THE ADVISOR'S GUIDE TO BECOMING A RETIREMENT SPECIALIST

"Understanding and getting your practice ready for 55+ clients"

COMPLIMENTS OF TD Mutual Funds

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Thank you to those who contributed their insights about becoming a retirement specialist to this guide. These include Teresa Black Hughes, John DeGoey, Sue Foley, Craig Hanson, Barry Lloyd, Graham McWaters, Jill O’Donnell, John Page and Ralph Vandervoort – all experts in their field with many years’ experience meeting the needs of 55+ clients.

The Advisor’s Guide to Becoming a Retirement Specialist
“Understanding and getting your practice ready for 55+ clients”

To receive a copy of The Advisor’s Guide to Business Building and
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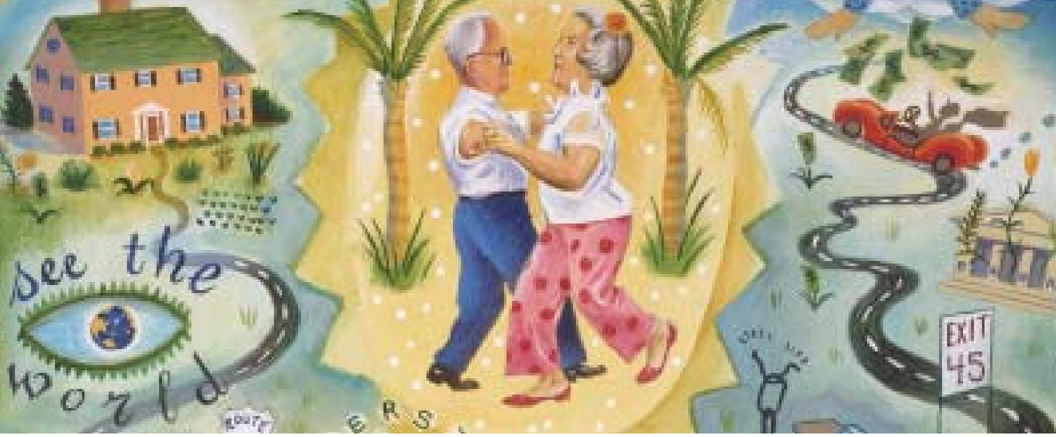

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INTRODUCTION

With nearly one in three Canadians expected to be 55+ by 2016, you need a concrete strategy that will help your clients in this age group manage their transition into retirement so you can build enduring relationships with them in their 70s, 80s and beyond. *The Advisor's Guide to Becoming a Retirement Specialist* provides background information and strategies you can start using right away to attract and retain older investors. It also delivers tips on how to bridge the generation gap and successfully sell your services to the adult children of existing clients.

Positioning yourself as a retirement specialist will differentiate you from your competitors and give you a strong brand identity that resonates with the aging Baby Boomers. To reach that goal, it is critical to have an in-depth understanding of the issues facing older clients as they progress from pre-retirement, through the retirement transition, to post-retirement. Also, you will need to become well versed in the many financial planning strategies specific to 55+ clients. Most importantly, to truly serve the needs of your older clients, you have to develop deep, long-term relationships with them and their families.

We hope this guide provides you with an understanding of 55+ clients and helps you get your practice ready to meet their needs. Do not hesitate to contact us for help in becoming a retirement specialist and implementing the strategies in this guide.

Douglas B. Yam
Senior Vice President and Managing Director National Sales
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CHAPTER 1

A Snapshot of Retirement

The face of retirement has changed in recent years. Instead of retiring "traditionally" at 65 with a defined benefit pension plan, your clients may stop working earlier or later, and may be dependent on a wide range of funding sources for their retirement income, including a salary or consulting fees, government pensions, employer pensions, and personal savings.

This landscape can be confusing. So can the transition from capital accumulation to capital preservation and, later, gifting. Furthermore, the consequences of miscalculating the amount of money that will be available in retirement can be devastating. That's why the 55+ crowd needs your financial planning expertise more than any other age group.

At the same time, advisors will need to leverage the 55+ market to maintain and build their asset base. The reason? This generation will be one of the most affluent. "Follow the money" is a good slogan to adopt – and the money is skewing older.

The Demographic Shift

Statistics Canada projects that about 31% of the population will be 55+ by the year 2016 – that's up from 22% in 2001 and will represent more than 10.5 million people.[1] This demographic shift can be attributed partly to the aging Baby Boomers, partly to improvements in healthcare that are allowing people to live longer, and partly to a decline in the number of Canadian births. By 2026, says Statistics Canada, there will be just three working-age people for every person over 65, compared to today's 5:1 ratio.[2]

Meanwhile, the assets you have helped your clients build over the years are marching steadily forward into retirement. Statistics Canada released a study in November 2003 that put the median net worth of families headed by a senior at $158,000. That may not sound like much, but nearly half of them are, in fact, still building their savings and just one in ten has resorted to using their investment capital to pay the bills.

IN THIS CHAPTER YOU WILL LEARN HOW TO:

- Use the changing demographics to your advantage
- Understand the challenges affecting aging clients
- Teach clients to protect themselves from fraud

Furthermore, 90% of homeowners over age 65 are mortgage-free. Of all demographic groups, seniors also have the lowest debt-to-asset ratio overall. Families headed by people over 65 owe just $3 for every $100 they have in assets. Nearly three-quarters of senior families say they have no debt at all.[3]

While their financial picture may be brighter than expected, your 55+ clients will require specialized financial planning advice as they age (for more information, see Chapter 3). Just as important, they will need the guidance of retirement specialists as they cope with a number of health and lifestyle changes in the coming years.

Health Changes

The physical symptoms of growing older are many and varied – and, of course, don't affect all people at the same age. Your 55+ clients may be experiencing:

- a decline in their level of energy
- shifts in their sleeping patterns
- memory lapses
- hearing and vision loss
- abdominal weight gain
- high blood pressure
- elevated cholesterol

These changes usually occur gradually, and most people are able to adapt to new limitations as they emerge. There are also chronic health problems that are more prevalent in older populations and that can prove to be more of a challenge for your clients to manage. These include:

- cardiovascular disease, including strokes and heart attacks
- type 2 diabetes
- cancer
- osteoporosis
- arthritis
- Alzheimer's disease
- Parkinson's disease

Valuable resources for information about these conditions – for you and your clients – include the following Canadian associations:

- Heart and Stroke Foundation of Canada *(www.heartandstroke.ca)*
- Canadian Diabetes Association *(www.diabetes.ca)*
- Canadian Cancer Society *(www.cancer.ca)*

- Osteoporosis Society of Canada *(www.osteoporosis.ca)*
- Arthritis Society *(www.arthritis.ca)*
- Alzheimer Society of Canada *(www.alzheimer.ca)*
- Parkinson Society Canada *(www.parkinson.ca)*

These associations can often put your clients in touch with support groups in your area – which can be valuable both for the person suffering from a condition and for spouses and children who may be struggling to deal with a loved one's changing capabilities.

Lifestyle Changes

Hand in hand with the health changes that aging clients may be facing are significant lifestyle changes. As their mobility declines, they may have to give up favourite hobbies, such as skiing or tennis. They may be unable to renew their driver's licence, making trips to see you in your office that much more of a challenge. Even sedentary pleasures, such as reading and listening to music, may become difficult as their vision and/or hearing deteriorates.

> **"You can find more information about the health issues associated with aging at medbroadcast.com (click "Seniors' health")."**

In time, they may struggle with the question of whether to leave the family home to move into a retirement community or long-term care facility. "Sometimes the client becomes in love with the bricks and mortar of the house, and if that's their ultimate goal – to stay in the house as long as they can – then so be it," says 20-year veteran financial advisor Craig Hanson of Thornhill, Ontario. But sometimes downsizing is essential, if the upkeep and expenses of living in a large house become too much to handle, or if the house simply isn't suited to your client's needs anymore – for example, with many stairs and awkwardly designed bathrooms.

As difficult as it may be to make the decision to sell a house, parting with possessions in preparation for the move can be even more painful, says Jill O'Donnell, who, as a geriatric care manager, has helped many families downsize. "Letting go is a hard thing. At any age, moving is a daunting experience," she says. However, she insists that your older clients should never put furniture and other belongings in storage. "Storage is expensive, and how often do people really ever use what they put into storage?" she asks.

Another devastating lifestyle change your clients may face is the loss of a spouse. In addition to grief and loneliness, Hanson says that, among many older couples, one partner had responsibilities for handling the family's finances. If that partner dies, the surviving spouse may require some basic financial education from you. "You have to spend a lot of time, and you have to be willing to take on the role of teacher," he says.

See "Helping Clients Through Difficult Times" on page 20 for more information about how you can help clients who are struggling with a death in the family or a difficult diagnosis, such as cancer or Alzheimer's.

Emotional Challenges

All of these health and lifestyle changes may be difficult for some clients to handle, especially if they don't have a good support network of friends and family living nearby. And, at retirement, some clients may feel that they have lost an important group of friends – their co-workers – whom they used to see daily and meet for coffee, lunch or after-work drinks.

Even if they are surrounded by loving people and competent caregivers, clients may find it discouraging to have to accept help from others for day-to-day tasks that they used to find simple and straightforward. And it may be challenging for them to start planning their futures with their families, making collective decisions instead of charting their own destiny.

At its most severe, emotional distress – caused by anything from the stress of adapting to change to severe loneliness – may cross the line into depression. Symptoms of depression may include a change in the pattern of sleep (insomnia or sleeping too much), a change in appetite (loss of appetite or overeating), a low level of energy, feelings of sadness, despair or hopelessness, and an inability to concentrate or make decisions. You may also notice that a client is uncharacteristically irritable, listless or confused.

Other clues that may indicate emotional distress of some kind include a decline in hygiene or appearance. "You have a client meeting and they used to always come in with a well-ironed shirt and shiny shoes, and all of a sudden they come in and you can see there's mud on the shoes and the shirt is wrinkled," suggests Graham McWaters, co-author of *The Canadian Retirement Guide* (Insomniac Press, 2004).

Watch for red flags like this, and listen to what your other clients say as well. You may deal with "clusters" of clients who know each other. Sometimes one of them will express concern about another. While you have to be careful not to breach confidentiality, there's no reason you can't call up the client who may be in trouble just to touch base.

If you suspect that a client is depressed or requires emotional support of some kind, such as grief counselling, recommend that they visit their doctor for a checkup. You should also investigate the various support groups and professionals in your community who can help, such as geriatric care managers and public health nurses.

Fraud

O'Donnell was recently called in to consult on the case of a woman in her late 60s who had experienced a stroke, then an aneurism, then the death of her husband, in quick succession. Not wanting to be alone in her house at night, she hired someone to stay with her. Then she started withdrawing significant sums of money through her financial advisor – $1,000 here, $2,500 there – all for her new employee. In time, she approached her lawyer and told him she wanted to change her will to leave her house to the person she hired. The lawyer immediately telephoned O'Donnell, who stepped in to assess the situation.

Unfortunately, as they age, your older clients may become vulnerable to unscrupulous people – whether they're workers who take advantage of a situation, as O'Donnell's tale illustrates, or people who set out from the start to defraud seniors. Go on alert when a client asks to cash in $10,000 worth of mutual funds to pay the roofer who came to the door and offered to re-shingle the roof. Suggest that your client get a written estimate from a second tradesperson, or consult with his or her children, before going ahead with the repair.

Because fraud is such a widespread problem among the elderly, consider hosting a seminar to teach your clients to protect themselves. Warn them that telemarketers and door-to-door salespeople may not be who they say they are. Advise them to ask lots of questions whenever anyone asks them for money – whether it's to pay for a service, to donate to a charity or to claim a prize that a telemarketer says they've won. And tell them to be suspicious if anyone refuses to send written information or wait for your client to investigate an offer before making a decision.

Fraud can be a touchy subject to raise with your clients. After all, you don't want them to take your warnings as an insult to their intelligence. It's a good idea to preface your comments by telling clients that fraud can happen to anyone – but that the criminals who engage in fraud frequently target older people.

You and your clients can find more information about fraud prevention and various scams exposed by CBC's *Marketplace* at *www.cbc.ca/consumers/market/files/scams*. Other useful websites include:

- *www.competition.ic.gc.ca*
- *www.canadiancouncilbbb.ca*
- *www.phonebusters.com*

In addition, make sure you protect yourself from accusations of fraud by insisting that your clients sign off on decisions and referrals to, for example, accountants and lawyers, whenever appropriate. Keeping this type of paper trail should become part of your regular record-keeping to track client responses to your recommendations, whether they accept or decline them.

Are You Certified?

A growing number of advisors are enrolling in programs that enable them to become more knowledgeable about 55+ issues and earn retirement specialist designations at the same time. For example, the Canadian chapter of the International Society of Trust and Estate Practitioners *(www.step.ca)* offers a "Trust and Estate Practitioner" (TEP) accreditation following an examination, thesis submission or demonstration of experience. The Canadian Initiative for Elder Planning Studies *(www.elderplanningcounselor.com)* grants the Elder Planning Counselor designation with in-class and distance learning options. And the Canadian Academy of Senior Advisors *(www.certifiedsenioradvisors.ca)* provides the Certified Senior Advisor designation either "live" or through a correspondence course.

[1] Statistics Canada, CANSIM, Table 052-0001.
[2] Statistics Canada, The Daily, Tuesday, March 13, 2001.
[3] Statistics Canada, The Daily, Monday, November 17, 2003.

CHAPTER 2

Strategies for Working with 55+ Clients

The last chapter gave you a window into the world of your 55+ clients. This chapter will look at specific strategies you can implement to attract and retain older investors. Targeting your marketing efforts and building a practice that welcomes seniors will help you stay client-centred. And, as CEG Worldwide discovered in a groundbreaking study, client-centred advisors attract more than five times as many new clients as their investment-centred competitors – and more than five times as many assets from those new clients.

Many advisors who are already catering to this market agree that the key to working successfully with 55+ clients is to build a strong relationship based on exceptional service – and to earn their trust. “Older people are a little more of the ‘show me’ variety,” says John DeGoey, a financial advisor in Toronto, Ontario, who has 11 years of experience. “They’re less inclined to simply take you at your word. They want demonstrable evidence that you keep your word.” If you can prove to your clients that they can and should believe in you, they can be extremely loyal clients who will sing your praises to friends and family.

Marketing

Demographically speaking, 55+ clients fall into at least two distinct groups. People in their 60s, 70s and 80s had their values shaped by the Depression and World War II. People in their late 50s, on the other hand, are the leading edge of the Baby Boom. According to Michael Adams, author of *Better Happy Than Rich?*, the pre-Boomers – or Elders, as he calls them – are strong on concepts such as risk-aversion, religiosity, everyday ethics, community involvement and legacy. The Boomers, in contrast, are strong on attitudes that include racing against the clock, a flexible definition of family, control of destiny, financial concern for the future and strategic consumption.

IN THIS CHAPTER YOU WILL LEARN HOW TO:

- Adapt your marketing efforts to an older audience
- Develop a practice that welcomes 55+ clients
- Cultivate clients' children through intergenerational planning
- Help clients cope with death and other difficult situations

Those observations offer some clues about the types of marketing that might appeal to your older clients. You may want to emphasize qualities such as your stability, reputation, commitment to volunteer work and ability to help people maximize their legacies when directing a message at pre-Boomers. For Boomers, you could project flexibility to accommodate their busy lives, a broad vision of intergenerational planning, and the assistance you can give them as they chart their own financial future. For all clients, ask how they would prefer to be contacted (telephone, mail or e-mail), and always respect their wishes.

Newsletters

Many advisors who work with 55+ clients find that both groups respond better to referrals than to “traditional” marketing tactics, such as advertising, direct mail and cold calling. Nevertheless, Hanson has had success with an educational newsletter that discusses topics of interest to older Canadians. Recent issues talked about travel insurance – an important subject for snowbirds – and the new health premium in Ontario. If you decide to create a newsletter or any print campaign targeted towards 55+ clients, keep in mind that design is very important. In particular, use larger fonts and include plenty of white space so the content isn’t overwhelming. And if you have any concerns that prospects or clients will find a complex article packed with technical details confusing, leave it out.

Events

Intimate seminars and prospect/client appreciation events can also be effective marketing strategies, says O’Donnell. She recommends scheduling activities at off-peak times so your 55+ clients don’t have to fight rush hour and don’t have to return home in the dark. Mid-morning and mid-afternoon work well, she says. Keep your groups small so hearing, seeing and listening aren’t a struggle. “Whatever you do,” O’Donnell says, “avoid crowds.”

Public Relations

DeGoey focuses on credibility-building public relations in his practice. In interviews, he makes a point of saying “sensible things” that resonate for his prudent target market – such as “Watch your nickels and dimes” and “Price matters.”

Exceptional Service

A lot of advisors who consider themselves retirement specialists say that marketing efforts must focus on building a strong relationship with 55+ clients that goes above and beyond the scope of financial planning. So promoting additional services that specifically attract older clients can be a powerful marketing and referral-generating strategy.

For example, Teresa Black Hughes, a financial advisor in West Vancouver, B.C., who has 15 years of financial planning experience, offers an Estate Map Service that itemizes all of a client's assets in an Excel spreadsheet, shows taxes and probate fees, and demonstrates visually exactly what will be dispersed to each beneficiary. She says this service often leads to adjustments in her clients' estate plans.

Hughes also provides a Shoebox Service that enables clients to bring in shoeboxes – or shopping bags – filled with statements and bills. Her team sorts the paperwork into folders, shows her clients what they need to keep and what can be thrown out, and encourages them to bring the folders to future meetings so, together, they can keep them up to date. Last year, she spent several hours in the lead-up to tax time helping one client go through her mail looking for charitable donation receipts. In cases where she found hints of donations, but no receipts, she wrote letters to the charities, asking them to send duplicate receipts directly to her client. "It was amazing what arrived in the mailbox!" she laughs.

Barry Lloyd, a 25-year veteran financial advisor in West Vancouver, B.C., had a similar marathon sorting session with a client who came to him at age 89 without ever having had a financial planner. One Saturday afternoon, Lloyd,

Think You're Having a Bad Morning?

"Just six weeks ago, I got a phone call that told me one of my clients was being taken off life support, but he wanted to see me," says Foley. "It was the hardest night of my life. I barely slept. I listed all the assets, put all the beneficiaries beside them, and phoned my lawyer in the morning to see where I stood and how I could handle it so everything was legal, not knowing what his intentions were. His kids left the room and I communicated with him by pencil and paper. I had to change his mind on some of the things he wanted to change. I was devastated. I was crying when I left there. It was a draining, but rewarding, experience."

his wife and his daughter (who were both assisting him at the time) went over to this client's house and, with his help, went through every cabinet and every file. They found insurance policies, pension records and stock certificates, then consolidated everything in a written summary. Lloyd says this particular investor was worth well over $1 million – but didn't even know it. "I think you have to look for those opportunities," Lloyd says of going the extra mile, "because they're there and if you ignore them you're not really doing the best you can do."

Frequent Contact

Strong relationships should be built on frequent contact, as well as "above and beyond" service, says Sue Foley, a financial advisor in Oakville, Ontario, who has 14 years of experience. She talks so regularly to most of her clients, and has become so close to each one, that she's quick to react if she senses that something is wrong. "One client was slurring on the phone and she said she felt lousy," Foley recalls. "I was somewhere north of the city and the client lived in Mississauga, and I just said, 'Something is wrong with you. I need you to call 911. Promise me when you get off the phone you'll call 911.' She ended up being in intensive care for about three months." Foley visited her client in hospital, and as she recuperated at home, encouraging her to open the drapes to let in light and to start to do her doctor-recommended exercises. Referrals flow naturally out of this hands-on service, Foley says.

Practice Management

"We don't do voicemail," says Hughes. "The only time you get voicemail is if literally all the lines are lit up or there's just nobody here. I think our clients are absolutely frustrated with voicemail, so we really strive to keep it personal."

That's a simple practice management strategy, but one that O'Donnell believes is very important. She observes that, like most Canadians, 55+ clients hate "press 1 for this, press 2 for that" phone mazes. Advisors should also be aware, she says, that while some older investors are extremely "electronics savvy," others aren't. The e-mails you send and even the messages you leave on their answering machines may not be picked up for several days – so if the matter is urgent, be sure to follow up.

Many advisors who work with older clients give investors the option of meeting in their own home. This will be popular among some of your clients – but not all of them. Lloyd discovered that most of his clients "want to try and

Practice Management Checklist

DO	DON'T
• Do buy sturdy chairs with arms that make it easier for clients to sit and stand	• Don't buy chairs that clients could sink into and have difficulty emerging from
• Do offer ramp and/or elevator service to accommodate wheelchairs and walkers	• Don't rely on stairs because even a short flight outside your building can be difficult for people with limited mobility
• Do make yourself easily accessible, in person and over the phone, so clients aren't forced to leave a voicemail if they don't wish to	• Don't assume that clients can drive to meet you; some may no longer qualify for a driver's licence
• Do display large-print magazines and newspapers in a well-lit waiting area; *Reader's Digest* and *The New York Times* both produce large-print editions	• Don't schedule evening meetings, when clients may be more tired and less able to concentrate – unless a client requests it
• Do make sure hallways towards washrooms are clearly marked, and ask your assistant to offer tea, coffee or water to all your clients when they arrive	• Don't send important information by e-mail only, or leave urgent answering machine messages, unless you're certain your client checks e-mail and voicemail frequently
• Do arrange for your assistant to phone to check in with older clients between your calls and meetings with them	• Don't keep 55+ clients waiting long because they may become uncomfortable and stiff

come in because it's part of their active routine and, as they get older, they want to have that appointment at the bank or with their advisor."

That means that your office must be set up to accommodate the needs of older people (see table above). It also means that annual review meetings should be scheduled during the spring, summer or autumn, whenever possible, so clients don't have to negotiate slippery snow and ice to reach your office. Your ultimate goal should be to provide a comfortable setting for clients – to, in effect, make it as easy as possible for them to do business with you.

Since relationship-building is so critical with 55+ clients, part of your practice management strategy should be to schedule a bit of extra time in your meetings to discuss issues in their lives. Some advisors find that only about one-third of the time they spend with investors is actually focused on financial business. The rest of the time, you may be learning about important aspects of their lives, some of which could have a financial dimension you can help them with.

For example, you may discover that a client is taking care of an elderly aunt, that this requires some extra income now, but that your client has been named in the aunt's will and expects to come into a considerable fortune down the road. You can help your client plan for her immediate cash flow needs, and offer your estate planning services to her aunt to ensure a smooth, tax-efficient transition.

A final, absolutely critical element as you gear your practice towards an older clientele is your team. Make sure everyone your clients will have dealings with is patient, listens well, talks clearly, and both respects and enjoys spending time with older people. Advise your staff to be both frank and empathetic. Many advisors who work with the elderly say it helps if you hire people who genuinely like hearing the life stories of older Canadians.

Intergenerational Planning

"It's estimated that $1 trillion will pass from Canadians now over 55 to younger generations," writes David K. Foot in *Boom, Bust & Echo 2000* (Macfarlane Walter & Ross, 1998). To ensure you become the advisor of the inheritance, you need to start cultivating relationships with your clients' children.

This doesn't have to be – and, in fact, shouldn't be – a hard sell. Hanson raises the topic with older clients by introducing the idea of RESPs for their grandchildren. He also makes a point of including subjects that are relevant to younger investors in his newsletter. "Periodically, we put in articles about interest rates, mortgage brokers, things like that – not necessarily attracting the interest of those who are in their 70s, but maybe they've got a son or a daughter or a grandchild who is looking to buy a house and we can point them in that direction," he says. The way Hanson sees it, if a client's child is, for example, in the process of negotiating a severance package, and his or her parents have a copy of Hanson's newsletter with an article on that very topic, chances are they'll pass it along – creating a very warm referral.

Lloyd recommends that some clients who have more money than they need provide disbursements to their beneficiaries while they're still alive. This approach gives young people the cash they require to pay off their houses and meet other expenses, and provides sons, daughters, nieces and nephews with a valuable opportunity to show their appreciation directly to their benefactor.

Meanwhile, the beneficiaries themselves become potential new clients for Lloyd.

Sometimes, getting the next generation involved is a matter of necessity, not choice. If you suspect that a client is experiencing the early signs of Alzheimer's, or can no longer handle financial decisions for any other reason, Hughes says the responsible thing to do is to confront the situation. In a case like this, she tells her clients, "You know what – I know your son or daughter is really busy, but it would be really great if we could get them to come in here. I think it would be really helpful for them to meet us." She's careful to add, "You tell me how much you want us to talk about," because, in her experience, about one in four parents don't want their children to know anything about their financial affairs until after they're gone. If you cannot obtain a client's agreement to involve a family member, it may be necessary to consult with a doctor and obtain a court order to appoint a guardian – but be aware that this can be a costly, time-consuming process.

Sample Intergenerational Planning Letter to Your Clients

Dear [your client's name],

I very much enjoyed our last appointment – it was lovely to catch up with you and hear all about your grandchildren's accomplishments [in school, in sports, in music, in ballet, etc.]. As I mentioned in our meeting, a Registered Education Savings Plan (RESP) may be an appropriate choice for you as you decide how you wish to plan a legacy for your grandchildren.

If you are interested in finding out more about how you can help [names of grandchildren] pay for their post-secondary education, I recommend that we arrange a meeting with your children, [names of children]. That way, we can all discuss your grandchildren's needs, as well as any RESPs that your children may have already established for them. Together, we can determine the best way to proceed.

My assistant, [name of assistant], will call you within the next two weeks to talk to you about when we can schedule this meeting. In the meantime, [insert a personal reference, such as "good luck at your upcoming bowling tournament" or "I hope you enjoy your gardening course"].

Yours sincerely,

[your name]

Your Action Plan if a Client Passes Away

When a client passes away, those who are left behind must attend to many things, and this process can drag on for months. Sometimes the responsibility will fall to the client's lawyer or executor – but in other cases you may want to take charge, solidifying your relationship with clients during their lifetime – and with their beneficiaries after death – by making sure these matters are dealt with in an orderly manner.

John Page, a financial advisor in Toronto, Ontario, with 30 years of experience has a system to collect all the documents that must be available to carry out the necessary steps following a death. Page prepares a document called a Life Registry™ for his clients, which lists these documents, and fills a corresponding accordion file with copies of the originals. The Life Registry™ includes:

1) Will
2) Instructions for funeral arrangements
3) Power of attorney for financial matters*
4) Health directive*
5) Tax returns
6) Insurance policies - all types
7) Bank account statements
8) Investment statements
9) Liabilities and loan agreements
    a) car lease
    b) credit cards
    c) RRSP loans
    d) mortgage statements
    e) home equity lines of credit
10) List of assets
11) List of pension incomes and annuities
12) Marriage certificate

The bottom line for Hanson, Lloyd and Hughes is that a strong relationship with existing clients comes first. The rest follows naturally. And that "rest" can be extremely lucrative, as Foley has discovered. "I generally get about five new clients following the death of a client," she says. "If you do a good job for your clients, and their kids see it, you now have new clients."

Helping Clients Through Difficult Times

Sooner, rather than later, if you specialize in older investors, a client will call or

13) Family tree
14) Safety deposit box information, including key location
15) Deeds
16) Pre-paid funeral documents
17) Property tax receipts
18) Separation/divorce papers
19) Birth certificates
20) Passports
21) Driver's licences
22) Memberships/subscriptions

While your client is alive, maintain a record of the location of each of these important documents. Following a client's death, you can use this list as a starting point to help you wind up his or her affairs. Then go through it a second time to update documents for the survivors. In addition, keep an up-to-date list of people who should be notified immediately when a client dies. For example, have the contact information for each client's executor, lawyer, accountant, bank manager, insurance broker and any other financial advisors on hand.

By developing a customized action plan for each client and helping family and friends during a difficult time, you can spare survivors a great deal of stress. You will also position yourself as an expert retirement specialist to all of your client's beneficiaries.

* These documents may have different names in your jurisdiction.

Sources: Graham McWaters and John Page, CFP, R.F.P., co-authors of *The Canadian Retirement Guide* (Insomniac Press, 2004), and Ralph Vandervoort, CLU, ChFC, CFP, RHU (27 years of experience).

drop by to tell you that a close family member or friend has passed away, or that the client or a loved one has been diagnosed with a life-altering disease, such as cancer or Alzheimer's. How you react in the critical days and weeks that follow will set the tone for your future relationship.

McWaters recommends that you develop a checklist or action plan that you can engage whenever a death affects one of your clients (see above). There are always investing, tax and estate planning issues to deal with after a death. Critical illness may also have financial consequences, including increased expenses and, if your client had critical illness insurance, arranging for the benefit payment. Furthermore, some matters will have to be dealt with quickly – such as providing funds for a funeral or healthcare abroad.

Quite apart from providing professional advice, you need to stay in close contact with your clients and let them know that you will continue to be there for them through this difficult time. At the same time, Lloyd suggests that you need to maintain some professional distance. "You have to show them that you are there and are capable," he says. "They need to have confidence that you can take them through this crisis financially."

To some extent, you also have to move at your client's pace. "Take your time," DeGoey advises. "If the client doesn't feel urgency, even if you feel urgency and even if the situation does feel urgent, it will hurt your position and your relationship with your client if you are perceived, rightly or wrongly, as trying to go too quickly in repositioning the proceeds of an insurance claim, for instance."

In certain cases, a client's loneliness or neediness may start to interfere with your ability to run an efficient practice. If you find that you or your assistant is spending excessive amounts of time with a specific client – on the phone, in meetings, or, for example, driving the client to and from doctor's appointments – look for opportunities to provide referrals to professionals who are qualified to manage these situations, such as a geriatric care manager or public health nurse. They can provide people in trouble with valuable advice about a wide range of social services available in your community – from volunteer opportunities and seniors' activities at community centres to psychologists, social workers and counsellors.

A Picture's Worth a Thousand Words

Lloyd takes pictures of many of his clients and keeps them in his files. When a woman in her 90s passed away recently, he took out her photo and sent it to her niece. "It's kind of a funny picture," he explains. After years of encouragement, his client had finally brought in a stack of share certificates and was ready to sign them over. Lloyd asked his assistant to take a photo of the two of them in a mock struggle to hold on to the certificates. Sending a personal picture like that, with an accompanying note, is a thoughtful gesture that will be appreciated by the families of your clients, too.

CHAPTER 3

Financial Planning for 55+ Clients

Hanson remembers that, early in his career, a client approached him and asked him if he could help him plan his funeral. "We went over to Humphrey's on Bayview [in Toronto] and we arranged things. Part of that arrangement was to go down into their showroom and pick out a casket. That was quite interesting!"

As a retirement specialist, you will, like Hanson, need to broaden the scope of your advice from financial planning to related client needs, including funeral pre-planning. You will also have to become familiar with the many other aspects of estate planning, such as wills, powers of attorney for financial matters and health directives (these may have different names in your jurisdiction).

As Hanson says, "We really become a source of information for them – not only in financial planning, but in a number of different areas."

Life Stage Planning

"Retirement planning is becoming much more of a life plan than it has been in the past," writes Barry LaValley, the Nanaimo-based president of The Centre for Retirement Success, in a recent newsletter. He says the roadmap you help clients achieve should consider money, but also health, leisure, home, work, family, community, spirituality, mind and education.

As you develop that kind of all-around plan for your clients, you should be aware that their priorities will shift along the way. At age 55, they're probably still concerned with asset accumulation in preparation for leaving work. When they retire, they will become more interested in asset preservation to make their savings last as long as possible. Then, later in life, your clients' thoughts will likely turn to gifting and tax-efficient bequests as they consider the legacy they want to leave behind.

Consider the financial tools you can use to help your clients as they pass through each phase – asset accumulation, asset reservation

IN THIS CHAPTER YOU WILL LEARN HOW TO:

- Plan for your client's pre- and post-retirement needs
- Make sense of their pension income
- Discuss investments, insurance and estate planning

> **“Here’s a very simple yet powerful strategy: Help set up automatic bill payments for all your older clients.”**

and gifting. Every client should have:

- a diversified investment portfolio that in most cases will include both fixed income and equities
- an appropriate combination of insurance products that may include segregated funds and life, critical illness, disability and long-term care policies
- a comprehensive estate plan, including a will, power of attorney for financial matters and health directive

Team up with the appropriate professionals – for example, lawyers who specialize in estate planning – to provide comprehensive plans to clients at each life stage. And keep in mind that the transitions between phases should be gradual, with the financial foundations laid many years in advance.

Drawing Pension Income

Your clients will likely draw income in retirement from a variety of different sources. Government benefits are often left out of retirement savings calculations, but 85% of people over age 65 receive CPP/QPP income, according to Statistics Canada’s latest numbers, and 98% receive Old Age Security. More than half (55%) draw income from private pensions, including

Updating the IPS

Capture each client’s retirement vision, goals, needs and aspirations in an Investment Policy Statement (IPS). Then modify the IPS, if necessary, as your client passes specific milestones.

“I categorically use IPSs for all clients at all ages,” says DeGoey. “My view is that IPSs should be updated infrequently – at the absolute most, a half dozen times in a lifetime. One of the times when you may wish to do the update is upon retirement.” He adds, “You always have the discussion, but you don’t necessarily change the IPS.”

Registered Pension Plans and RRSPs. Six in 10 rely on income from their investments, while just 13% receive income from employment.[4]

It's important to calculate each individual client's pre-retirement savings goals and post-retirement spending based on an accurate assessment of all sources of retirement income because, as Bruce Cohen and Brian Fitzgerald say in *The Pension Puzzle* (John Wiley & Sons, 2002), "Many employees unnecessarily crimp their lifestyle spending because they do not understand the level of retirement security their pension plans guarantee. Conversely, many others might pay more attention to their own RRSPs if they understood the weaknesses in their employer-sponsored plans."

Cohen's and Fitzgerald's book provides a good overview of the different types of government and employer pensions. You can use this information, in combination with specific details about each client's situation, to build personal savings strategies that will provide a comfortable level of funding in retirement.

Using Home Equity

There are at least two ways you can use the equity your clients have in their homes to boost their cash flow in retirement. A "reverse mortgage," offered by the Canadian Home Income Plan (CHIP), allows a homeowner over the age of 62 to borrow against the value of his or her house. The loan proceeds may amount to between $20,000 and $500,000 (tax-free), depending on the home's appraised value, your client's age, his or her spouse's age, the home's location and its type. Neither the principal nor the interest on the loan have to be repaid until both your client and his or her spouse die, or they decide to sell the house. You can find more information about reverse mortgages at *www.chip.ca*.

People who lived through the Depression may see their home as a "sacred entity" and outright reject the idea of, in essence, gradually selling it. These clients may be more willing to consider a "home equity line of credit," which gives them control over how much they are willing to dip into the value of their property. A home equity line of credit is just what it sounds like: a line of credit secured by the equity your clients have in their home. That security means these lines of credit generally offer lower interest rates than other lines of credit. Pre-approved maximum loan amounts are often 75% of the appraised value of a home, and your clients have the flexibility to pay only the interest on the loan if they choose.

Both reverse mortgages and home equity lines of credit can enable your clients to remain in their homes for an extended period of time. The line of credit option may also be a good emergency fund for older clients so they can keep their savings fully invested – rather than, say, maintaining a $20,000 balance in a cash account. Nevertheless, many advisors believe that downsizing to a more affordable property, or coming up with another avenue of funding, is preferable in most cases.

Talking About Insurance and Estate Planning

As a financial advisor, you are well positioned to take the lead in discussions about insurance and estate planning, as well as investments. If you are not licensed to sell insurance products yourself, form an alliance with an advisor who is and arrange, if possible, to make reciprocal referrals back and forth. The same goes for estate planning: get to know a good lawyer who specializes in this area and develop a formal or informal arrangement with him or her that enables you to remain at the centre of your clients' overall retirement strategy.

Various insurance options are becoming more popular as the Canadian population ages. Critical illness and long-term care policies fall into that category. Certainly, the population has never been as wealthy – and has therefore never had as much to lose. Media reports about the importance of disability insurance for working Canadians and life insurance to pay funeral costs and estate taxes have put these types of policies on your clients' radar screens, as well.

Estate planning is essential for clients of all ages, but it is absolutely critical for the 55+ segment. This group has often accumulated assets in many different vehicles, so distribution after death can be a challenge unless they have a personalized plan in place.

What's in the Box?

Older Canadians often have share certificates and other valuable documents stored in their safety deposit boxes or filed away at home. Until you've learned what's there, you won't know if these investments complement your client's overall portfolio. So ask what's in the box, and encourage clients with whom you've built a trusting relationship to bring any financial documents in so you can assess them. Even if share certificates aren't worth much at all, they may still be able to do some good. For example, a charity in your area may collect old, nearly worthless shares and raise money by selling them in bulk.

Wills and Powers of Attorney

Make sure your clients are aware of the importance of having an up-to-date will and incapacity planning documents. Specifically, a power of attorney for financial matters is essential to ensure that timely financial decisions can continue to be made if your client suffers, for example, a sudden, debilitating stroke or becomes unable to make decisions because of a condition such as Alzheimer's disease. Your clients may also choose to prepare a health directive that specifies under what circumstances they do not wish to be resuscitated or kept alive on life support. Both a power of attorney for financial matters and a health directive may have different names in your jurisdiction.

Pre-planned and Pre-paid Funerals

You may want to steer clients in the direction of a pre-planned funeral to save their families the stress of arranging a funeral while they are in mourning. Pre-planning does not necessarily mean pre-paying, but there are tax advantages to the latter option. An eligible funeral arrangement (EFA) enables your clients to pre-pay up to $15,000 in funeral expenses to a funeral home – with interest income on that money compounding tax-free until it is needed. Any balance that remains after the funeral has been paid in full goes into the estate and is taxed at that time.

Testamentary Trusts

Trusts can be an important tool for clients with beneficiaries who are either too young to receive a financial bequest or who are disabled and require someone else to manage their affairs. A testamentary trust is set up in your client's will, and a lawyer can generally tailor its terms to precisely fulfill your client's wishes. Because it is the trustee's job to manage the trust wisely – and because this responsibility could last for years – recommend that your clients carefully consider their choice and discuss it with family members.

> **"A well-designed estate plan is one of the keys of a successful financial plan but it is all too often overlooked."**
>
> *Sandra Foster, author, You Can't Take It With You (John Wiley & Sons, 2002)*

Business Succession Planning

Business succession planning is also of critical importance to clients who own their own company. This area of financial planning can get extremely complex, so you may want to draw on the expertise of an accountant who specializes in business valuation, as well as a lawyer with experience in this field.

Become a "Go To" Resource

In your conversations with clients, make it clear that you can provide advice and referrals on a wide range of issues of concern to 55+ Canadians. Cultivating this type of strong and deep relationship will make you the "go to" resource when clients have questions about all of the aspects of aging that have financial repercussions, from selling their home to funding long-term care.

What you hear may be just as important as – or even more important than – what you say to your 55+ clients. Use your contact management system to keep a record of significant

> **"The life-planning approach and eldercare planning will be the next wave in the financial services industry."**
>
> *Barry LaValley, President, The Centre for Retirement Success*

Working with Snowbirds

Clients who fly south for the winter have specific financial planning issues that you can help them address. If your clients spend more than 31 days of the year in the United States, they may be required to file a U.S. tax return. If your clients' U.S. property generates rental income, they may have to pay a flat 30% tax on that rental income to the IRS. There are also estate tax consequences if your clients own property in the United States – namely, that on death "non-resident aliens" may have to pay U.S. estate taxes on the value of their U.S. real estate, as well as U.S. stocks and U.S. mutual funds. Finally, it goes without saying that all your clients need travel insurance before they leave the country. For more information about snowbird issues, visit *www.canadianlawsite.com/vacationing-us.htm*.

details that emerge in your meetings. Facts that drop casually into your discussions could reveal major opportunities to help your clients. For example, if a 55-year-old expresses concern about the disorganized state of an aging parent's financial records, offer to help them sort through the paperwork. If a 65-year-old worries about his brother-in-law's insurance coverage, offer to talk to him yourself. And if a 75-year-old tells you proudly of her grandson's straight A's in his latest report card, make a note to bring up the subject of RESPs in your next telephone call.

As you discuss the right mix of investments, insurance and estate planning tools with your clients, look for opportunities to involve other family members in your conversations. You may, for example, want to suggest that a client's adult children join you for a discussion of estate planning choices so they understand your client's wishes and can act on them when the time comes. Like RESPs, estate planning can be a valuable gateway to intergenerational planning (for more information, see page 18). And demonstrating the excellent service you are providing to their parents might just impress the children enough so they consider joining you as clients, too.

Next Steps

"If you look at where your marketplace is going, it makes good sense to position yourself and the services you offer to meet the needs of tomorrow's clients," says LaValley in an article posted at advisor.ca. "That's why the life-planning approach and eldercare planning will be the next wave in the financial services industry."

To make sure you catch that wave, start assembling a team of referral partners and centres of influence who can help you provide the best possible service to your 55+ clients. Your network may include the professions listed on the following page.

[4] Statistics Canada, The Daily, Friday, February 14, 2004.

PROFESSION	YOUR CONTACT'S NAME AND NUMBER
Lawyer specializing in estate planning	______
Lawyer specializing in small business succession planning	______
Accountant	______
Geriatric care manager	______
Public health nurse	______
Doctor	______
Pharmacist who offers delivery services	______
Grocer who offers delivery services	______
Librarian who offers delivery services	______
Dry cleaner who offers delivery services	______
Domestic cleaning agency	______
In-home nursing care agency	______
Company that specializes in outfitting homes for disabled people	______
Handyperson	______
Plumber	______
Electrician	______
Travel agent	______
Real estate agent	______
Moving service	______
Long-term care facility manager	______
Contacts at community centres that offer programs for older people	______
Nutritionist	______
Social worker	______
Psychologist	______
Family counsellor	______
Grief counsellor	______
Funeral director	______
Florist	______

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