EDITOR'S NOTE

Robert J. Powell, III

What does the future hold? And, more importantly, what can the financial services industry and financial professionals do now to prepare for a future where clients will be living longer and seeking not just investment advice but something that makes their lives more meaningful and fulfilling?

In this, the first issue of the *Retirement Management Journal* (*RMJ*) published under its new owner—the Investments & Wealth Institute—we feature an interview with Joseph F. Coughlin, PhD, the founder and director of the Massachusetts Institute of Technology AgeLab, a multidisciplinary research program created to understand the behavior of the fifty-plus population, the role of technology and design in their lives, and the opportunity for innovation to improve the quality of life for older adults and their families.

Coughlin, who is also the author of *The Longevity Economy: Unlocking the World's Fastest-Growing, Most Misunderstood Market*, suggests that financial advisors must acquire new knowledge and skills to better help their clients and would-be clients in the future. Among other things, the financial services industry and advisors need to start selling a compelling vision or set of visions for retirement that's different from what's sold today—golf, retirement communities, cruises.

The "single largest thing you will ever buy, for the longest period of your adult life, is likely to be a retirement," says Coughlin. "And there's no vision to it anymore. The vision that we currently have of it is so outdated."

Our hope is that by reading our interview with Professor Coughlin, you'll be inspired to revisit how you and your firm plan retirement for your clients and provide them with a vision that's not outdated. (The risk, by the way, of not doing this is that someone else will, says Coughlin.)

In keeping with the history of the *RMJ*, which was first published in spring 2011 under its then-owner, the Retirement Income Industry Association, this issue seeks to expand the body of retirement-income knowledge with academic papers that have practical application.

Thus, you'll also read two complementary papers that provide solutions to what some view as a retirement crisis in the making—the risk of longevity, or outliving assets.

In their paper, Arun Muralidhar, PhD,[1] founder of M^{cube} Investment Technologies, LLC, founder and client chief investment officer of AlphaEngine Global Investment Solutions, and author of *50 States of Gray: An Innovative Solution to the Defined Contribution Retirement Crisis*, and Adam Kobor, PhD, director of investments at New York University, argue that the assets/financial products available to investors, including those that offer legal protection to plan sponsors, may not be appropriate for the typical individual saving for retirement, and that what's needed is a new type of bond to improve retirement security. That bond, called either Bonds for Future Financial Security (BFFS) or Standard-of-Living, Forward-starting, Income-only Securities (SeLFIES) could, either individually or when used in standard portfolio choices, greatly improve retirement outcomes.

In their paper, Inmaculada Domínguez Fabián, PhD, and her co-authors propose a new pension system that would, in effect, mitigate longevity. In their two-step mixed system, when workers reach their ordinary retirement age they receive a "term annuity" generated by their previous capitalized savings to be replaced by a social security defined contribution "pure life annuity" when the so-called "grand age" is reached. It's a solution that deserves consideration, given how clients won't so much run out of money in retirement as they will run out of lifestyle.

Another paper that sounds the longevity risk alarm is that by Steven A. Sass, PhD,[2] who recently retired as a research fellow at the Center for Retirement Research at Boston College. Sass suggests that the increased dependence on financial assets introduces new sources of risk for retirees—households accumulate too little over their working years or draw down their savings too quickly in retirement, and their finances increasingly are exposed to financial market downturns. And to the extent these changes increase the financial fragility of retirees, they create new challenges that must be addressed, writes Sass. How might these challenges be addressed? With a mix of tools: annuities, best practice drawdown strategies, working longer, and downsizing and/or reverse mortgages.

Stephen J. Huxley, PhD, the chief investment strategist and founding partner of Asset Dedication, and Brent Burns, president and founding partner of Asset Dedication, provide a series of easily understood tables and graphics that should help clients realize why financial advisors must use appropriate time horizons when formulating lifetime financial plans. The authors also explore the intuitive nature of dedicated portfolios and the critical path that splits the future into safe and danger zones.

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And finally, we offer up two book reviews. First, Anna Rappaport, a consultant and chair of the Society of Actuaries Committee on Post-Retirement Needs and Risks,[3] provides her assessment of *Financial Decision Making and Retirement Security in an Aging World*, edited by Olivia S. Mitchell, P. Brett Hammond,[4] and Stephen P. Utkus.[5] The book is a collection of research papers sponsored by the Pension Research Council of the Wharton School. Unique to her book review are Rappaport's "action steps for advisors."

And Dirk Cotton, a financial advisor, publisher of the Retirement Café blog, and winner of the 2015 *RMJ* Practitioner Thought Leadership Award, provides his assessment of *Reverse Mortgages: How to Use Reverse Mortgages to Secure Your Retirement* (The Retirement Researcher's Guide Series) (2nd Edition) by Wade Pfau, PhD. In essence, Cotton writes that "no retiree should obtain a reverse mortgage, and few planners should recommend one, without reading this book."

I also want to thank all those who made the publication of this issue possible, including the members of our editorial advisory board who reviewed submissions and helped the authors and us shape the papers found here worthy of your time and attention; Mary Corbin, our managing editor without whom this publication would still be on the drawing boards; and Debbie Nochlin, Margaret Towle, and Devin Ekberg, all of whom provided guidance to Mary and me while we attempted to make sure the *RMJ* was of similar quality to the Investments & Wealth Institute *Journal of Investment Consulting*.

In closing, our plan for the *RMJ* is to publish one issue in 2019 and, depending on the quantity and quality of submissions, perhaps two issues in 2020. So, to that end, I encourage you to review the manuscript guidelines at http://investmentsandwealth.org/publications/retirement-management-journal/manuscript-guidelines and submit your paper(s) to us. And do spread the word. The *RMJ* is back in business and our aim is high.

Robert J. Powell, III
Editor-in-Chief
Retirement Management Journal

ENDNOTES

1. Arun Muralidhar is also a member of the *Journal of Investment Consulting* Editorial Advisory Board and the Investments & Wealth Institute Strategic Retirement Advisory Council.
2. Steven A. Sass is a member of the *RMJ* Editorial Advisory Board.
3. Anna Rappaport is a member of the *RMJ* Editorial Advisory Board and the Investments & Wealth Institute Strategic Retirement Advisory Council.
4. Brett Hammond is a member of the *RMJ* Editorial Advisory Board.
5. Stephen P. Utkus is a member of the *RMJ* Editorial Advisory Board.