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Boomer Interrupted By Mitch Anthony

Baby boomers may envision a retirement with lots of freedom, but some already are finding that's not the case.

The boomers are dreamers. You've heard that.

The boomers are changing every phase of our modern passage as they go through it. You've heard that as well.

But the boomers are about to be interrupted. You probably haven't heard that.

I've seen retirement brochures displaying beautiful golf courses, alluring beaches, exotic tours and mountaintop vistas but have yet to see one showing a boomer driving a legally blind father to his doctor appointment and to the pharmacy. This is not the scenario that is going to be described in anybody's retirement dream book, yet the latter picture looms as a far greater likelihood than the former images for many looking forward to the years ahead. A good number of RVs may be accumulating rust and gathering dust as life presents a now-it's-your-turn option to this generation.

A strange phenomenon is shaping up for this generation of dreamers known as baby boomers—life is situating itself squarely in the path of many of those dreams. Throughout this decade we have heard never-ending commentary about the uniqueness of the baby boomers, their redefining of retirement and how they/we will change the world. (I have contributed my fair share to this chorus as well.)

This is a generation that has been accused of being shortsighted, self-indulgent, cavalier and irreverent toward every status quo. The boomers have gained a reputation for interrupting business as usual ... now it may be the boomer who is being interrupted. Let me explain.

Each year a part of our work at the Financial Life Planning Institute is to gather information on which life transitions and events are at the top of the minds of financial services clients. They are given choices of more than 60 possible life transitions and concerns from the cradle to the grave. For the third consecutive year, the top transition noted has been "concern about an aging parent." If it had been only one year alone, it would be an issue. Two years in a row and it's an issue we had better pay attention to. But after three consecutive years of this issue being at the top of the list, it is evident that we are seeing the beginning of a trend that will confront this industry for years to come ... and that, I might add, is a trend that this industry is woefully unprepared to deal with.

According to an ABC News/Gallup poll, 41% of baby boomers who have a living parent are helping to take care of them with personal help, financial assistance, or both. Of those boomers who aren't providing care for parents now, 37% think that they will someday—and half of them voice their doubts about their ability to do so.

A study by Campbell-Ewald Health of 815 boomer caregivers who were aged 40 to 60 and caring for parents aged 60 to 90 showed that 56% provide assistance at least once a week and 25% play a caregiving role every single day. The concerns that the caregiving boomer faces are manifold and, according to the study, more intense for those whose parents live with them. At top right is a list of the concerns caregiving boomers face, and the numbers are the percentages expressed by those who live with parents and those who don't.

Clearly these concerns are holistic in nature. Boomers who are providing care for their parents are feeling taxed emotionally and financially—and in many cases, career advancement is affected. MetLife's Mature Market Institute says its studies indicate that these "informal" caregivers give up not only an average of 25 hours per week but substantial earning potential as well. According to one study, people who took on the caregiver role for their parents gave up more than \$650,000 in lifetime earning potential. It has been estimated that the U.S. spends more than \$300 billion caring for the frail and elderly but that over a third of that (\$103 billion) is what the children personally pay out in their efforts to help.

According to ABC News, most caregivers are women (69.5%) and they most likely work full time (53.1%). Professional help for the elderly is not cheap. The average hourly rate for home health assistance was \$19 in 2006. Many of the frail elderly are financially frail as well. The median older adult with severe disabilities had household assets of only \$7,800. (This measure looked at assets that could be easily liquidated to pay for care and other needs.)

Industry Answers

And what is the industry's universal answer to this concern? Long-term care insurance (LTC). As pertinent as that answer may be, it falls woefully short of answering the larger issues surrounding this trend. By only offering LTC as a response, the industry illustrates both a disconnect with the real lives of its clients and an absurd focus on meeting a product sales quota instead of meeting a need.

LTC represents just the tip of a solution—and represents only a fraction of the concerns boomers have for their parents' well-being in later years. Those concerns include:

- Parents' retirement income being adequate in inflationary times;
- Parents' ability to manage a house on their own;
- Parents' reticence and dread to live in any sort of "facility";
- Parents with handicaps who want to maintain their domicile;
- Parents who are moving in with their children as their grandchildren are moving out;
- A parent dying and the grieving spouse; and
- Parents who are doing quite well but are at an age that requires vigilance and regular contact with their children.

I recently spoke with a bank executive in his forties named Bill whose 70-something widowed father, who is legally blind, just moved in permanently. "That's not what I had planned," Bill told me. "But I'm grateful for the chance to pay Dad back"; A couple I spoke with named Heather and Chuck, both of whose parents are near 80, just sold their house and bought a sprawling rambler with separate living quarters so that her parents could move out of their two-level condo where climbing stairs had become too difficult and risky. "The hardest part," Heather explained to me, "was convincing my folks that we really wanted this, and that they were not a burden to us."

Another man I interviewed, Vince, was building a dream home with his wife when it became apparent that his parents were not doing well in maintaining their own home in the same city. After consulting with his parents, Vince and his wife decided to build a casita on the property with a living room, bedroom, reading room and bathroom that was a short 100-foot stone pathway walk from the main house where all the meals would be served. "After talking with my folks," Vince explained, "it became apparent that some semblance of independence was critical in this setup and that living under our roof just wouldn't cut it."

My brother and I, and others like us, have created "parental pensions" to supplement our parents' retirement incomes in the years ahead and to ease the stress of inflationary times.

Susan's day starts at 4:30 a.m. and ends around 11 p.m. each evening as she cares for her live-in mother, works full time and tries to give herself an hour at the end of each day to unwind. She's been doing this for two years now and knows that she must continue to work to be able to help her mother, even though she is approaching retirement eligibility herself.

Adding Real Value To Clients' Lives

These are not money issues. These are life issues that arouse very visceral emotions. But money is involved. Some in the industry have seen this as an opportunity to build relationships for life with their clients by providing a service transcending market returns.

To help clients prepare and deal with their caregiving issues, the Bank of Montreal (BMO) has recently formed a partnership with BEST in CARE Inc., a company of caregiving experts who produce and deliver large-scale programs via traditional and new media. They provide a comprehensive, impartial advisory service to help families understand and navigate the maze of elder-care services within their local communities. All of these services are available through Internet, by telephone and in one-on-one coaching. Their agreement with BEST in CARE has been designed as a value-added service by their BMO Financial Group Advisor.

Dr. A'prix, a principal at BEST in CARE Inc., sees this as a trend that will continue with financial services firms:

"There are currently over 44 million caregivers in North America, mainly baby boomers, and this figure is growing quickly. Boomers are increasingly finding themselves caring for aging parents and other older relatives, and this role catches them off guard and unprepared. The research shows that caregivers experience significant stress that spills over into all parts of their lives.

You can transform this caregiving role for baby boomers. As a financial advisor, you have an opportunity to enhance your trusted relationship by offering your clients the information and the support they need to fulfill one of the most important roles of their life: caregiver for the generation that came before them. Simply by connecting them with expert help, you will help them transform caregiving from a role they are trying to survive to one in which they can thrive."

Kris Vikmanis, the head of retirement market at BMO Financial Group, understands the lifeline that must exist between financial advisors and their clients' lives:

BMO Financial Group is in the business of creating lasting relationships through excellent customer service. For our financial advisors, that translates into having meaningful conversations with our boomer clients to understand their needs. Our research indicates that one in three Canadians are currently caring for an aging relative and another third know it's coming in the near future. This approach will

enable our advisors to offer unique solutions to help ease the burden on our clients, allowing them more time to focus on themselves and their families as they plan for the next phase of their lives.”

Dan Taylor is the developer of the “Parent Care Solution,” a proprietary process for advisors to help them develop expertise in this arena of parental care. According to Taylor, “The single greatest threat that the boomers face is the disintermediation of their life path and process by the care requirements of aging parents. The threat is not that aging parents will spend the boomer’s inheritance. In many cases that will automatically happen due to increased mortality and additional health-care costs on the part of the parents. The real danger is that the parents (will) spend the boomer’s retirement because they run out the inheritance. The industry hasn’t even begun to consider the business, family and financial system repercussions of these additional burdens and expenditures on both parents’ and boomer finances.”

Taylor sees an expanded role for the financial advisor because of the unique ability the advisor has to combine both financial/mathematical skills and psychology. According to Taylor, this issue illustrates the trend that “the role of the advisor looks more and more pastoral going forward and less and less product focused.”

Laurent Smith, a health-care marketing expert with Campbell-Ewald Health, sees an enormous opportunity in this trend: “With the depths of feelings experienced by boomers who live with their parents, and the overwhelming responsibilities they bear, there is an enormous opportunity here for the health-care community to reach out to this influential population.”

Ditto for the financial services industry.

This is just the beginning, a small sampling, of the stories that are just now beginning to be told in the chapter known as “boomer interrupted”—stories that you have an opportunity to become a central protagonist within. If you thought retirement was a big issue, you ain’t seen nothing yet. This issue will last for the next 25 years and its impact will mushroom with each passing year. It might be wise to begin educating and positioning yourself as someone who can help.

Many of the boomers’ dreams and plans may be on hold as life asserts itself in a way they had not predicted. Golf matches, fishing and hiking trips and beach chairs may be yielding to doctor and pharmacy visits and reminders to parents to take their medicine. But it is not really bad news. Something wonderful is happening in all of this. While the responsibilities loom large, the emotional payoffs are extraordinary as caregiving boomers talk about feeling appreciated, feeling the rewards of meeting familial responsibility, feeling loving, grateful and proud of themselves.

The boomer generation has been credited with changing every institution they have passed through. They will make changes in this passage as well, but the biggest change will be the one that happens within them—the final realization that will be passed from parent to progeny—it never really was just about them.

©2007 Mitch Anthony. All rights reserved. Mitch Anthony is president of the Financial Life Planning Institute and Advisor Insights Inc. He is an industry leader in training advisors on building life-centered relationships. His numerous books include The New Retirementality and Your Clients for Life. He can be reached at mitch@mitchanthony.com.

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