

BOOMERTIREMENT

SOLUTIONS FOR BUSINESS OWNERS

Baby boomer retirements impact everyone — including your business-owner clients

by Brian Hall



Your business-owner clients will feel the baby boomer retirement implications, even if they're not boomers themselves. Do you have a plan to help them?

Business owners must create new work arrangements to retain

baby boomer expertise — even past traditional retirement age — and adopt new benefits and compensation packages that meet the unique financial needs of their changing employee base.

“It seems like every day a client is asking our firm to help them bolster the retirement incentive options for senior management and executives,” said MDRT Immediate Past President **Philip E. Harriman, CLU, ChFC**, a 26-year MDRT member from Falmouth, Maine. “It is becoming clearer each day that MDRT members have the opportunity to lead the profession in helping the small/family business market retain boomers within their company rather than losing them to someone willing to help them better prepare for their senior years. Interestingly, we are finding the same issue in the nonprofit world, too.”

Meeting employees' financial needs

“Attracting, retaining and rewarding quality employees of all ages is more important than ever because there will be significantly fewer workers in the generation behind the baby

boomers,” Harriman said. “In particular, baby boomers, most of whom are not financially prepared for retirement, will be looking to work for employers who offer benefits and work schedules that will assist them in living their life in balance — work and leisure with financial dignity.”

Unfortunately, many common benefits plans don't cater to the unique needs of baby boomers.

“If you are a 25-year-old, you can accumulate a ton of retirement security using simplified employee pension plans, profit sharing and 401(k) plans,” said 20-year MDRT member **Stephen P. Toth, CLU, ChFC**, of Longwood,

Referrals Open the Door

So, how do MDRT members tap into this significant market opportunity?

“The best way [to prospect in the business market] is to ask for referrals,” said 34-year MDRT member and 2002 President **Marvin H. Feldman, CLU, ChFC**, of Clearwater, Florida, during his session at the 2007 MDRT Annual Meeting. Unfortunately, Feldman reports, this is a technique advisors seldom use because they are afraid to ask.

“The client's response always amazes me when I do ask for referrals because I always get them,” he said. “On the rare occasion when I do ask, I never ask who they know. I ask who they buy their materials from. Who are their suppliers? Who provides the company's IT service? If you ask these questions, you will get names. Then I ask for a letter of introduction to the referrals.”

Florida, during his session at the 2007 MDRT Annual Meeting. “But if you are 55 or older, a 401(k) plan just won’t get you where you need to go; there just isn’t enough time to put the money away.”

To help business owners meet the needs of their baby boomer employees, Toth advises combining various types and uses of carve-out qualified plans using insurance products that emphasize maximizing contributions to business owners and key employees.

“There is no right plan for any small business,” he said. “You can do everything from profit sharing with a 401(k) plan to a fully insured split-funded defined benefit plan coupled with a profit-sharing plan and 401(k).”

Finding new solutions

Randy L. Scritchfield, CFP, LUTCF, a 24-year MDRT member from Damascus, Maryland, said the most valuable role he finds himself in with small-business owners is providing both counseling and creativity.

“The counseling is often to encourage small-business owners to do the right thing and help their employees to provide for their future by establishing retirement plans,” he said. “The convenience of payroll deduction, along with the incentive of an employer match, can often make the difference in whether or not an employee saves.”

Scritchfield said the creativity often comes through how their retirement plan is designed. “Many plan designs, such as age-weighted or comparability plans, may allow significantly

higher contributions for employers when a disparity in age and/or income exists,” he said. “Such creativity in plan design often motivates

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employers that otherwise would not establish a plan. It also distinguishes me from other non-MDRT advisors they may be working with.”

Virtually endless opportunities

Toth told 2007 Annual Meeting attendees that more than 10 million U.S. businesses have fewer than 20 employees. Assuming only 10 percent of those businesses have excess earnings that exceed 25 percent of key employees’ salaries or \$45,000, the market potential for employer benefit plans exceeds 1 million.

“The market potential is enormous and is growing rapidly as more boomers become part of the sandwich generation,” Toth said. “The question is, can they afford it or some part of it? There are also plenty of people in the boomer generation who are no longer paying for their kids’ college and don’t have their parents to worry about. These folks can afford to put significant dollars away.” **RT**

AALU and MDRT Present Solutions

MDRT and AALU will co-host a live one-hour Web seminar about Boomertirement solutions for business owners. It will include live presentations, followed by a Q&A session.

DATE: May 20

TIME: 1 p.m. EST

REGISTER: www.mdrdt.org

EXPERT PANELISTS:

Philip E. Harriman, CLU, ChFC – Moderator

Brian H. Ashe

W. Luther Pierce IV, CLU

If you aren’t available during the live event — or if you’d like to see it again — please be sure to visit the Tools section in the members-only area of www.mdrdt.org, where you will find the archive that can be viewed at your convenience.

While you are visiting, be sure to check out the archived versions of all of MDRT’s popular Web seminars. From “Meet Exceed Wow! Practice Management at Its Best” to “The Nuts and Bolts of Seminar Selling” and more, these Web seminars provide great ideas for MDRT members.



Brian Hall is a managing supervisor at Gibbs & Soell, the public relations firm for MDRT. He leads the agency’s support for the Boomertirement program and its work on MDRT’s overall public relations campaign.