

Use Technology to Serve and Protect Older Clients

by Chris Heye, Ph.D.



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TECHNOLOGY IS CHANGING the financial services industry in fundamental ways. Faster computers and more sophisticated software algorithms are lowering costs, creating new products, changing business models, and altering client expectations. Ten years from now the industry will likely look very different because of these technological advances.

The aging of the U.S. population is accelerating the shift away from selling products to doing financial planning.

But there is another trend that may prove to be equally disruptive in the coming years, one that is hidden in plain sight. The average age of a financial adviser client is 64 and will continue to rise in the years ahead, according to U.S. Census Bureau data. Census data also shows that by 2035, there will be more

people in the U.S. over the age of 65 than under 18 for the first time in our history.

For the foreseeable future, when a financial adviser looks across their desk, they are likely to see a client who has grey hair, one or more chronic illnesses, adult children, aging or recently deceased parents, a relative who has dementia, and serious concerns about health care costs.

Demography will be a major disrupter. The aging of the U.S. population is accelerating the shift away from selling products to doing financial planning. Older clients have more complex wealth and estate planning needs, and most are looking for personalized, holistic financial planning and risk mitigation services, not just portfolio management.

So, what technologies are available for advisers who are looking to more effectively serve and protect older clients? If you asked that question five years ago, the answer would have been “none.” But technology firms are starting to see opportunity in the aging space and are responding by developing a range of applications that advisers might want to consider. Many of these products are easy to set up and use while being relatively inexpensive to implement.

Account Monitoring

Software programs are getting better at analyzing data and recognizing patterns, so it is perhaps no surprise that some of the most promising new technologies for protecting older adults are those that monitor accounts for unusual activity.

EverSafe is one such identity protection service that can monitor your client's bank accounts, investment accounts, and credit cards. Their algorithms examine historical financial behavior to establish a personal profile, then analyze transactions to identify erratic activity and alert “trusted advocates” of suspicious activities.

Document Storage

Drafting and maintaining up-to-date wills, powers of attorney, health care proxies, and other legal documents is critical to protecting the financial well-being of older adults.

Everplans offers an online vault where advisers can store their client's wills, trusts, insurance policies, contacts, login credentials, and other legal and financial documents. The company also provides a library of educational materials that includes articles, checklists, and adviser-use case examples.

If you are an eMoney user, another option is to use the “vault” functionality to store important client documentation.

Aging Planning

More technology companies are developing aging planning capabilities, either as a standalone application or an extension of an existing one.

Investnet MoneyGuide subscribers, for example, can access a simple long-term care costs calculator. Its new “MyBlocks” functionality should also enable the company and integration partners to more easily add age-related

planning capabilities like health care cost estimators or living cost scenario models.

Investnet Apprise Labs will soon release a financial planning application, developed by eMoney founder Edmond Walters, that will offer extensive estate planning capabilities. Features will include post-retirement income modeling and comprehensive legacy planning (for example, how much money goes to heirs and charitable organizations). Yourefolio offers a different type of estate planning capability that includes an estate plan analyzer, estate tax calculators, and a task management system.

Whealthcare Planning, co-founded by Carolyn McClanahan, M.D., CFP®, has developed a suite of aging planning tools and educational materials. The cloud-based platform enables advisers to identify major risks associated with aging—such as high long-term care costs, disorganized finances, or incomplete estate plans—and helps them prepare clients for age-related transitions, like where to live safely and when to quit driving.

Capacity Assessments

Increasingly, state and federal regulators are recommending that advisers adopt some kind of screening process to help them identify clients at risk for poor financial decision-making or exploitation. Whealthcare Planning also offers an online screening tool based on a clinical study conducted at Massachusetts General Hospital that is designed to help identify traits that could make a client vulnerable. The assessment takes about 15 minutes, and the results are available to the adviser immediately. The company also offers extensive educational materials on diminished capacity and related subjects.

Caretaking

According to a *Harvard Business Review* study, 47 percent of Americans ages

40 to 59 are caring for aging parents while raising their own children. Some companies are using technology to more successfully match families looking for caretaking assistance with professionals specializing in elder care.

Theia Senior Solutions and Wellthy have developed national networks of consultants who can help families find caregivers, identify safe living arrangements, manage health care payments, schedule appointments, and more. Financial advisers who have clients struggling to manage caregiving responsibilities for aging relatives may want to investigate the resources available from these companies.

In the coming years, being able to successfully leverage new technologies in the service of an aging client base will be a key determinant of an advice firm's profitability, and maybe even survival. Technology applications and services may help you prepare to best meet the needs of an aging population. ■

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