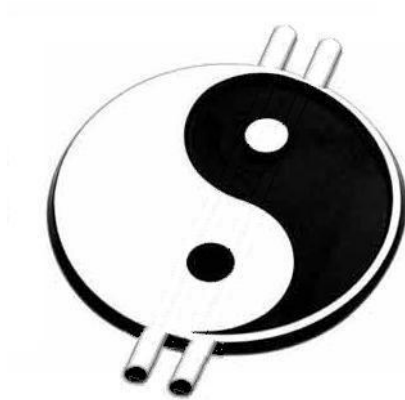


The
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The Association's primary purpose is to help bridge the gap between financial and life planning specialists, by supporting the development of methods and tools to further integrate them, and by supporting the establishment of viable ways for individual practitioners to work together. *The Integrative Adviser* advances this goal by providing education and publicity concerning holistic planning and advice concepts to our primary constituencies: the financial industry (financial companies and advisers), the life planning movement (individual practitioners and organizations that support them), other supporting organizations (such as employers and voluntary associations), and the broader community (including journalists, academics, and the general public).

We encourage people with diverse interests and views to contribute articles to *The Integrative Adviser*. If you have an idea or a manuscript to submit, contact the General Editor.

General Editor..... Charles S. Yanikoski (csy@StillRiverRetire.com)

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Are Integrative Advising — and Seeking Integrative Advice — Ethical Imperatives?

by E. Craig MacBean

Anyone reading this probably already thinks that doing integrative advising, or seeking it out, is a good idea. At least one worth considering. But is integrative advising so essential that every advisor, from every advisory perspective, *ought to* do it with all their clients? Or even every financial advisor? Is it the kind of process that you would force every consumer from every age and socioeconomic demographic to seek out, if only you had the power to do so? Are integrative advising and seeking integrative advice really things never to be avoided or evaded — *for ethical reasons?*

Humanity has always searched for some way of making a certain set of ethical principles, of “thou shalt” and “thou shalt nots,” *the* set for all of us to live with and by. To make a moral standard applicable to everyone is, of course, a notoriously difficult enterprise, and attempts at a universal ethic are usually dashed on the stormy rocks of culture, class and religious sentiment. However, the great 18th century philosopher Immanuel Kant (1724-1804) braved these intellectual shoals and proposed what he believed to be an “ethical imperative.” Imperatives are “not to be avoided or evaded; obligatory; binding; compulsory; as, an imperative duty or order” according to *Webster’s Revised Unabridged Dictionary*.¹ Kant’s formula-

tion of the ethical imperative — or the categorical imperative, to be more precise — is to “act only in accordance with that maxim through which you can at the same time will that it becomes a universal law.”² Put more colloquially, “do things yourself that you would make everyone else do if only you could make them.”

What Kant has done is to raise the bar of ethical behavior. An ethical imperative looks beyond a landscape littered with temporary, relative and partial “goods” to a place where no one can deny that what he or she is receiving is *truly* good, and practitioners can recognize that only by practicing there — at that level — can they be seen to be operating *truly* ethically. Isn’t that what integrative advising has set out to be?

But are integrative advising and seeking integrative advice ethical imperatives? Really?

Ethics

Ethics comes in two basic forms: applying duties, or principles, on the one hand, and projecting ends, or outcomes, on the other. The first is the deonto-

2008, from Dictionary.com website:
<http://dictionary.reference.com/browse/imperative>

² Kant, Immanuel, *Groundwork of the Metaphysics of Morals*, in Mary J. Gregor, tr, and Allen W. Wood, eds., *Practical Philosophy*, Cambridge University Press, 1999, viewed online at <http://books.google.com/books?id=0hCsbUjFiBwC> October 9, 2008.

¹ imperative. (n.d.). *Webster’s Revised Unabridged Dictionary*. Retrieved October 08,

logical approach (from the Greek for duty [*deon*] and words about or study of [*logos*]): do it because it's your duty, because it's the right thing to do. Deontologists subscribe to a normative moral code that they hold to be universal. That is, they see the rules of behavior as both given and hierarchically ranked (that they don't agree on the givens and often argue about which rules trump others does not undermine the validity of this philosophical approach). For the deontologist, means matter most.

The second form of ethics is the teleological approach (from the Greek *telos* — end, or purpose, or goal): do something because it will achieve the best possible outcomes (with less regard for how they are achieved). This is often called the consequentialist approach, and is sometimes summed up in the shorthand maxim, "the end justifies the means."

So, how is taking an integrative approach an ethical issue? What are the duties, principles, or outcomes that would transform a question of whether or not it is *smart* to do something into the realm of the ethical imperative — something that *should* be done from either a deontological or consequentialist perspective? Conversely, what are the principles, duties, or outcomes that would lead all advisers to understand that an integrative approach is the only way to satisfy the duties to which they are obligated to adhere *and* to achieve the outcomes to which, at least at some level, we are all committed?

Principles and Outcomes

A pyramid looked at narrowly is either a square or a triangle. Living, looked at narrowly, is a health issue, or a financial matter, or a psychological conundrum... or maybe a matter of relationships, or

thinking, or spirituality. But just as the pyramid is more than either a square or a triangle, living is more than any of these relatively narrow approaches. Isn't the desired outcome of advisory processes in any area, to use a Christian term, a rich and abundant life? "*I am come that they might have life, and that they might have it more abundantly.*"³ The highest principle for the deontologist must be to live life fully, and to support others in doing so. The greatest outcome for the consequentialist is the life abundant for all of humanity. What seems to have happened is that the experts in each of these fields have been so focused on the explosion of knowledge in their own fields that they (we) have lost the broader perspective. A cynical definition of an expert is one who knows more and more about less and less until ultimately she or he knows everything about nothing. Where what's at stake is an abundant life, can any advisor focus exclusively on his or her part in supporting that life and consider that they are doing an ethical job?

No.

While a financial advisor may help someone to become old and rich, unless they also help them to be richly old they have not done that which we would will that everyone does.

How Specialties Fail

Financial planning is far from the only advisory discipline. Medicine, real estate, psychology and psychiatry, career counseling, and religion all have their specialists and coaches, so financial planning and financial advisors are used here only as an example.

Financial planning, and/or advising, is a pretty straightforward proposition. Help-

³ John 10: 9-11, King James Version

ing others with disciplines such as living within their means, setting aside money for rainy days and children's (and grandchildren's) education, and insuring against untimely losses such as death and disability are common tasks of the financial advisor. We all know that if you want to spend a part of your adult life not working for a living, you had better have some money set aside. There are only two sources of income in the world — people at work and money at work — and if you don't want to be people at work at some point in your life, you had better have money at work for you. (Benefit plans like pensions and Social Security are just a combination of people at work and money at work, albeit *other* people at work.) It is also pretty obvious that to accumulate enough money to replace yourself at work for a long time, you'd better start sooner rather than later, and seeking the advice of a knowledgeable advisor is also obviously smart in order to establish and maintain a long-term perspective. So, it is easy to see the benefit of participating in some sort of financial planning process, or at least of consulting with a financial advisor.

But is it Sufficient? Is it Imperative?

Do the ethical principles of non-maleficence (do no harm) or beneficence (bring about good) require that we go beyond the financial planning process to undertake a broader approach to planning? Whether we focus on the rightness or wrongness of our actions themselves or the rightness or wrongness of the consequences of those actions, to be considered an ethical advisor must we go beyond a relatively narrow specialty?

One clue is that prior planning and preparation for other financially-related

issues that will likely come up in the journey of life are not typically thought of as part of the role of a financial advisor. Being responsible to make plans for being cared for when you grow frail, for example, or thinking through the legacy you want to leave in terms of values, and making sure that those who depend on you are not left high and dry when you die come to mind. And, they are not nearly as exclusively financial as they may appear at first glance. Planning for frailty, for example, involves financial questions, to be sure. But it also involves health questions, housing questions, psychological preparedness, relationship issues, cognitive preparation, and spiritual questions. With the advent of long term care insurance, no one would deny that frailty planning is part of financial planning or advising, but the bulk of the issues — and by far those with the greatest impact — are non-financial.

As are being prepared to resolve family dynamics in the face of a long, inheritance-sapping illness. Or deciding between treating all offspring equally and making distinctions between them. Or defining "family" in the face of long-term relationships not sanctified by marriage or broken relationships that were blessed as marriages but "just didn't last" — leaving in their wake children born of the marriage as well as those born of other marriages. And what about the exes? Are they part of the family? From whose perspective? These and many others are non-financial issues that have or can have significant financial impact.

Is it possible to do no harm, or to do be assured of doing good, without taking them into consideration?

No.

Think about it this way: personal finance is only one domain of living (“domains of living” are nothing more than a way of categorizing the major issues that must be dealt with to “live successfully” — whatever that may mean). One model suggests that there are seven such domains: health, wealth, home, life structure, relationships, cognition, and spirituality. Financial advising tends to either ignore the six domains not called money, or to give only grudging acknowledgement of their existence.

However, when pieces of a life are wrenched out of context in this way, instead of dealing with “realities”, or “facts” as financial types sometimes pretend they do, they actually do their client a disservice because *every other domain has financial implications*. For example, if one ignores fundamental issues in the domain of health (nutrition, exercise, and joy/anhedonia [not enjoying life]), then one is likely to have higher health costs as one ages. Avoiding or eliminating self-destructive behaviors such as smoking or abusing alcohol is assumed (but needs to be checked), and confronting lifestyle choices that lead to obesity is as important to integrative advising as is confronting inadequate savings or self-indulgent spending. The practice of laughter has been shown to be an important part of healthiness, and can be approached strategically with as profound an effect as rebalancing a portfolio. All of these have financial implications because diminishing healthiness means increasing costliness.

Because that sounds pretty commonsensical, you might think that *financial* advisors would want to look at a client's health habits and attitudes, but do they? Not often, but they are not alone. Health advice from health advisors (doctors, etc.) is much more often reactive

rather than proactive and focused on illness rather than health; rarely does it take into account whatever else might be going on in one's life (including, for example, financial stress). Still, “stop smoking” or “exercise more” sound more like well-minded advice than ethically mandated directives. Answers to the question, “where will you live?” rarely take into account anything other than location, location, and location. Aside from the fact that everybody can't live in one place, nobody *wants* everybody to want to live in the same place! This is certainly not “that maxim through which you can at the same time will that it becomes a universal law.”

Even those who advise about life structure — therapists and ministers (and rabbis and imams) and life coaches and career counselors — are almost never proactive or far-sighted in giving advice, and in any event do not deal in advice that they would have everyone do if only they had the power to make everyone do it; those who advise others about their relationships behave similarly (except the dating services). But is integrating all of these kinds of issues into an advisory practice really all that smart? From the other perspective, is insisting that the advisor you work with take these things into account all that smart? Or is it really something both advisors and clients are called to do if they want to live with moral integrity? In short, is integrative advising a categorical ethical imperative: something everyone *should* do?

Impacts

The answer lies in accounting for the impact of not doing so. We all recognize the important principle of self-determination: the foundational American right to life, liberty, and the pursuit of happiness. But there is also a duty,

not articulated in the Declaration of Independence, which is a corollary: we are accountable to take care for the realities of that life. In order for *all* of us to enjoy our rights to life, liberty and the pursuit of happiness, *none* of us has the right to ignore our responsibilities when by doing so we would infringe on the rights of another to their enjoyment. And, by not making provisions for the journey of life, we risk infringing on the rights of others — especially our parents, siblings, children, and others who love us — to the enjoyment of their lives.

How's that?

When we do not pay attention to our health, we create anxiety for those who love us and potentially force them and others to make changes in their lives. By not paying attention to the financial needs of living from midlife on, we become either direct or indirect burdens on our fellow citizens; see also: Social Security, Medicare, and Medicaid. By not paying attention to home, we may force others to decide where we should live — whether they want to or not and whether they have any idea what you may want, or not. By not paying attention to our life structure, we court despair and depression and the impact that has on those around us. By not paying attention to our relationships, we place our well-being in the hands of strangers. By not paying attention to our cognition we force others to think for us. By not paying attention to our relatedness to the divine we put the burden of our security on things unable to sustain it.

In short, if those who advise us do not take the whole pyramid of our lives into account, we are unlikely to live our lives fully. As Germaine DeStael said, "When a noble life has prepared old age, it is

not decline that it reveals, but the first days of immortality."

Conclusion

Whether as a matter of ethical principle (do the maximum good) or ethical consequence (assure that people live the most abundant lives possible), advisors — financial and otherwise — are obliged, even compelled, to take a broader and more integrative approach to advising their clients than their narrow specialty affords. Similarly, whether as a matter of ethical principle (to live as fully as possible) or ethical consequence (seek all advice that would support me in living an abundant life), advisees are not to avoid or evade, in fact are bound, to seek an integrative advisor or advisors as their guides through the phases and stages of living their lives.

Doing and seeking integrative advising are, in fact, ethical imperatives in our time and place in history. As Kant raised the bar of ethical behavior to a higher and universal plane, so must we raise the bar of ethically acceptable advisory practice to include a whole life, not just a health practitioner's client's blood pressure and pulse rate, or all of a financial advisor's client's money, or a therapist's client's angst, or a spiritual advisor's client's prayer practice. To operate according to the highest principles and most desirable outcomes — to act only in accordance with that maxim through which we can at the same time will that it becomes a universal law — only an integrative approach will suffice.

Craig MacBean is a financial gerontologist in private practice in Richmond, VA. He has expertise in retirement and frailty planning and support; long-term care insurance; annuities; life and health insurance -- and theology, ethics, and spirituality. He is the originator of the Integrative Retirement Planning™ process, a structured approach to supporting people in flourishing from midlife through dying in all seven domains of living (body, mind, heart, and soul; money, home, and structure). Before going to seminary in 1996, Craig was the Chief Marketing Officer of two life insurance companies and a health insurance company.

He is the author of *Thriving Beyond Mid-life* and an accomplished writer, speaker, and educator on topics that span living from midlife on. Craig is the senior Consulting Editor of the two-volume set, *The Encyclopedia of Retirement and Finance*, and has taught Aging and Human Values as adjunct faculty in the Masters program in Gerontology of the School of Allied Health Professions at Virginia Commonwealth University (VCU) for four years. He served seven years on the Board of Directors of the National Council on Aging (NCOA). Craig is a 1967 graduate of Wesleyan University, Middletown, CT and a 2004 graduate of Union Theological Seminary, Richmond, VA, with an MA in theology.

The Trusted Advisor Paradox—Part I

by Kristin Wehner Keffeler

Becoming the Trusted Advisor

As an advisor, your clients' trust is the foundation of your business. While your technical guidance and tactical execution are fundamentals of your practice, enduring client trust is built through your ability to connect deeply with those you advise. In doing so, you increase your value to them by supporting them in opening to new perspectives, identifying the possibility present in a bigger vision, and helping them to define their goals and align their resources to support those goals.

It is through this client connection that your role transforms from the commoditized "technical resource" to the highly valued "trusted advisor."

Most professionals who have chosen advisory-based fields — banking, financial advising, consulting, law, accounting, executive search, coaching — are drawn to becoming a trusted advisor to their clients. And rightfully so. Trusted advisors have deeper, more meaningful, more rewarding, and longer-term client relationships than their technically-astute-but-rationally-challenged counterparts.

Are you sabotaging your ability to become and remain your clients' trusted advisor?

The Paradox

It may seem that the recipe for becoming a trusted advisor to your cli-

ents is to be the best at what you do — to have the greatest technical proficiency, be the smartest in the field, have the most respected network of colleagues and the most unrelenting dedication to those you serve. Those components all have impact on client trust, but the most important and irreplaceable ingredient? *You*.

In your best form, your combination of technical expertise, visionary intelligence, tactical execution, inherent wit (c'mon, *of course* you're witty) and individual wisdom is a differentiator...

it sets you apart from everyone else who, to the untrained observer, has the exact same offering that you do.

Feeling foggy-headed from too

little sleep or edgy from too much caffeine? You'll miss the subtle cue that your client is ready to shift his thinking from exploration to action, and the opportunity to illustrate your value by appropriately responding to that cue will be lost.

Show up to a client meeting with your thoughts still spinning on the 17 items on your "to do" list?

Your clients know that you have brought only part of yourself to the meeting. If you're not investing time and full attention in them, they are not likely to invest money in you.

Feeling uncomfortable in your own skin? Diminished confidence in your physical or emotional being, for

"When health is absent,
Wisdom cannot reveal itself,
Art cannot become manifest,
Strength cannot be exerted,
Wealth is useless,
and Reason is Powerless."

Herophiles, 300 B.C.

whatever reason, just looks and feels like “lack of confidence” to your clients, and you begin to lose their confidence.

The Link between Health and Client Trust

Physical fatigue, lack of mental clarity, stress exhaustion, and fractured focus diminish your ability to connect with

clients, which is essential to building trust.

Keep on seeking higher-level conversation — the result is a higher-level life.

*Part II of “The Trusted Advisor Paradox” will explore **how** to build enduring client trust by building daily practices that put yourself first, so you can get out of your own way.*

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Kinetic Enterprise's focus of client support is driven by the formula: Restored Energy + Rejuvenated Inspiration = Increased Impact. Kristin specializes in partnering with financial services professionals to increase their ability to impact and connect with clients by utilizing their health as a professional asset.

Go to <http://www.kineticenterprise.com> to sign up for a free subscription to “Fueling the Fire,” Kinetic Enterprises's free bi-weekly eZine.

Integrated Financial Planning for People Facing Retirement

by C.S. Yanikoski

As much as we desire and need integration between financial and life planning, we have just as deep and serious a need for integration within financial planning, especially for people approaching retirement.

Three problems prevail in this arena:

- Planning is not comprehensive: important issues get ignored.
- Planning is not integrated: interactions among decisions are not taken into account.
- Planners have their most successful outreach to those least in need of help.

It is possible, though difficult, to overcome these problems. But first we need to understand them clearly.

The Lack of Comprehensive Planning

Planning is done either by people or by software. Let's think about human planners first.

Financial planners tend to be financially savvy, and they tend to pursue activities that earn them a good living (as most of us try to do, though perhaps not with as much success). For the majority of them, this means either investment management, or commissioned product sales, or both.

Most "fee-based" planners do not, as this phrase might suggest, charge hourly fees. Rather, their fees are usually a percentage of assets under management, and so they get rewarded for making those assets lar-

ger. Commission-based advisors may get paid for financial transactions (e.g., trading securities), but in most cases commissions are for insurance or annuity sales.

It is not really surprising that planners who get paid for asset management tend to think that their job is mainly about investment strategy, and planners who get paid for insurance and annuity sales think that their principal goal is protection against risk. And both of these are indeed worthy services.

But the expertise tends to reside where the compensation gets paid. Consequently, it can be difficult for someone approaching retirement to find an advisor who will give truly sound financial recommendations outside of these advisory "sweet spots", and competently address, for example, what the ideal age for starting Social Security benefits is, or what option should be taken from a defined benefit pension plan, or whether the clients can really still afford to live in the house where they raised the kids – to name only three among a dozen or two such questions. Few advisors indeed have the expertise to deal with all the financial issues retirees face. And therefore few clients get a truly comprehensive analysis of their financial situation when they are ready to retire.

The quest for comprehensive advice is equally frustrating for those employing software instead of a live advisor. Most software that even attempts to serve the retiring population is cur-

rently being offered by large financial firms. And again, the offerings focus mainly on areas where those firms make their revenues.

The most popular retiree “problem” being addressed by software currently is: “How much can you safely withdraw on a regular basis and have an acceptably small risk of running out of money before you die?” This is an intriguing mathematical question that, in fact, has very little bearing on real life. Almost no one will need to be withdrawing level (or smoothly inflating) amounts during two or three or four decades of retirement. If, for example, someone retires with a home mortgage still being paid (as most people do, these days), these popular analytical tools will understate the amount of the appropriate withdrawals in the early years, and overstate the amounts for the later years. Conversely, if someone experiences a reduction in income over time – perhaps due to a pension that will end when a spouse dies, for example – less money should be withdrawn in the earlier years, and more later. There are at least thirty or forty reasons why cash flow needs can shift or spike in one direction or another during retirement. The universal failure to include most of these (often any of them) in financial models results in giving bad advice on a question that, ironically, shouldn’t even be asked.

Retirees and near-retirees can at least find useful generic financial software to deal with certain problems common to all ages: asset allocation, budgeting, and income tax preparation, for example. Each of these is useful in its own sphere, of course, but separately or even together they are a long way from covering all the ground.

Someone approaching retirement with

anxiety because of all the new financial decisions she or he is facing will find little solid help on many of these decisions, whether from software or from professional advisors.

The Lack of Integrated Planning

Even if individualized analysis on the whole range of retirement financial issues could be found – and perhaps it can if you talk with enough people and scour enough websites – there is a further devastating problem: lack of integration. Most of the financial decisions that retirees make connect with one another in complex combinations. Using multiple sources of advice that work independently means that these inter-relations mostly get ignored, and bad advice results.

Here is a simple example: should a retiree who has significant tax-sheltered funds (in IRAs, 401(k) plans, and the like) try to convert some or all of those funds to Roth accounts? Such a conversion means paying federal income taxes now, but never having to pay them again, even on the future earnings of those funds. The answer to this question almost entirely resides in answering another question: are you in a lower tax bracket now than you will be later? If so, better to pay the taxes now; but if tax rates will be lower later, then better not to do the conversion, and instead pay taxes in the future.

The answer to the tax bracket question in turn depends in part on future Congressional legislation, which makes any answer problematical. But apart from that, the answer also depends on how much income one will have in the future, and where that income comes from. And that, in turn, depends on other financial decisions one makes.

So, for example, if a retiree decides to sell an expensive home and move into an apartment, this decision may free hundreds of thousands of dollars for investment, which will drive up taxable income, and perhaps launch the retiree into a higher tax bracket. That decision, in turn, may be determined by whether the retiree feels that s/he can afford to remain in the old house, and that decision may in turn depend on what decisions are made about pensions and Social Security, about asset allocation, about medical expenses and insurance, about the need to support other family members, about willingness to reduce other expenses, and an indefinitely large array of other decisions that affect the household cash flow, not to mention the effect that some of these decisions directly have on taxable income.

In short, you often cannot make a well-informed decision about a Roth conversion unless you have a pretty complete picture of what other financial decisions are being made. But just try to find an online calculator or even a financial planner set up to examine the question in this way.

Similar issues arise in most financial decisions by people contemplating imminent retirement – for example, the decision about when to sign up for Social Security benefits, which depends heavily on life expectancy and marital status, but also depends on future working plans (which may affect the amount of benefits payable) and other future sources of taxable income (which can affect the taxation of Social Security benefits).

Dozens of other such examples could be cited.

In financial planning, all roads do not lead to Rome. All roads lead to other

roads, and they intertwine in very complex ways. Without a model that integrates all these decisions in a sensible way, decisions made on individual questions, even with the assistance of good software or a conscientious professional adviser, are likely to be way off the mark, even downright harmful.

So financial decision-making, especially (but not exclusively) for retirees, needs to be integrated as well as comprehensive.

Reaching the Masses

You might be able to find a professional planner capable of developing truly comprehensive, integrated financial plans for retirees, but they are few and far between. And even if all financial planners could perform this kind of analysis, there would not be nearly enough of them to serve the burgeoning Baby Boom population which is heading toward a level of five million or more new retirees per year, before it peaks out.

In reality, this kind of planning, even if it were readily possible, seems unlikely to be provided on a mass scale by financial professionals. Most of them specifically target the wealthy class – though the merely affluent are also well served. Some are happy to do significant business in the middle class, and most will do so from time to time *pro bono publico*. But if you think of retirees as falling financially into two classes – those with sufficient wealth so that they are not really at risk of running out of money, and those who are very much at such risk – the first class is diligently served by financial professionals, and the second class is served only in small percentages. And this is today, before we up

the ante by insisting that such planning be more comprehensive and more integrated – and therefore, more expensive to deliver.

Perhaps it is just my bias as a software provider speaking here, but it seems to me that the only way that the people who most need financial planning in retirement are going to get it is to rely on software, which can be distributed very easily and relatively cheaply.

In fact, there is no alternative. The kind of comprehensive, integrated analysis that I am advocating is not possible by the mere human mind, even one aided by calculators, teams of experts sitting around conference tables, and Excel spreadsheets. Only analytically sophisticated software has a chance of keeping all the many logical and financial rules, the calculations, the inter-relationships, the exceptions, and the constant changes “in mind” at the same time. So even professional advisors, if they are to offer high quality retirement advice, need extraordinary software. But if such software can be had by them, why not by everyone?

That may be the dream. But still, is the development of such software realistic? I am confident that it is.

Building such a model is a daunting challenge, but at my own company, we have at least the beginnings of one – enough of a beginning so that it is clear that the objective is achievable. This is not an advertisement, and we are not even targeting financial advisors as an audience for our software (we prefer to deal with other intermediaries or directly with the public). The point is that I can assert with complete assurance that this kind of model is buildable. If we can do it,

others ought to be able to as well, and someday financial advisors, life planners, and ordinary consumers may have an array of good options to choose among – instead of nothing, which is what most retirees can find today, if they want sound financial advice.

Does It Really Matter?

For people in that affluent class that is not really at financial risk in retirement, it may not matter much. Whether or not they start taking Social Security at the optimal age will have no big effect on their future. Whether or not they buy long-term care insurance, or annuities, or go for a more aggressive asset allocation may matter a little, but these decisions will not swing the balance decisively between a satisfactory and an unsatisfactory standard of living.

For the typical retiree, though, these decisions do matter and may even be critical, because the majority of people *are* at financial risk in retirement. The average person *does* feel the impact of poor decisions. And what might be a rectifiable financial problem for a wealthier or younger person becomes catastrophic for a retiree, who no longer has the option to go back and reclaim his or her old job again, and in fact, because of infirmity on the part of self or partner, may not be able to get any job at all, and may not have any other very helpful alternatives for making up for bad decisions.

This is a problem that needs to be solved, and a solution is within our grasp.

Chuck Yanikoski is founder and president of Still River Retirement Planning Software, Inc. He has been thinking about how to create suitable financial software for retirees since 1991, when he was in charge of retirement marketing for New England Mutual Life. Still River offers through its RetirementWorks, Inc. subsidiary a consumer version of its system for retirees, which it provides direct to the public and through employers and other intermediaries. For more information on it, go to: <http://www.RetirementWorks2.com>, or contact Chuck at csy@StillRiverRetire.com.

A number of his essays on retirement planning are posted on the website: <http://www.StillRiverRetire.com>, while others have appeared in MarketWatch *Retirement Weekly*, the *National Underwriter Income Planning eNewsletter*, *Annuity Association News*, *DSG Dimensions*, *The Integrative Adviser*, and *Aging Well* (forthcoming). He has also spoken on retirement planning before the National Tax Sheltered Accounts Association and the New England Employee Benefits Council.

Research Notes

Please contribute to this column by sending us notices or links for research related to aging, advising, demographics, financial decision-making, retiree attitudes or lifestyles, death and dying, or any of the numerous other topics of broad interest to financial and life planners.

Integrative / Holistic Planning

Elizabeth Jetton makes the case for holistic planning, and collaboration between financial planners and other advising professionals, in "Putting the Pieces Together for the Third Age," in *Aging Well* (Summer 2008).

<http://psycnet.apa.org/index.cfm?fa=main.doiLanding&uid=2008-13050-002>

Along these same lines, in the same journal, see "Age Differences in Forgiveness: The Role of Future Time Perspective" by Sheung-Tak Cheng and Ying-Kit Yim:

<http://psycnet.apa.org/index.cfm?fa=main.doiLanding&uid=2008-13050-019>

Psychology and Neuroscience

Ute Kunzmann used samples from the Berlin [Germany] Aging Study to reach an interesting conclusion: "Positive affect may decline because it requires objective competencies, which seem to decrease in old age. Negative affect may remain stable because it is associated with self-evaluations, which seem to change less with age." An abstract of his study, "Differential Age Trajectories of Positive and Negative Affect: Further Evidence from the Berlin Aging Study", in the September issue of the *Journal of Gerontology B: Psychological Sciences*, is located at:

<http://psychsoc.gerontologyjournals.org/cgi/content/abstract/63/5/P261>

In the same issue of *Psychology and Aging*, Patrick Hansson *et al* find that older adults exhibit more overconfidence in decision-making, but may compensate for it with greater knowledge. For an abstract of "Adult Age Differences in the Realism of Confidence Judgments: Overconfidence, Format Dependence, and Cognitive Predictors," go to:

<http://psycnet.apa.org/index.cfm?fa=main.doiLanding&uid=2008-13050-005>

Eric R. Igou's study, "How Long Will I Suffer?' Versus 'How Long Will You Suffer?' A Self-Other Effect in Affective Forecasting" in the October issue of the *Journal of Personality and Social Psychology*, indicates that we tend to be more optimistic about the length of our own suffering than that of others. (This may be relevant to the planning process, as a partial explanation of different attitudes among family members and between advisers and clients.) For the abstract, go to:

<http://psycnet.apa.org/index.cfm?fa=buy.optionToBuy&id=2008-12903-009>

Susan Turk Charles and Laura Carstenson analyze in the September issue of *Psychology and Aging* specific ways in which older adults differ from (and, in general, tend to disengage more than) younger adults in dealing with offensive behavior. An abstract of their study, "Unpleasant Situations Elicit Different Emotional Responses in Younger and Older Adults," appears at:

John D. Mayer, Peter Salovey, and David R. Caruso examine the nature and import of "emotional intelligence" in "Emotional Intelligence: New ability or Eclectic Traits?" in the September issue of *The American Psychologist*. For an abstract, see:
<http://psycnet.apa.org/index.cfm?fa=buy.optionToBuy&id=2008-12151-001>

Jennifer Van Pelt discusses the importance of brain exercise, and reviews some of the more widely used methods, in "Sharpening the Aging Brain" (*Aging Well*, September 2008)

Mathias Allemand, Daniel Zimprich, and Mike Martin report on personality changes over a 12-year span in a group of adults initially aged 60-64, in "Long-term Correlated Change in Personality Traits in Old Age," *Psychology and Aging*, September 2008. An abstract can be found at:
<http://psycnet.apa.org/index.cfm?fa=main.doiLanding&uid=2008-13050-006>

Older adults demonstrated a distinct preference for fewer choices than younger adults, in six different domains tested by Andrew E. Reed, Joseph A. Mikels, and Kosali I. Simon, in "Older Adults Prefer Less Choice than Young Adults", *Psychology and Aging*, September 2008 – abstract at:
<http://psycnet.apa.org/index.cfm?fa=buy.optionToBuy&id=2008-13050-018>

Sociology and Demographics

Robert L. Brown and Steven G. Prus's statistical analysis does not find any correlation between income inequality and the health of the people, in developed nations. The correlation is with

the overall wealth of the society, not the distribution of wealth. Their paper, "New Findings on the International Relationship between Income Inequality and Population Health" is at:
<http://www.soa.org/library/monographs/retirement-systems/living-to-100-and-beyond/2008/january/mono-li08-2a-brown.pdf>

Barbara Butrica and Eric Toder estimate that about a third of low-wage earners are not actually heading for a low-income retirement. The full text of their study for the Urban Institute, "Are Low-Wage Workers Destined for Low Income at Retirement?" is available at:
http://www.urban.org/UploadedPDF/411756_low-wage_workers.pdf

See also: Butrica, Toder and Desmond Toohey, "Boomers at the Bottom: How Will Low Income Boomers Cope with Retirement?" at:
http://www.urban.org/UploadedPDF/1001217_low-income_boomers.pdf

And: Gregory Acs, "'Low-Wage Workers in the United States: Status and Prospects [Testimony Before the Committee on Ways and Means Subcommittee on Income Security and Family Support United States House of Representatives]":
http://www.urban.org/UploadedPDF/901190_Acs_low-wage_workers.pdf

Sandra Timmermann writes about "Myth Busters and Conventional Wisdom: What We Know — and Don't Know — about Boomers Nearing Retirement" in the latest *Journal of Financial Service Professionals*. The abstract is located at:
http://www.financialpro.org/adv_mkt/journal/to.cfm

The Congressional Research Service study on "Income and Poverty among

Older Americans, 2007," by Patrick Purcell, is available at:
http://benefitslink.com/articles/guests/RL32697_Oct_2008.pdf

In the September issue of *The American Psychologist*, Heejung S. Kim, David K. Sherman, and Shelley E. Taylor look at "Culture and Social Support." They find that Asians and Asian-Americans are significantly less likely to use support networks in dealing with problems. The abstract appears at:
<http://psycnet.apa.org/index.cfm?fa=buy.optionToBuy&id=2008-12151-002>

Berkeley professor Ron Lee's webcast interview on "Recent Trends in U.S. Mortality and Population Aging," by the Population Reference Bureau, can be found at:
<http://www.prb.org/journalists/webcasts/2008/mortalityandaging.aspx>

Retirement Finances

The Principal Financial Group released a white paper comparing four strategies for providing retirement income: mutual fund withdrawals, variable annuities with guaranteed withdrawal benefits, income annuities, and a mix of funds and income annuities. Although product vendors are generally not the best source of this kind of information, since Principal sells all of these products their analysis in this case is relatively unbiased (except that that they do not cover other possibilities besides these four). This report, which is lucid and helpful to non-specialists, can be linked to at:
<http://www.principal.com/about/news/research.htm>

Beverly J. Orth examines the potential

of several product and public policy strategies that could reduce the exposure of elderly women to poverty, in "Evaluation of Approaches to Reducing Women's Longevity Risks." The complete article can be found at:
<http://www.soa.org/library/monographs/retirement-systems/living-to-100-and-beyond/2008/january/mono-li08-3b-orth.pdf>

The U.S. Securities and Exchange Commission has released a report on what financial companies are doing to protect older consumers. "Protecting Senior Investors: Compliance, Supervisory, and Other Practices Used by Financial Services firms in Serving Senior Investors" is available in full at:
<http://www.sec.gov/spotlight/seniors/seniorspracticesreport092208.pdf>

A survey and analysis of the financial plight of single women was recently completed by the Transamerica Center for Retirement Studies. For a copy of it, use the links at:
<http://www.transamericacenter.org/>

Sheila R. Zedlewski, Brendan Cushing-Daniels, and Eric Lewis address the question, "How Much Could Reverse Mortgages Contribute to Retirement Incomes?" in a report for the Urban Institute, available in full at:
http://www.urban.org/UploadedPDF/411763_reverse_mortgages.pdf

Wolfram J. Horneff and Raimond H. Maurer, from the finance department of Goethe University in Germany, argue in favor of a large asset allocation into deferred annuities, in their University of Michigan Retirement Research paper, "Deferred Annuities and Strategic Asset Allocation." The full text can be found at:

<http://www.mrrc.isr.umich.edu/publications/papers/pdf/wp178.pdf>

William Reichenstein argues that an *after-tax* asset allocation strategy should be used, and provides a model for doing so, in "How to Calculate an After-Tax Asset Allocation Strategy," *Journal of Financial Planning*, August 2008.

Stephan R. Leimberg *et al* present "Life Settlements: Know When to Hold and Know When to Fold (A Professional Advisor's Guide to the Life Settlement Decision-Making Process)" in the current *Journal of Financial Service Professionals*. For the abstract, go to:

http://www.financialpro.org/adv_mkt/journal/to.cfm

Alice H. Munnell *et al* ask, "Do Households Have a Good Sense of Their Retirement Preparedness?" Perhaps surprisingly, or perhaps not, they find that most people do have a realistic fix on their situation. You can find their paper at the Boston College Center for Retirement Research website:

http://crr.bc.edu/images/stories/ib_8-11.pdf

The Employee Benefits Research Institute has just released its analysis of 2007 pension participation, titled: "Employment-Based Retirement Plan Participation: Geographic Differences and Trends, 2007". You can find it at:

http://www.ebri.org/pdf/briefspdf/EBRI_IB_10-2008.pdf

Voon Phua and James W. McNally find that as men age they make less distinction between financial planning and pre-retirement planning. An abstract of their article, "Men Planning for Retirement," from *Applied Gerontology*, is lo-

cated at:

<http://jag.sagepub.com/cgi/content/abstract/27/5/588>

Peter James Lingane, "Benefits and Management of Inflation-Protected Treasury Bonds" (*Journal of Financial Planning*, September 2008) argues that the past superior performance of inflation-protected bonds may not carry into the future.

Work and Retirement

Patrick Purcell's report, "Older Workers: Employment and Retirement Trends" for the U.S. Congressional Research Service, is available in full at:

http://assets.opencrs.com/rpts/RL30629_20080915.pdf

The U.S. Treasury Dept. inspector general has recently issued a report titled: "A More Strategic and Consistent Approach to Estimating Retirements and Other Separations Is Needed to Better Plan for Future Human Resource Needs." The complete text is available at the Treasury Dept. website:

<http://www.treas.gov/tigta/auditreports/2008reports/200810169fr.html>

In answering the question, "Will Changing Job Demands Boost Older Workers' Prospects?", Richard W. Johnson and Gordon Mermin conclude that some workers will indeed benefit, but those with less education and without specialized training will be left behind. For the full text, see:

http://www.urban.org/UploadedPDF/411757_older_workers.pdf

The Corporation for National & Community Service has inaugurated a "Vol-

unteering in America" website that provides interactive tools to match volunteers with opportunities in over 160 communities:

<http://www.volunteeringinamerica.gov/index.cfm>

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Alicia H. Munnell and Steven A. Sass investigate "The Decline of Career Employment" for the Boston College Center for Retirement Research, at:

http://crr.bc.edu/briefs/the_decline_of_career_employment_14.html

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In a separate study with different research partners, Alice Munnell (*et al*) analyzes the likelihood that many people who have the financial need to continue working in their older years will not have good enough health for that purpose. Their report, "Will People Be Healthy Enough to Work Longer?" is also at the CRR website:

http://crr.bc.edu/images/stories/Working_Papers/wp_2008-11.pdf

Health, Medicine, and Elder Care

Eric Stallard's paper, "Estimates of the Incidence, Prevalence, Duration, Intensity and Cost of Chronic Disability among the U.S. Elderly" is available at the Society of Actuaries website:

<http://www.soa.org/library/monographs/retirement-systems/living-to-100-and-beyond/2008/january/mono-li08-3b-stallard.pdf>

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In "Sex Differences in Human Biological Aging", Eitaro Nakamura and Kenji Miyao found that aging "women had relatively lower functional capabilities compared with men, but the rate of aging was slower than that of men, suggesting that these differences might present both disadvantages and advantages for

women with regard to health and longevity". Their report appears in the September issue of the *Journals of Gerontology Series A: Biological Sciences*, with the abstract available at:

<http://biomed.gerontologyjournals.org/cgi/content/abstract/63/9/936>

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"Trends in Nursing Home Deficiencies and Complaints," a report by Inspector General Daniel R. Levinson of the U.S. Dept. of Health & Human Services, can be found at the HHS website:

<http://www.oig.hhs.gov/oei/reports/oei-02-08-00140.pdf>

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Nursing home care is also the subject of a recent study for the Agency for Healthcare Research and Quality. "Nursing Home Survey on Patient Safety Culture" is available in full at:

<http://www.ahrq.gov/qual/nhsurvey08/nhguide.pdf>

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Jonathan D. Ketcham and Kosali Simon examine "Medicare Part D's Effects on Elderly Drug Costs and Utilization" for the National Bureau of Economic Research, at:

<http://papers.nber.org/papers/w14326>

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Sharon Wallace Williams *et al* look at "Predictors of Satisfaction for African-American and White Family Caregivers of Adult Care Home Residents" in the current issue of *Applied Gerontology*. They find that these predictors vary by race. For an abstract, go to:

<http://jag.sagepub.com/cgi/content/abstract/27/5/568>

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What are the odds of someone of a certain age (sex, smoking status, etc.) remaining healthy up to a given later age, or of needing assisted living or nursing

care? For a very helpful analysis and some useful statistics, see Faye S. Albert, John M. Bragg, and James C. Brooks, Jr.'s paper, "Health Expectancy", at:

<http://www.soa.org/library/monographs/retirement-systems/living-to-100-and-beyond/2008/january/mono-li08-6b-albert.pdf>

The U.S. Administration on Aging presents a round-up of state efforts to promote healthy aging, titled "Celebrating Healthy Aging", at:

http://www.aoa.gov/press/observances/HealthyAging/healthy_aging.aspx

Liliana E. Pezzin, Robert A. Pollak, and Barbara S. Schone answer in the affirmative the question in the title of their study for the National Bureau of Economic Research: "Long-Term Care of the Disabled Elderly: Do Children Increase Caregiving by Spouses?". They note that "children act as a commitment mechanism, increasing the probability that elderly spouses will provide care for each other." The abstract is at:

<http://papers.nber.org/papers/w14328>

The U.S. Dept. of Health and Human Services has released new guidelines on physical activity for adults. For more information, go to:

<http://www.health.gov/paguidelines/>

The Population Reference Bureau's analysis of "Obesity, Economics, and Health" appears in the September issue of *Today's Research on Aging*, at:

<http://www.prb.org/pdf08/TodaysResearchAging13.pdf>

Michael J. Cowell links health care costs to cell biology and gerontology, both in the U.S. and internationally. His paper,

"Health, Wealth and Wisdom — Living Long, Living Well: An Actuary Muses on Longevity" can be found at:

<http://www.soa.org/library/monographs/retirement-systems/living-to-100-and-beyond/2008/january/mono-li08-6b-cowell.pdf>

David M. Cutler, Adriana Lleras-Muney, and Tom Vogl, in "Socioeconomic Status and Health: Dimensions and Mechanisms," examine four factors in particular: education, financial resources, rank, and race and ethnicity. An abstract of their paper, for the National Bureau of Economic Research, is at:

<http://papers.nber.org/papers/w14333>

Amber A. Mather *et al* report on "Associations between Body Weight and Personality Disorders in a Nationally Representative Sample." An abstract of this article from the October 8 issue of *Psychosomatic Medicine* is available at:

<http://www.psychosomaticmedicine.org/papbyrecent.shtml>

Family and Social Networks

Rich Morin and D'Vera Cohn have produced a report for the Pew Research Center showing that in married couples women tend to make more of the decisions, including financial ones. For the text of "Women Call the Shots at Home; Public Mixed on Gender Roles in Jobs", go to:

<http://pewresearch.org/pubs/967/gender-power>

Donald D. Vanarelli explains and promotes the concept of elder mediation in his article in *Aging Well* for September 2008, "Keeping Family Peace through Elder Mediation."

Older people often fear that they will

become more isolated if they give up their driver's licenses. Unfortunately, these fears are legitimized by a new study by Briana Mezuk and George W. Rebok, "Social Integration and Social Support Among Older Adults Following Driving Cessation" in the September issue of the *Journal of Gerontology B: Social Sciences*. The abstract is available at:

<http://psychsoc.gerontologyjournals.org/cgi/content/abstract/63/5/S298>

Florence Gelo examines planning issues relating to older gay, lesbian, bisexual and transgendered individuals, in "Invisible Individuals: LGBT Elders" (*Aging Well*, September 2008).

Hui Liu and Debra J. Umberson revisit the bromide that married people tend to be healthier than unmarried people, in "The Times They Are a Changin': Marital Status and Health Differentials from 1972 to 2003" (*Journal of Health and Social Behavior*, for September). They find that this still tends to be true for women, and that divorced and separated women are particularly susceptible. But the health gap between married and unmarried men is closing. You can view the abstract at:

<http://www.ingentaconnect.com/content/asoca/jhsb/2008/00000049/00000003/art00001>

Historically, married people also end up wealthier than single ones. A new study for the University of Michigan Retirement Research Center expands our knowledge in this area by looking at the wealth differences of those who get divorced and remarried along the way. The full text of this study, "Marital Histories and Economic Well-Being" by Julie Zissimopoulos, Benjamin Karney and Amy J. Rauer, is to be found at:

<http://www.mrrc.isr.umich.edu/publications/papers/pdf/wp180.pdf>

Lifestyle, Leisure and Social Activity

Peter Freund and George Martin write about "Fast Cars/Fast Foods: Hyperconsumption and its Health and Environmental Consequences" in the November 2008 issue of *Social Theory and Health*. You can view an abstract at:

<http://www.palgrave-journals.com/sth/journal/v6/n4/abs/sth200810a.html>

Housing and Living Arrangements

"Where We Live Matters for Our Health: The Links Between Housing and Health." This study, conducted by C. Pollak *et al* for the Robert Wood Johnson Foundation, investigates the links between health and housing in terms of the physical conditions within homes, the condition of the neighborhood, and housing affordability. It is available in full at:

<http://www.rwjf.org/files/research/commissionhousing102008.pdf>

Alison Shelton of the AARP Policy Institute has produced a research report titled "A First Look at Older Americans and the Mortgage Crisis", which you can find at:

http://assets.aarp.org/rgcenter/econ/i9_mortgage.pdf

Also from AARP: Brittne Shelton and Terri Guengerich present the results of surveys in Clermont and Marietta, Ohio, identifying elements that make up "livable communities" and how people feel about them. For details about "Going from Good to Great: Livable Communities Surveys in OH" go to:

http://www.aarp.org/research/housing-mobility/indliving/oh_communities_08.html

Spirituality, Purpose, and Meaning

Michèle M. Schlehofer, Allen M. Omoto and Janice R. Adelman find that older Americans tend to draw a distinction between religion and spirituality, where religion has to do with “personal beliefs, community affiliation, and organized practices,” while spirituality often is taken in a non-theistic sense. An abstract of their article, “How Do ‘Religion’ and ‘Spirituality’ Differ? Lay Definitions Among Older Adults” in the September issue of the *Journal for the Scientific Study of Religion*, is located at:

<http://www3.interscience.wiley.com/journal/121390779/abstract>

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After studying Chinese people age 80 to 105, University of Hawaii sociologist Wei Zhang “found religious participation to be significantly associated with lower risk of mortality for [the] oldest old women and for individuals in poor health. Engaging in leisure activities and exercises partially accounted for this association.” The abstract of his article, “Religious Participation and Mortality Risk among the Oldest Old in China” (*Journal of Gerontology B: Social Sciences*, September 2008) is at:

<http://psychsoc.gerontologyjournals.org/cgi/content/abstract/63/5/S293>

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In “Changing Choices: Aging in Place in the 21st Century,” Athan G. Benzaitis reviews living arrangement options, including some relatively new ones, for older adults. This article appears in *Aging Well* for September 2008.

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Dan Buettner’s article in the Novem-

ber/December issue of *AARP Magazine*, “Find Purpose, Live Longer,” is in no way a conceptual breakthrough. But it is brief, clear, and easily available to most people (AARP members receive it automatically), so it’s a handy resource you should know about, and might want to refer clients to.

End of Life Issues

Ellen P. McCarthy *et al* use the Framingham Heart Study group to investigate attitudes toward and preparations for end-of-life problems. Their study, “Advance Care Planning and Health Care Preferences of Community-Dwelling Elders: The Framingham Heart Study” (*Journal of Gerontology A: Medical Sciences*, September 2008), notes that many are “willing to endure specific life-prolonging interventions and distressing health states to avoid death.” The abstract appears at:

<http://biomed.gerontologyjournals.org/cgi/content/abstract/63/9/951>

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The U.S. Senate Special Committee on Aging recently held hearings on “Honoring Final Wishes: How to Respect Americans’ Choices at the End of Life.” Links to both the webcast and transcripts can be found at:

http://aging.senate.gov/hearing_detail.cfm?id=303486

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The “five themes” identified in Jean C. Munn’s (*et al*) paper, “The End-of-Life Experience in Long-Term Care: Five Themes Identified From Focus Groups With Residents, Family Members, and Staff” in the August issue of *Gerontologist* all relate to closeness based on proximity and frequency of contact. They suggest ways in which this insight should affect care. An abstract is avail-

able at:

<http://gerontologist.gerontologyjournals.org/cgi/content/abstract/48/4/485>

Notice

We encourage all our readers to check out another free publication (one that is actually printed on paper and will be mailed to you), titled *Aging Well*. Like *The Integrative Adviser*, *Aging Well* is aimed at a broad range of advisory professionals, but focused specifically at advisers of older clients (their tag line is, "The Magazine for Professionals Promoting Positive Aging"). Several of the articles in our "Resources" section in the current issue come from this new publication. You can find out more, and sign up for a free subscription, at:

<http://www.agingwellmag.com/>