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## Swimming Toward Opportunity

by [Steve Brown](#)

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Over the summer, the Bronx Zoo bid farewell to Gus, the beloved polar bear who gained worldwide notoriety in the mid-1990s for his obsessive swimming habits. The mystery surrounding the beloved bear's strange behavior drew widespread media attention and resulted in thousands of dollars in therapy bills, an extensive behavior modification program and changes to his living space. Eventually the repetitive swimming regiment, which Gus had been doing for as much as half the day, was replaced by more normal polar bear behavior. Gus ultimately lived to the ripe old age of 27, well beyond the life expectancy of most polar bears.

Today, people are also living longer and they are spending more time in retirement than in the past. Amassing enough money, however, to last a period of 30 or 40Ys can be a daunting task. Many people are sorely unprepared.

This reality presents a prime opportunity for community banks to talk to customers and find out where they are in this continuum to retirement and how you can help. Consider research from Cerulli Associates that finds nearly 25% of U.S. households, ages 50 to 59, are "advice opportunity" households. This means they need more financial and investment advice/help - and they are willing to pay for it. Given high customer demand for help, banks may want to consider whether your team is trained in this area to ask the right questions and what products and services you can offer to capture and retain more business.

Even if this cohort has amassed considerable retirement assets, many pre-retirees still need help. They are often confused about Social Security, healthcare, estate planning and other issues. Even if your bank cannot offer some services directly, perhaps teaming up with licensed firms can help. Banks are in a good position to provide assistance through trust departments or investment subsidiaries/joint ventures, so opportunity is there. Customers might not even know you provide these services, so don't be shy about telling them what you offer and how you can help.

One quirk in all of this retirement talk is that studies also find many pre-retirees do not even realize they need help. They may think they're on target with their retirement, their business is running fine and competition is under control. In reality, it may be they have to run their business longer just to be safe. Consider a recent report from The Society of Actuaries that sheds some light. It looked at the disconnect that exists between the expectations of pre-retirees and actual retirees. For instance, 38% of workers polled said they expect to retire at age 65 to 67, but only 11% of retirees actually retired during those years. The median age to retire was actually only 58. There are, of course, many reasons people retire earlier than expected, including health issues and other factors, but the difference is eye opening. The idea, though, is that many people likely aren't prepared.

This provides an opportunity for banks and there are many approaches you can take. Some customers need help with their business, some need a plan and others just need someone to talk to as they try to find the proper balance between saving for retirement and paying for college. Still others need help with budgeting or figuring out how to put away more money for their future retirement. Whatever the need and services you offer or alliances you have, bankers have a critical role to play as Americans age and begin swimming toward retirement.

Thanks in part to the efforts of his supporters; Gus the polar bear lived a long, happy life at the Bronx Zoo. Banks, too, need to support their customers' efforts to live financially sound lives before and during retirement.

## **BANK NEWS**

### **Way Down**

Banks still looking at mobile and tablet activity with customers should note: Gartner reports personal computer shipments fell 10% in 2013, marking the worst decline in history and hitting the lowest level in 4Ys.

### **Foreclosures**

CoreLogic reports completed foreclosures fell 29% YOY in Nov and were down 8% from Oct. Meanwhile, seriously delinquent loans fell to a new 5Y low.

### **Incomes**

The most current census data finds the average income for the wealthiest 5% of households is up 17% in the past 20Ys vs. a 5% increase for the middle 20% of households.

### **Bigger**

The Centre for Economics and Business Research projects China will surpass the U.S. in 2028 as the biggest economy - just 14 years.

### **Liquidity Regulation**

The Fed has issued a proposed rule related to Dodd Frank that would limit its emergency lending authority to extensions of credit under "unusual and exigent circumstances" that involve "programs and facilities that relieve liquidity pressures in financial markets through broad-based liquidity facilities" that do not serve to aid an individual failing financial institution. To qualify for Fed support, the facility must be designed to provide liquidity to an identifiable market or sector of the financial system; not be for the purpose of aiding a failing financial company and not be structured to remove assets from the balance sheet of a single and specific company; and not be established for the purpose of assisting a single or specific company to avoid bankruptcy, resolution under Title II of the Dodd-Frank Act, or any other federal or state insolvency.

### **Mobile**

Gartner reports that in 2013 mobile apps generated \$26B worldwide vs. \$8B in 2012. Of note, games account for 72% of the total.

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