The Future of Client-Advisor Relationships.

MIT AGELAB
Life Tomorrow

AIG

Kevin Hogan
Executive Vice President and Chief Executive Officer
AIG Life & Retirement

Joseph F. Coughlin, PhD
Director and Founder
Massachusetts Institute of Technology AgeLab

Foreword

The value of advice, as experienced by clients planning for financial security and retirement, is evolving rapidly. For the past several years, the Massachusetts Institute of Technology AgeLab, working with the enthusiastic support of AIG, has conducted trailblazing research into this trend and others facing the financial advisory services industry. The Future of Client-Advisor Relationships, a two-part white paper series and important product of AIG and the AgeLab's collaboration, provides insights from original research with real significance for the industry's future.

The new study is based on a survey of more than 2,000 clients of financial professionals in the United States. The survey was designed to probe the limits of today's typical financial advisory relationships, and to explore whether clients will permit the scope of these relationships to expand into the more holistic model known as "longevity planning." In this approach, which finds support in years' worth of AgeLab research, advisors become the go-to source of insight for clients and their families as they navigate new sources of uncertainty—financial and otherwise—that arise over the course of lifespans stretching toward 100 years.

The study's results paint a picture of an industry at a crossroads. While robo-advice, or advice by algorithm, has brought extreme efficiencies to transactions, such high-tech solutions are far from able to replicate the full value proposition of a high-touch advisor. Trusted, successful financial transactions may be a prerequisite for true advisor-client engagement, but they tell only part of the story. The balance comes from the more personal, "softer" aspects of the relationship—and relationships, boiled down, consist of conversations.

It is these conversations, the new study reveals, that can significantly enhance a financial professional's value proposition to their clients—whose true goal is a healthy portfolio not for its own sake, but rather in service of overall quality of life. In fact, the findings indicate that when clients consider switching advisors, their reasons often relate not only to poor financial performance, but also a lack of personal connection with their advisor.

Just which topics of conversation build a sense of connection, and which topics detract from it, depends on the client and his or her life experience. The results of the survey, which fielded responses from clients ages 30 to 75, indicate that older respondents can be somewhat reticent to discuss certain issues, such as their health, but they are willing to do so if the subject is broached. Middle-aged and younger clients, in contrast, reported openness to a wider range of topics, and toward seeing their financial professionals take on a wider variety of advisory roles.

The youngest clients surveyed, in particular, have always swum in a sea of advice, proffered not just by parents, teachers, and peers, but also a bevy of college counselors, career advisors, life coaches, personal trainers, online shopping platforms, and YouTube videos. At the same time, they have amassed relatively few years of experience with professional financial advice, which means they may approach the industry with nebulous expectations regarding what, precisely, financial advice is, and what advisors should do.

This two-part white paper series reports in greater detail which advisory roles and topics clients across the generations are likely to find acceptable, and which should be broached with care. For clients approaching professional advice with highly specific expectations, advisors may find that a tailored approach will yield dividends in loyalty and trust. An even more profound opportunity, however, exists wherever client expectations remain undefined. In the person of such clients, financial professionals may find an opening to step in and take on new roles: staking a new claim as longevity planners for themselves, and perhaps even the industry as a whole.

The Future of Client-Advisor Relationships Study

PART 1.

Building Trusted Relationships.

What clients look for in a financial professional.

MIT AGELAB

Life Tomorrow

AIG

Background

As the nature of the financial help and guidance that clients are looking for grows and evolves, the mental model of what a financial professional is and does must also evolve.

New research conducted by MIT AgeLab and AIG Life & Retirement reveals that while portfolio performance, good service and financial expertise remain client prerequisites for financial professionals, people are increasingly looking for more. This may pose a challenge for financial professionals, but even more so an opportunity to broaden and deepen their client relationships—to satisfy and retain older clients, and to attract and delight the next generation of clients—by better understanding the changing needs, expectations and relationship preferences at each age and stage of the financial lifecycle.

At a time when robo-advisors have become more prevalent, it has never been more important to understand the value proposition that financial professionals offer their clients. Of the value they create, how much is replicable by algorithms, and how much can only be provided by another human being? What percent is purely related to financial matters, and what percent arises from discussions on wider-ranging concerns? What, for that matter, leads a client to trust a financial professional, and what actions or attributes may sow distrust and dissatisfaction?

To begin to answer these questions, the MIT AgeLab and AIG Life & Retirement surveyed 2,038 clients of financial professionals, between the ages of 30 and 75.

Many survey respondents report that strong financial fundamentals, such as good service and successful portfolio management, are preconditions for a trusting relationship. But some clients—younger ones in particular—reserve their greatest levels of trust and satisfaction for professionals who talk about a broader set of matters such as jobs and careers, family members' finances, and future goals. These results suggest that financial professionals may solidify their value proposition by tailoring their offerings to match the type of relationship desired by their clients, and to align with each client's specific life stage.

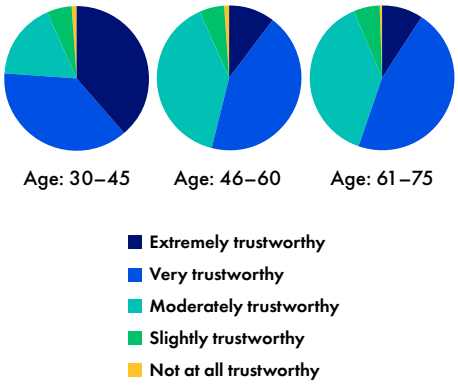
The findings reinforce the differentiation that human connections can provide in financial relationships. In fact, one of the top reasons clients leave a financial professional is the lack of a personal connection. Even in a high-tech world, people still want someone to talk to, someone to explain complex financial concepts, someone to understand them as unique individuals with unique needs at different life stages, rather than a stereotyped demographic or a pre-programmed investing profile. In short, while technology provides important advancement, it cannot replace important conversation or personal connections.

Trust and Satisfaction in Financial Professionals

Trust

In the survey, clients reported a moderately high level of general trust in financial professionals, with the highest levels of trust found among clients ages 30-45 (Figure 1).

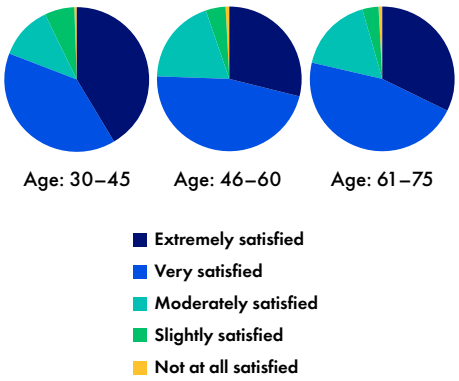
FIGURE 1:
Trust in financial professionals by client age



Satisfaction

Clients were highly satisfied with their current financial professional. The youngest clients (ages 30-45) were most likely to say they were “extremely” or “very” satisfied with their current professional (82%), as compared with 76% of those aged 46-60 and 79% of those aged 61-75 (Figure 2). Twenty-four percent of clients of intermediate age (46-60) reported being only “slightly” or “not at all satisfied” with their current financial professional, making them the least satisfied age group.

FIGURE 2:
Satisfaction with financial professionals by client age



What Drives Client Satisfaction?

The survey explored specific factors driving client satisfaction, beyond portfolio performance. Across all age groups, the top three drivers of satisfaction are "financial professional's expertise" (49%), "financial professional's understanding of my financial and life goals" (49%), and "financial professional's ability to explain things" (34%). Although these primary drivers are fairly consistent overall, different age groups prioritize them differently (Table 1). For instance, younger clients (ages 30-45) prioritize their professionals' level of experience over their insight into client goals, while middle-aged (46-60) and older (61-75) clients rate the understanding of their goals more highly.

TABLE 1:

Top drivers of satisfaction with financial professional, by age

Rank	Ages 30-45	Ages 46-60	Ages 61-75
#1	Expertise (34%)	Understands my financial and life goals (56%)	Understands my financial and life goals (60%)
#2	Understands my financial and life goals (30%)	Expertise (55%)	Expertise (58%)
#3	Ability to explain things (28%)	Ability to explain things (38%)	Reputation of financial professional (51%)
#4	Reputation of financial professional (23%)	Years of experience (21%)	Ability to explain things (37%)
#5	Years of experience (23%)	Develops my portfolio in line with my ethics/morals (21%)	Reputation of company (25%)

To explore respondents' overall levels of trust, confidence, and commitment (TCC) to their current financial professional, we created a TCC scale using a composite of multiple survey items. Ten relevant survey items (Table 2) were averaged to create an overall TCC scale, with 1 representing the lowest levels of TCC and 5 representing the highest.

Younger clients and middle-aged clients scored equally on this metric (4.1) and older clients scored slightly higher (4.3). In general, however, trust, confidence, and commitment levels were high across ages, with 71% of all respondents reporting a high or very high level of TCC (a mean score of 4 or 5) regarding their current financial professional. Worth noting: 39% of younger clients said they could be persuaded to transfer to a different professional, as compared to only 13% of middle-aged and 4% of older clients.

Key Take-Away: While younger clients score highly in trust and confidence, their commitment level does not appear as strong. To satisfy and retain the next generation of clients, financial professionals must strive to understand and meet each client's unique needs and expectations, and serve and interact with them in the way they prefer.

TABLE 2:

Trust, confidence and commitment to one's current financial professional

% who agree and strongly agree with each statement	Ages 30-45	Ages 46-60	Ages 61-75
I have confidence in my financial professional's integrity	88%	90%	93%
I have confidence in my financial professional's skills and expertise	89%	89%	91%
I can rely on my financial professional to follow through on his/her commitments	86%	89%	91%
I trust my financial professional	88%	90%	94%
I view my financial professional as a sincere person	87%	88%	93%
I would refer my financial professional to my best friend	84%	71%	72%
I intend to stay with my financial professional indefinitely	84%	76%	83%
I could be persuaded to transfer to a different professional	69%	33%	17%
My financial professional is someone my family can turn to should I die or become incapacitated	83%	77%	81%
My financial professional considers all aspects of my life when managing my finances	84%	80%	81%
Trust, confidence and commitment composite score (Range 1-5)	**4.1**	**4.1**	**4.3**

Broadening the Scope of the Conversation to Increase Client Satisfaction

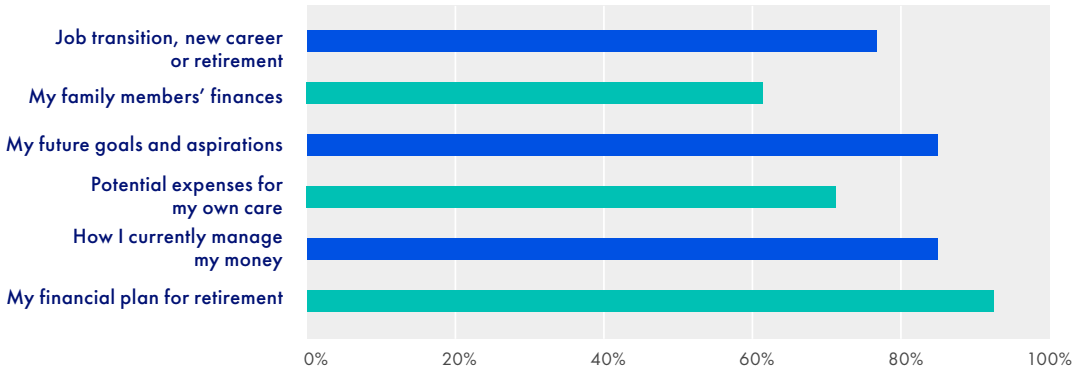
In addition to exploring financial professionals' characteristics as drivers of client satisfaction, we also evaluated the content of financial professionals' conversations. Among topics that clients are "thinking about the most these days," six topics are significantly more likely to have been discussed in high-satisfaction client relationships (Figure 3). Not surprisingly, two of the topics that come up in high-satisfaction relationships are purely financial in nature: "my financial plan for retirement" and "how I currently manage my money." Aside from these two purely financial topics, discussions about four additional topics appear to correlate positively with client satisfaction:

- 85% of highly satisfied clients have discussed **future goals and aspirations**
- 77% have discussed **job transitions, new careers, or retirement**
- 72% have discussed **potential expenses for their own care**
- 62% have discussed their **family members' finances**

There is no significant relationship between client satisfaction and discussions (or lack thereof) of other identified potentially sensitive top-of-mind topics of conversation, such as the physical health of the client or a family member.

Key Take-Away: Having discussions about a more holistic set of topics that move beyond purely financial can be important to clients and may strengthen the bond. Even for topics that did not produce significant effects on client satisfaction, having a conversation about them did not appear to erode client satisfaction; therefore, broadening the conversation carries more positive potential than negative risks to relationships, and can have an important role in deepening client relationships over time.

FIGURE 3:
Topics discussed with highly satisfied clients

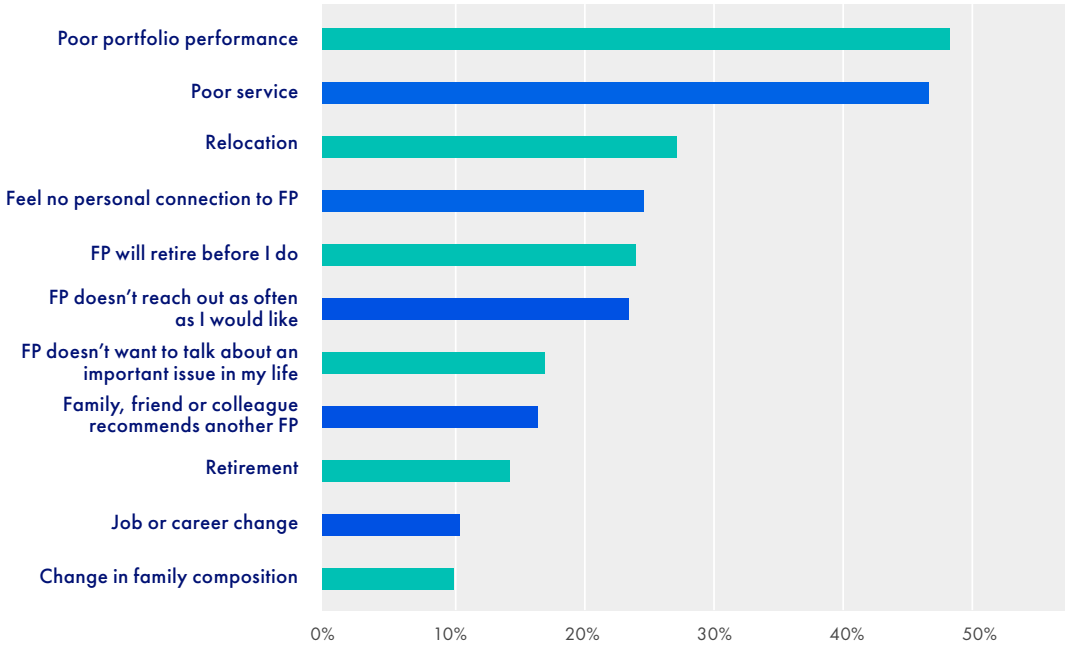


Why Do Clients Leave Their Financial Professional?

While many respondents expressed satisfaction with their current financial professional, a subset (19%) indicate they can see a time when they might part ways. The survey asked these participants "under what circumstances might you not want to stay with your current financial professional in the future?" The two most common responses (Table 4) are poor performance (49%) or poor service (48%). Beyond that, over a quarter of clients (28%) indicated they might switch financial professionals if they had to relocate geographically. One out of four clients also reported a willingness to leave their current professional if they feel no personal connection to them.

FIGURE 4:

Reasons clients would leave financial professionals



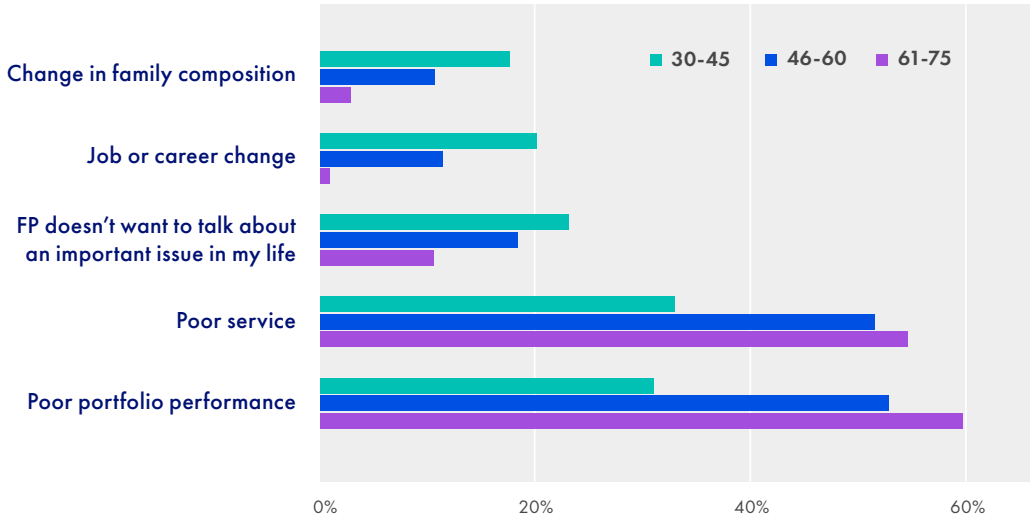
Client age is an important factor in determining why they might part ways with their current professionals (Figure 5).

Older respondents are most likely to offer service-related factors as potential reasons for leaving their professional, while the younger group is more likely to invoke reasons related to major life events. (Clients in the middle age group do not differ significantly from either the youngest or the oldest age group in their responses to these questions, which always falls between the two.) The youngest age group is significantly more likely than the oldest group to cite a job or career change as a reason for leaving their current professional (20%, as compared to 1%). Younger clients (17%) are also more likely than the oldest age group (3%) to mention a change in family composition as a reason for switching, and younger clients (23%) are more likely than older clients (10%) to say that they would leave their current financial professional if he or she is unwilling to discuss an important life issue. Older clients, meanwhile, are more likely (60%) to mention poor portfolio performance as a reason for leaving their financial professional, as compared with 31% of younger clients.

Key Take-Away: Younger clients may be seeking services that extend beyond standard financial matters, while older segments place a higher value on more traditional factors, such as financial performance and service.

FIGURE 5:

Reasons for leaving financial professionals by client age



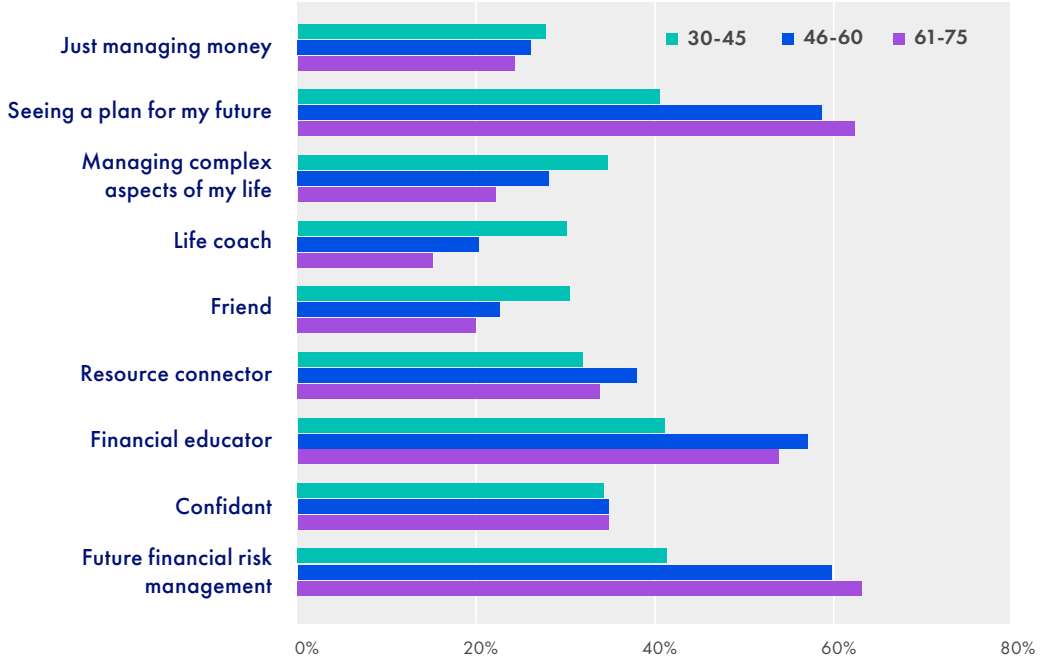
The Role of an Ideal Financial Professional

To further explore how clients of different ages view the financial relationship, the survey asked clients what roles they are looking for their ideal financial professional to fill. All age groups choose "future financial risk management," "helping me see a plan for my future," and "financial educator" for their top three roles (Figure 6). This indicates that, above other concerns, clients continue to look to their professionals primarily as trusted sources of financial advice and guidance.

Looking beyond the top three roles, however, differences begin to emerge among age groups. Younger respondents are more likely to show interest in having their financial professional serve a variety of roles, whereas the middle and upper age groups are more likely to prefer roles centered on future financial goals and financial education. Specifically, respondents ages 30-45 are more likely to want their ideal financial professional to "manage complex aspects of my life" (35%), act as a "life coach" (30%), and serve as a "friend" (30%). Interest in these roles dwindled with increasing client age, while the percent of respondents interested in future financial management and education roles grew. For example, 63% of respondents ages 61-75 want their professional to "help me see my plan for the future," compared to 59% of 46-60-year-olds and 40% of 30-45-year-olds. Similarly, 63% of the oldest age group want their professional to help with future financial risk management, compared with 60% of the middle age group and 41% of the youngest group.

Key Take-Away: To deepen client relationships, financial professionals should meet clients where they are in their life journey – getting the prerequisites right (building a financial plan, helping to manage financial risk, and providing financial education) but then broadening the focus of their services and tailoring the style of their interactions based on the life-stage needs of each client.

FIGURE 6:
Ideal roles of financial professionals by age



Summary:
Insights for Financial Professionals

Get the fundamentals right

No matter how much changes in financial services, clients of all ages still look to their financial professional for expertise in building a financial plan, managing risk and providing financial education. And portfolio performance and service still matter.

Expand the conversation to deliver more value

While portfolio performance and service remain key factors in clients' ratings of their financial professionals, so too is their understanding of clients' life goals and other complexities. Clients who reported high levels of satisfaction are more likely to say they have discussed a variety of topics with their financial professional. Meanwhile, conversations verging into even potentially sensitive topics do not appear to erode satisfaction ratings. These findings suggest that financial professionals do not risk their relationships by bringing up new topics, and in some cases may improve the level of client trust, confidence, commitment, and satisfaction.

There are a variety of issues that are top of mind for clients that they are open to discussing. Just one example: among those who have not discussed their housing situation with their financial professional, 79% wanted or were willing to have an initial conversation.

These findings suggest that financial professionals do not risk their relationships by bringing up new topics, and in some cases may improve the level of client trust, confidence, commitment, and satisfaction.

Be willing to move beyond traditional topics

Few survey respondents indicate their financial professionals should only manage their finances, while a larger group report looking to their professionals to help them visualize and plan for the future, serve as their financial educator, and even act as a resource connector in the face of life's complexities. These results suggest that clients are seeking services that technologies such as robo-advisors are not able to offer. Financial professionals may add to their value proposition by serving as trusted sources for clients across many life domains, and by connecting them with resources they might not know to seek out on their own.

Focus on communication to boost satisfaction and improve relationships

Personal connections make a difference. The ability to effectively communicate and collaborate with clients is key to maintaining a strong working relationships. Communication appeared in the top five drivers of client satisfaction across all age groups. However, one size does not fit all. Tailor your communication style and frequency to the preferences of each client. For example, 40% of younger clients communicate with their financial professional more than once a month, far more frequently than their older counterparts.

Connect with the client of the future by reimagining the relationship

While many survey respondents of all ages valued financial professionals who step beyond purely financial domains, the youngest generation leads the way in wanting their professionals to serve a wider variety of roles in their financial and personal lives. The youngest clients report being the most trusting and most satisfied with their financial professionals—and, simultaneously, the most likely to leave a professional who did not fit their needs. This age group is less likely than older generations to anticipate leaving their financial professional for poor portfolio performance, but more likely to leave a professional who was unwilling to talk about other important issues in their lives. This younger group is also more likely to want their financial professional to act as a life coach, a confidant, a connector and even a friend. The ability to provide guidance and resources to clients across disparate domains may become increasingly important to individuals deciding between a human financial professional and a technological alternative, such as a robo-advisor.

Communication appeared in the top five drivers of client satisfaction across all age groups.

Survey Methodology:

The MIT AgeLab conducted a national survey of 2,038 participants between March 6 and March 26, 2020. The survey asked participants when, where and how they interacted with financial professionals and what topics they felt most comfortable and interested in discussing. Participants ranged in age from 30 to 75 and reported a yearly household income of $50,000 or more and total savings of $50,000 or more, including savings accounts, checking accounts and investment or retirement accounts. All participants reported regularly working with a financial professional.

Sample Characteristics:

Survey respondents were distributed relatively evenly across ages (33% 30-45, 34% 46-60, 34% 61-75) and gender (50% female, 50% male). Additionally, the majority of the sample reported working full-time (58%), while the next largest employment group reported being retired (26%). Other, smaller employment categories included working part-time, being self-employed, being unemployed, and being a student.

AIG Life & Retirement consists of four operating segments: Individual Retirement, Group Retirement, Life Insurance and Institutional Markets. It includes the following major U.S. life insurance companies: American General Life Insurance Company; The Variable Annuity Life Insurance Company; and The United States Life Insurance Company in the City of New York.

The MIT AgeLab was created in 1999 to invent new ideas and creatively translate technologies into practical solutions that improve the quality of life of older adults and those who care for them. Through research ranging from longevity planning to caregiving, transportation, smart home, multigenerational work, and more, the AgeLab applies consumer-centered systems thinking to understand the challenges and opportunities of longevity and emerging generational lifestyles to catalyze innovation across business markets. Follow the MIT AgeLab on Twitter @MIT_AgeLab.

The Future of Client-Advisor Relationships Study

PART 2.

Deepening the Client Relationship.

Expanding the scope of conversations for a stronger bond.

MIT AGELAB
Life Tomorrow

AIG

Background

Today's financial services professionals have a unique opportunity to differentiate themselves through the scope of services and support they offer and to enhance the value they provide to clients.

New research conducted by MIT AgeLab and AIG Life & Retirement reveals opportunities to deepen client relationships by expanding their conversations into new areas that are of current interest to clients and highly relevant to their long-term financial well-being, such as health, security, family and lifestyle. However, to be successful in broadening the conversation, financial professionals should be aware of potential client resistance to certain topics, as well as varying perceptions of "acceptable" topics based on age group.

People are living longer, working longer and looking at retirements that may span 30 to 40 years or more. This gives financial professionals a unique opportunity to recast their client relationships by broadening and deepening the conversations they have about the future. Financial professionals are vital to the development and success of their clients' financial plans, and they can further enhance their value proposition by adopting a strategy called "longevity planning." This holistic approach to planning not only takes into account financial topics, but also considers non-financial matters such as encore careers, later-life entrepreneurship, health, housing, home modification, eldercare, family care and transportation.[1]

The longevity planning approach requires financial professionals and their clients to expand the traditional bounds of their discussions in favor of wider-ranging and deeper conversations. Financial professionals can help clients identify areas of concern and act as a "resource connector," using a broader network to help clients find the right expertise and services to address their needs. This has parallels in the fields of primary healthcare[2] and social work,[3] both of which have seen efforts to broaden the scope of standard visits.

The success of such efforts hinges on the extent to which individuals are willing to step outside normal conversational boundaries. Importantly, in financial services, communication has been shown to be critical to clients' level of trust in and commitment to their financial professional.[4] Taking steps to change communication norms can enable financial professionals to offer greater value, while being sensitive to topics that may be uncomfortable or alienating to clients.

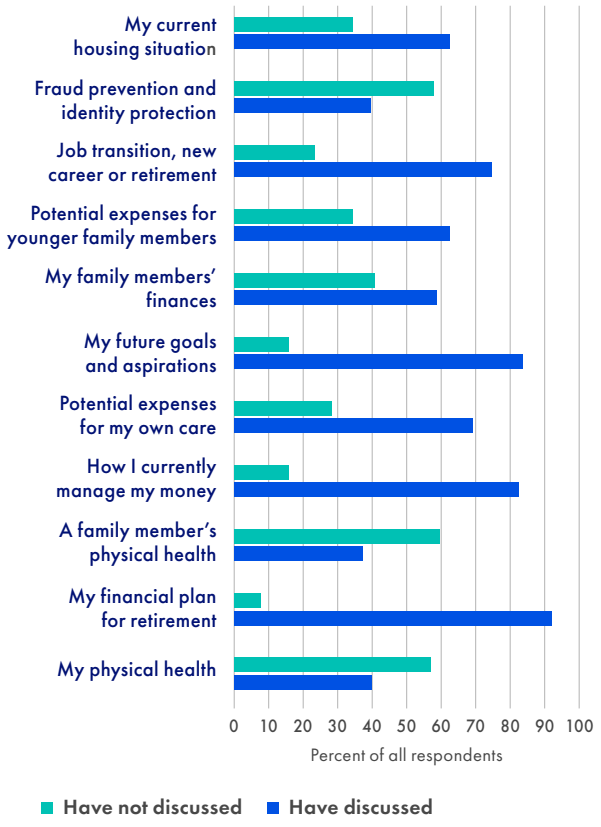
To help define the scope of opportunity for these expanded conversations and their related boundaries, in March 2020 the MIT AgeLab and AIG Life & Retirement surveyed 2,038 Americans between the ages of 30 and 75 who regularly work with a financial professional.

What Topics Are Being Discussed?

First, we identified which important topics people are and are not discussing with their financial professional. Most have discussed financial matters, including plans for retirement and how to manage their money. Some also report discussing job transitions and housing expenses for younger family members. Fewer people have discussed their own health, their family's health, or identity protection and scam prevention (Figure 1), yet they identify these as top-of-mind topics.

FIGURE 1

Which topics have you talked about?



What Topics Are Top-of-mind?

Next, we sought to identify topics of current concern for clients. From a list of 25 topics, survey respondents chose the five that best represent what is most on their mind. The results are divided into three overarching themes—health and security; wealth and lifestyle; and family and loved ones—with a focus on variances between age groups.

Health and Security Topics

Among health- and security-related topics, "personal physical health" was most frequently selected across age groups, with older respondents (ages 61-75) especially likely to choose it (Figure 2). Also, interest in care-related expenses, and identity protection and scam prevention tends to increase with age, while thoughts about housing tend to decrease. Note: the survey was fielded in March 2020, which coincided with the initial COVID-19 outbreak in the United States, which may have lent extraordinary urgency to health-related topics.

FIGURE 2:

Top-of-mind health and security topics by age

Topic	Age	
My physical health	30–45	**47%**
	46–60	**52%**
	61–75	**64%**
Potential expenses for my own care	30–45	**9%**
	46–60	**20%**
	61–75	**33%**
Fraud prevention and identity protection	30–45	**8%**
	46–60	**15%**
	61–75	**28%**
Current housing situation	30–45	**23%**
	46–60	**8%**
	61–75	**4%**

Wealth and Lifestyle Topics

Among wealth- and lifestyle-related topics (Figure 3), “my financial plan for retirement” is most top-of-mind, especially for those in the middle age group (46-60), rising above concerns of current money management, future goals and job/retirement transitions.

FIGURE 3.

Top-of-mind wealth and lifestyle topics by age

Topic	Age	
My financial plan for retirement	30–45	**45%**
	46–60	**66%**
	61–75	**38%**
How I currently manage my money	30–45	**27%**
	46–60	**22%**
	61–75	**20%**
My future goals and aspirations	30–45	**16%**
	46–60	**22%**
	61–75	**12%**
Job transition, new career or retirement	30–45	**23%**
	46–60	**20%**
	61–75	**9%**

Family and Loved Ones Topics

Among family-related topics (Figure 4), family members’ health concerns are especially top-of-mind for middle-aged and older clients. For younger clients (30-45), potential expenses for younger family members are more top-of-mind. Thoughts about family members’ finances remain constant across age groups.

FIGURE 4.

Top-of-mind family and loved ones topics by age

Topic	Age	
A family member’s physical health	30–45	**18%**
	46–60	**31%**
	61–75	**35%**
My family members’ finances	30–45	**19%**
	46–60	**19%**
	61–75	**20%**
Potential expenses for younger family members	30–45	**32%**
	46–60	**16%**
	61–75	**6%**

Expanding the Conversation

These topics represent areas of heightened client attention and fit within the umbrella of longevity planning. However, many of them fall outside the bounds of traditional conversations between clients and financial professionals.

To determine the extent to which topics can serve as the basis for new, expanded conversations, two important parameters must be defined. First, has the topic already been discussed or can it be considered "new." Second, is the client open to discussing a given topic; that is, does it fall within "acceptable boundaries."

Health and Security

Wealth and Lifestyle

Family and Loved Ones

Expanding the Conversation: Health and Security Topics

Most respondents said they have already talked with their financial professional about housing and caregiving expenses, but not cybersecurity—and its related topics—or their physical health and personal care. Still, a significant number said they have not spoken about any of these topics with their financial professional. Of note:

- Of those who have spoken about these topics, the vast majority say they want to discuss them again or are willing to do so if the topic was brought up (Figure 5).
- Similarly, the majority of clients who have not yet discussed the health and security topics said they either want to or are willing to discuss them (Figure 6).
- Overall, clients are most interested in starting a conversation about personal care expenses, and least interested in discussing their physical health.

FIGURE 5.

For topics you *have* discussed, to what extent would you want to talk about them again?

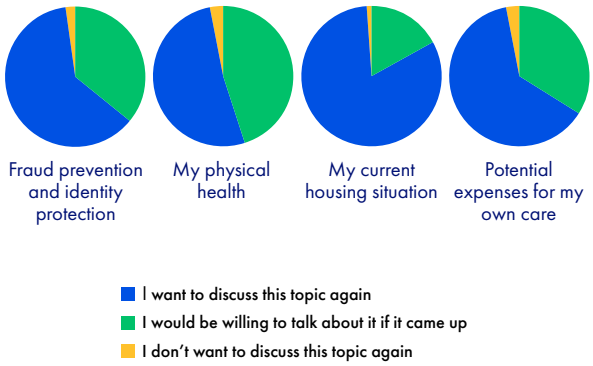
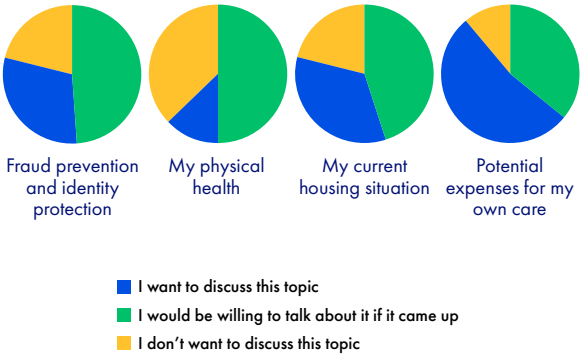


FIGURE 6.

For topics you *have not* discussed, to what extent would you want to discuss them?



Physical Health

Of the survey's four major health and security topics, people are least interested in discussing their physical health. Most have not discussed it with their advisors, and only 13% of clients want to change that. Younger respondents (ages 30-45), however, are significantly more likely than middle-aged (46-60) and older (61-75) age groups to have had a personal health discussion with their financial professional. In this youngest group, 78% want to discuss it again. Middle and older age groups who have discussed it, meanwhile, are more likely to say, "I am willing to talk about it if it came up," at 54% and 69% respectively. (Figure 7).

FIGURE 7:
Willingness to discuss physical health with financial professional again

Age: 30-45	Age: 46-60	Age: 61-75
78%	54%	69%
21%	44%	28%
1%	2%	3%

- I want to discuss this topic again
- I would be willing to talk about it if it came up
- I don't want to discuss this topic again

Among clients who have not yet discussed physical health with their financial professional, younger clients are again the most eager to begin that conversation (34%, compared to 11% of middle-aged and 5% of older clients).

Key Take-Away: Conversations around personal health are likely to be "new" to clients of all age groups and are most likely to be enthusiastically welcomed by younger clients, although middle-aged and older clients may also be willing to have this conversation, if necessary.

Fraud prevention and identity protection

Only 40% of clients have discussed fraud prevention and related topics with their financial professional, a number that drops to 30% for the oldest age group, even though this group selected these as one of their five top-of-mind topics.

Most clients (62%) who have discussed fraud prevention and related topics with their financial professional say they want to discuss them again, a figure that climbs to 81% in the youngest age group. Among clients who have not had the discussion, the majority of the youngest age group (61%) say they want to, while those aged 46-60 and 61-75 more often say, "I'm willing to discuss the topic if it comes up" (52%).

Key Take-Away: Fraud prevention and identity protection, like personal health, can be considered both "new" and "acceptable." While younger clients may be especially eager to have the discussion, older clients are open to it and select it as a top-of-mind topic.

Only 40% of clients have discussed fraud prevention and identity protection with their financial professional.

Current Housing Situation

The majority of clients surveyed (62%) have discussed their current housing situation with a financial professional. However, the oldest group of clients are significantly less likely to have discussed this topic. Clients who have discussed it are likely to want to discuss it again. In fact, across all four health and security-related topics, housing is the topic clients are most eager to revisit—especially younger clients, 88% of whom say they want to return to the topic.

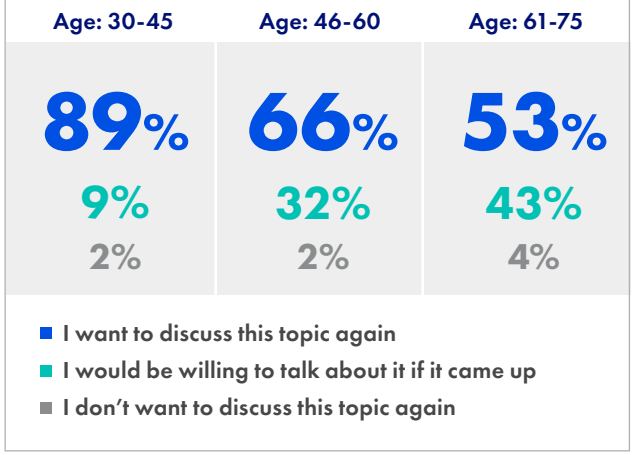
Among those who have not yet discussed their current housing situation, most want or are willing to have an initial conversation (79%). Once again, the youngest clients are significantly more likely than the oldest clients to say "I want to discuss this" for the first time (45% compared to 12%). Many middle-aged (44%) and older (41%) clients, however, report that they are willing to discuss this topic for the first time if it comes up in conversation.

Key Take-Away: Current housing may not be a "new" conversation topic for most clients, but they are eager to discuss it. It is more likely to be new to older clients, who may be hesitant to discuss it at first. Given the overwhelming support for the topic, that may prove to be more of an initial hurdle to overcome, versus a conversational brick wall.

Potential Expenses for Own Care

Clients of all ages are equally likely to have discussed potential expenses for their own care, with the majority across age groups having had this conversation (69%). Among clients who have discussed future personal care expenses, the youngest age group was significantly more likely to want to revisit the topic. Meanwhile, the middle-aged and older age groups are significantly more likely than the youngest clients to say "I'm willing to discuss the topic if it comes up." (32% and 43%, respectively, compared to 9%) (Figure 8).

FIGURE 8.
Willingness to discuss potential expenses for own care again



Key Take-Away: Among health and security topics, "potential expenses for my own care" is the topic that clients most want to broach for the first time, a finding consistent across age groups. Whether it's coming up for the first time or as part of a continued conversation, clients, especially younger ones, are likely to be open to discussing this topic.

Expanding the Conversation: Wealth and Lifestyle Topics

Based on top-of-mind concerns, the survey focused on four wealth and lifestyle-related topics: financial plans for retirement; current money management; future goals and aspirations; and job transitions, including new careers or retirement. Overall, the majority of respondents have already discussed these topics with their financial professional. Of note:

- Most respondents who have already discussed these topics said they would want to revisit them. Meanwhile, clients who did not actively want to return to these topics still overwhelmingly indicated they would be willing to discuss them if they came up in conversation (Figure 9).
- Among the relatively few who have not discussed these topics, the overwhelming majority are interested in or willing to have these discussions (Figure 10).

FIGURE 9.

For topics you *have* discussed, to what extent would you want to talk about them again?

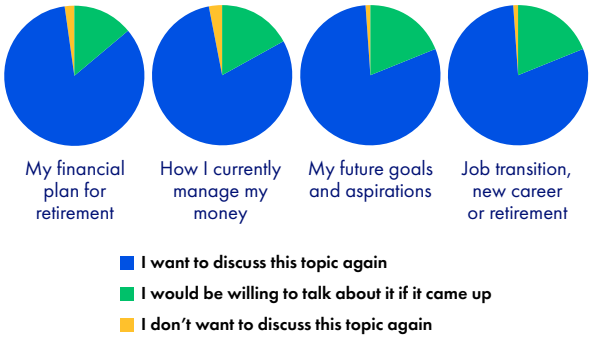
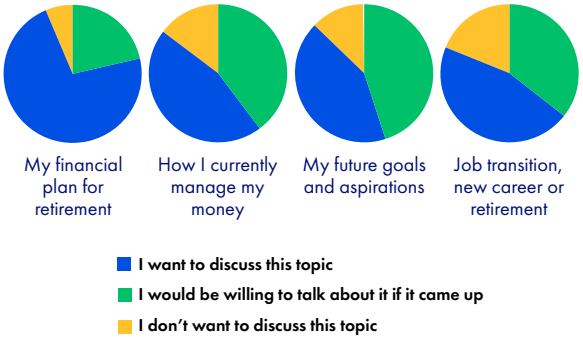


FIGURE 10.

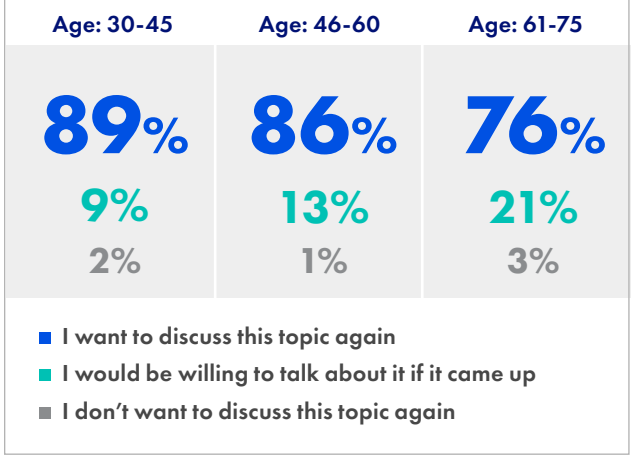
For topics you *have not* discussed, to what extent would you want to discuss them?



Financial Plans for Retirement

Survey respondents are extremely likely to have discussed financial plans for retirement (92%). Among those who have discussed their financial plan for retirement with a financial professional (Figure 11), a large majority are interested in discussing it again (84%). The oldest age group (61-75) are slightly less likely (76%) than younger and middle-aged groups (86% and 89%, respectively) to want to revisit their retirement plan, but only 3% of the oldest group said they would not want to discuss this topic at all.

FIGURE 11.
Willingness to discuss financial plans for retirement again.



Of the very small number of clients who have not yet discussed their financial plans for retirement (8%), most said they either want (69%) or are willing (26%) to discuss the topic if it came up with their financial professionals. Only 6% who had not discussed it said they do not want to discuss it at all.

Key Take-Away: While financial plans for retirement is one of the most common conversation topics, there are still some clients who have not yet discussed it. Clients are generally interested in talking about funding retirement, whether they have already discussed it or not.

Current Money Management

The majority of survey respondents have already discussed current money management practices with their financial professionals (82%). Of those, 80% want to discuss it again, while another 17% said they would be willing to discuss it if it came up in conversation. Younger clients (age 30-45) are significantly more likely to want to revisit this topic (90%).

Among the minority of clients who have not yet discussed this topic, slightly less than half (46%) wanted to open this conversation, while 40% are willing to discuss it if it came up. 15% report not wanting to discuss it at all.

Key Take-Away: While individuals across the age spectrum are willing to have this discussion, younger clients are especially eager to have ongoing conversations about day-to-day money management.

Future Goals and Aspirations

In the survey, 83% of respondents reported having discussed future goals and aspirations with their financial professionals.

Nearly all those who have already had this conversation showed interest in continuing it, with 80% saying they wanted and 19% saying they are willing to discuss it again. The youngest age group (30-45) was most interested in discussing their future goals and aspirations again (89%). Interest decreased with age: 77% of 46-60-year-olds and 65% of 61-75-year-olds reported wanting to revisit discussions of future goals and aspirations.

Of those who have not yet discussed their future goals and aspirations, 42% said they wanted to enter into this conversation, and 45% said they would be willing to discuss it if it came up in conversation—of note, age did not appear to affect willingness to discuss the topic.

Key Take-Away: Regardless of whether or not individuals have already discussed their future goals and aspirations, most are open to having these discussions. Financial professionals, then, can proactively broach this topic with their clients.

Job Transitions, New Careers or Retirement

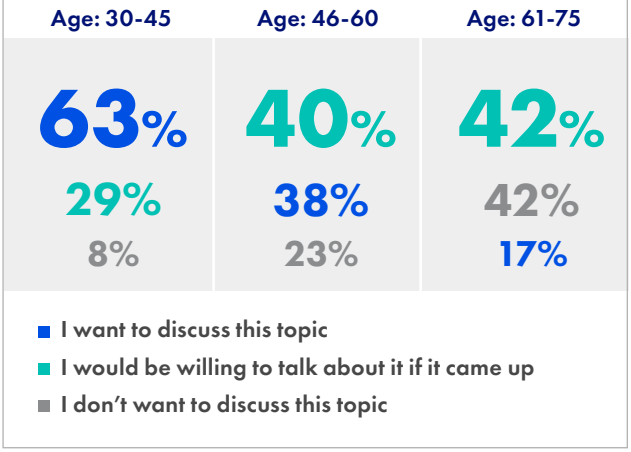
While professional transitions are top-of-mind for most individuals, only about three-quarters (74%) have discussed this topic with their financial professionals. The oldest age group was more likely to have discussed this topic as compared to the younger and middle-aged groups.

Of those who have discussed professional transitions, virtually all are willing to revisit the topic, with 80% reporting wanting to discuss it again and 19% saying they are willing to discuss it if it came up, a finding that holds constant across age groups. Less than one percent said they would not want to discuss this topic.

Of those who have not yet discussed professional transitions, most say they either want to (46%) or are willing to (36%) begin this conversation. Among those who do not want to discuss the topic, there is great variation by age. Only 8% of younger clients say they do not want to enter such a conversation, as compared to 23% of middle-aged and 42% of older clients (Figure 12).

Key Take-Away: While professional transitions are top-of-mind for many clients right now, success in broaching this topic may vary depending on the client's age. Younger clients appear generally willing to entertain this topic, while older clients appear to be less willing.

FIGURE 12.
Willingness to discuss job transitions, new careers, or retirement for the first time.



Expanding the Conversation: Family and Loved Ones Topics

The survey focused on three key family-related topics: a family member's physical health, a family member's finances and potential expenses for younger family members. Overall, the majority of clients report having discussed family with their financial professional in the context of finances, but less so in the context of physical health. The most commonly discussed family-related topic is potential expenses for younger family members. Of note:

- Most people who have already discussed family-related topics are interested in continuing the conversation (Figure 13).
- Almost three-quarters of survey respondents who have discussed family members' finances, or potential expenses for younger family members, said they want to do so again (Figure 13).
- However, slightly less than half of those who have discussed a family member's physical health want to revisit the topic (Figure 13).
- Individuals who have not yet discussed family-related topics reported diverging levels of interest in doing so. 44% say they would not want to discuss it at all. Clients are more interested in discussing a family member's finances and potential expenses for younger family members (Figure 14).
- Age exerted a strong influence on willingness to discuss family-related topics. Younger survey respondents are generally more interested in having ongoing conversations related to these topics, while older clients remain more reticent.

FIGURE 13.

For topics you *have* discussed, to what extent would you want to talk about them again?

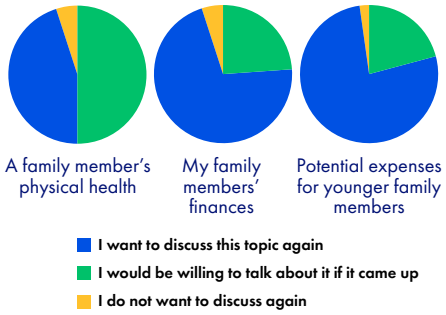
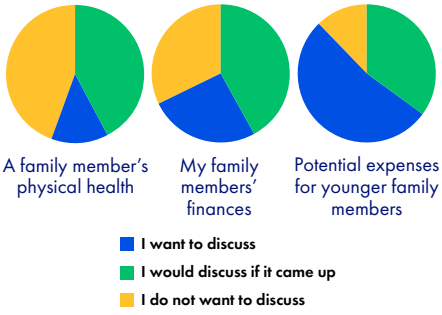


FIGURE 14.

For topics you *have not* discussed, to what extent would you want to discuss them?



A Family Member's Physical Health

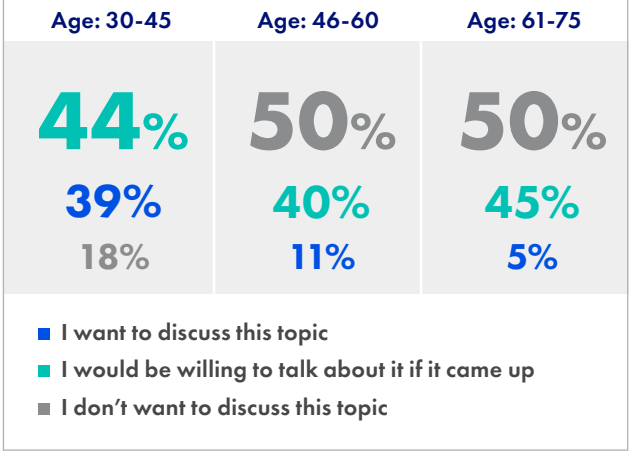
Of all family-related topics, people are least interested in discussing a family member's physical health, with 60% not having discussed the topic.

Among those who have discussed a family member's physical health, 45% want to discuss it again. Younger clients are significantly more likely to want to revisit it than older respondents.

Of those who have not yet discussed a family member's physical health, only 13% said they want to discuss it, 42% said they are willing if their financial professional brought it up, and 44% said they do not want to discuss it at all. Younger clients (38%) are most eager to discuss the topic for the first time, compared with the oldest respondents (5%) (Figure 15).

Key Take-Away: Financial professionals may benefit from treading lightly regarding family members' physical health. The topic is new to many clients, and although many are willing to talk about it, just as many may find it objectionable. Younger clients may be most comfortable discussing this topic.

FIGURE 15.
Willingness to discuss family member's physical health for the first time.



Family Members' Finances

Over half (58%) of clients have already discussed family members' finances, and younger clients are significantly more likely (82%) to want to revisit the topic, as compared with 46-60 year-olds (74%) and 61-75 year-olds (54%). The same pattern emerges for clients who have not experienced this conversation, with younger clients more willing to take part.

For those who have not yet discussed family members' finances, only 26% said they want to discuss the topic, while 42% said they are willing to discuss it if their financial professional brings it up, and 32% said they did not want to discuss it at all.

Key Take-Away: Discussing the finances of family members is a new topic for many clients, and often permitted as a topic. Overall, younger clients appear to be the most eager to discuss family members' finances. The topic does not evoke the level of discomfort as family members' physical health, but a substantial proportion of middle-aged and older clients prefer to avoid it.

Potential Expenses for Younger Family Members

Of the three family-related topics, potential expenses for younger family members is the subject clients are most eager to discuss. 70% of respondents have already discussed the topic, and of those who have, 77% want to discuss it again. The oldest age group is least likely to say they want (36%) to revisit it, although most older respondents say they are willing to talk about it again if their financial professional brings it up.

The topic also garners relatively little resistance from those who have not yet spoken about it:

53% said they want to discuss the topic for the first time, and 42% said they are willing to discuss it if their financial professional brings it up. Only 12% of respondents do not want to discuss it at all. Younger clients who have not yet discussed this topic are significantly more likely (70%) to want to do so than middle-aged (42%) and older (19%) groups.

Key Take-Away: Discussing potential expenses for younger family members might be a new topic to many clients, the vast majority of whom are willing to discuss it either for the first time or as part of a continuing conversation.

Summary:
Insights for Financial Professionals

Recognize that clients are generally open to expanding the conversation

Of the top-of-mind topics discussed in this paper, most can be considered "acceptable," most of the time, for most clients. However, it might make sense for financial professionals to err on the side of caution by gently sounding out a client's willingness to discuss a new topic.

Accept that some important conversations may feel a bit uncomfortable

For financial professionals seeking to expand into longevity planning, the topics that clients are most eager to discuss may not necessarily be those most important to broach. The easiest ones to discuss—especially those having to do with wealth and finances—are often already part of the fabric of financial conversations. The most powerful new conversations may come about only after an initial measure of social discomfort. The decision about whether to broach a topic will sometimes prove delicate.

Begin the conversation slowly and make it personal

To identify if a client is ready to discuss a topic, begin the conversation slowly. Draw upon your own personal experiences

To identify if a client is ready to discuss a topic, begin the conversation slowly. Draw upon your own personal experiences, or describe the experiences of others, without identifying them.

or describe the experiences of another client without identifying them. Conversations about topics such as downsizing, a career change, or a major health issue are most amenable to being placed on the agenda when they are introduced as a story about someone else. Don't necessarily ask questions directly, unless invited by a positive response from the client. Give the client the opportunity to provide feedback in response to your anecdote—pay attention to both verbal and body language. Give the client time; they may not respond right away or even in the same meeting. A long period of silence, a look away, or folding arms and crossing legs may indicate that this is a topic for another day.

Consider how age impacts a client's level of openness

Keep in mind that several topics produce different levels of comfort or discomfort for different age demographics, with younger clients often more eager than older clients to jump into conversations outside the financial services norm. However, older clients often acknowledged a willingness to venture into these less-comfortable topics if their financial professional led the way. Older clients' current housing situation appears to be particularly ripe for new discussions; many older clients have not yet discussed it, but are willing to give it a try.

Be aware that some topics are more sensitive than others

For at least some older clients, discussion of professional transitions appears to be a touchy topic, although it's possible their reticence stems from the fact that many of them are already retired. Conversations around the health and finances of family members also seems to elicit a measure of discomfort from a subset of older clients. In the case of family members' finances, for instance, older clients are wary about engaging in such a conversation. Such topics may be key components of a holistic relationship, but they may require a deft touch in the initial approach.

Keep in mind that several topics produce different levels of comfort or discomfort for different age demographics, with younger clients often more eager than older clients to jump into conversations outside the financial services norm.

Embrace the younger generation's desire to move beyond just the financial

Younger clients are almost always more eager to discuss topics including but not limited to finances—even potentially sensitive ones pertaining to health and family. Their relative wealth does not explain this phenomenon; breaking down the survey sample purely by wealth produced fewer differences than did an age breakdown. Changing cultural attitudes toward openness, particularly in the social media era, provides a possible explanation, albeit an unsatisfying one, since all generations now partake in social sharing.

More likely, younger clients have less time to form mental models about what a meeting with a financial professional should entail, or even what the purpose of a financial professional should be. For financial professionals hoping to expand from financial to longevity planning, perhaps the most actionable strategy is the simplest: start young. Younger adults are in a very real sense the clients of tomorrow, and their norms concerning the future of financial advice are forming today.

For financial professionals hoping to expand from financial to longevity planning, perhaps the most actionable strategy is the simplest: start young.

Methodology:

The MIT AgeLab conducted a national survey of 2,038 participants between March 6 and March 26, 2020. The survey asked participants when, where and how they interacted with financial professionals and what topics they felt most comfortable and interested in discussing. Participants ranged in age from 30 to 75 and reported a yearly household income of $50,000 or more and total savings of $50,000 or more, including savings accounts, checking accounts and investment or retirement accounts. All participants reported regularly working with a financial professional.

Sample Characteristics:

Survey respondents are distributed relatively evenly across ages (33% 30-45, 34% 46-60, 34% 61-75) and gender (50% female, 50% male). Additionally, the majority of the sample reported working full-time (58%), while the next largest employment group reported being retired (26%). Other, smaller employment categories included working part-time, being self-employed, being unemployed, and being a student.

References

[1]Coughlin, J. F., & D'ambrosio, L. A. (2009). Seven myths of financial planning and baby boomer retirement. *Journal of Financial Services Marketing,* 14(1), 83-91.

[2]Meyer, E. C., Sellers, D. E., Browning, D. M., McGuffie, K., Solomon, M. Z., & Truog, R. D.(2009). Difficult conversations: improving communication skills and relational abilities in healthcare. *Pediatric Critical Care Medicine,* 10(3), 352-359.

[3]Staller, K. M. (2014). Difficult conversations: Talking with rather than talking at. *Qualitative Social Work,* 13(2), 167-175.

[4]Sharpe, D. L., Anderson, C., White, A., Galvan, S., & Siesta, M. (2007). Specific elements of communication that affect trust and commitment in the financial planning process. *Journal of Financial Counseling and Planning,* 18(1).