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Thinking Boomer: Understanding This Generation and What They Need From You

To hear younger generations gripe, Earth won't return to normal rotation until the last boomer has shuffled off to Strawberry Fields forever

The boomer generation is more nuanced than some may realize.

Many financial advisors figure there's nothing more to learn about baby boomers. Many are boomers themselves, aged 53 to 71, and they've been working with boomer clients for years. What could possibly be new?

For one thing, the intragenerational divide.

"Leading boomers, born from 1946 to 1955, and trailing boomers, born from 1956 to 1964, have different outlooks on retirement and money in general," said Cam Marston, author, speaker, coach and founder of demographic profiling firm Generational Insights. Understanding these two echelons, and incorporating their differences into your approach, can be the key to connecting with a boomer client.

Although many leading boomers are already retired, most of their younger siblings are still in the homestretch of their careers. "These trailing boomers are buying second homes or downsizing, packing kids off to college, searching for retirement destinations and looking for places to park their investments," Marston said.

Not only do the two groups have different financial needs, but they often perceive things in a completely different way. Sometimes the differences are minor (think of an American conversing with a Brit), while at other times they can be dissimilar enough to prevent a relationship from forming (e.g., a Finn trying to chat with a Bantu). "Everyone sees the world through his or her own generational filter," Marston explained. The better you understand your leading or trailing boomer client, the easier it will be to forge a connection.

LEADING BOOMERS: THE GOLDEN GENERATION

Leading boomers, who started crossing the threshold of 65 six years ago, have led a mostly charmed life. As a generation, they experienced the Summer of Love, the first moon landing, the fall of the Soviet Union and a long-running bull market, so it's no wonder they believe anything is possible. Crediting hard work for their accomplishments, they sometimes aren't aware how exceptionally well the system worked for them.

The term "workaholic" was invented for this group of boomers, who believe one's work ethic should be visible. In other words, if you're not sending emails at 4 a.m., you're not working that hard.

As a result of their labors, they've felt entitled to tangible rewards of their success: a big house, an expensive car, ultimate toys for themselves and their kids. Now, as they move toward or into retirement, Marston said, they're beginning to value time and experiences more than things.

Still, they're under a lot of stress. With their children typically out of the nest, they ought to be free to wrap up their work lives and transition harmoniously to retired life. However, many are still burdened with debt, from mortgages to credit cards to education loans, leaving them anxious about maintaining their lifestyle amid a wobbly economy and a high-priced stock market.

"It's become clear to them that they should have done more," Marston observed. He referred to a study by Transamerica's Center for Retirement Studies, noting, "Three-fourths wish they'd saved more and on a more consistent basis. If an advisor can show that working together will help them stay independent, you'll be viewed as an ally."

Whether or not they work with a financial pro, leading boomer parents and their millennial children often consult each other about major financial decisions. "This type of parent-child relationship is the first of its kind," Marston noted.

However, many of these parents don't intend to leave an inheritance. Reckoning they've already spent enough on raising and educating their offspring, they plan to use all their money themselves, maybe bouncing the last check on the day of their funeral. While this may be consistent with the original "me" generation, it's a dramatic shift away from earlier generations' attitudes.

Not that leading boomers plan to kick the bucket anytime soon. They like to be thought of as "fit, active, energetic and current," Marston pointed out. To be considered "old" is anathema, to the point where boomers shy away from such coy terms as "active adults," "mature," "50-plus" and even "middle-aged."

That said, leading boomers (and trailing boomers, to some extent) have never really let go of their past. They're nostalgic for things that were important in their youth, from snacks to TV shows. By the same token, even though they may pride themselves on being tech-savvy, they generally prefer to do business face-to-face or by phone. Marston said, "The personal touch is critical to maintaining relationships."

IF YOU'RE YOUNGER THAN A LEADING BOOMER CLIENT

- **Establish your competence.** To build credibility for your expertise, document your credentials and awards.

- **Be positive.** Younger advisors who pride themselves on "calling it as they see it" may tend to be too terse and pragmatic. Maintaining an optimistic outlook will make a better impression on boomer clients.

- **Become an expert in decumulation planning,** keeping in mind that leading boomers feel they've earned a comfortable lifestyle.

- **Avoid the temptation to fall back on emailing and texting.** "Gen X and millennial advisors often consider electronic communication more efficient," Marston explained. "They need to take care to communicate personally and face to face with boomer clients on a regular basis."

TRAILING BOOMERS: 'JUST KEEP SWIMMING'

In Marston's view, leading and trailing boomers appear to share similar characteristics of ambition, competitiveness and ardent consumerism. However, trailing boomers tend to be more pessimistic — or at least more skeptical — about their future. Caught in the crossfire as their mothers went to work, college costs climbed and the job market dried up, they had the further bad luck of being hit by a recession during their prime accumulation years.

As a result, Marston said, trailing boomers' outlook is more like that of Generation Xers: skepticism, weariness and a conviction that their financial security depends completely on them. Deeper in debt than leading boomers were at their age, they expect to work longer and get less retirement help than those early boomers did. "They simply haven't been able to gain the same financial foothold as their leading boomer peers," he concludes. "The 'dream' that rewarded their older siblings so well has been diminished and postponed for them."

To complicate matters, many trailing boomers not only go into debt for their children's expensive educations but also continue subsidizing them afterward, sometimes for years. Almost three-fourths of millennials (ages 19-35) currently receive financial support from their parents.

In addition, a handful (4%) of trailing boomers are sandwiched between childcare and eldercare for parents in their 70s or 80s. In Marston's view, this consequence of later marriages is likely to become more common.

If the full retirement age for Social Security and other programs continues to be pushed back, he envisions that the youngest of the trailing boomers may be up to 25 years away from leaving the workforce. Unfortunately, most of them aren't taking full advantage of that window.

"Even though they feel confident about the decisions they've made, they aren't making plans that will keep them financially independent," he said. That represents a huge need — and opportunity — for advisors.

Clearly, many trailing boomers' financial mantra is going to be "just keep swimming" (à la Dory of "Finding Nemo" fame). With professional guidance, they may yet be able to reach at least some of their goals.

IF YOU'RE OLDER THAN A TRAILING BOOMER CLIENT

- **Don't be overly optimistic.** As Marston noted, trailing boomers tend to prefer knowing the cold, hard facts. They expect a dark side, so instead of ignoring it, explain how you plan to deal with it.

- **Stay in touch the way your client likes.** For example, a trailing boomer may want to hold important discussions face-to-face, but prefer the brevity of email for other exchanges of information.

- **Remember that unlike leading boomers, younger boomers tend to have characteristics of Gen Xers or even millennials** (see "Thinking Generation X" in May IA and "Thinking Millennial" in March).

- **Don't assume everyone wants to retire as soon as possible.** For instance, nearly 30% of women aged 65-69 are still working, as are 18% of women aged 70-74, according to a February article by Claire Cain Miller in The New York Times.

10 TIPS TO HELP YOU CONNECT WITH BOOMERS

In his new edition of "The Gen-Savvy Advisor: Advising the Generations in the New Age of Uncertainty," Marston offers a number of ideas and recommendations to help advisors connect with both echelons of the boomer cohort. Most of the following tips are his.

1. **Make them feel valued.** Court boomers with letters or handwritten cards. Give them plenty of "face time" by inviting them to lunches, dinners, outings or presentations. If it's been a while, call to check in. "Remember, baby boomers aren't loyal to technology," Marston said. "They're loyal to people." You might also address their fondness for rewards by offering a small gift — say, a nice pen or paperweight — on the anniversary of their coming onboard with you.

2. **Tell your story.** You need to clearly articulate what you've done. Even if it's your first day on the job, you can talk about the passion that inspired you to be a financial advisor. Not sure what to say? Take time now to think through what your story is and how best to tell it.

3. **Position yourself as part of their team.** "Teamwork is a vital part of success to boomers," Marston said. "Their definition of 'team' is pretty simple: 'If you need me, I'm there.'" They expect commitment.

4. **Recognize their success.** Ask boomers to tell you their story. Help them feel victorious and worthy of being rewarded. Encourage their belief that they're working toward something important.

5. **Help them manage their life.** Even in retirement, boomers live busy, over-scheduled lives. If you can simplify financial management for them, they'll love it. But don't oversell the role of technology, which may turn them away.

6. **Customize.** Don't stereotype boomers by assuming you understand where they're coming from. Subtly emphasize that you recognize their uniqueness, then customize your solution to meet their specific needs.

7. **Demonstrate what you can do for them.** "Once you show them that you have the ability to deliver what they want, they probably won't shop around elsewhere," Marston said.

8. **Ask for the business.** Brought up in the heyday of mass advertising, boomers are comfortable with being sold to and even expect it. If you usually shy away from self-promotion, learn to ask for their business.

9. **Pay attention to the kids.** Not only are boomers influenced by their adult children's opinions, but the younger generation may well become tomorrow's clients. Ask the parents, "Is there anything we can do to help your children with their own financial management as they move into adulthood?" You might use some millennial marketing tactics to connect with the kids, such as offering free 401(k) investment recommendations.

10. **Think long-term.** In a volatile market, boomers are more likely to stick to their investment strategy than younger generations are. According to a recent MassMutual Retirement Savers study, 74% of 50- to 64-year-olds and 82% of 65-or-older investors said they intended to leave their retirement savings plan as is, compared with only 23% of millennials. An advisor's fondness for frequent tactical shifts in asset allocation may not appeal to steady-Eddie boomers.

THE BEST THIRD ACT EVER?

With the help of generational change expert Cam Marston's pioneering work on distinctions between leading and trailing boomers, you may succeed in communicating more effectively with members of this remarkable generation. To serve them well, of course, it's critical to tune into each person as an individual with a unique financial situation and responsibilities.

In so doing, you'll have the opportunity to coach them on directing their resources toward their deeply held dreams and goals. For many boomers, that can mean a more rewarding third act in their already eventful lives.

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