Disruptive Demographics & the Great Demographic Shift in the Workplace, Retirement Planning & Life Tomorrow
“Disruptive Demographics”

Death Takes A Holiday

It seems people aren't expiring fast enough to meet revenue projections.

Source: Fortune Magazine
From Retirement Planning to Longevity Management

Half of babies born in rich world will live to 100
Thu, Oct 1 2009
By Kate Kelland

LONDON (Reuters) - More than half of babies born in rich nations today will live to be 100 years old if current life expectancy trends continue, according to Danish researchers.
Aging Population: Changing Markets & Workforce

Average Age Distribution Projections for 2010 by Five-Year Age Segment

% Growth in by Age Cohort 2010 - 2020
The ‘Me’ Generation Rewrites ‘Ritz Rules’

“The notion of what our parents wanted … is different from what today’s generation wants.”
America’s Baby Boomers
One Turns 65 Every Seven Seconds
Question

How will disruptive demographics drive innovations in engagement in the workplace & financial planning?

Five years?

Ten years?
Overview

• What is innovation?
• Understanding the changing life context of the 45+ employee & across the generations.
• Cross-industry engagement innovations & insights for employers.
• Workplace & financial planning in transition.
Meet the New, But Older, Disruptive Employee & Consumer

- Healthier
- Informed
- Tech-Savvy
- ‘Smart’ Buyer
- Female
- Diverse
- Caregivers
- Alone
Improved Health

- Decrease in disability and decline in “new elderly” for all income groups
- Longer period of relative wellness into “old” age.
- 110 M with chronic illness, 60 M with 2+ chronic conditions
- Difference between ill and sick.
What is Old?
Health Costs by Age

Highest concentration of health & wealth demands

Source: US Health & Human Services
Employee Age & Well-Being

- Diabetes
- CVD
- Pain
- Fatigue
- Stress
Fatigue

- 54% of Americans ages 42-62 agree with the statement: "I am too tired to do all the things I want to do."
Higher Education & Tech Savvy

- Number of older adults with 4+ years of college has doubled in last 20 years
- Increasing demand for non-traditional learning.
- Fastest growing segment are 45+ women on Internet, seeking health, finance, auto purchasing information.
- Do-it-yourself generation?
Information Overload

- “There is so much being written...these days that it is difficult to know what you should and should not believe.”

- Baby Boomers 84%
  - X’ers 78
  - Echo 79
Trust in “People Like Me”

Most People Can Be Trusted

\[
\text{Trust} = 0.840 - 0.005 \text{ Year}
\]

\[r^2 = 0.726\] \[\text{RMSE} = 0.033\] \[N = 29\]
Trusted Sources of Information

Where do you feel you would find the most trustworthy information for any product/service?

(select all that apply)

- Online communities 73%
- Magazines 51%
- Newspapers 28%
- Radio 18%
- Other Social Media 17%
- TV Shows 16%
- Other 11%
- None 8%
Social Networking & Muddling Through Life Choices

- 500 M people on Facebook
- 550% increase in 55+ over six months. People younger than 25 grew by less than 20%.
- 47% of boomers use a Facebook account, up from 38% last year.
- 45+ use sites differently than younger users -- getting to know new people and learn new things.

"Boomers are really affected by what's going on, and they like not to be alone with their thoughts."
Robin Wolaner, TBD.com
‘Smart’ Buyers

‘Not how much I have, but how smart I am’
A New Look at Older Women

• Women are more educated than previous generations.
• New generation of professionals - workforce participation all time high ~70%.
• Manage majority of household activities.
• Live longer than men.
• Primary caregivers for an older adult.
• *Family CEO* -- place premium on solutions not products.
Not Your Mother’s Marketplace

- Number of women earning $100K has tripled in the last 10 years
- 43% of people with assets $500K are women.
- What they do not have in assets they “influence” --
  - 89% of consumer electronics or $55 billion per year.
  - 80% of home improvement
  - 90% of healthcare decisions
- Single women are buying homes at 2X rate of single men.
- 80% of NFL products are sold to women.
Changing Face of America

• By 2050:
  - White population will increase 7% from 195M to 210M.
  - Non-white Hispanics will grow 188% from 35M to 102M.
  - Asian population will grow 213% from 10.7M to 33.4M.
  - African-American population will grow 71% from 35.8M to 61.4M.
Potential Impacts on Financial Engagement

• **Earnings**
  - Hispanic earnings - $20,124
  - African-American earnings - $22,941
  - Non-Hispanic white earnings - $30,186

• **Retirement Planning**
  - Less likely to be ‘planners’
  - Fewer mental models/mentors for ‘retirement’
  - Lower level of financial literacy & numeracy

• **Trust & Brand**
  - More likely to use brand reputation for guidance
  - Lower levels of overall trust than national average
Caregiving: The ‘Other’ Day Job

- 1 in 4 families care for an older adult.
- Nearly 50% of US workers are more concerned with caring for a parent than a child - costing US industry ~$32 billion in lost productivity.
- Average caregiver is a 47-57+ woman, oldest daughter or spouse.

Source: AARP, Federal Reserve Bank, MetLife, NHS
Employed Caregiver Career
Selected Activities and Level-of-Effort Over Time

Caregiver Level-of-Effort

Social Contact
Issues Management
Health Compliance
Life & Financial Plans
Transportation
Food Shopping
Healthcare Intermediary

Social Contact
Issues Management
Health Compliance
Life & Financial Plans
Transportation
Food Shopping
Healthcare Intermediary
Cooking/Cleaning
Bathing/Dressing
Health Administration

Time
Home Alone?

- Empty nesters & single child households will dominate market.
- Affluent families had an ~1.9 children compared to post-WWII parents ~3.8
- Life Alone
  - 30% of Americans >60 live alone.
  - 40% of women >65 live alone.
Real strategic insight into markets rarely comes from projecting a trend – no matter how powerful – instead, it is how the trend will change behaviors and values.
Engagement Strategies for Boomers & Beyond

- *Blur* of product and service providers into *total solutions* -- eliminating lines between finance, health, caregiving, etc.

- *Aggregation* of knowledge & convenience – service providers & employers with reach win.

- *Personalized* service & messaging, one product does not fit all.

- *Trust* in relationships, not brand or products – key role of women as decision makers.

- *Easy* advice as empowerment and education.
Consumer-Driven Innovations

I. Retail Services
II. Employers & Older Workers
III. Intelligent Home Services
IV. Purposeful Finance & Longevity Management
V. 24/7 Advice & Touch

"Nobody uses crystal balls anymore!"
I. Retail Solutions
Service @ the Point of Decision

“We do therapeutic intervention, but we think the real opportunity is helping patients take care of themselves…compliance services, cognitive services, nutrition guidance, screening programs and other efforts…such as home health.”

- CEO Major Pharmacy Chain
Retail Life Planning

Life insurance policy bundled with 24/7 concierge services anywhere in North America.

- Gateway product to develop relationship with family.
- Death & widows -- *emotion puts money in motion*.

Copyright 2011 J. Coughlin
II. New Challenges for Employers with Older Workforce

In developed countries, the dominant factor in the next society will be ...the rapid growth of the older population and the rapid shrinking of the younger generation. (We) know perfectly well that in another 25 years people will have to keep working until their mid-70s....(Drucker, 2001)
Why Work?
- Income (64%)
- Challenge (54%)
- Personal meaning (33%)
- Social (29%)

Source, OECD
Education, Work & Entrepreneurship

• “Sabbaticals” for education in middle age and beyond.
• College communities as retirement destinations.
• Most boomers want to continue work.
• Barclays Bank -- Gen“E”
Graying Workforce & Coming Talent Gap

• Avg. worker age over last 20 years increased from 36 to 41
• Over the next 10 years:
  - Lost knowledge
  - Petro-chemical, engineering, healthcare, defense, utilities.
  - Location shortages, e.g., teachers in rural regions.
  - US Government estimates that in 10 years nearly 50% of technical workforce will be eligible to retire, e.g., air traffic controllers.

Older Worker Injury & Health

- Older workers remarkably healthy.
- 1/3 less likely than younger workers to be hurt seriously on the job BUT – when injured require twice the recuperation time.
- More likely to suffer chronic disease conditions.
- Wellness as a new metric in safety & productivity.
An Older Female Workplace

- In US, 56% of women 55-64 are in workforce, increase of nearly 10% in 10 years.
- What will they want?
  - Flexible & supplemental benefits, e.g., health, dental.
  - Flexible hours & part-time as the norm.
  - Eldercare services
- Redesigned workplace for older female employees.
III. Intelligent Home Services

- Integration of information technology (sensors) into clothing, appliances, bath features.
- Next generation of bathroom appliances will measure wellbeing and connect to families, doctors, pharmacists by Internet.
IV. Purposeful Finance: Aging-in-Place Services

- Financial service providers enter ‘aging’ leveraging trust – *Beyond Pensions*.
- Financial products & planning for home modification, maintenance, caregiving.
- Contract services for home maintenance of personal and parent’s homes.
Longevity Management Services

• Emerging services to manage weekly/monthly home finances, e.g., bill paying, selected banks and CPAs, elder law attorneys – focus on widows.

• Personal tax assistance.

• Often serving as extension of adult child.

• Geriatric care managers
V. 24/7 Advice & Touch

- Real-time engagement.
- From information provision to behavioral impact.

Bio-Sensor Embedded into The cellular Phone

BIO-SENSORS
- Glucose meter
- Pedometer
- Body Fat Monitor
- EKG Sensor
- Stress Meter
- Skin Care

Copyright 2011 J. Coughlin
“There Better Be an App for That”

- 1 Billion iTunes applications downloads, 500K applications, last year.
- Ubiquitous reach and touch is no longer a gimmick, it is an expectation.
- Responsive to employee’s time, convenience and research needs.

Copyright 2011 J. Coughlin
# Worlds in Transition?
Employee Retirement Planning in a Consumer-Directed World

<table>
<thead>
<tr>
<th><strong>Today’s Retirement Focus</strong></th>
<th><strong>Consumer-Driven Innovations</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulation</td>
<td>Smart Spending</td>
</tr>
<tr>
<td>Products</td>
<td>Solutions</td>
</tr>
<tr>
<td>Information</td>
<td>Knowledge &amp; Tools</td>
</tr>
<tr>
<td>Rational Advice</td>
<td>Emotional Needs</td>
</tr>
<tr>
<td>Employee</td>
<td>Employee’s Network</td>
</tr>
<tr>
<td>Lifestage</td>
<td>Multi-Act Lives</td>
</tr>
<tr>
<td>Consumer Segment</td>
<td>Segments of One</td>
</tr>
<tr>
<td>Planner</td>
<td>Longevity Educator</td>
</tr>
</tbody>
</table>

Copyright 2011 J. Coughlin