Forging Family Conversations About Wealth, Care, and Longevity

The MIT AgeLab hosted its fifth 2022 webinar for panelists and corporate members of the Preparing for Longevity Advisory Network (PLAN). The webinar, titled "Advising Across Generations: Forging Family Conversations About Wealth, Care, and Longevity," featured a presentation from Brian Forbes, Director of Thought Leadership and Sponsorship at Transamerica, and Forrest Williams, Managing Partner at the Opus Group of Virginia. The presentation explored the complexities and opportunities that exist in the advisory service approach to family dynamics and caregiving. Advisors also shared their perspectives.

Moving beyond money conversations

Transamerica utilizes the AgeLab's research to equip financial professionals with new tools to engage with clients, with a particular focus on opening conversations related to health, wellness, and care. One touchstone for Transamerica's attention to health and caregiving is an experience of one of the company's executives, Mark Halloran. "I realized my advisor was ill-equipped to help us navigate the challenges and demands associated with the financial impacts associated with aging," he said.

Brian Forbes has been working with the AgeLab through Transamerica since 2013. Caregiving, Mr. Forbes noted, is an increasingly common life role, such that advisors can expect many of their clients to take on caregiving responsibilities at some point in their lives. And caregiving—along with health-related challenges in general—can potentially be extremely costly, with expenses related to healthcare, housing, and losses of income due to the need to reduce working hours or leave one's job to focus on caregiving.

Given the commonality and potential financial significance of the caregiving role, financial advisors need to be equipped to have conversations about these topics—despite being a step removed from topics of investments and returns—in order to attend to clients' full financial situations.

The middle school dance dynamic

Engaging clients on unfamiliar topics is an art, not a science. It may be intimidating both for the advisor and the client to talk about more personal topics having to do with health, family, and providing care. But these conversations are important, and the discomfort is worth overcoming.

Mr. Forbes compared the hurdles to having more involved conversations in the advisory setting to a middle school dance: both parties are interested in engaging, but wary of making the first move. This idea was illustrated with MIT AgeLab data: 51.2 percent of caregivers did not financially prepare for the cost of care. 40.7 percent of caregivers who worked with an advisor never talked to them about their caregiving. 74.2 percent of those who had never talked to their advisor about caregiving would be willing to do so. And 97 percent of clients who talked to their advisor about caregiving said that the conversation was helpful.

The advisor's perspective

Advisors who attended the webinar shared how they broaden the ways that they help their clients:

Starting tough conversations:

"Some people don't want to talk about unpleasant things …but we're certainly going to bring it up and say, 'look, we're all living longer, we're going to need care.' I think it's it's incumbent upon us To have that conversation, at least put it on the radar screen, whether they step up and purchase a solution or whether they just are aware of it, and think about how they're going to fund it, that's the key. We're more than wealth managers - we're really life managers/coach touching many areas other than account performance."

Leaning on experts:

"Last night, at 10:30pm, I had a client text me - his mother had fallen [at home]. Suddenly the casual conversations we had had about the need to get aging-in-place specialists, getting her a part-time home healthcare aid, [these] became an immediate-need conversation. I had [a placement specialist] on standby that I had briefly chatted with already about this situation. I emailed him at 10:30 at night and he responded immediately, [asking], 'is it appropriate for me to call the client now?' I talked to the client this morning. My placement specialist had already put him in touch with a couple different agencies that are going to be able to help his mom once she gets out of the hospital."

ACCORDING TO AN MIT AGELAB SURVEY OF CAREGIVERS:

51.2% of caregivers did not financially prepare for the costs of care.[2]

40.7% of caregivers who worked with a financial advisor never talked to them about their caregiving.[3]

74.2% of those who had never talked to their advisor about caregivin would be willing to do so.[2]

97% of clients who talked to their advisor about caregiving found the conversations helpful.[2]

Key points for family- and care-focused conversations

Brian Forbes highlighted some key reminders for engaging in more complex conversations with clients:

COMMUNICATION **CONTACT IS KEY.**	Keep in regular touch with clients to stay abreast of changes in their lives.
COMMUNICATION **BE PERSONABLE WITHOUT GETTING TOO PERSONAL.**	While clients benefit from expanded conversations, their expectation is that the advisor is concerned with their financial wellbeing first – not their personal lives.
COMMUNICATION **IT'S ALL IN THE FAMILY.**	Family dynamics can play a key role in clients' financial decisions and situations. Sometimes the advisor may even play a mediating role within families.
CREDIBILITY **GROUND YOUR EXPERTISE.**	Rely on personal experience and past interactions with clients to frame conversations and project empathy.
CREDIBILITY **BUILD A NETWORK OF EXPERTS.**	When the advisor's expertise is exhausted, being able to refer clients to experts in fields like housing, healthcare, and law is a multiplier of value.

The advisor's perspective

Webinar co-presenter Forrest Williams challenged the idea that advisors should avoid getting "too personal" with clients.

"…Be personable without getting too personal. I'm not sure that I live by that … I'm used to asking lots of questions, and I think in our role as a financial advisor, personally, I don't think there's too many things that are off limits, because we have to get pretty deep with them with these subjects."

Advisors in the audience agreed with Mr. Williams:

"I have deep conversations and understanding with clients as well. We can't effectively do our job without critical information and deep conversations."

"Agreed … We need to get personal. KYC [Know Your Customer]!"

Practical steps for advisors

Forrest Williams, co-presenter and Managing Partner at the Opus Group of Virginia, spoke about his experiences with caregiving clients and provided advice of his own on how to be supportive toward clients in challenging situations.

To begin with, an advisor should **get knowledgeable.** He or she doesn't have to be a caregiving expert, but having a few key pieces of information available—such as research on the cost of senior living in the local area—easily makes the advisor into a knowledge resource. Some caregivers may be unaware of services such as respite care—having a paid professional come in for just a few hours a week to give a caregiver time to rest—and so an advisor might be able to perform a key intervention by informing a caregiver of services such as this.

Some advisors may feel they have too much already to keep up with in the lane of their own profession to think too much about caregiving. Mr. Williams highlighted the importance of **leaning on personal expertise and professional networks** as a base of knowledge.

Advisors may see themselves mainly as protectors and growers of investments and assets. But another role that the thoughtful advisor can play is providing counsel on **how clients can best use their money as well as how to gain money.** Suggesting that a client should take that trip to Paris—before their spouse and care recipient may no longer be able to fully enjoy the adventure—is one conversation an advisor can guide.

For clients who are caregivers, the advisor may need to be the one who **takes the initiative** and brings up new conversations. A client who is newly burdened with providing care may seem to "get quiet"—but their quiet is not a lack of desire to talk, but a result of being overwhelmed by new responsibilities.