

OFF THEIR ROCKERS - THE SENIOR ACCOUNT

by [Steve Brown](#)

Many people today simply cannot afford to retire. The singer, Cher for example, just keeps extending her Farwell Tour - now in the 12th year. Queen Elizabeth II also must need the money, as why else would she put up with those tabloids and commoners. The cost of castles and horses are expensive, which is why, if you are a senior, a senior account package might be for you.

For starters, one common myth is that a senior account is unprofitable. Oddly, senior accounts are usually profitable at banks about 50% of the time. Like all accounts, some senior accounts exhibit low loan balances and are rate sensitive and others are not. The difference between having a profitable or unprofitable account really has to do with the demographics of your footprint and how you treat seniors, believe it or not. If you market to this group on rate, usually the accounts are unprofitable. However, if you market on service, usually the accounts are profitable due to lower than average rate sensitivity.

If you are going to have a senior account, one suggestion we have to help increase the odds of profitability and usage is a "Senior 62 Plus" account. This package should come with a debit card, online bill pay/banking, limited foreign ATM (such as 1 per month), free checks, financial counseling, discounts/free travelers checks and other travel related freebies (such as a free travel related app, tours etc.). The account could be priced at a \$9.95 or \$12.95 monthly fee (depending on what part of the country) and waived if the account maintains over a \$10,000 combined balance or if there is direct deposit of Social Security.

Note that 62 years old is the age when individuals can start claiming their social security benefits (at least for now), so this gives seniors an easy and simple method to waive monthly checking account fees. In addition, we like a companion account or interest checking that pays 10bp for balances above \$10k and 15bp for balances above \$50k. This is on par with most senior accounts in the country and provides a fair return without training your seniors to be rate sensitive. Other attributes could include discounted safe deposit boxes, e-statements or possibly a seniors banking group (that gives additional rewards or prizes if customers help the bank with outreach, customer service, as "community ambassadors" etc. Many new retirees would love the opportunity to help out.

Finally, it should also be noted that the above senior account has a fair amount of technology. For some customers this could be a challenge, as some won't text and some will. Our point here is that when it comes to bank technology, seniors are as capable as anyone to master it - but education and training are important. If you take the time to teach any customers how to use any of your technology, they will usually love it in the same percentages as the general population.

Of course, as the picture above shows, our favorite senior is Betty White at 89Ys old. Her show Off Their Rockers always has us rolling in laughter, which is like a Candid Camera with a merry band of seniors playing tricks on the younger set.

It just goes to show that when you dress seniors up in heavy metal outfits and have them play in the subway for money or try to teach high school boys how to hack their iPhones - hilarity ensues. Don't seniors deserve their own special accounts?

BANK NEWS

Earnings

Wells Fargo analysts boosted estimated earnings for several large banks. However, the increase is due to accounting gains, not business conditions.

TARP

The US Treasury auctioned off its position in TARP funds for 20 banks, receiving 90 cents on the dollar. Currently, the Treasury has made \$824mm in proceeds this year.

OCC Warnings

Slow recovery, flat rates and weak credit continue to plague the banking sector according to the OCC in its "Semiannual Risk Perspective" report. The report also warned of the dangers of bond portfolio maturity extensions.

Mortgages

The largest home lenders continue to ride the refinancing wave. The Mortgage Bankers Association refinancing index shot up to a 3-year high last month due to low rates and government assistance.

Slower CA Foreclosures

The Homeowner Bill of Rights will make the foreclosure process longer in CA. Owners are now able to seek to have foreclosure proceedings stopped or sue under certain conditions.

Wal-Mart

Future sales of pre-paid American Express cards in Wal-Mart stores is now in question according to analysts. The "bluebird" card may be pulled off the shelf due to lack of consumer demand.

Most Hated Companies

According to the American Consumer Satisfaction Index, only 1 bank ranks in the top 15 most hated companies: Bank of America. For two years now, no bank has ranked in the index's top 10 list.

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