact about, something to talk about while keeping her physically active and giving her goals and the ability to participate in some of the things that everyone else is doing. So in some ways, these technologies, although we identify five separate areas, they’re kind of interconnected, aren’t they?

Joe Coughlin: And technology at the end of the day is what Arthur C. Clarke said, works like magic and at best is invisible. Technology is the new fabric of our lives that touches every single domain. And so financial advisors have to address technology, not just as a way of facilitating good living and social connectivity and independence, but technology is fundamentally going to become a new cost of aging well.

Think about the following. How many of us can imagine living and aging without Wi-Fi? We’ve essentially redesigned the bottom of Maslow’s pyramid to start to believe that today’s novelty in technology is tomorrow’s necessity.

John Diehl: And so, Joe, what do you think is one big thing that the advisors can do today? I know one of the suggestions that I get and let’s see if you agree with this is that maybe advisors should start thinking a little bit about the apps and technologies that they use whether it’s they use personally, whether they use them to interact with loved ones and maybe share them with some clients that they could identify that would benefit from hearing about these technologies. Is that – does that sound right to you?

- Joe Coughlin: You know, one of the most powerful technologies and perhaps this is an opportunity for another episode down the road is the power of the oldest technology in the world, that is, the story. And the story of how you experience something or how you navigate something to be shared with the client is a way of not just showing empathy but ensuring that there's a connection. It is one thing to convey information. It is one thing to provide a task or a plan. But to show this is how I live, this is how I experience and this with my technology is how I'm able to navigate things that we both have in common, that's stickiness. That shows that you understand me as a client and more importantly that shows that I have a relationship with you as a person, not just as an advisor.
- John Diehl: Well, Joe, thanks again for joining me on the podcast today. It's a pleasure to host you again.
- Joe Coughlin: Thanks so much, John. It's been a pleasure.
- John Diehl: And for the financial advisors out there, if you'd like to learn more about the concepts that Joe shared today we have a workbook as well as client presentation materials and white papers and other things all available at hartfordfunds.com\tech. So, again, that's hartfordfunds.com\tech. Thanks again for your time and we look forward to the next time that we meet with you on our Human-Centric Investing podcast. Thanks, everyone.
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