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Health and Aging Planning in a Post-Pandemic World

by Chris Heye, Ph.D.



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PERHAPS AT NO POINT in modern history has the connection between physical health and financial wellness been made so starkly clear. The outbreak of COVID-19 has financially affected virtually every person, every company, and every organization across the globe.

While not as devastated as their peers in the travel or entertainment industries, financial planning professionals have hardly escaped unscathed. Revenue and profitability growth at many firms has stalled (or worse), credit ratings have taken a hit, and waves of layoffs and retirements are undoubtedly forthcoming. The 11-year bull run has ended, and few expect a return to sustained, robust economic or share price growth any time soon. This means that advisers with an assets under management business model can no longer count on steady increases in AUM to prop up their businesses.

Going forward, how can advisers replace the lost revenue? In short, by providing more services that their clients truly value. Since most clients are over the age of 50—the average age of a wealth management client is 64 and rising according to data from the global consulting firm Simon-Kucher

& Partners¹—and all are impacted by COVID-19, better health and longevity planning is an obvious place to start.

Even before the current crisis, we know from investor surveys that health- and longevity-related concerns dominate client fears around retirement. In a Merrill Lynch and AgeWave study of older adults, 49 percent of respondents cited “a costly health issue” as their top financial retirement worry. By contrast, only 13 percent mentioned “poor stock market returns.”² In a 2019 investor survey conducted by Franklin Templeton, health issues were the No. 1 retirement-related concern for adults over age 65.³ Surveys by Fidelity and other financial service firms showed similar results. Health-related fears always top the list.

We hear a lot about the importance of managing investor emotions during a market downturn, but what about the need for financial planning professionals to address the emotional aspects of health and aging? Eighty percent of Americans over age 55 have at least one chronic illness, like diabetes or asthma or heart disease, according to the National Council on Aging.⁴ Moreover, older adults have been by far the hardest hit demographic during the COVID-19 outbreak, and they are likely to remain the most vulnerable in any future pandemic. So while client worries about share price movements may ebb and flow, concerns about health only rise over time.

Now is the perfect time to get ahead of the curve and start talking to clients

about preparing for the unavoidable health events that they and other family members will face.

Show the client that together you are a team, and that you have their back.

Advice for Initiating Health and Longevity Conversations

Sickness, death, and diminished capacity can be difficult subjects to discuss, even for the most experienced adviser. But that should not stop you from trying. You can be the catalyst that starts the conversation. Your clients are likely looking for someone they can trust to provide them with meaningful advice around aging, even if they are not always able to articulate this need.

One proven approach recommended by Tony Weiner, M.D., director of outpatient geriatric psychiatry at Massachusetts General Hospital, is to start by showing empathy. We all have spouses, parents, or grandparents who are experiencing, or have experienced, health problems. It should not be difficult for you as an adviser to be able to put yourself in your client's shoes. The goal, according to Weiner, is to establish an alliance. Show the client that together you are a team, and that you have their back.

Weiner also recommends asking open-ended questions to initiate difficult conversations. For example, you might start by asking, “How do you want to spend your time?” or “Where do you want to live?” or “How are your parents doing?” Most older adults have interesting stories to tell, and if you can get them started talking about their children, their childhood, or personal obstacles they had to overcome, chances are the floodgates will open.

In cases where a client is resistant to your overtures, try to get them to discuss the pros and cons of a decision. Get them to talk about the risks of *not* discussing health-related issues. Talk about the dangers of ignoring inevitable changes to their health, and their behaviors, as they age. When at an impasse, ask more open-ended questions like, “I am feeling kind of stuck on this issue...can you help me pro-

ceed?” or “Can you help me figure this out?” or “Can you help me understand your perspective?” or “Could I offer you my perspective?” Asking questions in a non-confrontational way has been shown to be a much more effective strategy to get people to re-assess their beliefs than forcefully presenting facts or opinions that directly challenge their mindset.

When having these types of conversations, you should also be wary of speaking too much. Advisers are used to giving advice, which generally means taking control of the conversation. When discussing personal issues with older adults, it is very important not to dominate the discussion. It is much more important to listen than to speak. It’s OK if there are pauses in the conversation. It will give your clients more time to reflect on their answers and formulate their thoughts.

Three Benefits of Initiating Health and Longevity Conversations

Being able to initiate and sustain meaningful conversations around health and longevity has (at least) three major benefits for advisers.

First, most advisers are looking for ways to engage with their clients on topics other than markets and investments. We know that health-related fears dominate concerns about retirement, so make the next call or newsletter about planning for a health event, or controlling healthcare costs, or preparing for living transitions.

The second benefit is the cultivation of deeper and more lasting personal relationships. What better way to connect with clients and establish trust than to help them with health-related issues within their families? Many clients are looking for someone who can assist them with more than just financial

New Research: Financial Advisers Feeling Bearish for the Next Six Months

FPA, the *Journal of Financial Planning* and Janus Henderson Investors released the *2020 Trends In Investing Survey* that shows where financial advisers are investing today and where they plan to invest in the coming year. The survey also reveals how financial planners are feeling about the pandemic and their outlook for the economy, insights from your peers on investment trends, and more.

Download the *2020 Trends in Investing Survey* report now.

www.financialplanningassociation.org/2020-trends-investing-survey

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matters. Previous generations sought counsel from a neighborhood religious leader or family elder, but many clients no longer have someone like that in their lives. If you can become the go-to person who helps clients successfully manage health-related issues, your chances of growing your business and keeping the next generation as clients will be significantly greater.

Asking questions in a non-confrontational way has been shown to be a much more effective strategy to get people to re-assess their beliefs than forcefully presenting facts.

The third benefit is that you will do a better job of planning for your client's financial future. Clients rightfully fear health-related expenses as they get older. For most people, the vast majority of healthcare expenses occur toward the end of life. Many older adults would prefer to live in their own homes as long as possible. But someone with a serious illness, especially if there are cognitive or behavioral symptoms, may need 24/7 care. Costs for care range from \$16 to \$27, according to the National Council for Aging Care (aging.com). At \$25 per hour, this works out to \$600 a day, or \$18,000 per month, not including outlays for housing, food, transportation, etc. A good assisted living facility can cost more than \$5,000 per month, and much more if cognitive or behavioral illnesses are present. And none of this includes the expenses associated with a major surgery, lengthy hospital stay, or non-generic drug treatments. In short, high medical and long-term care costs

can persist for years for both members of a couple. Predicting healthcare costs is an imprecise science, but adding a line item for medical and long-term care requirements to your financial plan will make it more realistic and demonstrate to your client that you are acknowledging their biggest fears.

An Opportunity During Social Distancing

Connecting with clients in a post-pandemic world faces one additional challenge. How do you successfully sustain sensitive discussions with clients and deliver important health and longevity-focused planning services when you are practicing social distancing? But here again, there is an opportunity. Just as physicians are experimenting with telemedicine, advisers can take advantage of newer technologies to connect with clients in meaningful ways. Weiner says that even his octogenarian patients are embracing Zoom meetings. And few of his patients miss fighting Boston traffic, navigating parking garages, hustling through crowded hospital corridors, or spending time in waiting rooms.

So embrace "tele-advice." Find out if your client is comfortable conducting a video chat. Set up a web conference where you can walk them through your plans. Invite their children—maybe even their grandchildren. You are more likely to get a millennial or Gen Z child to join an online conference than to travel to your office, especially if they do not live near their parents. The result will likely be shorter but more frequent engagements. And that's fine. Because when it comes to planning for longevity, there are plenty of things to talk about.

Market bears are eventually replaced by bulls, and the need to reassure clients of the soundness of their investments dissipates with each uptick in the S&P 500. But Father Time, as the saying goes, is undefeated. The inescapable nature of our ephemeral existence guarantees that client concerns about

their (and their family's) health remain with them at all times. So why delay the inevitable? Seize the opportunity now to expand the conversation. You will be giving your clients what they want. ■

Endnotes

1. See "Advisors Should Change Fee Structures to Attract Next-Gen Clients," by Amanda Schiavo, posted January 7, 2019 by *Financial Planning* (financial-planning.com).
2. See "Health and Retirement: Planning for the Great Unknown," available at agewave.com/wp-content/uploads/2016/07/2014-ML-AW-Health-and-Retirement_Planning-for-the-Great-Unknown.pdf.
3. See "Healthcare Costs Remain Top Concern in Retirement, but Many Americans Lack a Savings Plan," posted April 30, 2019 at franklintempleton.com/investor/our-firm/press-article?DocID=jv9k6wwo.
4. See ncoa.org/news/resources-for-reporters/get-the-facts/healthy-aging-facts.

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