

EDUCATIONAL COMMENTARY

For financial professionals



PEAK 65: THE PROSPECTING BOOM OF A LIFETIME

Over the next three years, the number of Baby Boomers turning 65 is expected to grow by more than 20 percent, representing a historic market opportunity for financial professionals. Here are some key business-building ideas to reach more clients during this momentous event.

Ever since 2008 when the first Baby Boomer¹, a retired New Jersey schoolteacher, turned 62 and became eligible for Social Security, there has been an ongoing wave of retirees among this generation. More than 10,000 a day² have been turning 65 and also qualifying for Medicare as well as a slew of benefits including enhanced tax breaks.

But forecasts of this Boomer retirement rush eclipse an important observation: Births actually exploded³ in the second half of the Boomer generation, starting around 1955.

Now this group of seniors is hitting retirement age and planning their next phase of life. Over the next three years, the number of Boomers turning 65 will jump to more than 12,000 per day², an increase of more than 20 percent since the first Boomer turned this golden age in 2011.

That means at least 20 percent more pre-retirees will need advice on critical retirement planning topics. Chief on their to-do list: making decisions about Social Security, Medicare, retirement income planning, retirement tax liabilities (401K and IRAs), and long-term care funding, in addition to many more questions about their financial wellness in retirement.

PEAK 65 MOMENT

This historic demographic moment is being called [Peak 65](#), a term that describes the time in 2024 when more Americans will turn age 65 than at any point in history.

“The countdown to Peak 65 is on and is a wake-up call that the retirement income crisis in America is no longer just looming, it’s here,” says Jean Statler, CEO of the Alliance for Lifetime Income. “Boomers realize

EDUCATIONAL COMMENTARY

For financial professionals

they may be living 20, 30 or more years in retirement, which is why it makes sense that their number one concern is outliving their savings.”

Statler notes that the Alliance’s research makes it clear that there’s an urgent need to equip Boomers with retirement plans that include protected lifetime income to fill the gap that Social Security and pensions don’t cover.

Part of the Alliance’s mission is to assist financial professionals with client conversations around protected lifetime income. Its ‘Financial Professional Resource Center’ offers an ever-growing array of tools, articles, presentations, and client resources

for use in your practice management. The latest addition is [The New Advisor for Life](#) practice management program, which offers a resource toolbox that helps financial professionals connect better with pre-retirees and retired clients as they pivot from wealth accumulation to preservation and distribution.

“For financial professionals looking to leverage the Peak 65 moment into more conversations with clients, we’ve got the tools they need to guide people on the journey to achieving a safe and secure retirement,” says Michael Harris, CFP, CLU, ChFC and senior educational advisor to the Alliance.



EDUCATIONAL COMMENTARY

For financial professionals

FOUR EDUCATIONAL OPPORTUNITIES TO BOOST RETIREMENT CONFIDENCE

As you plan the positioning of your conversations with prospects and clients during the Peak 65 years, here are four actions to consider with links to Alliance resources to assist you.

1. HELP CLIENTS IDENTIFY ANY RETIREMENT INCOME AND EXPENSE GAPS.

The Alliance's [Retirement Income Security Evaluation \(RISE\) Score™](#) analyzes their savings, expenses, investments, behavior, and longevity to generate a score that evaluates how likely they will outlive their money. It's like a credit score for retirement.

Your clients can complete the analysis on their own and meet with you to discuss their results and how to improve their score™ or you can do the analysis together. Find more information about the score, see how it works, and learn how to interpret the results by following this [link](#).

Helping clients get a handle on their projected expenses in retirement is another important discussion to have with them. The Alliance's [Income Hierarchy Brochure](#) assists you in starting a conversation about retirement income planning. The Income Hierarchy exercise helps clients consider questions such as how they will spend their money, prioritize their expenses, and fund their wants, needs, and desires in retirement.

2. UNDERSTAND YOUR CLIENTS' 'FINANCIAL PLANNING PERSONALITY.'

Although Boomers share a generational label, we know there are many differences among them. Each has a different retirement dream, level of risk tolerance, and understanding of protected income versus expected income in their post-career years.

The Alliance found that Americans planning for retirement fall into five personalities: **Optimistic Dreamer**, **Cautious Preparer**, **Hopeful Striver**, **Purposeful Planner**, and **Ambitious Risk-Taker**. The [Financial Planning Personality Quiz](#) will help you understand your clients' and prospects' financial planning personalities so that you can provide assistance in areas where they need additional guidance, support, and encouragement. Ask your clients to complete the quiz. When you get ready to meet with them, use these [guides](#) to prepare for your client meetings.

3. HELP CLIENTS IDENTIFY THEIR ESSENTIAL EXPENSES.

Some people haven't taken the time to examine what a monthly retirement budget looks like for groceries, utilities, transportation and other living expenses. The Alliance's [Check Off the Basics](#) brochure is an ideal way to get clients or prospects to start thinking of retirement in concrete terms. Some may come to realize they face a monthly income gap. Using a portion of their savings to buy an annuity with protected lifetime income to cover their basic monthly expenses may be one solution they should consider.

4. MEET YOUR CLIENTS' EDUCATIONAL NEEDS.

The Peak 65 surge means more Boomers will be seeking new financial professionals for guidance to plan their life in retirement. They're ready to attend your educational webinars and in-person workshops and seminars, too.

EDUCATIONAL COMMENTARY

For financial professionals

The Alliance's [3 Keys to Income Planning and Answering, "What's Next?"](#) gets clients and prospects thinking about income planning and prompts them to set up a meeting with you. Use this FINRA-reviewed presentation to educate them on how protected lifetime income can fit into their overall retirement planning picture.

When the conversation turns to a discussion about protected lifetime income, we all know annuities can be difficult to understand. You can help demystify the language by sharing with them the Alliance's [Annuities Language Glossary](#). By reducing the complexity of the client conversation, one can make better decisions about annuities, leading to better outcomes in retirement planning. You can also create your own [custom version of the glossary](#) with your firm's name and branding.

As the Peak 65 Boomers keep moving into retirement, you'll want to continue educating

them. The Alliance has an array of [FINRA-reviewed educational articles](#). You can add your personal branding to these articles, too. Post them on your website, add them to your regular client newsletter, or share them in one-on-one meetings. Topics include funding healthcare in retirement, planning for longevity with protected lifetime income, the 'retirement reset,' challenging the 4% withdrawal rule, claiming Social Security, plus a range of annuity education articles.

SEIZE THE PEAK 65 MOMENT

Meeting the challenges presented by Peak 65 will be a key business development opportunity for financial professionals over the next few years. Chief among them are offering advice and guidance in helping clients understand the need for adequate protected lifetime income in retirement, so they can maintain their desired standard of living.

¹Social Security Press Office. *Nation's First Baby Boomer Receives Her First Social Security Retirement Benefit*. Social Security Administration, 12 Feb. 2008. <https://bit.ly/2RxPuo4>.

²Jason J. Fichtner. *The Peak 65 Generation: Creating A New Retirement Security Framework*. Alliance for Lifetime Income. 30 Mar. 2021. <https://bit.ly/20U4bkq>.

³Daryl Burns. *Baby Boomer Generation Facts and Statistics*. Baby Boomer-Magazine, 18 Sept. 2020. <https://bit.ly/3mRZi3E>.

Annuities are long-term investments designed for retirement purposes. The value of variable annuities is subject to market risk and will fluctuate. Product guarantees are subject to the claims-paying ability of the issuing insurance company. Earnings, when withdrawn, are subject to federal and/or state income tax, including a 10% tax penalty for withdrawals before age 59½. Some income guarantees offered with annuities take the form of optional riders and carry charges in addition to the fees and charges associated with annuity products.

There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses. Investments in annuity contracts may not be suitable for all investors.

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