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MONEY

Experiential Retirement Planning Boosts Client Retention, Satisfaction

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The years bookending an individual's decision to retire are filled with anticipation. But leaving work behind and starting a new life chapter creates uncertainty — and stress.

“People say: ‘I’ve been looking forward to retirement for a long time and now that it is here, I can touch it, I can see it and I have never felt more nervous, more fragile,’” says Jeannie Underwood, senior vice president and head of Global Atlantic Consulting.

Research shows there is “a psychological component of what people go through in a major life transition,” Underwood added. “The financial professional community really needs to understand this.”

People who reach 65 are likely to live another 20 to 30 years, roughly one-third of their lifespan, Underwood said. The question is who will continue to manage their money and help them navigate the retirement years.

“It is so important to understand what people are going through so you can be there in the right way, and line up your communication and



Jeannie Underwood GLOBAL ATLANTIC

approach accordingly,” Underwood said.

Driven by the baby boomer generation, the number of retirees will swell during the coming decade. Currently, 10,000 people are turning 65 every day. By 2030, 1 out of every 5 Americans will be age 65 or older, according to the U.S. Census Bureau.

Census data shows that seniors will soon outnumber children in the United States.

This demographic shift comes as the wealth management industry

grapples with its own pressures. The market for financial advice is mature. Wealth management has become commoditized. And younger investors are favoring technology instead of in-person advisors.

In the past, advisors were focused only on the technical aspects of portfolio management and investment advice. But today's advisors are being urged by practice management consultants to add an emotional element to the client-advisor relationship.

Advisors need to focus on becoming “experience-centric,” helping generate positive emotions about retirement, said Underwood, speaking at the Forbes-SHOOK Top Advisor Summit in Las Vegas.

Underwood said Global Atlantic developed a blueprint to help advisors manage the retirement conversation. The document outlines year-by-year steps to ease the transition, steps such as deciding where to live, developing a budget and conducting a spending audit.

Underwood advises starting with an income plan. “If you design an income plan for your clients' retirement, you will get 90% of their assets. The client needs to hear the words,

‘income plan.’”

Underwood continued: “Developing an income plan gives you an opportunity to say I need you to bring in everything, every pool of money. I need your Social Security statements, 401K statements, whatever bucket of money you have. We need to put that on the table since that is going to be the basis for this plan going forward.”

During the five years before a client

retires, the advisor should be helping the client complete the steps outlined in the blueprint, Underwood said. “Review the retirement income plan and start testing it. This is where you are making sure it is going to work.”

Communication is key to keeping a client’s business. Clients don’t leave financial advisors at this point in their lives “because of portfolio performance or strategy,” Underwood

said. “They leave because there is a breakdown in communication.”

“When people are saving for retirement, they are working with, on average, three to five financial professionals. But when people get close to retirement, they move to one advisor. They are looking to consolidate and reorganize,” Underwood said. “You want to be in the best position to be that one advisor.”

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