

# Insurance Needs of Older Consumers

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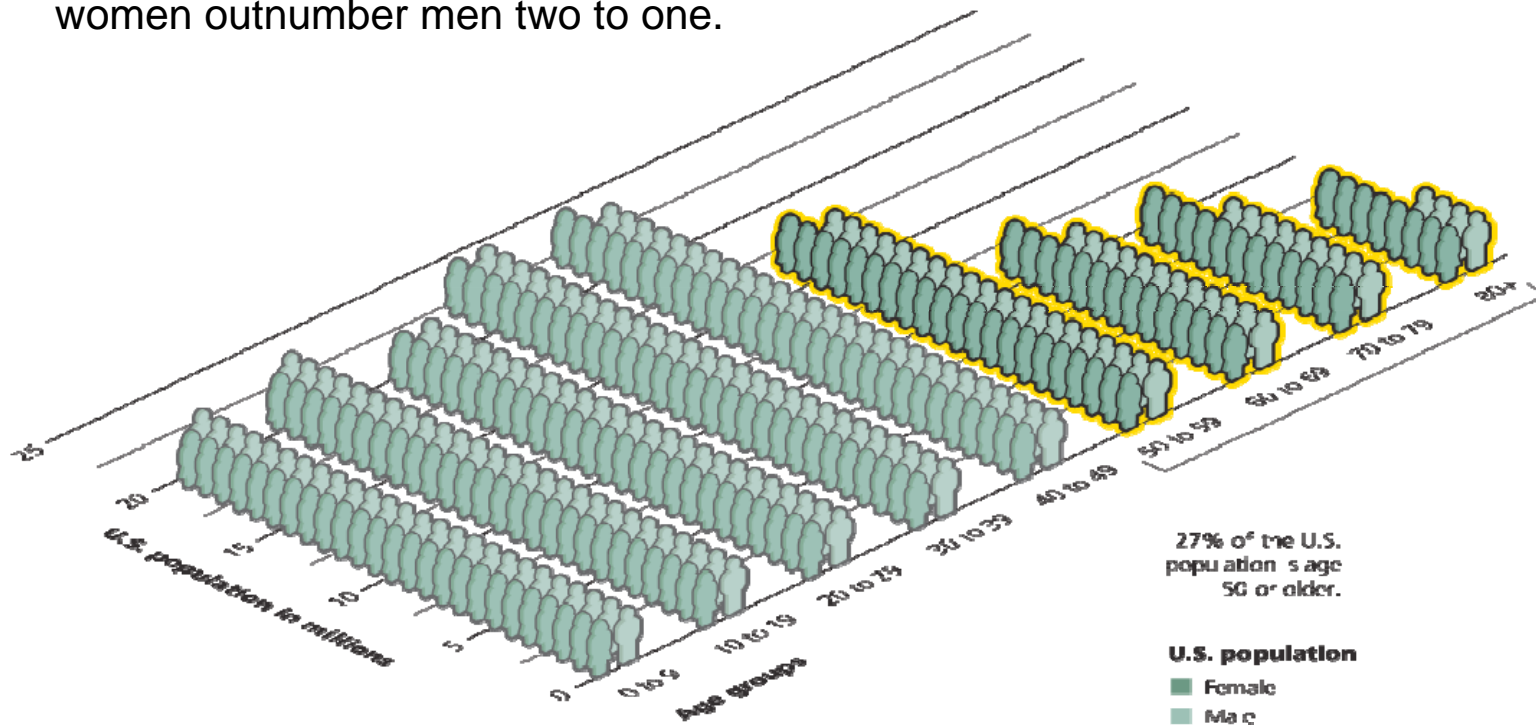
ICAE Conference  
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# Snapshot of 50+

# U.S. Population

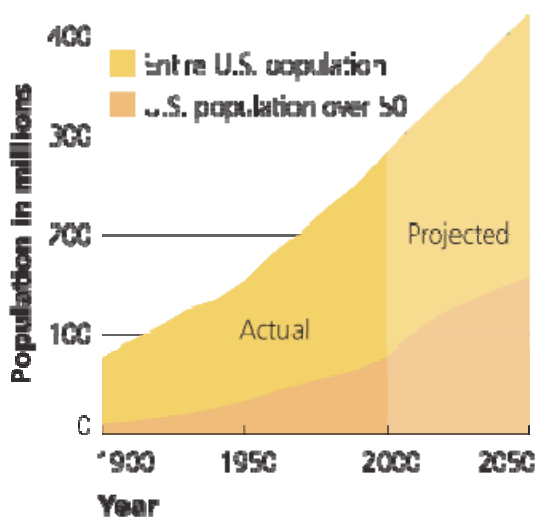
More males than females are born each year in the United States. By age 30, the male and female populations are roughly equal. At age 85, women outnumber men two to one.



# U.S. Population, continued

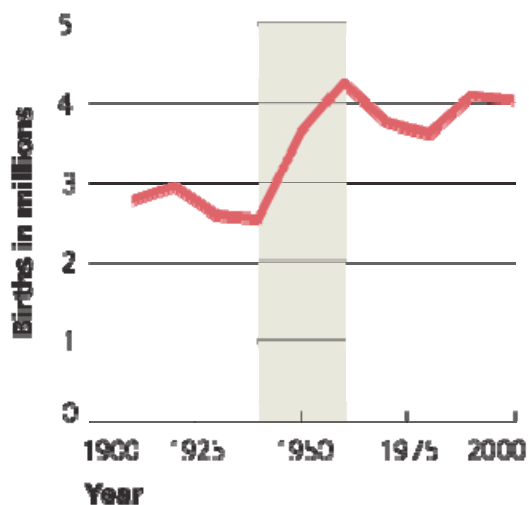
## Age and population growth

The proportion of the U.S. population age 50 and older is steadily increasing.



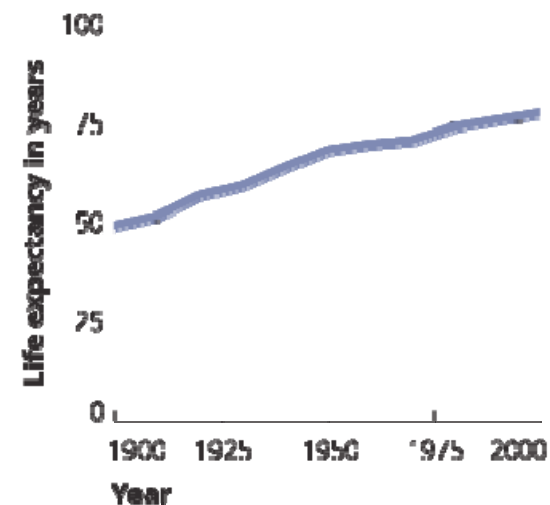
## More entering the 50+ population...

Baby boomers, born between 1946 and 1964, are reaching their "golden years."



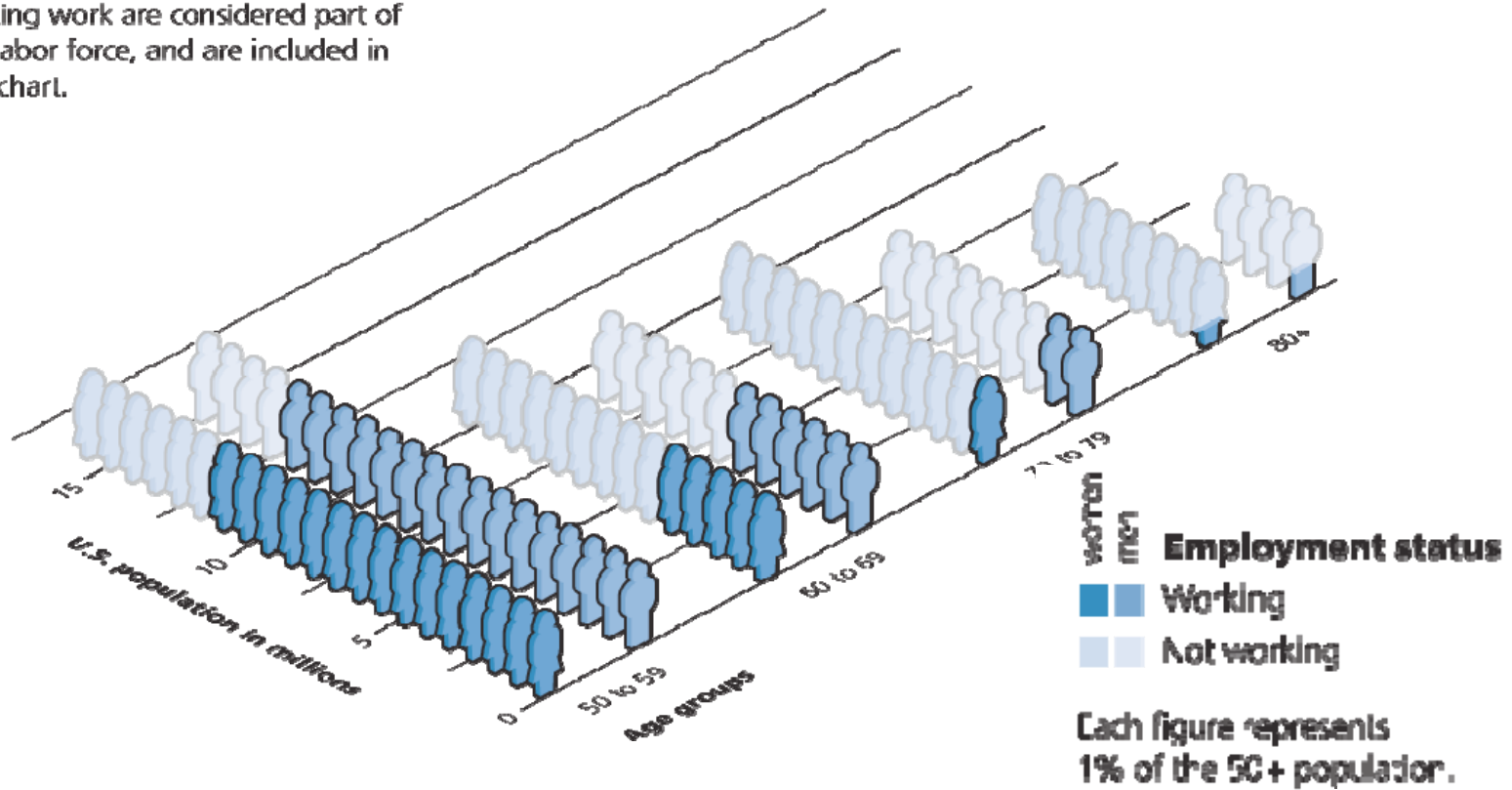
## ...and living longer

Americans live longer now than they ever have, and life expectancy will continue to increase.

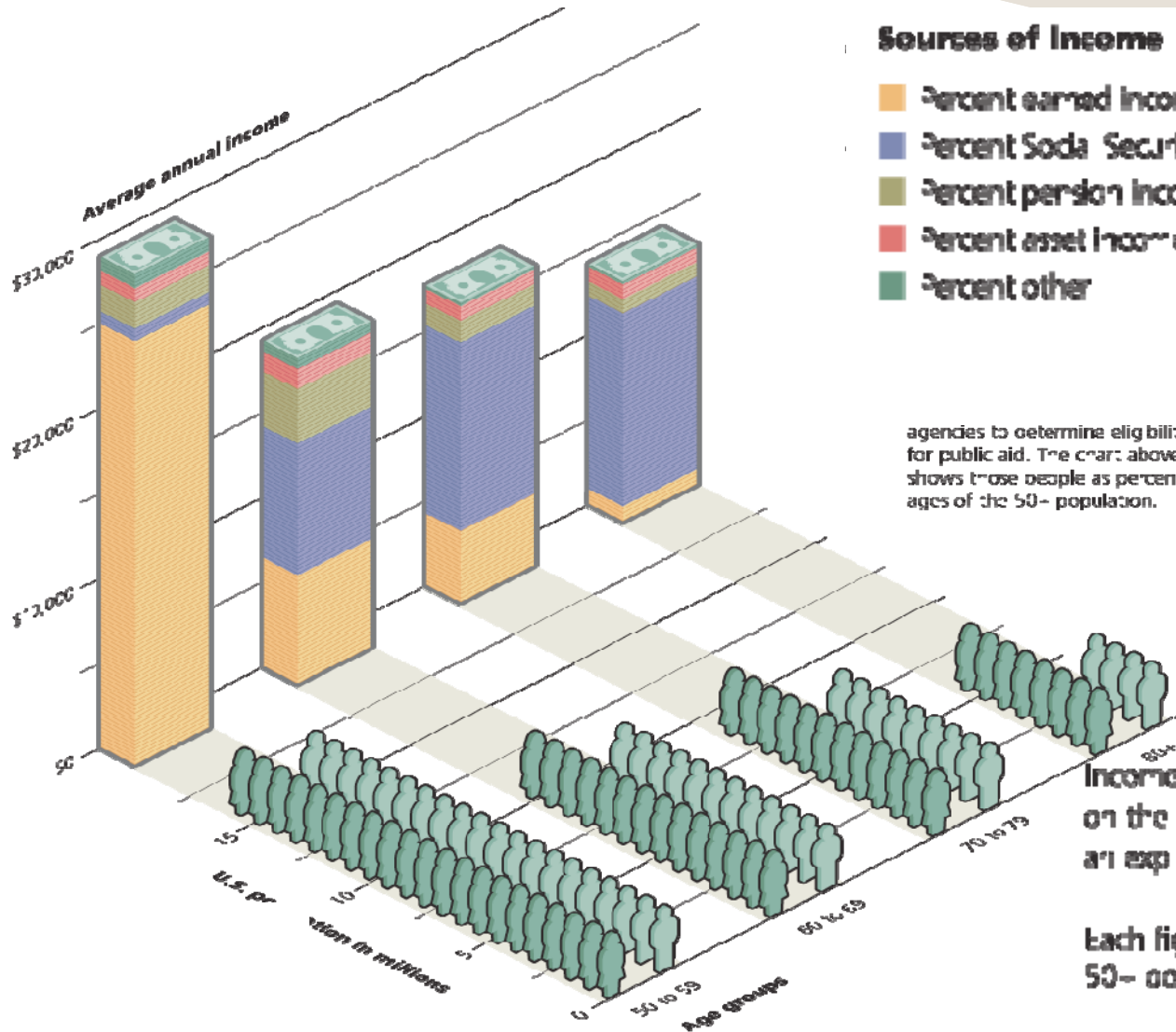


# Employment status

People who are working or actively seeking work are considered part of the labor force, and are included in this chart.



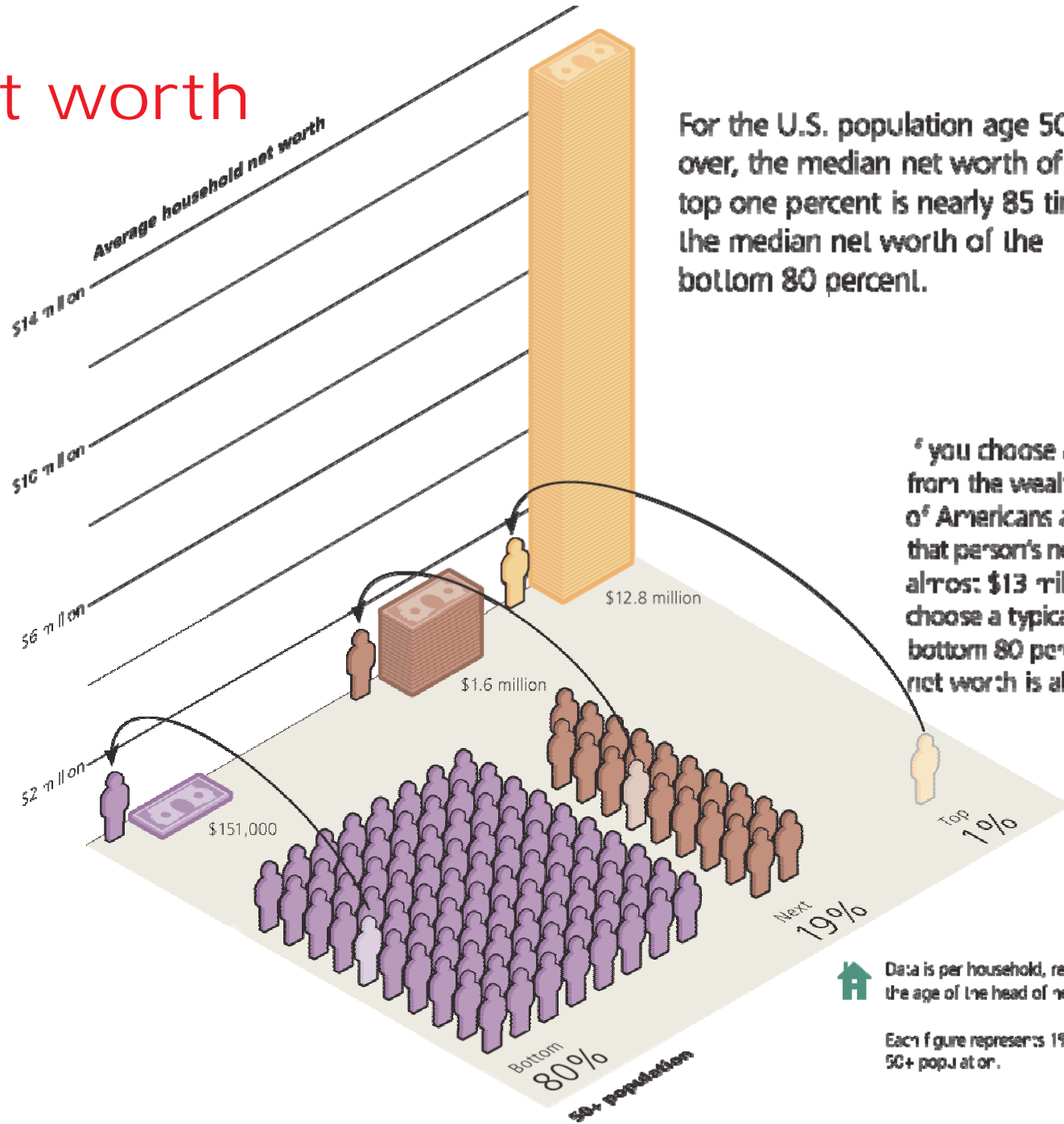
# Income



Income values shown are based on the median. See page 37 for an explanation.


Each figure represents 1% of the 50+ population.

# Net worth



For the U.S. population age 50 and over, the median net worth of the top one percent is nearly 85 times the median net worth of the bottom 80 percent.

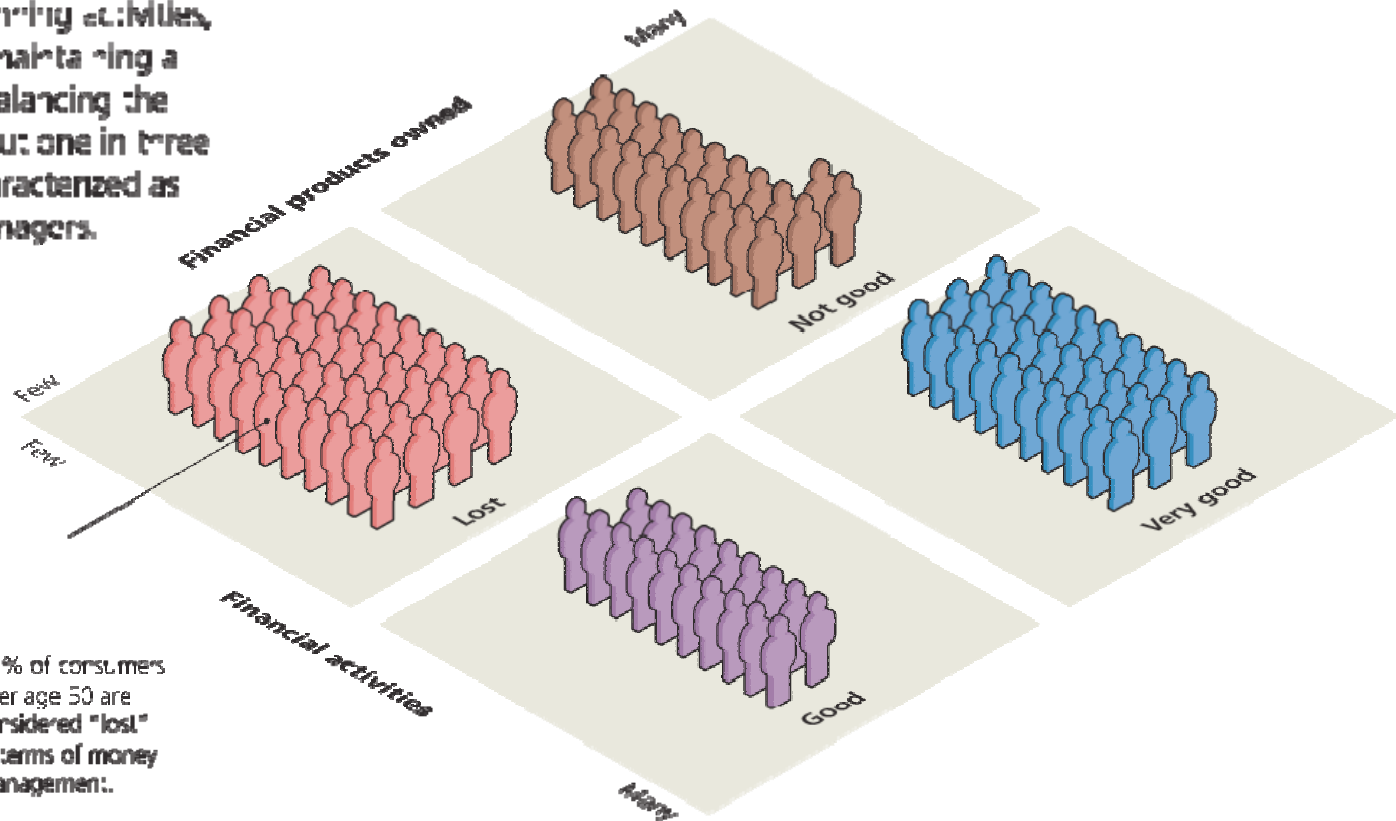
If you choose a typical person from the wealthiest one percent of Americans age 50 and over, that person's net worth would be almost \$13 million. But if you choose a typical person from the bottom 80 percent, that person's net worth is about \$150,000.

 Data is per household, reported by the age of the head of household.  
Each figure represents 1% of the 50+ population.

# Money management

## Wise money management

Experts characterize a consumer as a "very good" money manager when he or she is over-served in multiple financial products, and routinely engages in important financial planning activities, like writing a budget, maintaining a savings account, and balancing the checkbook. Today, about one in three 50+ consumers are characterized as "very good" money managers.





# Working with Older Clients

## What is Older?

### **“Older” is variously defined**

- > Age Discrimination in Employment Act applies to 40+
- > AARP membership begins at 50
- > Retirement savings withdrawals can start at 59 ½
- > Social Security is available at 62
- > Medicare is available at 65
- > Minimum distributions start at 70 ½
- > Fraud starts at any time

**Older can be an age (65), a status (retired), or a frame of mind (newly widowed)**

# Special Challenges

## **Older clients have many different needs, profiles**

- > Those nearing retirement may have to readjust expectations
- > Possible quick shifts from wealth accumulation to spend down
- > Often lack of familiarity with financial products and services
- > Strongly established spending and money management habits
- > Problem or crisis (e.g., loss of spouse) ignites financial changes
- > Physical and mental changes do occur

# Social Situations

## **Retirement brings lifestyle changes**

- > Personal definitions change
- > Leaving old friends and making new ones
- > Where to live and in what sort of housing
- > Family time increases
- > Time for hobbies, or realization they need one

# Family Situations

## **Professionals rarely deal with older clients in isolation**

- > Adult children often get involved for both good and bad reasons
- > 4.5 million children are living with grandparent-headed household, with 2.4 million relying on them as the primary responsible adult
- > New relationships after loss of spouse
- > Family dynamics can
  - Impact investment goals and decisions
  - Complicate decision making
  - Raise ethical issues such as
    - Who your client is and whom you are serving
    - What you can reveal to another family member
    - What you can do when the client is mentally declining

# Other Financial Decision Makers

## **Older clients bring more than family**

### > Powers of Attorney

- Excellent tool to assist when declining capacity
- Disastrous results when misused
- Client must sign while still has capacity
- Agent can't do what client has not directed to do

### > Guardianship

- Court process after client loses capacity

### > Professional Caregivers

- Should be bonded

# Generation Situations

## Life experiences have a long-term influence

### > *Older retirees*

- Grew up with financial uncertainty
- Depression
- World War II, building financial stability post-war
- Pensions

### > *Boomers*

- Grew up with more affluence
- Increased longevity, fear of outliving money
- Caring for parents
- Defined contribution plans – more responsibility for financial decisions

# Hearing

## **Hearing loss is a common factor older clients face**

- > 60% of people 65+ have some hearing loss
- > Client may not acknowledge a hearing problem
- > Behavior associated with hearing loss can be misinterpreted as mental confusion or dementia

## **Signs you can watch out for**

- > Inattentiveness
- > Head bending to favor one ear
- > Lack of expression when listening to you
- > Inappropriate responses to your comments

# Can They Hear You?

## **Professionals can improve the environment for those who do have hearing loss**

- > Make it quiet
  - Too many conversations
  - Street noise
- > Keep it simple
  - Shorter words and sentences
  - Smaller chunks of information
  - Eye contact
  - Enunciate
- > Slow it down
  - Pace of conversation
  - Pace of meeting
- > Consider other communication channels
  - Use sound levels of 65 decibels+ for Web audio
  - Phones, TTY

# Vision

## **Vision is another common issue**

- > 17.2% over 40 experience cataracts
- > 25.4% over 40 are nearsighted
- > 7% of 80+ are blind

National Eye Institute, National Institutes of Health

## **Professionals can improve the environment for those with vision problems**

- > Keep areas well lit
  - > Reduce or no glare
- > Easy to read signage
  - > Contrasting colors
  - > Large font, at least 12 point

# Mobility

**Just as in the home, older clients see mobility as very important**

- > May need help getting to and from, and into and out of office
- > Room for wheelchairs to turn around
- > Ramps from the parking area to the office
- > Rugs, cords no one trips on
- > Handrails on the stairs
- > Chairs with arms

# Mental Ability

## One of the most difficult issues for professionals is cognitive abilities

- > Can be affected by
  - Grief
  - Medications
  - Actual dementia
- > Be on the lookout for
  - When a client cannot recall essential information
  - Does not understand simple features or instructions
  - Difficulty in relaying simple concepts about current state
- > Have protocol on how to handle
  - Obviously written
  - Escalate quickly
  - Include what to tell client



## Depending on Experts

- > While workers have more retirement responsibility, they have less time
- > Lots of different financial products on the market (stocks, bonds, mutual funds, annuities, etc.)
- > Individuals increasingly depend on experts to help tailor the right mix of products
- > People rely on specialists for advice
  - > 46% of respondents to a FINRA survey who had heard of an accreditation or certification stated that they would be more likely to listen to the advice of a salesperson because of it.

- Source: FINRA Investor Education Foundation – Senior Fraud Risk Survey, August 2007

## New Older Investor Protections

**Older Americans, like most, don't understand many financial terms. Of 50+ population:**

- > 30% say they've made an investment they regretted because they did not understand it
- > 57% don't believe they understand diversification well enough to explain it to a friend or coworker
- > 50% believe financial professionals use "complicated jargon" to distract people from focusing on the fees they will be paying
- > 60% say they don't read financial literature because it's too hard to understand



## Who Else Can Help

### **Other professionals deal with issues and can help**

- > Elder law, tax or probate attorneys
- > Eldercare case managers
- > Social workers
- > Geriatric money managers
- > Residence transition specialists

# Referral Resources

**AARP – [www.aarp.org/forfinancialpros](http://www.aarp.org/forfinancialpros)**

**Access Board – [www.access-board.gov](http://www.access-board.gov)**

**Federal Interagency Forum on Aging – [www.agingstats.gov](http://www.agingstats.gov)**

**Alzheimer's Association- [www.alz.org](http://www.alz.org)**

**American Association of Homes and Services for the Aging – [www.aahsa.org](http://www.aahsa.org)**

**Eldercare Locator – [www.eldercaresearch.gov](http://www.eldercaresearch.gov)**

**IMSA – [www.imsaethics.org](http://www.imsaethics.org)**

**FINRA – [www.saveandinvest.org/55Plus](http://www.saveandinvest.org/55Plus)**

**Hearing Loss Association – [www.shhh.org](http://www.shhh.org)**

**National Academy of Elder Law Attorneys – [www.naela.org](http://www.naela.org)**

# Referral Resources

**National Association of Area Agencies on Aging – [www.n4a.org](http://www.n4a.org)**

**National Association of Geriatric Care Managers –  
[www.caremanager.org](http://www.caremanager.org)**

**National Association of Social Workers – [www.nasw.org](http://www.nasw.org)**

**National Eye Institute – [www.nei.nih.gov](http://www.nei.nih.gov)**

**National Institute on Aging – [www.nia.nih.gov](http://www.nia.nih.gov)**

**National Institutes of Health – [www.nihseniorhealth.gov](http://www.nihseniorhealth.gov)**

**North American Securities Administrators Association –  
[www.nasaa.org/Investor Education/Senior Investor Resource Center](http://www.nasaa.org/Investor_Education/Senior_Investor_Resource_Center)**

**National Association of Insurance Commissioners – [www.naic.org](http://www.naic.org)**

**Securities and Exchange Commission – [www.sec.gov/investor](http://www.sec.gov/investor)**



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