PRACTICE MANAGEMENT: How To Kick Start A Retirement Boom
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NEW YORK (Dow Jones)--Financial professionals looking to kick start baby boomers' retirement savings would be wise to harness the power of positive thinking and provide a tailored financial planning "experience" that caters to the individualist streak of the "me" generation.

That was the consensus view that emerged last week at a conference organized by the Million Dollar Round Table, an international association of investment and insurance professionals. The association brainstormed the issue for two days with the help of psychologists, gerontologists and an economic guru: Dr. Alan Greenspan, former chairman of the U.S. Federal Reserve, who shared his insights during a fireside chat (his predictions for Medicare were dire - a "very dramatic increase" in co-payments, with the "vast majority" of Americans paying as much as 100%).

Historically low personal savings rates, a debt warp and the deflating of the housing bubble all spell trouble for boomers. In addition, rising medical costs, cutbacks in retiree health benefits and question marks over Social Security and Medicare could collide to create a perfect storm that could batter millions of boomers who have failed to make adequate financial provisions for retirement. But motivating boomers to save is an uphill struggle for financial advisors, particularly at large Wall Street firms, where a large body of the workforce is still more comfortable selling stocks and bonds over the phone than meeting with clients in person to discuss their life goals.

"There's a pandemic loose in the U.S. - it called 'inspiration deficit disorder,' or IDD. It's about inertia and avoidance," says Lee Eisenberg, author of The Number, a best selling book about re-thinking retirement, and a speaker at the conference.

One of the problems, Eisenberg says, is that boomers aren't exactly sure what they are planning for. Many reject the traditional retirement of rest and relaxation their parents coveted - they are looking for a different kind of experience, where they remain actively engaged members of society.

Advisors also have to contend with continuing consumer skepticism (that isn't always undeserved). The No. 1 road block to planning for retirement cited by boomers in a study by Wachovia Corp. (WB) was corporate scandals, which have eroded trust in the market - and by extension advisors themselves.

"The industry needs to shift its traditional focus from products to solutions and from numbers to what really matters in people's lives," Dr. Ken Dychtwald, founder and president of Age Wave, a San Francisco-based consulting firm, told the delegates. Seven out of 10 boomers don't currently have an advisor, he added.

Boomers will spend many more years in retirement than their parents and have higher expectations and more diverse desires about how they will spend their time. This will require the guidance of a new generation of financial professionals who can "tune in to each of their clients as unique individuals," according to Dr. Dychtwald.

Age Wave last month launched Retirement Bridge, an online tool that aims to help advisors uncover what makes clients tick. Clients fill out a 20-minute online questionnaire that is designed to provide insight into their psychological make-up, life stage and life style, retirement hopes, fears and readiness - and how they would ideally like their advisor to engage them. The advisor receives a computer-generated report that includes a client profile alongside a list of tactics the advisor should use to meet the client's specific needs. The client receives a separate report highlighting the opportunities and challenges ahead and suggestions on how to tackle specific issues such as caring for an aging parent.

Around 50 premier relationship managers and financial advisors in north eastern branches of HSBC Bank (HBC) are using Retirement Bridge with clients who have up to $3 million to invest. LPL Financial Services, the nation's largest independent broker-dealer, will begin offering Retirement Bridge to its 7,000-strong advisor network this summer.

"The most successful advisors are the ones who can forge deep relationships with clients," says Mark Casady, LPL's chief executive and president.

Academics and analysts have been sounding the alarm about the impending boomer retirement "crisis" for more than a decade, seemingly with little impact, as a raft of recent studies attest. For instance, according to one study by Aetna Inc. (AET), the health insurance provider, 31% of pre-retirees would rather clean their bathroom or pay bills than plan for retirement.

Accentuate the positive

Matt Thornhill, president and founder of the Boomer Project, a research and consulting firm, who was also a speaker at the conference, said he isn't surprised by the lackluster response as scare tactics simply don't work with boomers. Financial advisors looking to market to this group should stay away from fear, uncertainty and doubt.

"Boomers are born optimists," Thornhill says.

Instead, advisors should use emotional images and concepts - rather than facts and figures - in their marketing materials. The images need to be positive - think smiling faces, babies, etc. (Thornhill points to research by Dr. Laura Carstensen from the Stanford University School of Geriatric Psychology, who showed, using MRI brain scans, that older people just don't register negative images.) Dropping the "r" word in favor of phrases, such as "planning for future," is an upbeat message that is likely to resonate with boomers.

Advisors need to be careful what they call boomers. According to the Boomer Project's research, most boomers consider 48 to be when middle age starts and 73 when old age begins. At 60, a boomer might be a new father or an empty nester mom with a job; happily married or single; an early retiree or a victim of downsizing. Advisors need to take age out of the equation and focus on life stage, he says.

Boomers are individualists to whom money equals freedom. Typically advisors focus on products, but to have a successful conversation with a boomer, advisors need to emphasize control. One example: how an annuity can provide a guaranteed stream of income that isn't influenced by the unpredictable stock market.

Another obstacle is that boomers are confused about where to go for professional financial advice. Unclear fee structures, a bewildering array of professional credentials, and industry jargon, such as fiduciary responsibility (where advisors put clients' interests ahead of their compensation) prevent many from seeking guidance at all. Those that do seek help might give up half way through.

"Most Americans," says Eisenberg, author of The Number, "see financial planners as a blur."

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