

Human-Centric Investing Podcast

Episode 54 – Dr. Joseph Coughlin—Building Your Longevity Network (Part 1)

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Featured Guest: Dr. Joseph Coughlin, Director and Founder of the MIT AgeLab

This is The Human-Centric Investing podcast with John Diehl, where we look at the world of investing through the eyes of our clients. Over to you, John.

John Diehl: Hello, financial professionals, and welcome to episode 54 of The Human-Centric Investing podcast. I'm John Diehl, Senior Vice President of the Applied Insights Team at Hartford Funds, and it's my pleasure today to be joined by Dr. Joe Coughlin, the founder and Director of the MIT AgeLab. Today, we're going to talk about what Dr. Coughlin calls a "longevity network," and especially important for all of you financial professionals listening, how it can help you to serve your aging clients and differentiate you from the competition. Joe, thanks for coming on the podcast again.

Dr. Joe Coughlin: Hey John, it's great to be here. It's always a lot of fun chatting.

John Diehl: So Joe, we've done a lot of work together over the past couple of years. We've talked about the changing scope of retirement, as captured in your thoughts around 8,000 days. We've talked about the future of advice because of that changing retirement, and Joe, maybe just as a quick recap for folks that may not have kind of gotten caught up to this point, why don't you describe for me a little bit about why you believe retirement is much different for today's retiree than it was for their parents or grandparents.

Dr. Joe Coughlin: Oh, great. Thanks, John, and good again to be here. And I want to thank all the financial professionals that are listening to us, inspired to learn more about what the future of longevity planning in the longevity economy is going to be. At the MIT AgeLab, one of the things that we've found, many might even say is the science of the obvious, but retirement has changed quite a bit. First off, there is, as you mentioned, the 8,000 days. There's more time than we've seen ever before. In fact, almost with each year of life, we gain another month of average longevity overall. We're also seeing probably what I consider to be the greatest generation gap. As I write in my book, *The Longevity Economy*, it's not about age, it's not about ideals, it's not even about money. It's about expectation. The next generation of older adults expect to not just retire securely, but they expect to live well in retirement, and to do different things.

The problem with everything is, John, we don't have a precedent for dealing with frankly, two or three generations that we may equally be caring for, or advising our parents, our adult children, maybe in some cases, even grandchildren. Divorce is higher. We're living in the suburbs and rural area, where there's not a lot of family. So yeah, retirement is not just about living longer, presumably better, but it's also living profoundly different than any past generation.

John Diehl: And Joe, one of the more popular research topics that you've come up with, in terms of us helping financial professionals, is something that we call "the future of advice," because you posit that this changing consumer, this changing retiree, where life all around them is becoming more complex; you argue that it also will have an impact on the advice industry. And can you describe, and maybe walk us through briefly, kind of what you see as the evolving value of advice?

Dr. Joe Coughlin: Absolutely. One of the things I think about, it is that the next generation retiree, people in their fifties, even sixties now, come from a generation where they have so much education that it does not necessarily make them smart, but it does make them researchers. They're actually demanding and always inquiring for, "How can I do this better?" Think about it. We have generations now of people that have books like *What to Expect When You're Expecting*, or even *What to Expect Before You're Expecting*, which I thought we had covered, but no, we are now thirsty for advice. So the value of advice, for me, and for financial professionals is no longer at that base level, which used to be transactional, managing just my portfolio, ensuring my financial security, and having a relationship with the client; notice it being singular, not a partnership or family.

And then there's a little larger, where a lot of the advisors and professionals are today, which is all about

the plan, which is about financial security, and broad strokes of objectives we want to have in our older age. But that's still not quite enough. The reason why we need to have longevity advisors or planning and preparation, is that people now are looking for not just that financial security, but, "What am I going to do in those extra years? How do I cash in that longevity dividend of decades of longer life? How do I make decisions around care and housing and transportation? All the things I'm going to spend the money on, now demands that financial professionals not just provide advice, not just provide a product, but provide solutions and anticipation for what I will need in the future."

John Diehl: So, Joe, if I were trying to differentiate, in your mind, the difference between a planning-based professional and a longevity professional, one thing I'll always say, tell me if this is on point or not, is that the planning-based professional is always one step away from the financial plan. In other words, we hear that our client is going to have a grandchild, and what's our first thought? 529 plan, right? Or, we hear that our client is thinking about retiring, and we jumped right to, "Should we roll over that 401k into an IRA? And how do we plan their income stream?" But in talking with you, longevity planning is sometimes tangential to the financial plan, is it not? Is money always the first thing that our clients will be thinking about on these issues?

Dr. Joe Coughlin: No. In fact, a real financial professional that can call themselves a longevity planner, is one that prepares, if you will, the client for longevity. And here's the difference. Someone who is only planning, is generally responding to what the client has said they want to do in broad strokes. And as we've said on previous broadcasts, most of us don't really know what we're doing every day, so those broad strokes are just that, broad strokes of ambiguity. And they tend to be very close to the financial side, versus the client is looking for preparation of what life has in front of them. They want preparedness, not simply plan. So they want the money, the objectives, and then connecting it to the solutions and services I will need to be able to age well, care well, and live independently.

John Diehl: And also, what we found is that these are the conversations that are most engaging, not only to existing clients, but obviously to prospective clients, right? And especially an opportunity to differentiate ourselves, because I think that client who's never met you before, comes into the office, and they already have an expectation of what they're going to hear, right? Assets, liabilities, net worth, just the facts. When we start asking them about some of the opportunities in their family, or things they're looking forward to doing, or concerns that they have and why they have them, before we ever get into the monetary part of it, they kind of walk out thinking that that was different. At least my experience, and the advisors I've seen work it, that the clients walk out and say, "Gee, that was very different from what I've expected, but I'm really glad we had that conversation."

Dr. Joe Coughlin: Absolutely, John, and as you know, we've interviewed at the AgeLab, through our Preparing for the Longevity Advisory Network, our plan network; hundreds, if you will, of advisors, and the ones that are doing the best are the ones that go deeper into conversations, broaden in the topics well beyond finance alone. And they may actually have shorter, more conversations, but they're about the things that matter to us in our everyday life, and are profoundly emotional, not just economic.

John Diehl: So Joe, you have, for those who are familiar with our topic called The Future of Advice, I kind of want to pick up where that module leaves off. And for those of you who haven't taken a look at it, I'd urge you to go on the Hartford Funds website, check out The Future of Advice. But now we're talking about one of our newer projects a show called Building Your Longevity Network. In your newest model that builds on that Future of Advice model, you identify six core areas that you say should be kind of a part of every relationship or every conversation that advisors have over the course of time with their clients. And I wondered if we could touch on each of these, so that the financial professionals listening can become more familiar. The first one you mentioned is care management. What should I, as an advisor, be thinking about in the world of care management?

Dr. Joe Coughlin: Well, first off, this is no longer just a issue., if you will, of a good thing to do. This is a matter of just profound good service, and service to the client, if you will. So these areas, such as care management, is about, for instance, how would you care for your loved ones, how do you start to plan, if you will, and choose people to come into your mother's home, if she's 85 plus and frail and living by herself. So how do you find those people? How do you identify those that you can trust, those that you can afford? How do we start thinking about all the elder law related issues, and the like?

There's all kinds of professionals that fall under care management, if you will. There's the Geriatric Care Manager, which now professionally, they now refer to themselves as Life Care Managers; they essentially dove tail as the oldest adult daughter: coordinating care, medications, administration, transportation, and the like. And then there's Home Care Providers as well; people who come in the home and provide care. And of course, Elder Law Attorneys, which are getting busier and busier, as the longevity economy mounts the wave of older adults.

John Diehl: So in these various areas you identify as Longevity Professionals, you may actually touch on some relationships that we already have. You mentioned an Estate Planning Attorney, for example, or maybe an accountant who's familiar with some of these issues, like are there deductions or aid, tax assistance for people using different types of services, things like that. So I don't think you're saying, "Let's discount the relationships we currently have in place." But it's going above and beyond to add some other specialties, right?

Dr. Joe Coughlin: Oh, it's absolutely about building your network around the core capability that you provide, as well as the network of professionals that you've always had: the tax accountants, the insurance and the like. But building an outer ring, if you will, that helps guide your clients to the things they need. You provide the financial security, that's one part. Providing them with access to the information and solutions, the very services that they will be using, now that's a solution. That's value.

John Diehl: Joe, you talk about another area being Social Connection and Purpose. What do you mean by social connection and purpose?

Dr. Joe Coughlin: I get a kick out of the fact that how many of, including many of my own family and whatnot, love the idea of retiring, some beach they've never been to before except for vacations, or a fishing cottage, or something like that. But you know, the real social security that we need to have seminars on is not the one that's checks written out of Maryland by the US government, but rather Social Security is your social network; which by the way, John, as you recall, both of us are close enough in the same age, we used to call those friends. But bottom line is, how do we connect and have purpose, and by the way, expand our number of people that we can call friends? Not just folks that we pass in the night, but people we can count on; how do we get involved in social groups, professional organizations? Having a reason to get up in the morning, other than in my case, a very bad game of golf.

John Diehl: Okay. So Joe, these might be not only the stories that a financial professional has about what other people like them have done, but are you saying there are actual professionals and organizations out there that can help me connect to things that might be engaging, after I leave that primary place of employment?

Dr. Joe Coughlin: Absolutely. For instance, if you have clients who are from major corporations, many of them are now creating networks of what they call alumni. Some of the largest consulting companies in the world actually maintain alumni associations. Service organizations, and clubs are looking for members, and looking for people with a purpose and connection, faith-based organizations. And by the way, there's even retiree mentorship opportunities, where people that may be retired and maybe a little bit older than the average startup or executives, are looking for your insight, looking for your experience. No, there are many ways; and the ways to identify these places and make connections is not just by creating a list out of a whole cloth. But remember, all of your clients have faced this; start fishing with your client base. Think of them as members of your community, not just clients in your book.

John Diehl: Joe, the third area to take a look at is Aging in Place. Why Aging in Place? Have you seen the pandemic have any impact, in terms of where people think they'll be living, or did it just kind of reinforce what we all thought prior to the pandemic?

Dr. Joe Coughlin: Well, the bottom line is, that nearly 90%, in fact, before the pandemic, the number was about 87% from AARP, said they wanted to Age in Place, where their marriage, their mortgage, and our memories are; basically, that's where they want to stay. For those that were moving, that nine, 10, a little bit percent, a lot of them were not going into the city, despite all the good articles you would see in the culture pages and real estate pages of major papers of record. They were going into small towns and college towns and the like.

But for those who want to Age in Place, the vast majority of us, we need to really start having connections

to contractors, certified Aging in Place specialists, to help us redo that kitchen from God-awful avocado green, into something that's not just modern, but something that will enable you to Age in Place; where you can reach the cabinets, bathrooms that have doors that are wide enough, toilets that you can maneuver around, showers you can get in. This is not just about preparing for old age, but as a financial professional, you will save people not just the pain of having to do rehab or move out of their home that they love, you will be saving them money as well as their own health and wellbeing, by enabling them that if something was to happen, that they can go back to the home they love, with the family they love, to get better, and to live longer and better.

- John Diehl: Joe, another category you mentioned is Transportation. Does this just mean that I'll be constantly buying smaller cars as I age, or larger cars for that matter? What do you mean by Transportation?
- Dr. Joe Coughlin: It is amazing. Transportation says a lot about society and people. In fact, when the fastest growing sales vehicle out there is the crossover; not a car, not a pickup, something in between, that tells you how our lives are, shall we say lots of things. But as you've heard me say before, transportation is the second largest cost in retirement; housing, transport, and then health. So think about not just the cars you will buy, but what are the alternatives? Finding a mobility counselor; they actually exist. Learning to use a sharing, on-demand app, whether it's Uber, Lyft, or countless others that are out there. So you have a range of choices that age with you, because before you do anything, you've got to get there first, because transportation is the very glue that holds a good life together.
- John Diehl: Joe, another category you mentioned is Senior Living. Now, Senior Living, I think, means all kinds of things to all kinds of people. In this case, as opposed to... How do I differentiate Aging in Place from Senior Living? I guess Aging in Place could be one component of Senior Living, right? But should we be considering other venues?
- Dr. Joe Coughlin: Every one of these topics is what I call a pivot topic. You can address these with the client about the client, but at a younger age, these very topics are also something that your clients are interested in, because they're helping care for elderly parents. So Senior Living is not about Aging in Place in your home, but can also be about downsizing to a active aging community. It can be about going into independent living, assisted living, and nursing care, and for some, memory care. But one of the most valuable things you can do for your clients is to give them that vocabulary. In fact, the seminar to be had, is not essentially with the cost of senior housing is, but take them to a senior living facility; have a seminar, find out the vocabulary of what they should be looking at, how to choose, how to judge, what's it going to cost, how to have the conversation with a parent. This is where your network should be real estate agents, move managers, downsizing consultants, and yes, a variety of assisted living, IAL, and memory care facilities all over your area.
- John Diehl: That makes a lot of sense. And lastly, Joe, we talked about it, and I can see where these categories are not all hard and fast, but sometimes they kind of blend into one another. The last one to talk about, the sixth of the six, is Career Management, right? And Career Management, I think of work as maybe providing some of that social connection and purpose. But more specifically, if I'm not ready to retire when it's time to retire, are you telling us that there are people out there, organizations and professionals, that will help us envision how to match our skills with the right kind of position, in terms of getting what we want out of life?
- Dr. Joe Coughlin: Absolutely. There are career coaches, that that is all they do. Reconnecting with your college alumni association; they want to talk to you, and they want to help you with their college placement offices as well. But also, this is a topic where not only do you connect people to resources, but it's a topic that helps you become even tighter with your client. Think about who's interested in this: younger clients that are looking to make a move, women that are going back into the workforce after raising children, and perhaps providing care; they want to either start a new business or go back to work in a company. How about those of us that may be nearing retirement, but don't want to retire? Perhaps we want to volunteer, work part-time, or consult. This is one of those topics that's profoundly emotional. It goes across the lifespan, and having the resources and the conversations helps you make sure that you tell your client, "I get you. I know where you are. And I can provide the solutions to make it happen."
- John Diehl: Well, Joe, our time on this podcast is drawing to an end. I just want to take a moment to recap those six areas. So Care Management, Social Connection and Purpose, Aging in Place, Transportation, Senior Living, and Career Management. And Joe, on the next episode of The Human-Centric Investing podcast, I'm going

to invite you back, and we can talk more specifically, not just about the content of our conversations, but how does an advisor actually go about assembling a longevity network? So why don't we lead off with that in the next podcast? And I want to thank you again for your time on this current one.

Dr. Joe Coughlin: Always good to be here, John. Thank you.

John Diehl: And for those of you listening, we hope to welcome you back for Part Two, if you will, of Building your Longevity Network, the next time on The Human-Centric Investing podcast. Thanks very much.

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