RETIREMENT MANAGEMENT JOURNAL

A reprinted article from Volume 7, Number 1, 2018

THE VISIONARIES SERIES

Reimagining Retirement: Longevity and Its Opportunities: An Interview with Joseph F. Coughlin, PhD

INVESTMENTS & WEALTH INSTITUTE®

VOLUME 7
NUMBER 1
2018

REIMAGINING RETIREMENT

Longevity and Its Opportunities: An Interview with Joseph F. Coughlin, PhD

As founder and director of the Massachusetts Institute of Technology (MIT) AgeLab, Joseph F. Coughlin, PhD, has spent the better part of the past twenty years researching how demographic change, technology, social trends, and consumer behavior drive innovations in business and government. In that capacity, he advised then-President George W. Bush's White House Conference on Aging Advisory Committee, as well as nonprofits, governments, and corporations worldwide about how to improve the quality of life of older people and those who care for them. He has served on a variety of advisory boards for Fortune 500 companies and nonprofits worldwide. He was named one of "twelve pioneers inventing the future of retirement" by the Wall Street Journal, *and one of the "100 most creative people in business" by* Fast Company Magazine. *He has authored more than 100 research publications and regularly contributes to* Forbes, *among other online and print publications. He is a frequent guest on television news programs and media outlets. He is the author of* The Longevity Economy: Inside the World's Fastest-Growing, Most Misunderstood Market, *in which he explored what older people actually want, not what conventional wisdom suggests they need.*

He teaches in MIT's Department of Urban Studies & Planning as well as the MIT Sloan School's Advanced Management Program. He is a behavioral sciences fellow at the Gerontological Society of America and fellow of Switzerland's World Demographics and Ageing Forum.

Coughlin sat down with Retirement Management Journal *Editor-in-Chief Robert Powell in early September 2018, to discuss the ways we understand and misunderstand retirement and what it will take to effectively serve clients approaching and living in retirement.*

Robert Powell: You mention that our current vision of retirement is deeply ingrained, that we picture retirement as the stopping or curtailing of work and what individuals do with their time, whether it be travel, volunteering, hobbies, etc. But this is a mental construct. Does it still apply today?

Joseph F. Coughlin, PhD

Joseph Coughlin: The vision of retirement that remains deeply ingrained today, like old age itself, is primarily made up. We forget that constructs such as retirement or old age or even adolescence are things that human beings created. They're not some sort of an objective reality in the laboratory, and so retirement, while ingrained, is something that we need to change because, in the meantime, the context of how we're aging, where we're living, and what we're doing as we age is fundamentally changing. Our current definition of "old age" came out of a concept called "vital energy." And the idea was you were imbued at birth with a certain amount of energy and that if you used it incorrectly, which essentially meant anything fun, you would start to lose energy. You would be running low, so you'd get tired. In fact, you'd get so tired that you would need to re-tire.

Then it got more complicated in the 1800s, when businesses were built on manufacturing. Older people, supposedly running low on energy, were considered to be not very good at physical labor, so we needed to create this whole notion of retirement to get them out of the way so that we could bring in younger people. We were essentially looking at human beings as replacement cogs in a wheel of manufacturing. We had this linear line of labor, where there was always somebody right behind you ready to take your job over. And then, frankly, we started to invent pensions to make it easier for your boss to retire you. So, the story starts with energy. It starts with getting tired. It starts with, "Well, we need fresh people on the line."

It was in part for this reason, and in part for humanitarian reasons, that we, as a society, decided to support older people financially. Suddenly, many people found themselves with time on their hands. They had leisure time and we started to create things to fill what was fast becoming a leisure-oriented vision of retirement: golf, cruises, beaches for those who had enough time and money. But here's the big difference. The fastest-growing part of the population now is eighty-five plus, and what was once a short period with a few cruise trips and a few golf games is now one-third of your adult life. And today fewer and fewer of us use our bodies to work. Now there are tons of older people who desperately want good jobs, or to contribute to society in other ways, but keep running up against the conventional wisdom that retirement is the only natural state for old age. And meanwhile, in many professions, such as financial advisors, doctors, truck drivers, and air traffic controllers, there is not a long line of young people who want those jobs.

The notion of retirement, yes, today is ingrained. Yes, the industry is continuing to perpetuate a vision of products, services, and experiences around retirement built for my father and my grandfather, but not for the next generation of baby boomers who are about to retire.

This narrative that we call retirement, which evolved over the past 100, 150 years, is not only outdated but in many ways is actively holding us back as a society, and is giving the wrong set of instructions to the financial services industry as it seeks to help us plan for one-third of our adult life.

Robert Powell: The lack of planning by the financial services industry is in part because firms and practitioners don't know what the future holds.

Joseph Coughlin: The opportunity for financial services in the next few years is to come up with another compelling vision or set of visions for one-third of our adult life. Because what happened is that the Del Webbs (planned retirement communities) and the cruise industry, golf industry, and real estate industry gave us something to plan for in retirement. We need to stop planning for it and start selling it. The retirement industry is acting like a utility: selling future economic stability with little more creativity than the electric company applies to selling electricity. And then they stop and say, "We're done. Have a good life." Every other aspect of your life, every other transaction you will ever buy, you will try it on. You will taste it. You'll take it for a test drive, or you'll walk through it. And yet the single largest thing you ever will buy, for the longest period of your adult life, is likely a retirement. And there's no vision to it anymore. The limited vision that we've inherited is so outdated. Very few of us believe it, very few of us are saving for it, and most of us are saying, "My retirement plan is I'm going to keep working." So we just detonated the entire industry.

Robert Powell: The keep working thing—it strikes me that it's reasonable advice on two levels: maybe one is that you have to finance a longer period of time in retirement, and then to know what you want to do in retirement. That extra period gives you the chance to fund the shorter period and maybe think longer about what it is you want to do when you don't work anymore.

Joseph Coughlin: I forgot whether you've heard this from me, Bob, or not, but you know, from zero to twenty-one years old is about 8,000 days, and twenty-one to midlife crisis (forty-something) is 8,000 days, and midlife crisis to sixty-five or so is 8,000 days. If eighty-five-plus is the fastest-growing part of the population, and frankly for those people who have the education and income to hire an advisor, they're the most likely to live past eighty-five (Woolf et al. 2015)—that's potentially another 8,000 days or more. And I can't imagine 8,000 days of golf. I'm just terrible at the game.

But we're only asking people, "What are you going to do on day one of retirement?" This is a dumb question because we know what we're doing—we're unpacking our boxes. What we need to really start thinking about is what are you doing on day 4,672? And here's the opportunity for the industry, but it's not yet ready. Stop asking me what my goals and objectives are in retirement, because when I was twenty-one, I really didn't know what I was going to be doing at my midlife crisis, and during my midlife crisis, I certainly didn't know what I was going to be doing at age sixty-five, so why should I know what I think I'm going to be doing at age seventy-two when I'm fifty-five or even seventy?

Every other aspect of your life, every other transaction you will ever buy, you will try it on. ... And yet the single largest thing you ever will buy, for the longest period of your adult life, is likely a retirement. And there's no vision to it anymore.

Every other span of those 8,000-day periods had a boss: a parent, a peer, an advisor, a lawyer, a real estate agent, a Brooks Brothers salesman, or even a book (e.g., *What to Expect when (I'm) Expecting*). We get to sixty-five and suddenly people think that we just know it all, and we don't. That's one of the greatest barriers to people saving: We don't know what we're buying. It's not that retirees are going for the flat-screen TV because behavioral science says retirees are short-sighted, they don't understand risk, or worse yet, they are financially illiterate. Those things may or may not be true for a lot of us, but the other thing is that the financial services industry is selling us the largest ambiguity there ever could be, and from the financial services company perspective, they're making themselves a commodity.

We're going to have the same level of affinity for our financial services house that we have for our electric company. If all they're selling is financial security, yes, we need it just like we need electricity. But the people who get really attached to their advisor or the company that gives them advice are those who realize that the advisor or company is helping them navigate an entire life stage and understand or anticipate—not plan—*anticipate* what they're going to be facing. Right now, if it's not careful, the industry is going to become commoditized. If it's not going to give me meaningful, truly emotionally engaging advice, robo-advisors and algorithms will fill that space.

Robert Powell: Two reactions. What is the advice to do that and do it well? It's labor intensive. Probably more so than advisors are accustomed to doing. And advisors are not trained to do that at the moment.

Joseph Coughlin: Absolutely. What I would argue is that we now need to start thinking about what the next-generation advisor is. I don't want an advisor to be an expert on my future transportation needs or my aging-in-place housing needs, but if my advisor wants not just my money but my wife's loyalty when I pass away, then the firm better have a team of people either provided virtually or in the same room with me when we're making these plans.

I don't want an advisor to be an expert on my future transportation needs or my aging-in-place housing needs, but … the firm better have a team of people either provided virtually or in the same room with me when we're making these plans.

In one possible future, the industry could consist of far fewer advisors making far more money, having a greater impact on our longer lives by becoming essentially a coach, an agenda setter, and in some cases, a curator of longevity with a broad team of specialists behind them. Whether it's geriatric care managers, transportation specialists, home contractors who specialize in aging-in-place certification—all provide services not addressed even by the best of advisors who give you a check and tell you good luck as you try to navigate your older age. Which is fine. You need the check. But they're not selling solutions. They're only selling their product.

Robert Powell: That's a far cry from where we are today. Ten years ago, advisors were being asked for the first time to give advice on Social Security and Medicare and maybe long-term care. That was a struggle because advisors had to acquire this knowledge. Now many advisors have the knowledge, but this is a whole other thing.

Joseph Coughlin: And the opportunity for market share, brand growth, and growing the business to own longevity is not simply just to own my money. One of the things I'm a firm believer in is that clients, particularly the more educated, more affluent clients, judge their experiences with financial services and advisors not against another advisor or a bank or another platform, but rather their experience the last time they were on Amazon, the last time they went to Nordstrom, the last time they went to the Apple store.

Think about the companies that really have our share of money and mindshare—they provide a great design and service experience. They provide complete solutions sets like Apple does. Apple sells you the computer, maybe it sells you the phone, but it also provides the platform to buy the music, to listen to the podcast. Apple sells a solution that captures your information lifestyle.

What we need in financial services tomorrow or very soon is to start to sell not just the money aspect, but also the products that provide trusted, branded services that I'm going to need in retirement. Purposeful products I can invest in to keep me in my house, for instance. I'm starting to wonder whether or not in the near future we will be buying a retirement plan or buying a retirement platform. It's kind of like when you stay at a hotel chain, you know what it offers you (e.g., the Marriott or the Hilton experience). You could argue that one future for a Merrill Lynch, UBS, Edward Jones, or Raymond James might end up involving a lot more branding: "Oh, that's a Raymond James-type retirement," not just a Raymond James or Merrill security. But a different future could involve these platforms forming *outside* the industry, with, say, a real estate company bundling financial services into a larger vision of how retirement works at The Villages or Del Webb. Or even in something like Amazon Prime, which is getting into home services.

Robert Powell: Do you think the current advice industry runs the risk of being disrupted in the same way Uber or Airbnb disrupted the taxi and hotel industries?

Joseph Coughlin: I think the current advice industry runs the risk of getting run over by a platform company if it doesn't embrace what it's spent decades running away from. And what I mean by that is the industry always has embraced the idea that "This is very complex, non-emotional stuff, and I am here to keep you from getting emotional about your money." In fact, if you want to fully engage with clients and their families, if you want to be trusted, you have to get into not just their heads but into their hearts. Allow the robo-advisor to do the algorithms but have the actual advisor be somewhat of a counselor guiding us through life tomorrow. If that were to happen, we would envision more financial advisors coming out of the social sciences and even social work backgrounds than the economics and business departments. Today, we want somebody who's going to look across the table and say, "Look, I know other people who are in the same situation you're in. This is the kind of planning that they have done," or "The kinds of things they thought about where they're going to move and how they're going to do it." Or, "I have a client who's retiring now, but entertaining the idea of taking another side job." If the industry doesn't embrace the human side of advice, it runs the risks of both low-end disruption, yes, but also competition from platforms that have more of these human factors baked in.

Robert Powell: It's funny because sometimes advisors say that their value proposition is that I will hold your hand and stop you from selling when you shouldn't, which is a really low bar, navigating that part of the emotion.

Joseph Coughlin: They should, but their companies should recognize they're in the business of, "You can talk to me about what your housing choices are going to be and if you can't talk to me, I'll loop in an expert to join us. That's part of my team's role—to talk to you about why, when you've decided to redo the kitchen, maybe we should have you meet with a contractor to talk about how you can lower your cabinets and make your counters wheelchair accessible. This will save you money in the long run because if, God forbid, you ever have to go to rehab, you can go home afterward, because your kitchen was made age-ready." These are powerful conversations that all go back to money, so financial advisors are not losing their core business. They're not jeopardizing the main way they keep their office lights on, but they're answering what consumers are looking for, the jobs of longevity that consumers need done.

Robert Powell: It strikes me that there's liability, possibly in the extreme, for discussing these things, but there's liability in not discussing these things; that is, you run the risk of losing your client if you don't do it.

Joseph Coughlin: It's a perilous trajectory, because what happens if some of the experts you recommended do not perform? But if you think about it, you already refer clients to insurance providers, to lawyers and accountants. Adding in a few more names shouldn't be earthshattering. Larger firms, especially, need to create the analytical and vetting capacity to have a list of preferred providers that give whatever branded retirement they're selling.

Robert Powell: It strikes me that registered investment advisors (RIAs), perhaps more so than large brokerage firms, have the nimbleness to do this without the restrictions and maybe some of them are even doing it.

Joseph Coughlin: I think you're seeing the innovators being the parties who have one or two advisors out there who are designing everything about how their advisors interact with clients. For instance, even on the physical setting, some RIAs have gotten very creative, and appropriately so, where you don't just come into an office with the Formica table and a big screen, but you go into what appears to be a living room situation to truly have a meaningful conversation with clients and their spouse and sometimes their adult children. I talked to one RIA who remodeled his entire office. He took six months off to learn to be a chef. He built a kitchen in his office so that when he has a first meeting or even an important meeting, he makes dinner for the client. It may be because of my Italian background, but I think there's nothing better than food and wine as truth serum. So when you get to talk to clients about what is it that they know, what are their objectives, and what's really bothering them after the second glass of wine you are more likely to hear with great clarity the real answers. We know that all the pen-and-papers studies we use to identify client perceptions of risk are dubious at best.

Robert Powell: Well that sounds like it will shortcut the long arduous process of getting people to be honest and truthful by the third glass of wine. What about cognitive impairment? What do we need to understand about that?

Joseph Coughlin: Of course, in an aging world, our society will include far more people, just in terms of raw numbers, with cognitive impairment. Unfortunately, I don't have an answer for how to fix that. Perhaps, when we start to think about aging trends twenty or thirty years out, maybe we can permit ourselves a bit of hope that we'll see a medical breakthrough. More immediately, however, some of the numbers are downright scary. Half the people over age eighty-five will have some degree of cognitive impairment.

But this is why we might want to start talking about longevity planning, rather than retirement planning. An approach where wealth and health together become something you plan for holistically—where you're not just planning for your money,but you're actually encouraging people to take care of themselves. That would enable them to work longer, because the medical science is pretty obvious. Healthy heart, healthy brain. Some of what we're seeing as cognitive impairment in an aging population is not age at all, but may actually consist of mini-strokes, diabetes, and related complications of cardiovascular disease. Many of these are behavioral issues that can be dealt with, so the whole behavioral science element of this needs to be baked in not just for money, but for our health.

In defense of older people, there's a whole body of literature around crystallized intelligence and fluid intelligence. Quite often, people in their fifties, sixties, seventies, and beyond can get to the answer a lot faster because they're often better at pattern recognition, even if younger people are better at assimilating new material. So just because we have an aging population doesn't mean that all older people are incompetent or experiencing dementia. This may be true for some, but it's certainly not true for all.

Robert Powell: But that raises a question. Michael Finke performed a study where he looked at financial literacy as you aged and demonstrated that your literacy declined as you age, but your confidence level rose (Finke et al. 2016). So you were increasingly confident about the bad decisions you were making.

Joseph Coughlin: And there's actually gender bias in that as well. Men didn't ask for directions when they were younger, and they don't use GPS when they're older. I do believe that there is a new narrative of aging coming. I try to make that argument in my book, *The Longevity Economy*. The new storyline is going to be about us living longer and living better.

What do we mean by living better? It's not just about money and even health, but how technology is profoundly changing how we live, how we get things delivered to the house, how we will get around, and how we learn new things. Technology is the reason Malthus was wrong 200 years ago about us all starving.[1] I believe that the Malthusian cousins are still alive out there, and it's amazing—they see "aging" and think "resource scarcity." It doesn't have to be that way.

An entire industry thinks that living longer is apocalyptic. There's not much of an industry that's saying new products are necessary. New services can be born.

The one thing humankind always has wanted is to live longer, and now that we're getting it, economists are pulling out their hair. "It's going to run us broke financing health care and pensions." Yes, that's true—*if* we keep the current story of old age in retirement as it is. If we don't think about when retirement is appropriate, but if it's appropriate at all.

We don't think about the fact that these days, you don't have one career but two, three, four careers in a lifetime. We need to start teaching people at a very young age to, "Take care of the original equipment, exercise, and eat well." Not tapping people on the shoulder at age fifty-five saying, "You know, you really may want to cut back on whatever it is that you've been doing." No. We need to restructure society from a longevity viewpoint, not a life stage viewpoint. Because if we don't, then all the Malthus followers out there may indeed be correct.

Robert Powell: What role does behavioral finance or behavioral economics play in retirement planning? So many people have the present bias that it seems like the thought of planning for a long life or thinking beyond tomorrow is really hard for people. Is it?

Joseph Coughlin: Absolutely, that's true. But it goes back to what I was saying: We really need to sell retirement. There is a present bias because you're not selling me anything about the future. You're saying, "You need to have independence and security for your future," but you're talking to people in their thirties, forties, or fifties. I've been secure, and I'm independent. I can't really envision a time when that's not going to be the case. This is why insurance people have a difficult time selling disability insurance—paradoxically people can envision themselves dead so they buy life insurance, very few can see a future self that is disabled.

So I would say yes, there is a present bias. Absolutely. But one thing that counteracts that bias is to be able to show something better that you want. And right now, if you look at the brochures by most of the financial services companies, they are remarkably drawing from the same exact commercial photo stock as everybody else, and it is the cruise ships, golf courses, beaches. The new thing is riding bikes on river bike trails. That's not good enough to overcome the present bias. Despite the concern that people are not financially literate or using their common sense—most people have enough common sense to know, "That's a nice view, but I wasn't on that boat when I was thirty. I'm not going to be on it when I'm sixty."

Robert Powell: Similarly, there are numerous articles, reports, and books about the oncoming "silver tsunami"—how a growing share of the population will be older than age sixty-five and how this will place numerous financial stresses on our economy and social welfare system. Is this narrative correct, half-right, or just plain wrong?

Joseph Coughlin: Have you thought about the growth industry of the dismal science as it's applied to aging? Just looking at all the book titles: we have silver tsunamis, we have waves, we have quakes, we have storms, we even have seismic shifts. An entire industry thinks that living longer is apocalyptic. There's not much of an industry that's saying new products are necessary. New services can be born. People are choosing to work longer. Should we rethink the entire education system so that people are not just working longer, but they're competitive as they age? Aging is a global opportunity, but if we don't start treating it as such, I fear that this dismal body of research will become a self-fulfilling prophecy.

Robert Powell: Your experience with AgeLab led to an insightful, and potentially often-overlooked issue, that many businesses view the elderly as patients instead of consumers. How did this change of narrative alter the way you approached your research?

Joseph Coughlin: AgeLab started from my background in transportation. And transportation, from an engineering standpoint, is a very simple—in fact, simplistic—matter of getting from point A to point B. That definition is not incorrect, but it is woefully incomplete. Transportation reflects and reinforces how you live. You've got to want to go someplace before you worry about how you're going to get there.

AgeLab was probably the first, not just multidisciplinary, but the first research program to acknowledge that there's a word for a later life consisting solely of guaranteed health care, shelter, nutritious food, and exercise—prison. At AgeLab we said, wait a minute: People live in an integrated complex system of which transportation is only one aspect. First you need someplace to go and something to do.

AgeLab has been working with industries around the world to understand that complex system, the behaviors involved, and how we can use technology and creative service innovation to start to treat retirement as one-third of a fully formed adult life. What's that like? Our tagline is "Life Tomorrow" because we believe that later life has yet to be invented. And that's what we're trying to do here in AgeLab.

Robert Powell: When your book first came out, I thought it must be so interesting for businesses to be exposed to this notion of the vast opportunity that they could take advantage of if only they opened their eyes to it.

Joseph Coughlin: Like retirement itself, the current vision is basically, "If I can get you as a consumer between ages eighteen and thirty-five, I have you for life." That's treated almost like it's an objective reality that's out of physics, not out of our imaginations. We had a company, an athletic wear company, approach us last week. The team we met with said they've decided there's something to this aging population. They wanted to talk to us. They were really concerned that the "older" market—over age thirty-five—was not getting the company's attention.

So you have to give companies a little bit of a break because the baby boomers are reaping what they sowed. Boomers wanted a world that was youth-focused and for sixty-plus years, companies saw an endless line of young people as an endless line of consumers.

We've never had this many older people. Sure, we've always had older folks. But we've never had this many, with this much education, with this much money anytime in history, and particularly with a very efficacious group of women in the upcoming generation. This spells an expectations gap. The new generation gap is expectations. As a boomer, I not only expect, but I demand a pill, a product, a policy, or something to help me live longer and better. That's going to be the market opportunity, and in those cases where reality doesn't meet expectations, a source of political conflict.

Robert Powell: If "the future really is female," what does that mean? How should we be changing our current conventional thinking to account for it?

Joseph Coughlin: The lifestyle leaders, as I like to call them, of an aging society are women. Women now have more education in nearly all fields. It's not so much how many years of school that matters, but women are today's educated researchers. They're the ones who are online doing research on doctors, cars, houses, financial advisors, but more importantly, they're not just doing the research for themselves. They're nearly three times more likely to do research for a friend, so they're truly the most trusted advisor. If financial advisors and retirement planners are not speaking to women, they lose not just because women are likely to live longer than the client—more often than not an older male, but because they need to have that relationship with these women if they're going to keep their business. The second reason the future is female is from a very practical business, innovation, and entrepreneurial sense. Really new products and services are envisioned by people who

We've never had this many older people … with this much education, with this much money anytime in history, and particularly with a very efficacious group of women in the upcoming generation. This spells an expectations gap.

see a need for it. Women—and this is unfair, but true—do an outsize proportion of both childcare and eldercare. They have become the chief financial officer of the house. They see jobs to be done or products that are needed with an acuity that, for the most part, men lack. Men are statistically less often the ones who help their mothers by reminding them to take their medication, or think about transportation needs, or to go the doctor for a very uncomfortable discussion. Men don't see the, "It's time for mom to move out of the house," issues nearly as much as women, because more women are the primary caregivers. So as a result, if we do not fund the venture of money that many women entrepreneurs want for starting a company, or watch women lifestyle leaders, we're missing what the emerging demands of the longevity economy are going to be. They're the ones creating the new businesses, and frankly, they're the ones living longer anyway.

Robert Powell: You acknowledge in your book that growing old and aging will lead to health issues for many and caring for an older world is a real challenge. You don't pretend to have all the answers, but you note that technology is rapidly improving and potentially will vastly improve the ability to care for an aging population while also hopefully lowering healthcare costs. Can you elaborate on this?

Joseph Coughlin: I'm actually excited about technology. Especially in the past few years, we're starting to see some serious movement on how we're looking at technology in helping people's health. We've gone from a technology for an aging society being the "Help, I've fallen and can't get up!" service that frankly, very few people wanted, let alone bought or used, to starting to see health technology become ageless and cool. So whether it's wearables such as smartwatches or smartphones, we're now making it so younger people are doing it because they want to measure their performance. And as a result, these devices don't radiate "old man walking" or "old man needing a button because he's about to fall down." I'm really optimistic that we're creating an ecosystem of technologies that are going to be able to monitor, manage, and motivate good behaviors starting early on. Whether it's as simple as taking your meds or going for a walk.

[F]inancial advisors who do not have an idea about your health and your chronic conditions can't really do their jobs because they cannot effectively project the cost of your health care if they only have population averages to base their assumptions upon.

But the thing that's coming quickly is your house is going to get involved. We're no longer going to have sensors that say, "Gee, Joe didn't take his meds," or "Joe fell on the rug." We will see advanced technology that is going to be far more preventative and proactive. It's going to be, "The house is detecting that Joe's gait, his walk, has changed. He's likely to fall. Somebody should intervene." Or, "We've noticed that Joe's not eating as much as usual, or he's getting up in the middle of the night and not sleeping as well."

I'm optimistic that the technology interventions we're getting now and the rise of big data in a good way are going to be able to identify problems and allow us to intervene in a timely fashion, where actually we won't have those mega costs and premature deaths that we would have ordinarily. And the neat thing is it's not just being aimed at older adults; it's kind of reaching up and down the lifespan, which means we now might be able to come up with ways to start pinging twenty-, thirty-, and forty-year-olds about: "Put down the cheese steak and Hostess Twinkie, and try an apple."

I'm not saying everyone's going to do it, because we all have our own taste. I'd go for the cheese steak most of the time. But we're now going to be able to provide intervention at the time when you can make the difference. Rather than saying, "Well, you're sixty-five. You need to take all these meds because of bad eating and bad exercise for six decades," we can intervene early on and teach people healthier ways of living.

Robert Powell: It can change the behavioral side of things.

Joseph Coughlin: We're making health and behaviors that are incented by data into games and fun. We're making it cool. Before, eating well and doing what the doctor told you was just doing what you were told, and no one ever found that fun. Now we're starting to make friends, fashion, and fun incentives to age well and to be healthy. Just to stop or reduce something as simple as falling—which is a huge problem with the aging population. Half the people who fall and break a hip will not survive due to complications. The cost of falling, if you want to keep it as a financial problem, is something we as a society all pay for in the end, and so we as a society should be seriously thinking about how to make fall prevention a priority.

Robert Powell: What are some other challenges that advisors face when you think about their clients and the future?

Joseph Coughlin: We did a study here at AgeLab that was quite disturbing for my financial services sponsors. We asked a number of clients questions about whether they are willing to talk to their doctors or their financial advisors about a variety of topics. The obvious topic to talk about was health. Overwhelmingly, people would talk to their doctor, but not a big number would talk to their financial advisor. Less than 40 percent.

I kind of get that, but financial advisors who do not have an idea about your health and your chronic conditions can't really do their jobs because they cannot effectively project the cost of your health care if they only have population averages to base their assumptions upon. Diabetes can double or triple your healthcare costs if not managed well. But the question I found more interesting was, would you be willing to talk to your doctor or your financial advisor about where you choose to live in retirement? More than 60 percent were willing to talk to their doctor. Only 26 percent were willing to talk to their financial advisor. The financial services industry has a real problem because advisors have done such an effective job at defining themselves as experts around money that they've defined themselves outside of their client's life. The doctor has no more credibility or knowledge about housing than a financial advisor, but many of our primary care physicians have expanded their whole health approach to be able to talk to about these issues. Financial advisors need to re-define their breadth of conversation to be far broader. One topic might be where to live in retirement. Financial advisors need to consider, "Can I be a curator? Can I create a conversation between my client and an expert about senior housing as an option?" What about the costs? What is it like to live there? "Here is what it's like to be a resident in a gated community, and here are the problems and costs associated with that. And I know you love walking the beach in Florida at least two weeks a year. But if you don't drive and you don't like heat and hurricanes, it may not be a great decision to move to tropical climes if you are a native New Englander." These are powerful conversations, and they all have financial impact. And yet financial advisors are currently out of that part of a client's life. I believe that people will make optimal retirement decisions if they have someone to actually bring up questions they never considered, including the range of possible choices and what the costs and wide-ranging life implications will be.

Robert Powell: Historically that discussion has happened within the confines of family and friends.

Joseph Coughlin: And coworkers. To give you an example, I interviewed one person who had recently moved to Amelia Island. When I asked him why, he said he inherited the house from his uncle, and his phrase was, "Well, I just assumed I would do the same thing and that's where I chose to retire." That's why I get so excited about the idea that we need to start selling new narratives of retirement. People will do the right thing if you provide them a compelling story. Love it or hate it, but the traditional American dream was so simple, so powerful, that everyone from the custodian to the chairman of the board knew what they were supposed to do in order to live it out. We need a new story for retirement—now. We don't have a compelling vision to save for, to plan for, or even to want. And until we do, we're going to have issues.

Robert Powell: So two things. When I think about retirement, I think there's the money and there's the what would I do, assuming I had all the money for retirement? What would give me fulfillment? And sometimes I look back at the work that Karl Pillemer has done at Cornell and the Legacy Project and the book that he wrote, *Thirty Lessons for Living*, and all the almost universal values that people had around work and family raising and purpose. And it was interesting because very little of it was about money. Some of it was about grandparenting or gardening, but there was purpose and thoughtfulness around the purpose.

Joseph Coughlin: Marc Freedman[2] is a fellow Philadelphian and has done a remarkable body of work around the idea of meaning and purpose. And I think that's one of the things that we don't do. And if you use the royal "we," in the financial services industry, we ask what your goals and your objectives are in retirement. But few advisors ask about the little things that make you smile. Most people I think are fairly practical: "If I could have the kind of a life I have now but maybe a little cheaper, that's a good retirement." They don't need to go for that big, "I need to be the best-selling author by the time I'm eighty-five." But having morning coffee with a newspaper and a decent view out the kitchen window—people will buy that. And sometimes that's meaning enough. Or walking the dog or seeing your grandchild or volunteering.

I think we make meaning so large that it often leaves a lot of us out of the conversation. But yet we don't bring the small stuff into the financial discussions. Really say, "What makes you tick?" One of my favorite questions that actually has gotten serious note in the industry is "how will you get an ice cream cone?" A few financial advisors, believe it or not, are now using that question. The question is less about ice cream and more about, "Do you know what you like? And secondly, do you have a way to get there?" In many respects, it's a transportation question. No one identifies getting a soft serve ice cream on a summer night as a big objective, but being able to do so might be the thing that gives you quality of life as you live longer. The beauty of getting older is that you might have the opportunity to discover what really makes you tick.

Robert Powell: When Farrell Dolan, Fidelity's former executive vice president of retirement income planning, retired from Fidelity, he had thought carefully about retirement before he did it. He had these four quadrants of how he was going to spend his time between grandkids and gardening and travel and volunteer work. At some point he said he had to learn to stop. He had to learn to say no to all the volunteer stuff because it was overwhelming his other quadrants. But I thought it was purposeful because he thought long and hard about what would make him happy, satisfied, and his life meaningful in retirement. But it also strikes me that a lot of people go back to work after they retire because they hadn't thought about what they were retired to.

Joseph Coughlin: I recently met an Uber driver who was able to shed light on the changing meaning of retirement. The driver had his dog, Sam, with him when he picked me up. That's how I got to know him. He had this little dachshund sitting up front. He shared with me that he sold a lucrative business and was retired, so I said, "So, do you like retirement?" He said, "Yeah." I asked, "So why are you driving for Uber?" He said, "Well, I'll tell you. You know what I do every morning?" I said, "No, sir." He said, "Well, I walk the beach with my wife and Sam here." The vision of the little dachshund climbing dunes on a beach must be a sight. He continued, "Two and a half miles up the beach, and I wave to all the nice people. You know what we do after that?" I said, "No, sir." He said, "I turn around with the wife and Sam and we wave to the same people all over again. If I didn't get a job to do something at least part time, I would go crazy."

My driver and his dog Sam tell a really powerful story, showing that retirement is far longer and more complicated than we've imagined. We're not as tired as people think we are, and it is now time to not just be secure in retirement, but to be engaged in retirement. And frankly, let's ditch the word "retirement," because it's so value-laden. That's what we've done in the AgeLab. When we conduct research, we very seldom use the word "retirement" in our surveys, because it immediately cues up all kinds of trite images in the responses, much the way that if you ask what a sixteen- or seventeen-year-old who comes from an affluent family what they will be doing in the future, they are cued to reply, "I'm going to college."

When we use the word retirement, we're cueing people about ideas of later life written decades ago. … But we need to start asking: "No, but what are you going to do?" because Disney trips with the grandchildren … are a few days of the year out of decades of retirement.

When we use the word retirement, we're cueing people about ideas of later life written decades ago. They will reply that they will spend time with the grandchildren, volunteer, garden, travel. But we need to start asking: "No, but what are you going to do?" because Disney trips with the grandchildren, cruises, even gardening are a few days of the year out of decades of retirement.

Robert Powell: In a future world where we live longer, we'll also need our savings to last longer as well. Outside of Social Security and defined benefit plans (for those who have them), do you have any advice on how much people should save for retirement and what role government, financial firms, and financial advisors should play in that?

Joseph Coughlin: I don't have an estimate on how much they should save. I do think that we need to start connecting products, not just to the income streams but to purpose. I think you could start to envision portfolios that are not just being designed for a given output but actually are connected to service providers such as: A certain stream of money goes into housing. This stream of money goes into transportation. But I don't mean just in a generic sense. Connecting to a branded service—could a "Toyota or Ford or GM Mobility Services" provider be at the other end? You just bought that. It's tangible. We're making this up because longevity is being made up in real time. We plan for housing costs, but do we ever define it around a specific service that we will certainly need. Can you imagine purchasing with your retirement investment plan a Home Depot or Lowe's plan for home maintenance and modification to make it possible to age in place."

That's where I think we're going. Just think about the way we like to shop. We love turnkey solutions. I would argue that the success of Amazon is not just because it's got a great website or technology platform, but it's an all-in-one solution. A recent innovation is Amazon Home Services. You can buy a kitchen sink from Amazon. Everyone knows that. But Amazon Home Services will not only deliver the kitchen sink; they'll have a plumber install it as well.

That's why financial advisors and the retirement industry need to start asking themselves the following questions: "Are you only selling a sink to consumers who want solutions? Do you want to be a commodity that's simply delivered to my bank account, or do you want to advise me on how to identify and solve the problems I have in longevity?" The future of valued advice is for advisors to become trusted providers of longevity solutions rather than simply financial products and services alone.

Robert Powell: Do advisors have a challenge in adopting the term longevity and then explaining it and getting people to understand it?

Joseph Coughlin: I wrote a book called *The Longevity Economy*, but I'm not a fan of the word "longevity" merely as a replacement for "retirement" in "retirement planning." It's still clunky. I think that during the whole rewriting of retirement or longevity, we need to create a new language to capture one-third of our adult life. Take "financial advisor"—that defines advisors exactly where they are today. As currently defined, a financial advisor is not my longevity coach, not my curator, not my agenda setter. Perhaps my advisor can still be my money expert, but also lead a multidisciplinary team that can help me navigate my longevity.

Robert Powell: What have you learned since the book has been published that either confirmed or contradicted what you thought?

Joseph Coughlin: Since the book has been out, I'm still amazed at the reticence of business to acknowledge the fastest-growing market with the most money—because individuals and organizations are similar in their resistance to change. Many companies work from an old thesis that argues "We've been very successful doing what we've been doing for the past couple of decades. I don't want to change now." They're still going to believe that their only future is a twenty-something-year-old consumer.

VOLUME 7
NUMBER 1
2018

The other thing, which is really depressing, is that businesses equally are having a difficult time with "the future is female." They don't fully appreciate that women are working more, doing research, advising friends and family, innovating, all without giving up all their other roles such as mother, partner, caregiver. While all that work may be tiring them out and exhausting them and completely unfair, that's also what contributes to their power to be able to identify new markets, new products, and new services. So I'm not being completely altruistic when I say that we need to pay attention to women to understand the future of the longevity economy. I'm saying it's just bad business to ignore them. Not understanding what women do and what women can bring to the economy thanks to their deeper understanding of the jobs begging for business innovation is fundamentally a lost opportunity and a failure to serve the market. So, those two things are disappointing. The dominant ideas such as retirement and old age have been so well ingrained in us over the past 100 years, that it's going to take a number of provocative stories to get us to think differently—but we don't have the time or the luxury for that.

Robert Powell: What's the next area of research that you'll be doing?

Joseph Coughlin: I'm intrigued with what the future of work is going to be. Particularly, we're now looking at a five-generation workplace. The baby boomers are too big to call one generation. That's just lazy thinking and language. Unfortunately, we are categorizing the millennials, who are somewhere between twenty-five and thirty-seven, the same way. I hope those two ages don't have anything in common, but we're doing the same thing to them—lumping them all in one big bucket—that we did with baby boomers. How can nearly 80 million of anything be one thing? How are we going to engage and speak to five generations of workers, not just as clients, but as employees as well? Now that we're living so much longer, the nature of work is going to change. We're not going to have one or two jobs—we're going to have one, two, three, four careers. My industry—the education industry—we'd love to think that we're the innovators, we're the cutting edge, but yet we still get together once a year in medieval robes and hand out a piece of paper. Is the four-year degree and a two-year master's degree going to continue, and for how much longer? Or is that four-year degree going to be simply the beginning of going to school for the rest of your life? Not just to stay on top of your job but to make the business case that you can stay in the workplace or be able to change jobs.

And I guess the last part of why I'm intrigued: The future of work as well as the gig economy is no longer just for Uber drivers and Airbnb twenty-somethings. I don't have data yet, so I may be wrong. But I sense a profound change in how younger and older workers think about work. I am getting feedback that suggests a new attitude, "I may be your employee, but this is just a gig. I am in charge of my own destiny, and I may have to drop you to go do something else." That fundamentally changes how we think about benefit packages, how we educate, how we treat and promote employees. So that's a long answer to your short question.

Robert Powell: The last question is about your retirement, given that you spend so much time thinking about it. When/if you retire, what would you do, what will bring you meaning?

Joseph Coughlin: Look, I'm not entirely sure what percentage of the population can say this because I'm truly blessed. I genuinely enjoy what I do, so my answer's not going to be realistic for many people. I hope to work until I drop, because as much as I criticize the industry for not giving us a vision as to what to do, I don't know what I would do either. I don't see the purpose of retirement if it means not working at all. So no, I don't see myself retiring. If I do, send flowers to my family.

Robert Powell: Oh good. So that validates me, because I don't know what I would do. I like what I do and I can do it from anywhere.

Joseph Coughlin: I think we're doing a societal good by staying engaged, and those who can continue to work for pay or for social good should do so. I believe everyone has a contribution to make, regardless of how many birthdays they have celebrated.

ENDNOTES

1. Thomas Robert Malthus (1766–1834) was an English economist. Malthus is best known for his hugely influential theories on population growth.
2. Marc Freedman is president and chief executive officer of Encore.org and author of several books on finding meaning in and beyond midlife, including *Encore: Finding Work that Matters in the Second Half of Life* (2007) and the *forthcoming How to Live Forever: The Enduring Power of Connecting the Generations*.

REFERENCES

Coughlin, Joseph. 2017. *The Longevity Economy: Inside the World's Fastest-Growing, Most Misunderstood Market*. New York: Public Affairs.

Finke, Michael, John Howe, Sandra Huston. 2016. Old Age and the Decline in Financial Literacy. *Management Science* 63, no. 1. https://doi.org/10.1287/mnsc.2015.2293.

Pillemer, Karl. 2011. *Thirty Lessons for Living: Tried and True Advice from the Wisest Americans*. New York: Hudson Street Press.

Woolf, S., L. Aron, L. Dubay, S. Simon, E. Zimmerman, and K. Lux. 2015. How Are Income and Wealth Linked to Health and Longevity? Urban Institute. https://www.urban.org/sites/default/files/publication/49116/2000178-How-are-Income-and-Wealth-Linked-to-Health-and-Longevity.pdf.

INVESTMENTS & WEALTH INSTITUTE®

5619 DTC Parkway, Suite 500
Greenwood Village, CO 80111
Phone: +1 303-770-3377
Fax: +1 303-770-1812
www.investmentsandwealth.org