

# Living longer and prospering

Over the past half century, the average life expectancy in the UK has risen by 10 years and the government expects that to double again. **Charlotte Richards** looks at how to advise the elderly

It is no secret that people are living longer. More than 10m people in the UK are over 65 years old. The UK government has projected that there will be 5.5m more elderly people in 20 years time and the number will almost double to roughly 19m by 2050.

But how do you advise now for post-retirement to prepare clients for living for more than 20 extra years? **Chart 1** shows the UK's life expectancy rate from 1960 to 2011 according to figures from the World Bank. It shows that at birth in 1960, the average age people lived to be was 70 years old. By 2011, it was over 80 years old.

Care costs are at an all time high, and many still remain torn over the Dilnot Commission's report into ways to maintain adult social care, saying the government is still not doing enough to help out with care costs.

The most you can get from a state pension for a man or woman currently sits at £110.15 per week for 2013/14. Although for a married man, woman or civil partner using his or her spouse's national insurance record, it is just £66 a week.

With product prices increasing and a potentially confusing amount of benefits available for the elderly, the need for financial advice is becoming ever more important.

## Finding clients

But before you can advise them, how do you attract elderly clients in the first place? Phillip Bray, marketing manager at Nottingham advisers Investment Sense, says not to underestimate the elderly's technological capabilities. He says each week, the firm has between 40 and 50 new clients come to them through the website alone. He has only ever come across two clients who do not have an email address.

The first thing the firm does is ensure all relevant information is readily available on its website. "It helps people to make decisions," Mr Bray says. "There is much more information on our website than others. The more the better."

There are many clients who have been with their adviser for many years already so are either starting to retire or have already retired, although some elderly clients may be looking for a later life specialist to advise them.

Andrew Swallow, chartered financial planner at Ipswich-based Swallow Financial Planning, is a member of the Society of Later Life Advisers (Solla), a trade body that sets out to help those post-retirement and advise on specialist issues such as tax planning, equity release and annuities.

He says the decision to become

**'It is never too late to take retirement advice'**



Mike Horseman, managing director of Cockburn Lucas



a member of Solla was down to the fact his client bank is getting older. "What attracted me to Solla in particular is the extent of education you get from them," he says. The average client Mr Swallow deals with does not go specifically looking for state benefits, so the additional training with Solla has helped make him aware of more products and benefits for the elderly.

He says the added expertise helps with clients who are not aware of what they are entitled to, irrespective of their wealth. He points to attendance allowance, which many elderly clients are unaware of. The state benefit allows individuals either £53 or £79.15 a week, depending on the amount of care needed. It is there to help, whether the person is in need of frequent or constant supervision if they are physically or mentally disabled, or terminally ill.

## Conducting meetings

One issue many advisers come across is where and how to conduct meetings with the elderly. Many may have given up driving, and some will be unable to walk very far. The consensus with advisers is that meetings should happen at home.

Mike Horseman, managing director of Nottingham-based

Cockburn Lucas, says his firm has a strict meeting policy, stating clients over 85 years old should be accompanied by a family member. He says when there is the opportunity to visit those in their 80s, it is "safer" to have a family member present.

Philip Jackson, financial planning consultant at Penrith advisers Armstrong Watson Financial Planning, says in general, meetings are done in clients' homes. However, as the firm also has an accountancy arm, some clients have always gone into the office to deal with both accounts and advice at the same time. "We tend to include the next generation in our meetings so everyone is aware of what is going on and seeing what is needed to set plans for the elderly," he adds.

Mr Swallow says more often than not, the client meetings are at home. "It is far more convenient to the elderly as they become more frail." He also says he tries to do joint meetings with family members. "Instead of being on their own, we like it if one of the children comes along too so there is no misunderstanding.

"When you are in your 70s and 80s, the world is a complicated enough place as it is, and advice can be even more complicated. I am much happier when there is a son or daughter in the meeting, plus they are usually the beneficiaries," he says.

Mr Bray says the firm's advisers "almost exclusively" meet clients at home, although traditionally it was a phone meeting. He says it still normally starts with a one-hour conversation on the phone.

As with any client, advising the elderly mainly comes down to individual requirements, although Mr Jackson says, "There is a greater proportion of long-term care being advised." Due to the later life element of advice, he says it can be anything from looking at the structure of their investments and what their future could be, to deciding whether income is needed now or in the future, to looking at

whether or not care costs need to be accommodated.

He adds that the firm deals with a wide variety of clients. "We are currently dealing with an 89 year-old who has recently moved to the area. We have all sorts of clients. They take pension benefits but don't understand how to maximise them."

## Variety of clients

Mr Horseman agrees there is a variety in post-retirement advice. "We have some clients who are still working into their 70s and 80s, although anyone from 55 and above could be retired," he says.

"We have a wide remit, and some working well past state pension age. People are bound to think it's too late. But it is never too late to take retirement advice." For those who think it is too late, he says the standard answer of when to start planning is as soon as possible. "There is an element of that, but as soon as you have surplus cash you should be looking to start planning. Ideally it is in your 40s and 50s."

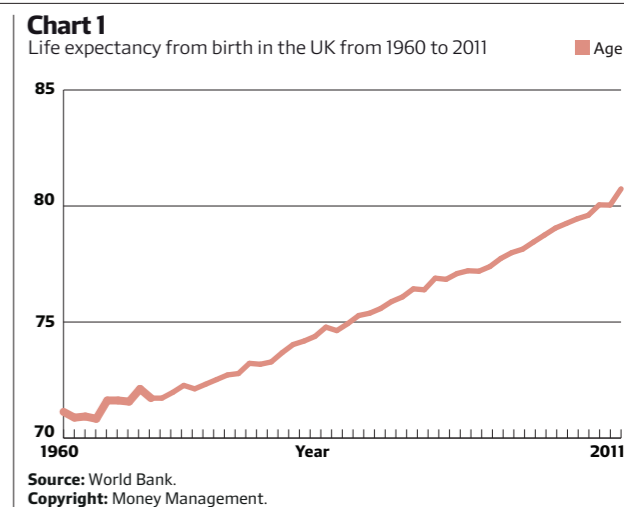
The most important piece of advice for the elderly, Mr Horseman says, is to make sure the client has a will and a power of attorney set up. "Product-wise, there is no stock answer. It is about the psychology and behaviour of each client, not about the product."

Advising the elderly comes down to hard fact-finding, he says. "You need to ask what their expectations are and align them with the clients'."

Products and advice could come down to classic choices such as tax relief, personal pensions or any non-taxed element.

Mr Swallow says one of the most frequent elements clients go to him for is home income or home reversion plans. He adds, "I always say it is a last resort. You must investigate the alternatives. You can arrange it to go to the children or grandchildren. Why should the product provider profit from this?"

With elderly clients, it is



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important to be able to keep them informed on any new products, developments and benefits available to them and how their money is faring.

Mr Horseman says before meeting with a client, the firm issues an agenda and then after the meeting, everything is sent out in letters to make sure the client is informed.

## Bedside manner

Advising the elderly can be a very emotive topic. "You need to have a good bedside manner because you are talking about inheritance tax, long-term care and the 'what if?' questions," Mr Horseman says. An adviser needs empathy, which is a "real skill" and it can be more demanding than advising the younger generation.

With an ageing population, advising the elderly is more important than ever. However, it may be time consuming and you have to be more hands-on, particularly as there are more people coping with conditions such as dementia. Care fees are getting higher and more people need help at home, so advisers now need to look beyond pension plans and equity release.

As Mr Horseman says, "It isn't ever too late to start planning." **MM**

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