

National Underwriter

Creating Products to Relieve ‘Sandwiched’ Boomers

Innovative Services and Products Can Allow Boomers to Take Care of Their Children, Their Parents and Themselves

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As the once perpetually young baby boomer generation grows into middle age and beyond, they are seeking services that preserve their independence as well as help them care for elderly and frail parents. The financial services industry has significant strategic advantage to leverage its position with these new older boomers. To do that, the industry will have to innovate in new directions.

Companies and agents have the opportunity to serve as a trusted channel, advisor and planner for innovative services that are beyond pensions. Such services are those that support boomers in their competing roles of parent, adult child caring for elderly parents, and older adult investing in independence.

See the accompanying chart for a refresher on some of the roles the boomers already are taking on in just one area, care-giving. These roles will only increase with time.

To traditional financial services providers, meeting many of the new services and needs may seem beyond the core business of retirement planning and investment, life insurance, annuities, and long term care products. However, the demands of the new old should be viewed as a challenge to the financial services industry—a challenge to innovate and invent new products, services and distribution channels. A full range of new services, such as funeral planning, widow benefits and support, household financial management, elder care services, etc., are a few of the innovations at the edge of the industry today. These financially-related innovations are likely to become among the most profitable segments of an industry starved for novel products and new reasons to engage the consumer.

For example, while long term care insurance has been dead on arrival for most baby boomer consumers, death services appear to be alive and well. One Midwest insurer now is offering a product that provides a concierge funeral planning service along with an insurance product to pay for the funeral at any provider throughout North America. The service has power alone, but perhaps more importantly, provides a gateway product for agents to discuss the many other needs of an aging mom and dad.

Today, family members, family attorneys or accountants provide many of these services on an ad hoc basis. But since these novel services will respond to the life stage demands of this robust, wealthy and efficacious market, they will provide a new way for many financial services firms and their distribution networks to strengthen connections with existing clients. The services also will enable the financial services community to strike new affinity with the graying boomer consumer.

A frequent dilemma for an adult child—constrained by time and often distance—is troubleshooting home repairs in a parent’s home. One financial firm now is offering a product to insure the maintenance and replacement of home appliances for both the adult child and the parents.

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Selected financial services firms in the United States and Europe, particularly retail banking in partnership with insurers, now are beginning to develop and test new products in this emerging market. For instance, one company is offering bill payment services for its older clients, particularly widows, and offering this service to adult children who are concerned for their parent’s financial wellness. Emerging models of success for providers and their agents include:

1. Understanding of where the baby boomers are in terms of both their financial and their caregiver status. Are they sandwiched between college-age children and frail parents?
2. Practical understanding of what is important now in the care of elderly parents and the ability to translate that need into a proactive discussion for the boomers themselves. Consider what boomers will need to maintain their own independence as they age.
3. Capacity to serve as a channel bringing financial products with trusted service providers to the aid of the baby boomer.

Target services for entering this market include an array of personal support and management services.

Examples include:

- Home maintenance services, e.g., home repair.
- Household services, e.g., routine housecleaning, organizing.
- Home modification, e.g., modifying personal or parent’s home to accommodate aging or age and disability.
- Financial management, e.g., payment of bills, special services for surviving spouses.
- Downsizing services, e.g., home relocation consultation, moving services for parents.
- Geriatric care management services, e.g., outsourcing of expertise to assess and manage the services necessary to support an elderly parent or spouse.
- Funeral planning, financing and provision.

These products and services are only a sampling of the demands being articulated by baby boomers. Many may be offered to premium customers through wealth management services. Examples are to offer them as consultative services that are part of an LTC package, or as a cross-sell offering through an affinity group that may include credit card holders, professional societies, religious groups or employers with a large number of adult child caregivers.

In sum, the baby boom market is the first to have both the wealth and the demand for services to outsource much of life’s demands from family care giving to personal aging. Meanwhile, the financial services industry is in an ideal and trusted position to reinvent services for an aging marketplace while the boomers reinvent aging.