**BA\_EP\_63**

Welcome to The Breakthrough Advisor™ podcast. In this podcast, we inspire advisors with ideas and pathways to break through barriers and build a thriving retirement income business. We will interview innovative technology developers, business leaders, and successful advisors, then help you organize and execute these ideas to move your business forward.

Patrice (00:04.15)

Welcome back to The Breakthrough Advisor Podcast with Jack Martin, virtual CMO at InsurMark, and also he's the co-founder of Elite Advisor Group. I'm Patrice Sikora. Jack, it's good to see you again. It's been ages. How are you?

Jack Martin (00:31.429)

Great to see you again. Great to see you again. We're well. It's a beautiful day in the neighborhood today. Blue skies, about 65 degrees. You know, it's nice. Very nice. So it's great to be with you. Great to be with you again. Yeah.

Patrice (00:43.166)

Keep that in mind. Well, thank you. I keep all that in mind because we're talking about longevity planning today So my first question So my first question to you, how old you gonna live to be Jack?

Jack Martin (00:51.839)

Things change.

Jack Martin (00:58.553)

That's a great way to start the conversation. So longevity planning is really gotten on the radar in the last little while, and for really good reason. There's been a flurry of research that's hit the street about the subject of longevity planning. So here's the thing. If you ask a wide

Jack Martin (01:28.085)

group of affluent consumers, how long they think they're going to live. More than half of them can't even get close to what life expectancy is and an even smaller percentage can't get close to what their longevity number might look like. And so there's a lot of reasons for that but the bottom line is we just have trouble imagining our future self and what that's going to look like and how long it's going to take us to get there.

So it's a really important question. And one, I think that is really getting on the radar of advisors in three ways. I think that we're realizing that there's an emotional component, as we transition out of the 40 or 50 hour work weeks that we live in into something less hectic and start to imagine, what's that all gonna look like?

So there's an emotional component and there's a lot of research from psychologists today talking about how people are failing in retirement. They're not enjoying that first part of retirement, which is the go-go years when all the travel and vacations with the grandkids and all the rest is supposed to happen. They're flunking out for a lot of reasons. The second thing about longevity planning that's important, I think, is financial.

We talk a lot about outliving your assets and so on and we'll talk more about that today. And then the final piece is healthcare. So what's that look like? What are the needs? How are you going to take care of that? I was just reading this morning, in one of my newsletters, how did they phrase it? The graying of America has put such a strain on healthcare resources.

Patrice (03:00.483)

Hmm.

Patrice (03:05.582)

That's good.

Jack Martin (03:23.053)

that it's hard to find people and places to manage all of the healthcare needs of the graying of America. And so it's financial, we think about that, you know, in terms of long term care expense, but it's also where you're going to find the resource, you know, to get the healthcare that you need. And the advancement of pharmaceuticals is just unbelievable. I mean, the things that are able to cure with drugs now, I was driving through Starbucks this week, my regular

Patrice (03:50.658)

They don't sell drugs at Starbucks, do they?

Jack Martin (03:54.277)

Not not as part of the corporate menu. No, the and my regular guy was hanging out the window. He's so I said, How are you doing? And he had a bandaid on his arm. And I said, Hey, what's up? You get a vaccination or something? He goes, I'm a hemophiliac. And before I was getting the this shot, I couldn't leave the house. I couldn't go to school. I couldn't work. Because if I cut myself, it's over.

Patrice (04:09.686)

Oh.

Jack Martin (04:23.501)

But now I've got this new drug, so I've got a life now. That's good news, all right? He's a team lead at Starbucks and he's going to school. Bad news is it's $30,000 a month is the cost of the drug a month. And I said, my jaw dropped, and he just followed that up by saying, there's a foundation though that's paying for that for me. And so I thought, God bless that foundation, but.

Patrice (04:35.221)

month?

Jack Martin (04:52.981)

we're seeing that, you know, the semiglutides, GLP-1s, weight loss and diabetes control, cancer drugs, all of that. All of that is adding to, you know, longevity. And what a lot of people don't realize is, so if I look at a 65-year-old couple, and I know that there's like a 40% chance that one of them is going to live to age 95.

Jack Martin (05:24.425)

And you start to think about that, you know, that's a little bit longer than my parents are living. And you start to think about that. And so it's not that we've got these bonus years that are tacked on at the end of life. Longevity impacts all the stages of our retirement. So I've got more go-go years to deal with. I've got more slow-go years.

I've got more no-go years to plan for. So it's not that life expectancy has gone up 2.3 years in the last 15, and so now we're going to tack that onto the end. It's a bonus that's spread across all of the stages of retirement. And I think that that, we're just starting to get our head around that as financial advisors and certainly the population in general, I don't think really has a grasp on what that all means. So...

Patrice (06:16.694)

That's a really good way to look at it too. It's not one chunk of time, it's spread over time. And people don't understand that when you reach a certain age, say you reach 65, your odds of continuing to live longer go up. So you should be aware that the longer you live, the better your odds are going to live longer. Are people afraid to plan ahead?

Jack Martin (06:23.851)

Exactly.

Jack Martin (06:33.517)

Yes they do.

Jack Martin (06:40.569)

100%.

Jack Martin (06:45.161)

So there is a lot of behavioral stuff going on there, okay? And it's interesting, there was some great research done a few years ago and they talked about how you frame that question you just asked, okay? If I ask you, when do you think you're going to die? You come up with a number, you give that to me. And then I follow that up, you know, and I say, what age do you think you're going to live to?

people give an answer that's at least six years longer. So how you frame that question makes a difference in the answer you get. And so again, as advisors, if we're trying to get folks to think about their future self and see what that looks like, getting the questions right is important. The other thing is, as a boomer, I'm starting to see this longevity thing play out.

Patrice (07:12.386)

Really?

Jack Martin (07:39.521)

My dad's 93, my mom's 90. I mean, that kind of blows the insurance industry's life expectancy number of age 68. The other thing to remember is, as a financial advisor, the clients I have are more affluent than average. They've had access to better healthcare. They've probably done a better job of taking care of themselves. And so my clients are gonna have more longevity.

Patrice (07:40.022)

My mom's 92, and she's living with me.

Jack Martin (08:08.845)

So, you know, it's a real interesting question. And the consequence of this, you know, is as you start to get your head around it, it starts to scare you a little bit. I mean, as I'm looking at my parents and my wife is looking at her parents, as we're looking at that, we're saying, wow, you know, have we done enough planning? Have we done enough planning ourselves? And so a lot of boomers are going through this. And so if you're a financial advisor,

Patrice (08:27.395)

Hmm.

Jack Martin (08:37.613)

The field has been plowed. There's a conversation that's going on. It's interesting, more research for you. The 40, almost a third, excuse me, 30%, almost a third of millionaires.

fear outliving their assets.

Patrice (08:55.822)

That's interesting.

Jack Martin (08:58.445)

I mean, normally you associate that with people that don't have very much in retirement savings, right? But even people with a million dollars have that recurring cat food diet nightmare, you know? So, you know, as a financial advisor, if you're not asking the questions, if you're not diving into that, and there's a little bit of, you know, judgment and shame associated with having that conversation, right?

If I ask you, have you thought about outliving your assets, that kind of implies that I haven't A. B, that I don't have enough to take care of that. And so I've literally seen in consumer studies looking through the glass at surveys and questionnaires and so on being done with live people. I've watched people say, no, I don't want to talk about it.

uh, just because of the shame and judgment. And so that's another lesson, I think, for financial advisors from a behavioral perspective, we really need to be super sensitive to the fact that even asking the question can be chilling to the conversation. So.

Patrice (09:57.422)

But just as the question on longevity, how long do you think you're going to live or what you live to, you can rephrase the question to take away guilt.

Jack Martin (10:06.689)

Yeah. 100%. You just need to be careful, careful about, you know, how, how you're having this conversation, uh, how you're helping people. It's really about a matching their future selves. Uh, and, and you know, that that's a whole, that that's a whole, uh, area of behavioral finance. That's, that's under study. And there are so many, so many things happening in that area. It's wild. You know, you talk about, um,

Patrice (10:19.458)

That's a great way to put it, right? Like that.

Jack Martin (10:36.993)

What are the Apple goggles? What are those? Yeah, yeah, yeah. So there's a group that is literally allowing people to put on those goggles that projects an aging process. So it's looking at me and aging me so that I can start to get more of a feeling like I need more aging.

Patrice (10:37.276)

of the VR goggles.

Patrice (11:00.172)

I'm out.

Jack Martin (11:03.189)

It's starting to get a feel so I can get that feeling of what it's like to see my future self. So it's really interesting what's happening in this arena. And so there's actually a wire house that has developed an app that people can use to do that to start to see what their future self looks like. So very interesting area. The whole.

Patrice (11:20.674)

But does that future self tell you how you feel?

Mmm.

Jack Martin (11:27.305)

Yeah, there's that. There's that. Yeah, absolutely. Absolutely. So.

Patrice (11:30.306)

Well, right, so you're talking about even people with a million dollars having cat food nightmares. But what's, uh, what is our fear of outliving assets? I mean, where does it stop? Where does it start?

Jack Martin (11:37.613)

Ha ha ha.

Jack Martin (11:46.393)

So, you know, that's another great question. And, you know, for financial advisors, there's just so much opportunity. And the future is now in that sense, okay? I know a lot of firms, wealth management firms, RIAs, investment advisors, have talked about how they struggle to grow organically. Okay? How...

You know, they've seen the rising tide of rising stock markets increase, you know, the assets that they have under management and the fees that they collect and so on. But as far as gathering new clients, attracting new clients, gathering new assets, the industry as a whole hasn't been growing like it did before. The organic growth rates have declined from something under 10%.

to something around 3% per year for the average wealth management firm these days. This is a place where you can go where the opportunity for growth is huge. It's absolutely huge. Let's talk about one segment where advisors can really tap into a huge opportunity. It's in the 401k to IRA rollover space. So this year $845 billion.

$845 billion, even by government standards, that's a big money. That's big money, right? So $845 billion will roll from 401ks into IRAs. A little over 60% of that money is advisor directed. Okay, so there's a role for advisors to play there. And the number one most requested service by those people doing the rollover is retirement income planning.

OK, so those people are starting to think about it. So here's the thing. The BlackRock in the last 10 days has done a, has announced the launch of their income paycheck plan. All right, so for their 401k customers, and keep in mind BlackRock is the largest asset manager on the planet, over a trillion dollars in assets under management. Four years ago, they said,

Jack Martin (14:04.865)

because we see the need that people have in order to get guaranteed income to make sure to deal with this cat food nightmare situation. All right. So BlackRock is delivering on their promise. They announced the first tranche of customers that they were going to put into their new annuity ETF plan for $25 billion. That's the first tranche. And there are other players.

who are rolling out similar programs, okay? So here's the moral of the story for advisors. 60% of the $845 billion is advisor directed today and the number one request is retirement income planning and the plan sponsors and the asset managers are now saying, we want a slice of that pie. So two things are gonna happen. The first is it's gonna get a little bit more competitive for advisors from a value prop perspective, but there's plenty of space, plenty of space for advisors there because what

Patrice (14:47.158)

Yeah.

Jack Martin (15:04.101)

plan sponsors and the asset managers can't do is personalize it. They can't have a relationship with that person and say, all right, well, let's sit down and figure out, you know, what the right amount of income is for you. You know, how much guaranteed income do you need? And, you know, let's take a look at your financial situation. Let's take a look at your emotional makeup, because for some people, more, they're going to need more in order to be comfortable, right?

What's interesting is, so there's plenty of opportunity there for advisors to personalize that. The competition is going to go up, but the educational level of the consumers coming out is going to go up. So they're going to have a higher level, a higher expectation for what they want from their advisors. So all of that's good stuff for financial advisors that's happening. And all of it says, hey, come on in, the water's fine.

There's a place to be and if you look at I know there's been a lot of negative conversation about annuities But hey folks, you know if the biggest asset manager on the planet says let's go It can't be all bad So there are good things that there are good ETFs and bad ETFs. That doesn't mean you don't do ETFs That means you just try and stay away from the bad stuff. There are good annuities and bad annuities you know stay away from the bad annuities, so

You know, all of that's a lot to cover in a short period of time, but that's the opportunity. Okay? Here's the benefit to the consumer of doing this. First, it helps them manage that cat food nightmare situation. The other thing is, it gives them permission to spend. Okay? So, it's not just the anxiety that consumers feel from this fear of outliving assets.

Jack Martin (16:59.957)

in their under spending their retirement. So we know now that people who are retired can constrain their spending, they can adjust. We saw that happen, you know, in vivid terms during COVID. When people thought that the financial situation was really going to hell in a hand basket, they made adjustments, they cut back. When the supply chain wasn't providing the goods and services, when, you know, that you couldn't get out to get all the things that you wanted.

people cut back their spending. They constrain their spending. We see that today with retirees. They underspend by a significant margin. And so I think Larry Fink, who's the head of BlackRock said something like, when they study their customers who have been retired, I think he said for 15 years, they still had enough money to last them.

Patrice (17:55.182)

Oh my.

Jack Martin (17:56.953)

for another 80 years. The level of underspending is insane. So, they don't want to run out of money. So, they're not. They're going to cut back, cut back, cut back until they feel comfortable. So, the upside of that is, if you come in with guaranteed income, you say, you don't have to worry about this anymore. You're not going to outlive this piece. And we're not saying put all your money into annuities. Not saying that at all. But we're saying, if you dial it in,

And there's technology now where you can literally say, okay, so when the picture is not fuzzy anymore, when the optometrist says you can see the right line of text, when you dial it into the right level, then we'll stop. When you add the right level of guaranteed income for a client, their spending actually goes up by as much as 30% because they feel comfortable. They're able to invest.

appropriately with the rest of their assets. So let's say I got a million dollar portfolio and for me the amount of income I could get from you know two hundred thousand dollars of that. Two hundred and fifty thousand dollars that's going to produce the income to take care of the rent, the utilities, my health insurance. So I'm going to be taking care of the basics. Right? The effect that has on me is just for me to say okay well

I'm going to take the other $800,000, $750, $800,000. Now I'm going to invest that right as opposed to being super conservative in my investing. I'm going to invest that as I should be investing. All right. I'm going to free up. I'm not going to worry so much about running out of money because I know I've got all this covered. So now I'm going to be able to spend more. It's what some friends of ours, Michael Finca and Tameka Toland call permission to spend. When you get that dialed into the right level,

the affluent, the not so affluent, the mass affluent consumers feel like they have permission to spend and that's such a huge relief to them. It's impactful. So I'm sorry, that's kind of a long answer to your question, right?

Patrice (20:03.338)

Are, no, it was excellent. Are more people coming to advisors now and saying, I need your help, or do advisors have to make the first step?

Jack Martin (20:24.049)

Um, it's both. It's both. Um, you know, the, in our business, there's a lot, I talked about this earlier judgment and shame, you know? Um, and, and so there are a lot of people who feel like they can't discuss their finances with an advice. There are a lot of people who feel like they're too small for an advisor to deal with them. Um, there, there are a lot of people who have had an advisor experience that didn't really work for them. There are a lot of people that have.

multiple advisors and the advisors never asked them. So there's a friend of ours who was head of private accounts at Fidelity for a couple of decades. So, I mean, he's dialed in. He's got five financial advisors. He said he had zero financial advisors ask him about what he was doing with his Social Security. He's had zero financial advisors ask him, what are you doing for longevity risk?

He's in the business, he's got the right advisors. These are blue chip firms. None of them are asking the question.

Patrice (21:26.646)

Are they assuming too much? Are they assuming their clients know what they're doing?

Jack Martin (21:36.621)

I don't think so. I don't think that's the case. You know, I think that, um, like us as we're transitioning, I think advisors are transitioning. I think the whole conversation about retirement income planning and what that means, it's, it's a whole lot different. Thinking about income than it is thinking about accumulation. You know, thinking about how, how am I going to grow your portfolio? How am I going to get you tax alpha?

How am I going to get you personalized direct index investing? Okay, so I get all of that, but there's this whole other set of concerns. Emotionally, how am I going to make the transition? How do I work through these stages? Financially, how do I take care of my kids and my parents and my income stream? From a health perspective, do I have...

You know, my ducks in a row. Do I have, you know, a long-term care insurance so that I can stay at home? Do I have, um, if I'm going to age in place and, and my wife and I are starting to do that to our, to our place, we're starting to make it, you know, a place where we can stay as long as we want. Uh, and you know, so there are architectural things to do. There are system things to do there. You know, for my parents, there's technology things we've done.

to make them comfortable so they can still stay in their place. So there's a lot that goes into it. And there's an emerging segment of advisors who are really embracing that, who are starting to coach their clients. There's one fellow I know very well. He's an attorney and also a financial advisor. And he's actually written a little book about transitioning. Here's what retirement's going to look like for you.

Think about this. So there's a whole emerging segment of advisors who are really opening their eyes, opening their minds, asking the right questions, and leaning into the technology. That's the other thing. The technology has been woefully inadequate in terms of being able to model. I mean, adding guaranteed income to a portfolio, you would think that would be simple.

Patrice (23:44.671)

Mm-hmm.

Jack Martin (24:00.033)

Not so much. There are very few places where you can go where you can you can see the effect of that Looking at longevity. I mean that there It's hard to find someplace where you can visual have visualized for you What your? Longevity is gonna look like I mean We've got some good friends and they have an app they created one of them was

was a one of the lead genetic scientists at 23andMe. Okay, so she understands genetic science and DNAs and the whole chalupa, right? So they built this app that lets you in, I think it's a handful of questions, it's four or five or six that are really determinant in terms of figuring out longevity. And so you can drill down and you can make it, you know, a 30-minute

assessment or you can do it in a couple of minutes. All right, but it essentially says here's the deal. You know, here's what you can kind of expect, you know, from a longevity perspective and they actually lay it out. So it's a beautiful, you know, timeline situation. Here's your go-go years. Here's your slow-go years. Here's your no-go years. And then when they get to the no-go years, they say, okay, so in your state, you know, here's what health care costs.

Patrice (25:22.348)

Nice.

Jack Martin (25:26.049)

You know here the kind of expenses that you need to think about from a health perspective. And then they finish it up and they say all right so here's some things you can do to add more years to this timeline. You know eat your broccoli, okay? You know go for a walk, you know, cut back on the chalupas and the and the beer, you know, so there are some really positive things that come out of that. But my point is

It's super easy technology to use. It's easy to engage with a client and have them run through the assessment and lay that out and then start to visualize it and build a plan. And I know we talked once before about this concept we have about the growth framework. Okay, so as an advisor, if you're trying to grow your business, there are four stages of the customer journey you want to look at. You want to look at the lead to prospect.

Are you converting leads into prospects? If the people are searching for your help on retirement income, can they find you? Can they find your search optimized website? Do you have something on the website that says you'll help on retirement income? Do you have a way for them to opt in? Turn prospects into meetings. So is there something valuable that you can offer them if they'll sit down and talk to you? And so this longevity planning app is perfect. Yeah, sit down. Let's get a personal assessment, figure out what your.

which your stages of retirement are gonna look like. So prospects into clients, prospects into meetings, and then meetings into clients. And so coming out of that with the assessment then to say, okay, so here's some things we need to do. I mean, there's some things you need to do from a health perspective, and there's some things we need to do from a financial perspective, and some things we need to do from an emotional perspective. And so you've really addressed the growth within that framework. This now becomes really kind of a conversion tool.

So if you lean into the technology, you know, just like you would lean into tax, just like you would lean into investment, just like you would lean into social security planning, lean into longevity planning. The technology is there and it's a great way for you to grow your business, I think would be the message we would give to advisors. So.

Patrice (27:35.338)

You know, it sounds like an exciting and growing area for an advisor to be in, really. There's no reason not to tap into it. You've got the people, for heaven's sakes. We're all here.

Jack Martin (27:53.054)

Yes, they're and it's not like they're hiding, you know, you know, it's interesting. I heard a group of advisors talking a few weeks ago and one of them had the smartest idea. She said, so we've got this.

Factory plant or headquarters. I forget what she said, you know, that's literally like across the street from our office Okay, and so they were gonna have some layoffs. Okay, that's going on. I mean Facebook laid people off Google laid people off I mean all you know all sorts of companies are laying people off But when that happens then what they did was they started a little bit of an advertising thing So you can with social media you can geofence

So I could literally go in and say, I want my ads to go there. You could put up a billboard. There are lots of things you could do in order to get some attention, get some awareness, to bring them into your website. And she said, I forget what they said. They raised something like $10 or $15 million in like three or four months from that one event, which is awesome, just awesome.

Patrice (29:02.062)

Ha ha ha.

Jack Martin (29:09.333)

I mean, but those people all had a decision to make. I mean, they were gonna move on to other jobs. These are highly skilled people. The economy is robust. There are folks that are just, I think, cleaning up their balance sheet and repositioning things. So, you know, you're absolutely right. People aren't hiding. There's an abundance and they need some help. And I can tell you that...

For advisors that embrace this concept, the friend I was telling you about that had that was at Fidelity now runs a consulting group in the retirement income space. And he said for this is actually study I think he did in conjunction with Alliance for Lifetime Income that advisors who are embracing this concept are seeing as much as a 25% increase in their business. Just by saying I'm in the retirement income planning business.

talking to their clients about retirement income planning and then making that service available on their website. So.

Patrice (30:06.038)

And think of all the minds that they ease. Everybody comes in and says, well, why didn't I do this before? And they tell their friends.

Jack Martin (30:15.769)

For sure. Exactly, exactly. It's that, we talked about this, it's that wow customer moment. You won't believe what my advisor did for me this week. Yep, yep.

Patrice (30:24.035)

Exactly. All right, Jack, how can advisors reach out to you?

Jack Martin (30:35.353)

So insuremark.net is the website. You can please like, share, subscribe to the Breakthrough Advisor podcast. My LinkedIn is, you know, Jack L. Martin. You know, feel free to follow. I post there frequently on this subject as well as on lots of other important growth situations for financial advisors, so.

Patrice (30:57.226)

Alright people, no excuse now, you know how to reach him. Do it. Thanks for being with us. Take care.

Patrice (31:06.974)

All right.

Jack Martin (31:07.685)

Awesome. Thank you, Patrice. Thank you.

Voiceover

Thank you for listening to The Breakthrough Advisor™ podcast. Click the subscribe button below to be notified when new episodes become available. The information covered and posted represents the views and opinions of the guest and does not necessarily represent the views or opinions of InsurMark. The content has been made available for informational and educational purposes only.