

Seize The Day Around Retirement & Healthcare

by [Steve Brown](#)

There's a powerful scene in the 1989 movie "Dead Poets Society" where an offbeat high school English teacher introduces his students to the concept of "Carpe Diem." If you have seen the movie you know that is Latin for "seize the day." The teacher's goal is to get a group of teenage boys to think independently and not to always follow the crowd.

We bring this up because so much of what banks do these days is commoditized. In short, it is unusual to find a bank that really stands out from the pack. That doesn't mean however, that banks shouldn't seize opportunities. Carpe Diem may be in order and can offer opportunities for banks to differentiate themselves and their brand.

To illustrate our point, consider retirement planning. A good number of community banks offer retirement products, but many could probably do more to promote their financial expertise as they seek to capture and retain more customers. People are not comfortable with financial matters in many cases, so there is often a real need among customers.

As seen in numerous surveys, many Americans have no clue about how much money they'll need to fund a financially secure in their retirement. This disconnect is particularly evident when it comes to how people estimate the cost of health care after they leave the workforce. According to a 2013 study by AARP, almost 67% of respondents have never even tried to figure out how much their health care will cost them in retirement. When asked to give a rough estimate of how much money they might need, over 40% guessed that they would need less than \$100K to cover their health costs throughout retirement. Meanwhile, research from Fidelity Investments presents an even bleaker picture. Fidelity's study last year of pre-retirees (ages 55-64) found that nearly half of respondents think they will need only about \$50K to pay for their individual health care costs in retirement.

In reality, however, that figure is likely to be significantly higher. Fidelity's most recent Retiree Health Care Cost Estimate found that the average couple could expect to spend more than \$220K in health care expenses over the course of their retirement.

Clearly, more people need to understand how much money they will need for health care and how poor planning today could seriously derail their retirement. People need more information. This presents a prime opportunity for banks to get a foot in the door with customers in their 40s and 50s who could really benefit from this type of guidance. You can help these customers with better planning for their twilight years, offer them targeted savings accounts and make a meaningful difference in their financial security.

It is always a challenge to capture new clients, but you might start by letting customers know you're available to help them with their retirement and health care planning needs. Consider offering specialized savings accounts, focus your customer facing teams on solving client issues and over time you are likely to develop a more consistent fee-based revenue stream for your bank. The good news is that you'll also be helping customers fix a real problem as you drive ancillary business in the process. It all starts with trying to be a little bit different, so get out there and Carpe Diem.

BANK NEWS

CEO Age

Sander O'Neill research finds the average age of a bank CEO is 59.6Ys now.

RDC

A survey by RemoteDepositCapture.com finds 63% of U.S. financial institutions offer or plan to add remote deposit capture capabilities in the next 12 months. Meanwhile, 37% of those who already offer RDC do so for corporate clients.

Good Biz

A UPS Store survey finds 94% of people believe shopping at small businesses is important and 70% of those supporting small businesses say they do so because they believe it has a positive impact on the local community.

Biz Lending

The Fed reports 41% of all small business loans and 56% of small business borrowing are personally guaranteed.

Strange Economy

Bloomberg reports Italy will start to include drugs, prostitution and smuggling in its GDP calculations.

Video Calling

Community banks considering offering video call capability with customers should note a survey by Deloitte finds the following: 53% of respondents said immediate access to vide calls with account servicing staff at their bank would be of value, 52% said the same for accessing their personal banker and 50% indicated the same for reaching product experts at their bank.

ACH

The ABA reports a survey of NACHA Payments Conference attendees finds 70% of respondents believe real time ACH payments will be a reality in the next 1Y to 2Ys.

Mobile Banking

A survey by Deloitte finds 57% of people use smartphones "the most" in their homes and 63% of smartphone users had interacted with their bank via a mobile app.

Bad Hiring

A survey by CareerBuilder finds more than 50% of hiring managers surveyed said a bad hire had negatively impacted their business and 27% said it had cost them more than \$50,000.

Still Underwater

Zillow reports 9.7mm households still owe more than their home is worth.

Retirement

Fidelity Investments reports the median size of a 401(k) is \$24,400 as of Q1 and people 65Ys+ have \$65,300.

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