

# MDRT: New Retirement Requires New Skills From Advisors

BY ROMANA KING

Advisors, agents and planners need to reinvent their role if they want to be successful and meet the needs of their retiring clients, according to a leading demographic psychologist and business guru.

On the first full day of the 2008 Million Dollar Round Table, Dr. Ken Dychtwald prompted almost 8,000 attendees to examine how they envision their responsibility as a financial planning professional.

Dychtwald, who specializes in gerontology and how demographics impacts business, explained

that in the last 100 years attitudes toward aging, the impact of health science advances and the influence of a global boomer population have prompted dramatic changes in how we conduct business and service clients.

“Your clients have never been 53 before; they’ve never been retired before; they’ve never experienced fears about aging before. They don’t understand the financial market and as financial advisors you need to help clients chart their course,” he said.

According to Dychtwald, chart-

ing the course means providing insight into how clients can negotiate the longevity transformation. “We’re in the midst of a longevity revolution,” explained Dychtwald. “Two-thirds of all the people who have ever lived past age 65, in the entire history of the world, are currently alive today... and you are their guide.”

Based on research, Dychtwald believes financial planners need to assess the impact of longevity and then translate this assessment for their clients.

Dychtwald tells advisors not to

be surprised if clients, in the next decade or so, begin to live to 100 or 120 years. “That means planning for financial security until age 95 or 100 will not be a foolish idea and, in fact, it will become commonplace.”

Boomers, in fact, represent a “seismic opportunity” for the financial industry. “Studies show that 70% of boomers do not have financial advisors – and this is a great opportunity for the professionals currently in the industry.” Yet, Dychtwald is emphatic that advisors not rely on old tactics – such as “sell, sell, sell” – on this massive demographic cohort.

“Boomers want to be heard, understood and have plans that are tailored to their needs.”

This requires fewer assumptions and more questions, explained Dychtwald. “Don’t assume your older clients do not have dreams; they probably do.”

Boomers are the first generation not to simply transition through life in a linear fashion. Rather than experience education, work and then retirement as their parents did, boomers are developing a cyclical lifespan model, said Dychtwald.

He believes that clients “are beginning to imagine longevity as an environment in which they can reinvent themselves: go back to school, start a new life, pick up and move somewhere else, live long enough to do something else.”

As a result, the biggest chal-

lenge for advisors is “how that longevity bonus gets distributed.” He explains that clients are not looking for ways to wind down, necessarily. “Instead, you need to ask: ‘Have you given any thought to reinventing yourself?’”

Dychtwald believes that the planners of today can become the successful advisors of tomorrow by recognizing that “what’s emerging is an entirely new model for life.”

According to statistical projections, the majority of the developed world’s population will be over the age of 65 by 2025.

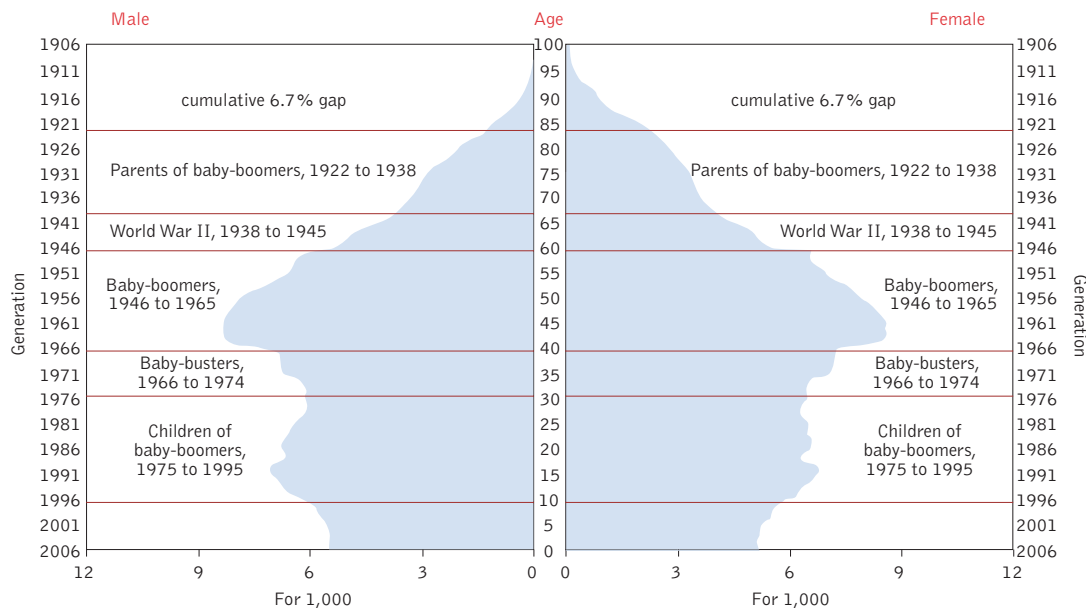
“Demographics is destiny. It is the map. History has shown us that the products and services that best served the predominant demographic stage in this generation’s lifespan have exploded [in term of market demand].”

For financial advisors, it means developing models and mechanisms to help communicate, translate and develop a client’s dreams into an achievable plan.

And age is not the only demographic shift coming down the pike. By 2010, women will control half of the world’s accumulated wealth, according to Dychtwald.

“As a planner, you need to be aware that women dislike the sell, sell, sell approach. They want problem-solving, less risk and more predictability, less hype and more education. And they want to be treated with respect.” **AER**

## DIFFERENT COHORTS AMONG CANADA’S AGE PYRAMID



Source: Statistics Canada, Census of Population, 2006