MILKEN INSTITUTE

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IN SERVICE OF BETTER HEALTH

THE LONGEVITY EQUATION: INTEGRATING HEALTHSPAN AND WEALTHSPAN

Amy Resnick 00:09

Good afternoon, welcome to "The Longevity Equation: Integrating Healthspan and Wealthspan." So we're going to follow on some of the sessions from earlier today and take this topic in another—slightly different direction. But first of all, let me make some introductions. My name is Amy Resnick. I'm the executive editor and chief investment officer of PLANSPONSOR magazines, and we have a great panel here. I want to make sure I get everybody right, so I'm going to crib a little bit immediately to my left is Beto Casellas, executive vice president and CEO health and wellness at Synchrony. Moving down, we have Jim Harter, the chief workplace scientist at Gallup. Next to Jim, we have Dr. Kim Henderson, head of health and wellness—health and wellness education at Morgan Stanley Private Wealth. And on the far end is Surya Kolluri of the TIAA Institute. So we have a lot to talk about, so I'm going to try to get through—but one of the first things I want to remind everybody is that at some point, a QR code is going to come up on that screen. And if you want to ask a question, if you link—click on the QR code, it will take you to a place to enter your questions, and then they will magically show up in the iPad up here. So please do, because these are great people to get information from, but basically we're talking about, as Americans live longer, the challenge is no longer just adding years to one's life, but ensuring that those years are of a high quality. People have often talked about being concerned about running out of money or outliving their money. There's also now a lot of people who are concerned about outliving their health, and what that means for their quality of life as they live longer. We have—one of the things that we will be referencing is the Longevity Equation report that was released by Dawn Carpenter and the Milken Institute yesterday or Monday. It is The Longevity Equation: How Healthspan and Wealthspan Interact—interact to shape outcomes across the lifespan. So there's a lot of integration between these topics. So with that, I want to ask each of our panelists to do sort of a 90-second intro to offer their perspective on what's changing about longevity, and Beto, I'm going to ask you first.

Alberto Casellas 03:23

Thank you. Amy, great to be here with with all of you. You know, when we think about longevity and healthspan is one that we're extremely pleased that people are living longer and spending more time with their family and their loved ones. But the disparity, or the difference, between what wealthspan is to their lifespan and their healthspans is greater. And I think it's important for us to bring that forth in terms of educating individuals, consumers, patients, that this is something that will be part of what needs to be part of their DNA, as their plan for their future. And when we think about it, we speak around getting a car or saving for a car or saving for a house, but we haven't spoken enough about saving for your health, and being able to think about what needs to be done in order for me to have a healthy wealthspan—healthy healthspan and a wealthspan that is accurately aligned to those two things, And we've done kind of a lifetime of care at synchrony where we research and studied and validated, and really what we have found is that mostly consumers and patients underscore and underestimate the actual amount of things cost as health-care plans and different things kind of are different in the marketplace today than they used to be maybe 10 or 20 years ago, is one that consumers really underestimate what things cost. And so I think bringing forth this type of conversation, bringing forth education, in terms of doing all this, I think is extremely important for us to continue to drive that.

Amy Resnick 04:58

Absolutely. Jim, what's your perspective on what's changing?

Jim Harter 05:02

Thanks, Amy. I want to start with what hasn't changed, because I think it forms a foundation for what has changed and why it's so important. We found globally, as we study people all over the world in different life situations, there's five elements that lead to longevity. One of them is your career, regardless of what stage of life you're in, or your purpose if you move on to outside of the workplace. The second is your social well-being. The third is your financial well-being, directly tied to one of the topic areas here, but all of them really are tied to it. The fourth is physical well-being. And the fifth is your community well-being. Every one of those is important for—are important for employers to be thinking about, as they are trying to build workplace cultures that are both engaging and that have high well-being. Now, what's changed? There's, you know, one thing that's changed is that employees now, particularly younger employees are more detached from their employer than ever before. Therein lies an opportunity. You can think about that as a problem. It's also an opportunity. Another thing that's changed is that while at the peak of the pandemic, we had about 48 percent—close to half of people strongly agreed their employer cares about their well-being. It's dropped now down to 28 percent, so something's changed since the pandemic, and I think we can guess at what some of those things are. The third thing that's changed, and I think this is essentially important to get the solution right inside workplaces and set people up for their futures, is the role of manager has to be defined very differently than it has in the past. It can't just be an administrator. It's got to be manager as coach, not counselor, not life counselor, but as a coach that helps direct them to the right resource. I'll stop there. We'll get one more to add later.

Amy Resnick 06:48

Okay, Kim?

Kim Henderson 06:48

Thank you so much, and thanks for having me today. And I know I'm I'm sort of the odd man out. Usually, the first ice breaking question I get is, what does a doctor do in an investment bank all day? Right? Do I go from room to room, listening to people's hearts and lungs? I guess I could try that. Maybe I'll try that when I get back. But no—the reason why I'm excited about this conversation today is that at Morgan Stanley, we know to remain relevant to our clients, we need to do more, and what our clients are interested in, more than their rate of return, more than their alternative investments, they're interested in their health and well-being. That—it's their greatest asset, right? Think about it, the finances are done and dusted. It's nothing that they're thinking about from day to day. So what is the one most important thing in their life? It's their longevity, it's their health, it's the health of their family and their loved ones. And Morgan knows that, so they know it's important to show up in a different way right now, it's not all about the balance sheet. We do these studies, we look at everything that clients, that they think about. They don't leave because of the finances, because the finances are table stakes. It's the same wherever you go. It's what else can you do for me? I'm your client. What else can you offer me and the piece that they're doubling down on right now, clients want health and wellness, they want longevity, and they're expecting it, and that's what a doctor does in investment all day.

Amy Resnick 08:34

A different kind of investing. Surya?

Surya Kolluri 08:39

Amy, thank you very much. Everything that Beto said and Jim said and Kim said, resonates with me. I'd like to coin a label for us to kind of anchor on. We've all heard of the term financial literacy, and we've been talking about this for ages. How about longevity literacy? All of us in this room, if I did a poll, can fairly accurately describe the fact that the society is, as a society, we are living longer. But does the average American know that we are living longer? And so at the institute, not only do we coin this term, we did research, we asked this technical question, and as a doctor, you would appreciate that we took out infant mortality out of this statistic, and said, if you get to age 65 and you're a male or a female, how long should you expect to live? And we didn't ask the respondents to guess it. We gave them options, and the last option was, I don't know, and only 30% of the respondents got this answer correctly. Most people underestimated their life expectancy, men more than women, and a fully quarter of the folks, even though we gave options, said, "I don't know, because I've not thought about this question before." And the one thing I will add is female longevity literacy is dramatically higher than male longevity literacy, and we can have a conversation about what that is, but we also find that those with higher levels of longevity literacy, they know they're going to live longer, have better financial actions. They think about it, they save better and report better retirement outcomes. So we would like to share this point that longevity literacy is a pretty important indicator of being prepared for longevity.

Amy Resnick 10:37

All right. Well, thank you that that's a gives us a nice framework for the rest of our session. I want to go back to something that Jim said, and I think Beto said, but about work, purpose and well-being, and how those things fit together, and how they play out in the workplace and what different workplaces are doing to grow both financial literacy and lifespan literacy, to borrow Surya's term. So Jim, we'll start with you, and then Beto?

Jim Harter 11:13

Yeah, and I appreciate that. I think that's that's really key, is longevity literacy. I think that's a great word combination. Think about work as in terms of how much of our life it occupies, outside of sleep, if we're lucky, and that think of it—think about work as a foundational component of overall well-being, that it is the most foundational component of overall well-being. Even after we decide to retire, we have to decide whether we have a purpose. We have to be literate about what our purpose is going to be after that happens, if it does happen or does my work, just keep getting extended out. And the key to that—so when we see people with higher engagement in their jobs, for instance, they have substantially higher, twice the level of thriving in their overall lives, which is at risk right now. Right now we're seeing that among workers in the US, only 48 percent are thriving in their overall lives. It's the first time we've ever seen the lines cross between thriving and struggling. Thriving means that they feel positive about their lives now and into the future. So this kind of all kind of plays out in layers in my mind. So if you get the workplace right, which is driven by having great managers, you build trust, but you have to have infrastructure for that for that trust to take off. I'm going to give you one example from our organization, where we have paired together a really good credit union with a great benefits department. That's infrastructure. Who's going to use those two things in sync and trust the advice that they're given? The people that trust what's happening in the workplace and that have managers who point them in the right direction and encourage them, have team members who give examples of how they're being helped. We've found some incredible success in people, no matter what life stage, 10 years out from retirement, five years out from retirement, working with the financial literacy side in combination with the health literacy side, with those paired departments basically that work really well together. And I'll just say, even for myself, those two areas, wealth and health, are two of the most complex areas in our lives to manage. They're so nuanced. I mean, there's so much terminology involved, there's so much tax implications involved in all of it, and we have to have experts help us out. It's really some of you might be good at doing it on your own. I think it's really hard to do on your own. You got to have—you got to have partners. And no matter what life stage you're at. I'll stop there, because I know there's more comments on that.

Alberto Casellas 13:48

And I would say, you know, building on what Jim said around the manager in the workforce, I think one thing that we have found that is extremely helpful and beneficial is the orientation around flexibility that we've been able to use since the pandemic ended. We're giving choice to our employees as to how they want to manage their time, how they manage the place of work, and in most cases, not in all roles, but in majority of the cases, most people have a choice to either work from home or work from an office, and that's one that we have given to all our, almost all of our 20,000 employees, in terms of being able to do that, because we have found that they can cope with the responsibilities of being a parent or being a son, of taking care of an elder, or being able to take care of someone near their family, and being able to have the flexibility and the autonomy to be able to build on that and being able to take care of things at work, and at the same time taking care of things at home. I think also, you know, in terms of benefits, medical plans might be like the table stakes, but there are many other things that we are able to see that engages the employee in a different way, with their manager and with their place of work. So when we have wellness coaches, for example, being able to spend time and helping that particular employee over a course of six to 12 sessions, in terms of getting them in a better spot from where they have been. Whether we're offering sabbatical to vast majority of our employees, of taking time off and being able to say, because of some personal reasons, that they may have to do that. Or creating a place where people unite and come together in "connect days," and being able to do work together in a purposeful way, is ways that employees are beginning to see that. And what we have seen, whether it's a combination of flexibility, whether it's a combination of the benefits, combination of some of the things we're offering, we're seeing also the retention in terms of employees being a lot higher, a lot more stable in terms of where they are and what they're doing from a career standpoint, and also being able to increase the number of employees that are willing to apply or seek companies like ours, in terms of a Synchrony, being able to see an increase in the number of people applying for those roles because of the flexibility that we're offering. So we see an increase of about 30 percent of applicants coming into the company, which is great because we're giving the flexibility across the US of being able to do that, so instead of just hiring in Stamford, Connecticut, we're actually able to open that up to the whole US and have a greater number of people coming in.

Amy Resnick 13:54

Absolutely, yeah, Beto and then Kim.

Jim Harter 16:18

Can I add just one thing onto that? With the flexibility. I need to really mention that in our data we're seeing, it's resulted in some unintended consequences. There's been more loneliness reported for people who work fully remote. It doesn't mean that people can't do it really well. There's some that can, and they're managers who can do that really well with them, but everybody's different. There's some people that want to split work and life—called splitters. There's other people that blend work and life, we call them blenders. It's about 50/50, in the US population. So if a manager doesn't know that about the people they manage, and if they don't coordinate when people are together and make sure that in-person time happens, if it can, then you will get those unintended consequences, and we've seen it in the data.

Alberto Casellas 17:00

So yeah, that's why you have to do a very purposeful and thoughtful in being able to not lose that fact.

Amy Resnick 17:07

Kim, I wanted to ask you how your clients view this question of work and purpose and well-being, and at what stage of that do you tend to interact with them?

Jim Harter 17:09

Right.

Kim Henderson 17:18

Yeah, it's a good question, because I think there's a big misperception that when clients have a large amount of resources, you know, they're fine. There's nothing more they need, you know, go on to the next person. Nothing could be further from the truth. Our clients crave the same purpose, you know, that is very important to them. Our clients have the same health and wellness challenges, especially as it relates to their children, especially as it relates to their elders. So we've done this data, and it's super interesting, right? Even in the ultra-high-net-worth set, the adult female child, the oldest woman in that—in that sort of family unit, no matter how much she's worth, when the grandmother gets sick or someone gets sick, she is the one that is spending her time taking care of her parents. Does not matter how many zeros are in their account, and it is overwhelming. She is the one that is in the sandwich generation that's trying to take care of her kids. Are there more resources, sure, but when health is involved, when depression is involved, when people are sick, it really goes right out the window. They call for help. And it's very interesting, right? Since they're not in the workplace, per se, their surrogate is their advisor. So when something goes wrong, they're calling their advisor, saying, "My mom is sick, I need a place for her to go. My wife just got diagnosed with breast cancer. What do I do?" Like the illness and the medicine is really the great equalizer, where the resources sort of matter, but not as much as you would think. So I typically get brought in by an advisor, and I always know the kind of advisors that are going to bring me in, because they never, ever say that this is for my client. Never. They'll say this is for my friend. I've known this person for 20 years. This is for my neighbor. Our kids go to school together. Can you help this person who's basically very important in their lives? So that sense of community really does become just—it's in open court because it's a hard thing to wrap your mind around. But after five years at the firm, some of these people in this set, the ultra-high-net-worth set, are the loneliest people I have ever met in my life, because they have no community. We are their community, and we are their safety net that they reach out to for all their health and wellness concerns.

Amy Resnick 20:12

That's fascinating. We did hear this morning in another session that sometimes the money really does matter, but when the money is not the issue, then there are a lot of other issues to focus on.

Kim Henderson 20:25

Yeah, and the biggest one that I see recently is the mental health issues. It's devastating in that set.

Amy Resnick 20:33

For sure. Turning to paying for financing health and wellness. Surya, can can we talk a little bit about what financial institutions can do to integrate financial literacy with lifespan or wellness literacy, as we heard earlier?

Surya Kolluri 20:54

Yeah, happy to, you know, I was very much resonating with what Jim said in his opening remarks about the categories in in your research that you give the community, work, and what are the other things? Community work, social, financial and, physical. So the reason why it resonates with me is when we think about, how do we navigate these longer lives and help our clients navigate these longer lives and achieve longevity fitness, right? Who wants to get to age 85 get dementia and then have another 10 years? Right? How do you achieve longevity fitness? So we advise our clients on four risks they need to manage to achieve longevity fitness. And it kind of resonates Jim with you. The first one is financial risk. In other words, if you're going to live a long life, you don't want to run out of money. And so I'm going to answer Amy's question by saying, what do we propose that clients do that they don't run out of money? By the way, our longest paycheck recipient at TIAA is Professor Jerry Myers, who, two years ago, when we interviewed him, was 104 years old. So today he's 106 and he joked in the interview "Surya, I beat the odds," just because he expected to pass away. And he's a professor, so he thought life expectancy 85 I'm a male—20 years later, he's still receiving a paycheck. He beat the odds, right? And we can see in our administrative data, right? There's a wave going over 90, headed towards 100, right? So we don't want these folks running out of money.

Amy Resnick 22:29

That's the fastest growing cohort in the population.

Surya Kolluri 22:32

So risk number one. Risk number two is cognitive risk, and Kim will be able to share more about this than I can, but I served on the board of the Alzheimer's Association in New England, and I learned that the chances of getting dementia at age 85 is one in three. So you got dementia and you got a spouse giving care for the dementia person, that's two in three. This is a tsunami coming at us. And as a financial services firm, Morgan Stanley and TIAA, we are worried about elder financial fraud, right? Because the first skill to dissipate when we get dementia are financial skills. And so my dad's 89, I am petrified at the texts he gets, the emails he gets, the telephone calls he gets, about elder financial fraud. So second risk, so you worked hard all your life to build up this set of assets, and poof, it's gone because AI or some fraudster got at you. So Risk number two. Risk number three is physical falls. So we might think it's cancer, it's Alzheimer's, it's diabetes, etc., but nine out of 10 injuries are because dad slipped in the kitchen, mom tripped on the stairways, slipped in the bathroom and hit their head on the on the bathtub—nine out of 10, according to the Leonard Davis School of Gerontology at USC. So how do we physically create an environment where we don't have nine out of 10 injuries? That's the third risk, and the last risk is profound. Social isolation risk. All of us are at this conference. We're socializing. We have off-sites, we have team meetings. It's all done for us. We don't think about this. But when the door closes and we retire, what are those social structures? Because that is the number one driver of loss of cognitive reserves. So for us, when we think about cognitive fitness, Dr. Jerry Myers, who's 104, right, we want them to manage all four risks. And I can do a little more bit of a deep dive on financial, but I think I've used up my time, so I'll pass it along.

Amy Resnick 24:34

Thank you. Just one more point on financial. When we were prepping for this session, Kim, you said something that really resonated, that retirement is the most expensive thing any of us are buying in our lives.

Kim Henderson 24:49

That's exactly right.

Amy Resnick 24:50

which is not something I think most people, if you ask people, just generally, they'd say, my home, college education.

Kim Henderson 24:55

Yeah, no, I push back on that all the time, you know, for myself, right? I. I went to medical school. I went residency. I think now to go to medical school is like $100,000 a year, which just seems, you know, like all the money in the world. I think when I graduated from Georgetown, it was $16,000 a year. So you know how long ago that was. But think about all the effort that you put into your career, right? You take all of these tests, and you want a GPA of whatever, and you take the MCATs, you go to school, you do all of this work, this really hard work, to become that doctor or lawyer or business person, and you just you work and work and work and work. And then you get to your retirement, and what kind of planning do you do for that? Like, what school do you go to for your retirement? Right? What—what certifying exam, you know, certifies you as you are ready for your retirement, right? There just, it isn't one. It just doesn't exist. So you get to this incredible part of your life that can go on for 100 years, apparently, or 106 they say that, what 50 percent of five year olds born today are gonna live past 100, so you get to this huge chunk of your life like the third act, if you believe, believe in that, and there's no preparation, and there's, you know, there's no certifications for that. There's none of that. And I'm a firm believer of the fact that people who fail to plan, plan to fail, right? Anything that you want to do well, your work, going on vacation, making dinner tonight, you have a plan. People walk into retirement with no plan, no education. So Morgan Stanley has a relationship with Dr. Joseph Coughlin from the MIT Age Lab, and he spends his days like putting people in these Big Agnes suits, where you know, you can't really see that very well and your your arms are weighted and you can't move around. There's your planning for your retirement, right? How are you going to get past that? Sometimes people are anchored on things like, I bought this home 50 years ago. I'm going to stay in this home and die in this home. Yeah, you're probably going to fall and die in this home, right? It's not suited for you now. So as as we think of this holistically, it's not enough to have the money. It's not enough to have a financial advisor. You need to have someone who specializes in what home is safe for you. How are you going to get around when you're 90, 100 years old and you're not driving anymore? How do you get transportation? Who's going to go out to lunch with you? Like these are the things plan for your retirement, just like you planned when you were an undergraduate.

Amy Resnick 27:43

Jim and then Beto.

Jim Harter 27:48

You know, the thing I was talking about earlier with credit union benefits departments, kind of mixing together—some really smart people I know put together an actual curriculum for just that. It's curriculum for retirement and what—how you think through all of those things, including what your purpose is and—not falls, though. By the way, everything you guys have just mentioned, I've experienced with family members, so I think probably a lot of us have, but I think we can, we can scale that. We can scale curriculum that hits all five of those elements and does it in a way that's strengths based and what I mean by that, that's individualized to the person. One person might save money because they're competitive, and they want to have a lot of money, and I think curriculum has to help them keep churning and making more money—more compound interest after they retire. Of course, there's curriculum about that, but there's another person might be saving money because they want to, you know, they're—they're strong, a developer, and they want to, they want to give to other people. And neither of those are wrong answers. It's based on who they are as an individual, right? So I think curriculum can be designed. It isn't at scale yet, but it could be, I think, that's very strengths based and individual focused, that actually works into the future. I think that's the optimistic side of me thinking about what we can do.

Alberto Casellas 29:04

Yeah, I was just gonna add that I think, I think not too many years ago, retirement was just one narrative or one specific way that did not include health and wellness. And so that's clearly showing off Kim and Jim in terms of how we see it and how we how we speak to consumers and patients alike. They're speaking a lot more about, hey, I have concerns about this. I have concern about where I'm going to live. I have concerns who's going to take care of me. I have concerns about how much things are going to cost, and I need to have different ways to being able to pay for this, which I think is something that was not included in terms of when people spoke about their retirement, they thought about, okay, my first 10 years of retirement is travel, and my second 20 is kind of sitting down somewhere and reading a book, and then the last 10 is going to be somewhere. So I mean, but that has things have changed since people kind of have the ambition of being able to have a health plan. And the wealth plan that is aligned

Amy Resnick 30:02

And for all of the panelists, but specifically those of you in financial services, what role do things like credit, insurance, lifetime income play in making all of these decisions and and having some sense of planning and security.

Surya Kolluri 30:22

Yeah, thank you for coming back around to the financial planning question. You know Professor Bill Sharpe is at Stanford University, and Amy knows what I'm about to say, and he's of the Sharpe ratio. He won a Nobel Prize in the 70s, and he says the retirement problem, in terms of solving the equation, is the hardest problem he's confronted, and this is from a Nobel laureate economist. So it's very difficult to kind of predict and map out what our spending levels are going to be in retirement, what our health care costs are going to be, what our elder caregiving costs are going to be as an informal caregiver, financial caregiving. So this is kind of difficult to model, so yet we have to come up with a structure that helps us navigate this. So what we propose at TIAA is kind of a three layer model, and my colleague Betty loves to say this. Floor would be social security. It's uncomfortable to sleep on it, but it does the floor. So you need a mattress, right? So you have to find a way to pay yourself a paycheck, which is the lifetime income that Amy is referring to. Now the thickness of the mattress depends on how much you put away, but you still need a mattress, right? But if the sum of Social Security and the mattress, the income you're paying yourself can pay your monthly bills, you're kind of set, because then you're not anxious about the ups and downs of the market. And what we find is in our research, if you don't have that, and my dad is an example. You become a reluctant spender. You say, "Oh, I don't want to spend money. The market's going down. I don't know if the money is going to last." But if you had a paycheck, you do not become a reluctant spender. So psychologically, it's very important to pay yourself. So you need a floor, then you need a mattress, and now you finally need a roof. And the roof would be the rest of the money you put in the market. But if you give yourself that paycheck. Now, all of a sudden, you're freed of anxiety, and you can say, well, let me allocate this money properly and take advantage of the growth of the market, which is, you know, if you think about 30 years of S&P is about 7 percent which means you double your money every 10 years. Why would you give up that growth. So, so my dad, who's 89 gets a he's a retired professor from Johns Hopkins. So he gets a Social Security check, he gets a TIAA paycheck, and he doesn't worry about the market. So, so we have a TIAA, the solution, called Retire Plus that we provide teachers, and we have an equivalent called SIA, that we provide to corporate America, and we so strongly believe in this that we have proposed on Capitol Hill, similar to the patient bill of rights, that we would all be familiar with the Milken health conference, a retirement bill of rights, because we want all Americans to have this level of financial security.

Amy Resnick 33:26

I think you—a lot of the comments already have touched on this, but in the retirement plan world, there was—there's been a lot of research done around behavioral finance and nudges to get people to save and to in some cases, using auto features to enroll them in the plan and to get their to raise their contributions annually. But I've heard a lot of people say that that works because saving on some level is all with the same goal, which is to accumulate, but that decumulation is unique to every individual, because of their community, because of their family, because of their desire to leave a legacy—

Surya Kolluri 34:10

—and their health

Amy Resnick 34:11

—and their health, absolutely. So are there tools that can help people coming out of this sort of one size fits all model to get you to the financial side of retirement, are there tools that can be used, or research that you've done that points to how to figure out which, you know, where to put the mattress.

Surya Kolluri 34:40

And what should the mattress be.

Kim Henderson 34:43

And what should the mattress be composed of? It's not necessarily just having the money, like, what are you going to do?

Surya Kolluri 34:50

Do with it? What's the purpose?

Kim Henderson 34:51

Part of the conversations we have a lot with our clients at Morgan really has to do with that legacy piece that you brought up, Amy. And the question that comes up so often, are you going to give with a warm hand? Are you going to give with a cold hand? Right? How is this legacy going to look? Is it something that you're going to start where you're still among the people who are going to receive the legacy, and you'll be able to see what they do with this, and you know how it plays out? Or are you really intent on passing it on in the, you know, in the in the classic sense, and those funds that will move to the next generation will be unbeknownst to you? And that comes out a lot of consternation with with these people. So I'd say that that piece in particular, that purpose, that what happens next, what legacy, what is my, my family, going to look like, is, is a lot of the work.

Surya Kolluri 35:54

Amy, can I add just one more thought to this, something that I'm personally petrified about, which is, when we give care and Beto and I were in a roundtable where I was making this point Beto. Which is, in addition to caregiving, which we think of as medical and companionship and so on, there are financial aspects to caregiving, and we should not automatically think, oh, I'm paying money out of my pocket, which can be the case, but we're also doing financial coordination, right? So we are maybe filing taxes for our parents, maybe we're filing claims, maybe we're paying bills, maybe we're going out and buying some groceries. Those are financial coordination things you could also be managing investments. And what we find is half the people who do this, well, 90 percent of caregivers are financial caregivers, but half the people who do this do not have the paperwork, do not have a power of attorney. That is a recipe for disaster, right? Think of sibling issues, and who asked you to do this with the investments of mom and dad? Right? So of all the things, the most boring thing I can say is paperwork needs to be in place for us to kind of manage our longer financial lives, for ourselves and our parents.

Alberto Casellas 37:09

I was going to say we can. We can also raise the awareness when you were talking about accumulation and getting to that point, and then getting to the point that now you need to spend it, we have created something in the fair, and— Fair Financing Principles at Synchrony. And it's something that we set up to do like that industry, and—industry standard for how to behave, how to operate, and guide consumers and patients alike, in terms of learning about these. Because I think even if you reach at that point, you still need options on being able to pay for care, and you need the flexibility of being able to say, I'm going to be able to pay for out-of-pocket expenses, but I need to have flexibility in terms of being able to do that. So sometimes you have an HSA, sometimes you have an FSA, sometimes you have savings in your account, but sometimes you may need to borrow money and pay it over time, whether it's six months, 12 months, 18 months, or 24 months, and having that opportunity to being able to transparently disclose these, being able to have the ecosystem be part of the solution in terms of providers alike, financial companies alike, being able to work together to offer these to patients so that they can say yes to the procedure that the doctor is recommending without saying no and foregoing being able to be treated. Because in many cases, or in many of the cases that we ask our consumers, when they say, "Hey, I was able to borrow money for doing this, just like I was able to borrow money for a car or being able to borrow money for buying clothing. I was able to borrow money to take care of my health, and if I didn't have that option, I would—I would delay my care for six months or for another year," which usually then creates a different problem, because you're delaying the care that you were looking for. So just working together and being able to offer all different types of options for consumer having the guidance and principles on what those mean and how those are operated. I think it's important as we continue to see this going forward.

Amy Resnick 39:11

Absolutely. I think this statistic I saw for 2025 is that an individual age 65 and up can expect to spend $172,500 on health care in retirement. So if that's a couple, you know, you're well over $300,000. That may be more than you have saved in your entire retirement plan. So then the mattress starts to look a little lumpy.

Kim Henderson 39:38

That seems, a little low.

Amy Resnick 39:41

Yeah, it may be.

Alberto Casellas 39:43

It's still a lot of money. And I think, I think what we have found is, through our, through our research and studies, is like people way underestimate that number, if you ask in general, it will be much lower than their 172,000 that you quote.

Amy Resnick 39:59

Right, and—and there are other estimates, and you know, people can disagree, but it's a lot of money, however you slice it.

Jim Harter 40:05

Amy, you kind of alluded to opting in and behavioral economics, I think, in your earlier question, and certainly that there's evidence that it works. If you opt people into things that are in their best interest, but you have to balance that in with giving them a choice and listening to their situation, right? So the 401K example of opting people into the right choice there, they've got to opt out. There's other examples like that, I think financially, that have worked effectively, probably in the health-care space as well. I don't really have concrete examples of that, but, but, you know, I think that there are behavioral economic principles that can be applied in this space.

Amy Resnick 40:49

Oh, I'm sure there are, absolutely. I just want to remind the audience, we have a few questions. I obviously have more questions, but we want to get your questions answered. So please, if you have them, submit them through the app, and I will get to those shortly. I want to give a quick question to the, and—to the whole panel, going to the behavioral side of things, but less financial. How can we build systems for inclusive longevity to address some of the loneliness issues, to address some of the societal implications for people being, you know, alone and isolated. Jim, I know I'm going to put you on the spot, but you have something called a happiness index. Is that a happiness score.

Jim Harter 41:46

Our well-being index, which includes those five elements that I listed earlier, is, and there's, of course, a World Happiness Report that we kind of co-published with Oxford and some others. But I think your question was, how do you build up an inclusive environment?

Amy Resnick 42:06

Right.

Jim Harter 42:06

I think, I think that's where the workplace can be such a huge conduit, because managers are really the ones that are in position to really get to know each person's situation, to get to know how they function best in that work-life continuum that everybody now, especially younger people, are more and more aware of its importance in their life than ever before. We used to kind of, you know earlier we'd separate work and life, but to build an inclusive environment, you got to know each person's strengths, and only only managers are close enough to people to know those kinds of things and to know their their current situation, not that they have to know everything about their life, but they can have the opportunity to listen to their situation and adjust their work so that it it works for them. So I think it can really only happen if we, if we move managers into a different kind of framework, upskill them so that they do more coaching than administration. Still, we still have to do the administrative things, but they spend a lot of their time doing three things, helping people understand how to how to keep refining their goals so they're meaningful to them and the organization. So they feel like they're doing work that really matters and that can be very individualized to that they have ongoing conversations with each person at least once a week where they sit down and listen to them recognize them for their work. These are basics that just get overlooked. You know, about 10 percent of people are even asked how they like to be recognized. Think about that. So just listening to people and asking them questions about—about how they do their work best. And then the third area that's really important is accountability, so that people know how their work matters to the rest of the organization. And when managers build environments like that, they build more energy. This is an appeal for leadership. They build more lead—more energy, which then helps them make better choices, smarter choices for their future, and also serves their customers and the organization. People with higher well-being do a better job. They're more productive. That's—there's meta-analyses on this. They serve customers more functionally for the organization. They do what's right for the organization. So this, this is a benefit to organizational leadership. We're talking a lot about how we benefit the individual, which is really important, but it goes both ways.

Kim Henderson 44:29

It's good business, it's good—it's good business. And you know what I hear you saying, we have a sort of a colloquialism at the firm, that the manager is the magic, and I'm very big believer of that. But what you're saying, to distill it down to its kernel, is communication, right? You have to communicate. You cannot fix anything you can't talk about. You cannot fix anything you can't talk about. It doesn't matter what the situation is. And there's always been things that, oh, you can't mention that at work. You can't talk about that here, this is an inappropriate conversation. You cannot fix anything you can't talk about, and it really is the conversation and the communication that makes the difference between something that's going to be successful and just something that's never going to get any better.

Jim Harter 44:27

Well, said.

Amy Resnick 45:19

Absolutely. I'm going to turn over to audience questions at this point, and the first one really goes to a lot of the other things that are being discussed at this conference. But how have novel treatments, medical treatments, health-care treatments and other changes that are improving healthspan challenged existing actuarial assumptions for insurance products, and what changes do you see coming as a result?

Surya Kolluri 45:50

Yeah, I think you know, as you can imagine, like the firm, like ours, has a lot of actuaries, because we do pricing of products based on longevity, and this whole conversation about longevity and how the curves are moving is a very deep and technical conversation that we have pretty much every day. One of the things that we learned is averages can be quite deceiving, and there's also a lot of misunderstanding of what life expectancy is. So in our survey, people expect to pass away at their life expectancy number when it's actually a normal distribution, right? And so how do you price these products? So when we got data from the CDC and you pressed on that average, all of a sudden the number explodes into very different numbers. If you think about females and males, if you do it by race and by ethnicity. And a going in assumption, for me was maybe education and affluence drive longevity, right? On average, it does. But if you break it down, and if you look at maybe Hispanic Latino population, if you look at Asian American population, it defies the hypothesis that's right. So there's a lot more going on with longevity. So when you think about pricing, you want to be really thoughtful about what those underlying drivers are, and that's what we're thinking about.

Amy Resnick 47:12

We also heard this morning that zip code—

Kim Henderson 47:14

Zip code, that's right.

Amy Resnick 47:16

Had a tremendous implication, almost 20 years difference someone was saying. So even in seven exits down the—

Kim Henderson 47:23

Yeah, yeah. I mean, because I live in New York City, and the difference in New York City is small, right? Like, in the geogrand sense of things, small, but it's, it's like a tale of two cities in New York, right? Based upon your zip code. You can be in New York City and in a health-care desert, which doesn't make any sense, because the hospitals are stacked on top of each other, but they're all stacked on top of each other in the same part in New York City. So it just, it just doesn't make any sense.

Amy Resnick 47:59

Yeah. No, that—the issue of access, the issue of food deserts, the issue of physical activity and being able to be outdoors, a lot is place related, and I think that's a huge part. And if anybody has any thoughts about how to bridge the gap so that longevity is something that is available to people, regardless of zip code or income.

Surya Kolluri 45:10

There was a great faith and hope, and I'm sure Kim will have a kind of informed perspective on this. During the pandemic, the uptake on telemedicine was pretty high, right? And you thought, man, just like Zoom, telemedicine is going to change how people are going to kind of interact with their physicians, but I was at a health economist roundtable, and we are perplexed why it just tailed off again, right? And I'm sure we can have an informed conversation about it. But if that catches you, can imagine that with advances in artificial intelligence, you can try and bridge the gap, but we need interventions like that. I believe.

Kim Henderson 49:10

I think you're right. I mean, the thing with telemedicine, especially during COVID, you know, it was only game in town, so you had to use so that you had to use it. But when we looked in this is when I was still in practice, when we looked into the data about who was using the telemedicine, it was almost the same cohort of patients over and over, using the data—like, it wasn't my 89-year-old mom, you know, using and being very adept with telemedicine, and doing it on her phone and all that. It was the—it was the 20- and 30-somethings that were using it. So if you just think of them as a patient population, like they're usually not as sick as my 89-year-old mom. So yeah, their numbers were great. They would have been great if they didn't do anything at all.

Surya Kolluri 49:55

Exactly.

Amy Resnick 49:59

We have a couple more questions from the audience, and this one is a little bit different than what we've been talking about. But where do our panelists see the role of pets in the longevity equation, and how can it play a larger role? I guess it speaks to that isolation that we were speaking of.

Alberto Casellas 50:23

Look we have seen. Do you think the proliferation of pets being at their homes, especially the last five years with the pandemic. We are part of our business in Synchrony that really provides patient financing or pet financing for taking care of their loved ones and is a member of the family, is what we have seen. And being able to give veterinarians the choice to their pet parents, or being able to care for their little ones or for their four legged ones, is extremely important for the benefit of that individual in their home. And we know we did similar study of lifetime of care. We did a lifetime of care on pet and again, most people underestimate that it's going to cost them between $20,000 and $56,000 to care for their four legged animal. And so being able to plan for that in advance provides a certain stability for that individual as a pet parent, to know in advance that there are going to be breakdowns. There are going to be things that happen that I need to plan for, and I need to understand how is that going to display and if they do that, they're going to have a much better, healthier, more stable, more grounded life with their pet.

Surya Kolluri 51:38

An interesting research question could be, and I'm half chuckling, maybe, you know, Gallup or TIAA could think about this. We have studied about effects of longevity and all kinds of things, zip codes, affluence, education, but I have not put the variable of deal, whether—

Alberto Casellas 51:53

—if you own a pet or not. No, it could be. It could be one—

Jim Harter 51:56

It's interesting. We're developing this well-being research. And Danny Kahneman was working with us on it, and he brought that up. Actually, I wish I would have put in there, but I'd put in under social well-being, for sure.

Surya Kolluri 52:07

I think we get I think we should, so we'll come back and report on that.

Alberto Casellas 52:12

Yeah, a little bit on the loneliness question we had earlier, too. I mean, we've seen many of our patients and customers have that, because that's part of their solution of being able to care for.

Amy Resnick 52:23

I also know that there are shelters and pet adoption agencies that will not adopt a pet out to an elderly home because they're afraid of how long that relationship will last or how long that home will be intact.

Kim Henderson 52:37

So it's funny that you mentioned that. So back to the MIT Age Lab with Dr. Joseph Coughlin in very MIT fashion. So they've created, sort of like robot pets, and very interesting. I only saw the first version that looked like a very odd white seal or something, but it's heavy. It blinks and moves around and sort of coos. But they've used it so it's they have a panel of elders that, you know, they show all their new gizmos and everything too, and they've been refining it, and because it was too big, and they've made it small so people can carry it around. But this is something they're working really hard on, because pets can be a lot of work, so they're trying to make it so that you get the benefit of having this pet, but you don't have to get up at three o'clock in the morning and, you know, walking around the block. So it'll be fun to see what they do.

Jim Harter 53:32

Do they have fur on them?

Kim Henderson 53:34

They're white, and they have like, little flippers, and they move, and they blink and smile.

Jim Harter 53:39

And you don't have to take them outside—

Kim Henderson 53:41

Nope.

Amy Resnick 53:41

Can only—what AI is going to do to those creatures, I guess you'd called them, and then you don't have to get them insurance, but you might need a warranty.

Kim Henderson 53:51

I'll talk to Joe.

Amy Resnick 53:56

Absolutely. So we have just a couple of minutes left, and I wanted to just get to kind of a lightning round. What can be done to do to close some of the gaps that we've been talking about, the financial wellness gap, the loneliness gap. What can we do to close the gap between what people need and what our current systems are delivering. And I'm going to start with Beto and run down the line.

Alberto Casellas 54:27

You know, I go back to two main things. I think education number one in being able to be transparent, anticipate breakdowns that are going to happen, plan for the future, and bringing that sense of urgency now to either younger generations or generations that are about to hit retirement age. And then I think number two, giving choice and providing as much as you can the flexibility of different options that consumers and patients can make their choice of saying, How am I going to care my health and wellness? Where are my concerns, and how I'm going to take care of those? I need to have alternatives on how I can make this real in my life, rather than to delay care or not get the care at all.

Jim Harter 55:11

I'd say, and very similarly, an infrastructure inside organizations that goes back to some of the you know, the tools through options organizations have available for individual employees being creative about that infrastructure so people know what's available, really good education through mentorship. I don't think it happens as well through email as it does through really good experts internally in an organization who can help and teach you, given your situation. And then the third thing is we got to build more high trust cultures where people really do trust leadership, and that flows through managers. Again, I know I keep saying that, but it really does flow through the relationship that individual employees have with their manager. But people—policies can only go so far inside organizations, and they don't go very far, we've seen in our research, unless there's a high trust culture where people know that the organization is looking out for their best interest.

Kim Henderson 56:07

I agree with that. I think that education is really the secret sauce, and I'm not talking about the education that we sort of give out at the firm or different things like that. I think we have to start much earlier, like when the kids are learning their ABCs and one, two, threes, they should be learning about the importance of finance, about the importance of it makes a difference of what you eat during lunch. It makes an importance like that you're running around outside, like good habits and bad habits start really early, right? By the time you're talking to kids about this in college, it's too late. It's all gone. It needs to back up all the way to that first grade level. So it's something they're used to talking about, and they understand that it's important, and they'll come home and talk to mom and dad about it like that's where you can really make the impact, because they'll carry your water if you start early enough.

Surya Kolluri 57:12

Thank you. Kim, an idea I'd like to propose, I'll call the unit of health. So in the wealth world, we have a unit of wealth which is $1 or a euro or a pound. But why in the world, in the health world, we have 10,000 steps, we have BMI, we have blood pressure, we have visceral fat, put a compass on your belly, and all these things, right? And as a lay person, I don't understand what all that means.

Kim Henderson 57:38

We don't understand what it means.

Surya Kolluri 57:40

So why can't we have a unit of health that's a counterpart to the unit of wealth? And we propose that could be one day added to your life, right? If I said that to a lay person, saying, You do all these things, we add a day, I got it right. It's not 10,000 steps. It's not BMI. Now in the health literature, there's all kinds of statistics and studies that show, if you smoke less, you live longer. If you sleep well, you live longer. If you eat better, you'll live longer, but they're all disparate studies. So as a researcher, I'm like, can I put all those data sets together, run a regression equation and say which is the largest coefficient, smoking, which is the second largest coefficient, sleeping, and run me an app that says, Surya, you are very good this week. I give you a day, right? And if you had that, all of a sudden, I'm really incented much more than eat better 10,000 steps. So we propose a unit effect

Kim Henderson 58:41

That's like a gamification

Amy Resnick 58:44

Well, and that's a really excellent place for us to end, because we started with the long—longevity equation. And so as much as the research that Milken has published is slightly different than that, I think that fits in perfectly, so I hope you'll all join me in thanking the panel. [Applause.]

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