

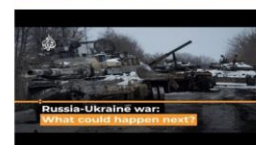
The MIT AgeLab hosted its second 2022 webinar for panelists and corporate members of the Preparing for Longevity Advisory Network (PLAN). Titled “Forces Beyond Our Control: Advising in Times of Crisis,” the webinar featured a presentation from AgeLab Director Joseph Coughlin and researcher Adam Felts on the role of the information environment in client psychology and decision-making – and how advisors can position themselves as ‘keepers of calm’ for clients when current events feel out of control.

Joseph Coughlin discussed the psychological and physiological effects that stressful information can have on us, while Adam Felts highlighted AgeLab research on how information appears in U.S. newspapers. Advisors provided their perspectives on how crises affect their clients’ behavior and the practices they use to keep things in perspective.

A new generation of crises

Joseph Coughlin kicked off the presentation with a reminder to advisors: “Your firm, your colleagues, and your clients are living in a high-velocity time of crisis.” He observed that the number of stories in the New York Times with the term “crisis” in their headlines has increased significantly in the last two decades.

Joseph Coughlin also pointed out some generational differences that advisors may observe in their clients’ reactions to crises in the media. While older clients may have experienced crises such as inflation, the threat of nuclear war, and domestic political upheaval, younger clients – which Dr. Coughlin defined as almost anyone under 45 – are likely to find crises to be “novel” and unlike anything they have experienced before.



“I have a number of clients [with whom] we do kind of hold our breath and go, ‘Okay, we know we’re going to get through this, [because] we’ve been through crazier times.’” – financial advisor

The effects of information stress

Drawing on insights from the AgeLab’s research on distraction while driving, Joseph Coughlin discussed the impacts of stressful information on our decision-making capacities. A certain quantity of stress can be stimulating and productive, but an excess becomes distracting and overwhelming. An overload of stress can produce a form of tunnel vision, causing us to focus on one segment of stress-inducing information (such as a crisis) at the expense of the whole picture.

“I listen deeply to their concerns, confirm their feelings are real, normalize [them], then try getting them to a rational point, by asking, e.g., if they really THINK the market is going to zero? If you can get them to the frontal cortex of the brain, then they have moved out of fight or flight mode.” – financial advisor

Navigating our information environments

While it remains crucial for advisors to keep well-informed on world events to support their clients, Adam Felts explained that it is also important for advisors to consider how the information a client sees – and doesn’t see – may affect their attitudes, judgments, and decision-making.

All of us are faced with the challenging task of deciding what to focus on when presented with information that is constant, conflicting, and confusing. Advisors can play a role in helping clients pay attention to the ‘right thing’ – taking a longer view of their planning and investments rather than focusing on the crisis of the moment.

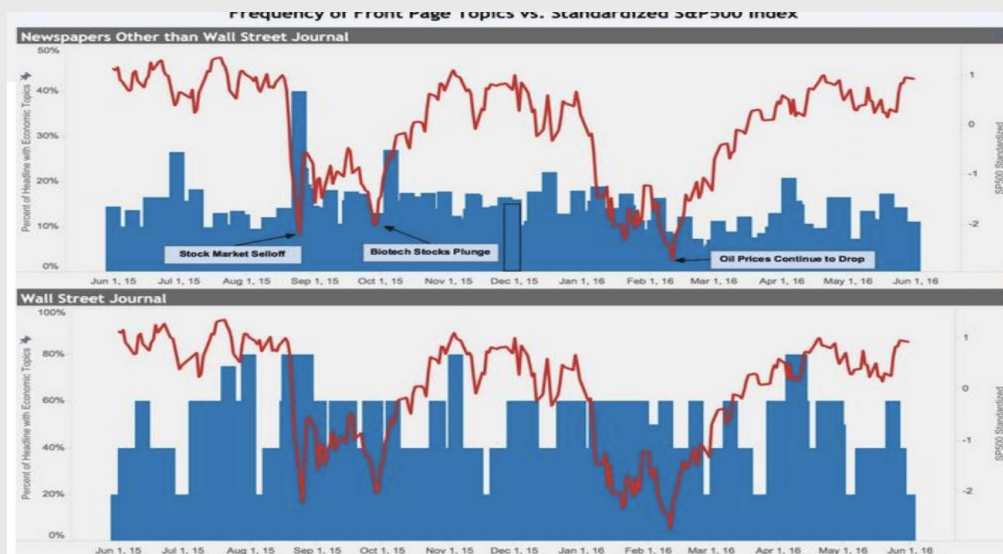
“We try not to overreact to these events. We always tell people that stock market investments are long-term. When a crisis presents, we can not immediately change course and overreact to the news of the day. Calls do increase during these periods, but only slightly.” – financial advisor

A yearlong study of the news

For a year between June 2015 and June 2016, the AgeLab collected the front pages of 22 U.S. newspapers and coded their headlines based on their subject matter, scope, and emotional tone.

The study examined how different papers may report the news in sharply varying ways. The *Wall Street Journal*, for example, reports on economic topics very different from other newspapers: “Non-WSJ” newspapers showed marked increases in their economics reporting in response to dips in the stock market. The *WSJ*, on the other hand, was consistent in its economic coverage regardless of fluctuations in the market, suggesting that it is less crisis-reactive in its economic reporting.

The tendency of the non-business news to react to stock market fluctuations suggests a cultural tendency to focus on crises at the expense of other information. The contrast between the *WSJ* and the other papers also demonstrates how one’s choice of information sources can significantly impact how the world—and its risks—might appear to us.



Steps to steady clients' perspectives

- **I. Reflect.** Reach out to clients directly and ask how they are doing. If they express concern, don't jump to reassurance; instead, practice “radical empathy” and make them feel validated. Show them that you care, and that they are not alone in their concern, by sharing your story or the stories of your other clients.
- **II. Reframe.** After acknowledging a client's concerns, be sure to let them know that things *will* be okay – and perhaps even improve – in the long run. Assure them that, historically, markets have recovered (and turned to market highs) following financial crises.
- **III. Redirect.** It's likely that clients are only learning about the negatives because they are not getting the holistic view of the news that you do as an expert. Take the opportunity to make them aware of the industries that are thriving in the market despite tumultuous world events: perhaps household products, liquor, fitness, or gaming.
- **IV. Respond.** Remind your client that you have built a good, resilient plan together. If they present hypothetical roadblocks, present a Plan B. Speak to what steps they might take now, such as organizing papers, changing passwords or health proxies, or adopting new technologies.

The context of how we live in retirement has changed, and a new approach to anticipating, planning and preparing for older age is accordingly needed. We invite financial advisors, retirement planners, and others in the retirement industry to join PLAN to contribute to the understanding of the future of advice and be among the first to learn key research takeaways.

**Invite others to
join PLAN!**
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