

## **Forum on Financial Experiences of Older Adults**

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### **Forum on Financial Experiences of Older Adults: Closing Remarks**

**JOSEPH FIRSCHEIN:** Governor Stein sort of opened us up with a few thoughts about what he called the juxtaposition between macro issues and micro and he said that while we tend to be a macro-focused organization, understanding the micro is important in seeing how macro policies affect different groups. And the example he gave was the effect low interest rates on retirees with fixed incomes and the percentage that they invest in the stock market and the point he made was that networks matter and that, you know, the challenge is how we can improve access to knowledgeable networks so that's one of the challenges for us. And I know that there was a theme throughout the day was improving networks. And then speaking of networks, we plan to continue our communication with the Federal Reserve Board members as we get insights that we could feed back to them so they could continue to understand sort of the micro impacts on some of the macro decisions they're making. In terms of Ted Fisherman's keynote, one of the things that I really thought it was nice that he started with was that it's not all dismal and depressing. Because we've sort of had this running joke as we've been reviewing the report, especially on the part of our senior leaders like oh no, you know, do I have to look at that thing one more time because it can be depressing if you're not -- if you look at it a certain way. And so Ted did remind us that, you know, what we trade off, you know, would we want to trade off long life or would we want to trade off less infectious, you know, less infectious disease so I thought that was an interesting point. And then his analogy about the -- it's not so much an on off switch but more a dimmer switch I thought was an interesting one. He made the point that financial literacy does have an impact on retirement income and I think that I noted that as a potential area for further research 'cause I really would like to understand that. And then the point about the

unemployment rate for older adults being high and then mentioning some of these technology innovations like Airbnb and like being able to rent out a room in your house; we've actually speculated about that a little bit at the Fed in terms of some of these - what we call - collaborative consumption models. Is that a potential, you know, solution? We realize it's not the single solution but is it something worth considering? And then finally the point that Ted made about immigration and the fact that a large percentage of immigrants -- or actually the parents of people who came to the United States for either education or work and - there's some unique challenges associated with social services for older folks that may not have English as their primary language. So I thought that was a good point. In terms of Panel One - the financial security, for financial stress, any kind of a security panel: Bill opened it up. Bill Emmons from the St. Louis Fed opened it up with a bunch of points that just reminded me of something that we always remind ourselves in the housing space which is that you can't make generalizations and that the term Governor Stein uses is heterogeneity. And so he - his point was that demographics matter, birth year matters, and that today's older adults may actually understate the challenge that we face, which again, not -- that's kind of scary a little bit. Generations born in the second half of the 20th Century are losing financial ground relative to previous generations so that's an interesting point that I wasn't aware of until I saw that work. The next speaker on that panel, Alayna from Leading Age, really helped me understand 'cause I'm not - again, one of the things that we talk about at the Fed is that there's these completely networks that exist and the one I come from, community development, may be a little bit different than this network which may be a little bit different from the workforce network but talking about some of these expanded models of housing whether it be cohousing, village networks, state innovations and I think the big question that was raised from me there was how are we going to pay for it. And again, are

there intersections between the network that really understands about some of these issues and the sort of traditional community development network. Andy Parker from RAND was the first introduction for me of some of these issues about cognitive ability that we were just discussing this last panel. And for me, it was helpful to hear that sort of distinction between so-called fluid abilities which is sort of problem solving versus crystallize abilities which is, you know, that tends to plateau late and middle age. And the fact that these sort of -- these two kind of balance each other a little bit. And that older adults are more vulnerable in some ways but also less in others, like the point he made about understanding sunk costs. I really appreciated Julie's perspective on the fact that talking about increased in workforce participation in the U.S. and comparing it to some of the other OECD countries and the fact that there's some consistent trends and older adults will continue to work longer. And returning to work is a challenge for older adults and talked about some of the workforce concepts that we're working on at the Fed in a whole other work stream so I know that a number of us -- like I see Todd Green, my colleague from the Atlanta Fed out there, who's been doing a lot of work on workforce. And there's some interesting questions about whether or not more should be done for older adults in terms of opportunities to basically reenter the workforce. In terms of Panel Two which was about serving older adults and sort of lessons from the field, which I'm really glad we had that practical panel because this isn't just about theory but also about practice. Lori from the ABA Commission on Aging helped, at least for me, understand some of the elder abuse components. I hadn't really appreciated that umbrella term and what was really part of it and this notion of balancing autonomy with protection and that this problem is costly, growing and unreported. I think that was a consistent theme of this last panel. And then she threw out a number that came from the Met Life Study, \$2.9 billion a year which is the first I'd heard a number on it so I think that more

could be done on understanding the losses, both to victims, as well as to states so that the point that the Secretary made about the state losses is another one. And then Bob Zdenek from NCRC really helped us understand sort of their work to try to identify age-friendly banking principles and it will be interesting to see as they go from sort of developing the principles to implementation, really how they can get, you know, institutions on board with this. And I was glad to hear that the San Francisco Fed is helping with some forums on that. Amy Ford talked a little bit about reverse mortgage counseling which is we know a huge issue, something we've tracked here at the Fed for a long time and the economic -- excuse me, the economic security initiative - this notion of an online benefits checkup which I'm actually going to go check out that free online tool 'cause I think that sounded pretty cool. And then finally, Sara Rix from AARP, again, made the point about labor force participation going up for older adults and this notion about paid time off being a very important element. And I was interested to hear about AARP's best employers list and I really thought it was interesting that the point that she made about how the employers who tend to have more older workers tend to offer more flexible options for older workers. And so generally I think -- and also the point that she made about the fact that it's not just an either/or; that policies that you might enact for older workers might actually benefit younger workers as well. And then Lynn Ross made the point about land use and ULI and actually for me, that was kind of taking it home because, again, from my background in community development and housing, I really understand some of these points about what she called compact development and the land use perspective. And the survey, you know, indication that baby boomers seem to be the most likely to want the attributes of compact development. And so for me, again, I think that I'd be interested to know how much my colleagues that are in the sort of community development housing space understand about some of that kind of work

and whether they're developing that kind of housing. And then finally, the Panel Three discussion: I'm not going to even try to recap it because it was so recent and I thought it was really pretty succinct and good. But just bringing these three perspectives: the demographic, the sort of cognitive, and then understanding sort of economic self-sufficiency was really helpful from a really distinguished panel. So really the only thing I'll conclude with is by saying that we never intended with our report and our survey to try to answer every question and we say that right up front in the survey but hopefully we answered some. But the goal is, to the extent that there's additional gaps that were either raised by the report or that were raised by today's panel, we really would like to stay in touch with you. And so in addition to posting a bunch of materials from today on our website, we hope to continue this network. Speaking of networks, so to the extent that those of you -- even the audience or on the panels are doing work, please share them - - share it with us or if you know of people that are doing work, please let us know.