

# DECISION POINT

financial tools when you need them most



Early Concept Document

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## Decision Point Executive Summary

*“I feel like I’m in the middle of a sandwich” Charlotte exclaimed, running a nervous hand through her graying dark hair and shaking her head. “On one side I have my parents telling me what to do, expecting me to call every day, depending on me to do things for them they can’t do themselves, like shop and drive them to the doctor.*

*They make me feel guilty because I’m never as good to them as they would like me to be. On the other side, I have my teenage kids, who have become a bigger burden every year. They take up so much of my time, thoughts, and money. Even my 20-year-old. He still costs us quite a lot because he’s going to college. He uses my car and leaves me stuck in the house. He and his younger brothers all expect me to keep the refrigerator full of their favorite foods and then seem to think I’ll always clean their rooms and do their laundry...” (Family Caregivers Online)*

Every year more and more Americans join the “Sandwich Generation,” those adults caring for both their children at home and their aging parents.

"Caregiving in the U.S.," a survey conducted for the National Alliance for Caregiving and AARP and funded by MetLife Foundation, estimates there are 44.4 million caregivers who provide unpaid care to another adult. Almost 6 in 10 (59%) of these caregivers either work or have worked while providing care. And 62% have had to make some adjustments to their work life, from reporting late for work to giving up work entirely." (AARP)

With more than 44 million adults now in this situation there is clearly an opportunity for credit unions to help their members, as well as gain additional deposits and member loyalty.

**Decision Point** is a service credit unions can offer to help their members who are dealing with the burden of caring for aging parents or loved ones; or, in the case of parents, to prepare their affairs in a way that spares their children of this burden.

Often one of the most difficult parts of helping a parent or loved one is helping them manage their finances at various stages of the aging process. This assistance could range from planning and taxes, all the way through taking complete control of their finances.

## **The Decision Point Process**

Every person's situation is unique regarding their involvement in the care of parents or loved ones. Some people are in a proactive mode, where only financial planning and advice is needed by their parent or loved one. Others are at a point where they need to take a more active role in day-to-day management of finances. And there are those who are entirely managing the financial matters for their parent or loved one.

Our process works through a structured interview process to determine where the member's parent or loved one is in the Stages of Financial Need spectrum. This spectrum assists in building a financial management action plan. Once that plan is created, any number of the following products and services might be a part of the recommendations made including:

### ***Core Products / Services:***

- Tailored Money market checking account
- Certificate of deposit "laddering"
- Home equity loan

### ***Optional Products / Services:***

- Partnership with third party money
- Reverse mortgage
- Ongoing credit report monitoring
- Ability Loans
- Investment Services
- Tax, legal and estate planning services

## **Scope**

The vision of Decision Point is to help the caregivers of aging loved ones with financial solutions throughout the aging process from the "Planning" stage to the "Crisis" stage. To date the testing and development of Decision Point has been focused on the earlier "Planning" stage. Further development work needs to be done to help define how to assess the needs of loved ones as stages progress and how to operationalize assistance in later stages.



## **Benefits**

Decision Point is a unique and proactive approach for assisting members with aging parents or loved ones. There are a number of benefits for both members and the credit union:

### **Member Benefits:**

1. Provides expertise during a time where many emotional decisions may be being made about caring for a parent or loved one
2. Focus on protecting the assets of the aging parent or loved one
3. Eases day-to-day management of finances
4. Provides relief and support to family members in care giving roles

### **Credit Union Benefits:**

1. Provides a long term retention tool as credit unions face a graying member population
2. Meets a significant member need
2. Protects existing deposits in the credit union and attracts new ones
3. Builds goodwill with existing members
4. Positive financial contribution

The most significant operational issue involved with Decision Point is providing training to employees with strong cognitive and people skills and the ability to handle extremely emotional situations in a professional manner with members. This process cannot likely be handled by an average employee, but requires specific training and expertise. The one-on-one interview is structured in a way to provide for maximum value without requiring a certified financial planner.

## **The Need is Real**

The need for credit unions to retain deposits is real. The average age nationally of credit union members is 47. In a sample of credit unions 64 percent of deposits were held by members age 60 and over. Ninety-three percent of deposits were held by members 40 and over. Without any steps in place, these dollars may be at risk as aging members relinquish control to their loved ones. Strategies to retain those funds are critical. Decision Point is one retention strategy that can assist in retaining these deposits of aging members.

## Background

As the population of the United States ages, a unique demographic problem is arising – that of the “Sandwich Generation.” Typically between ages of 44 and 55, they have aging parents or in-laws as well as children under 21. With the burden of caring for both their parents and children, this generation faces unique financial issues.

### **Sandwich Generation Profile (Family Caregivers Online):**

- 44% of Americans between the ages of 45 and 55 have both aging parents or in-laws as well as children under 21
- 59%-75% of family or informal caregivers are women.
- The average caregiver is age 46, female, married and working outside the home earning an annual income of \$35,000.
- 64% of caregivers are employed full-time or part-time.
- More than 14 million US workers care for aging family members.
- Fastest growing population group is older Americans.
- Most rapid population growth is among people 85+ with the majority being females.
- An estimated 7 to 10 million adult children are caring for their parents from a long distance.
- Nearly two-thirds of Americans under age 60 think they will have elder care responsibilities in the next ten years.

Often the timing of managing the care of a parent or loved one is not planned. It can be triggered by an illness or fall. It can be as simple as realizing that a parent or loved one is no longer successfully managing day-to-day tasks such as grocery shopping or paying bills. Usually many decisions are needed in a short period of time with emotions running predictably high.

During this time, a child or guardian could need to manage health needs, new housing or in-home care, transportation issues as well as financial matters. In these situations, the financial matters are usually handled through the lens of an emotional event. There is usually little information about what to do with “Mom or Dad’s accounts” and how to set these up in a way that can be managed either from the same town or often from many miles away.

Traditionally financial institutions have not done a very good job of meeting this need. Decision Point addresses this concern with solutions loved ones can use.

## What is Decision Point?

**Decision Point** is a service credit unions can offer to help their members who are dealing with the burden of caring for aging parents or loved ones. Often one of the most difficult parts of helping a parent or loved one is helping them manage their finances at various stages of the aging process. This could involve helping with planning and taxes, all the way through taking complete control of their finances.

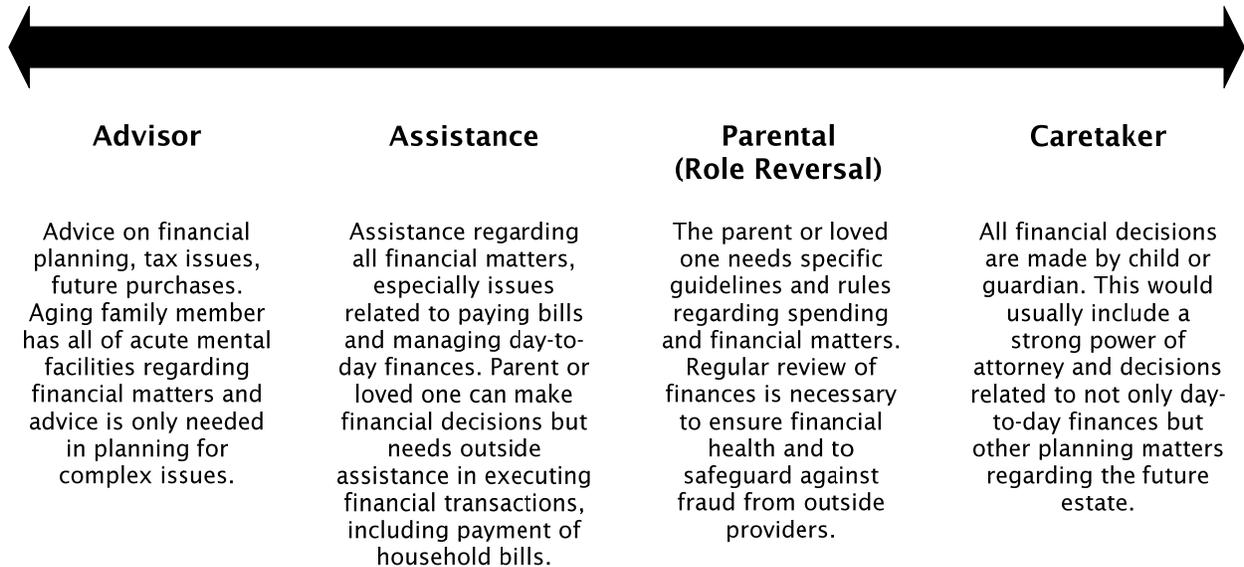
### The Decision Point Process

Every person's situation is unique regarding their involvement in the care of parents or loved ones. Some people are in a proactive mode, where only financial planning and advice is needed by their parent or loved one. Others are at a point where they need to take a more active role in day-to-day management of finances. And there are those who are entirely managing the financial matters for their parent or loved one.

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## Decision Point – Stages of Financial Needs

*Role of child / guardian in financial decisions*



# Marketing Plan and Target Markets

## **Demographic Targets – Who is the primary “customer?”**

### *Primary Demographic Target:*

1. Children: Current members who have aging parents or loved ones that would be impacted (Likely age group – 44-55).
2. Parents: Existing members (age 65+) who have children / guardians that are assisting them, especially from long distances away from the member’s home.

### *Secondary Demographic Target:*

3. Non-member children: Non-members in care-giving situations with a loved one who might be attracted to join with the option of such a service.



## **Motivators for Buyers – Why will they be interested?**

The psychological pressures facing a member with an aging loved one are significant. This can be an extremely emotionally charged time that many members may not want to face. One of the challenges with this process is moving members to action instead of avoidance. As members come to terms with the realities of their loved one needing assistance, there are different motivators, based on the stage of financial need the parent or loved one is currently in.

Planning: This should be the first area of focus for the credit union as financial planning assistance is often easiest when there is no immediate financial need. Developing pro-active relationships with children or parents who are in a planning stage is the best for maximizing the relationship for all parties.

Worrying: This motivator is sometimes the most difficult to ascertain. This will often sound as a vague concern about a parent (and will likely be in the Assistance or early Parental stage of financial need).

Crisis: These are the most difficult members to assist. They are likely dealing with many emotions as well as working to manage all of the areas that are needed to be dealt with for an aging parent. This type of member has usually had a difficult event (medical, confrontation) that has caused them to take action.

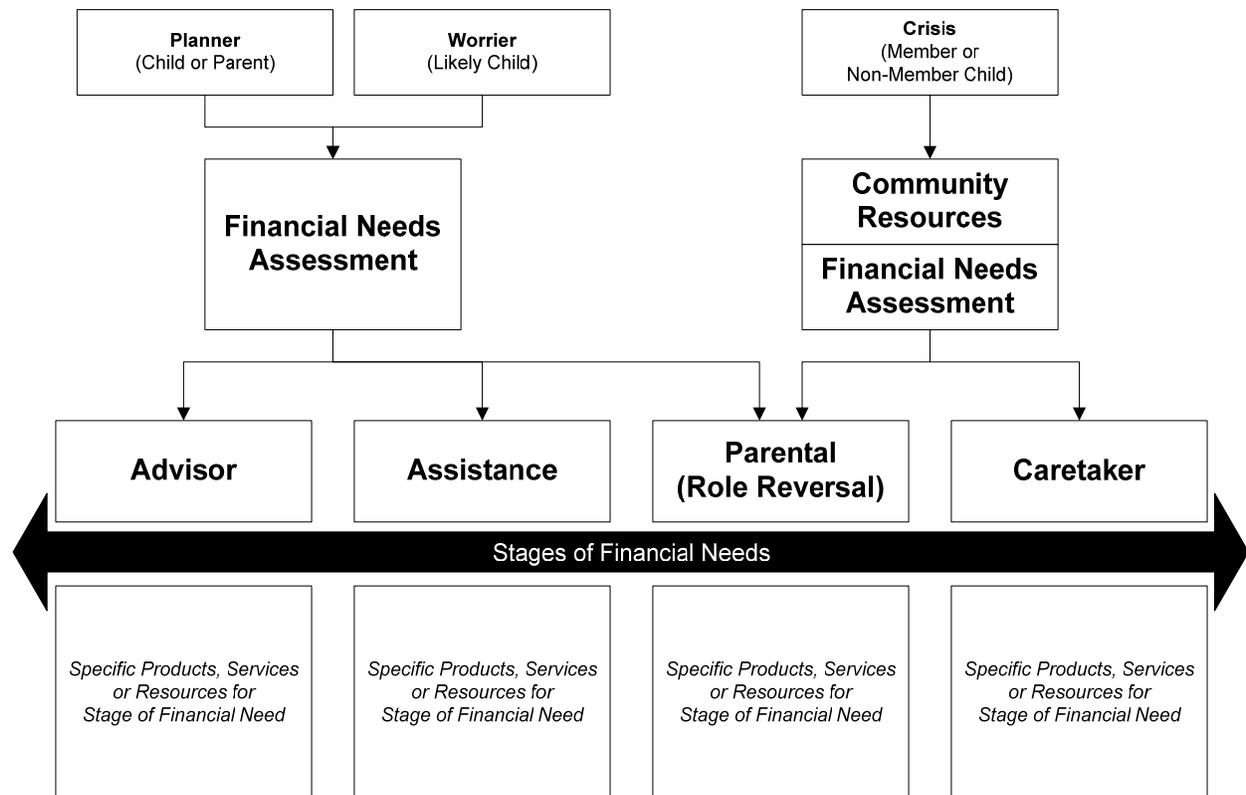
## Matrix of Target Markets

	<b>Planning</b>	<b>Worrying</b>	<b>Crisis</b>
<b>Demographic characteristics</b>	<ul style="list-style-type: none"> <li>• Parents</li> <li>• Member children</li> </ul>	<ul style="list-style-type: none"> <li>• Member Children</li> </ul>	<ul style="list-style-type: none"> <li>• Children</li> <li>• Non-member children</li> </ul>
<b>Lead product</b>	<ul style="list-style-type: none"> <li>• Financial Needs Questionnaire</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Needs Questionnaire and/or agent relationship paperwork</li> </ul>	<ul style="list-style-type: none"> <li>• Agency / resource information</li> </ul>
<b>Marketing channels</b>	<p>Variety of traditional means, including newsletters, direct mail, statement stuffers, in-branch displays.</p> <p>Cross-selling to older members is an excellent way to generate new leads for Decision Point.</p>	<p>Cross-sell target markets based on needs (i.e. mentioned an aging parent they are concerned about). Another way of doing this would be to offer the Decision Point service in conjunction with assisted living facilities.</p>	<p>These members or potential members will be dealing with these issues in an environment that is not best served through traditional marketing channels. Credit unions should explore partnerships with hospitals, nursing homes and other agencies that would be on the “front-lines” of assisting people as they deal with the difficult issues surrounding caring for a parent or loved one.</p>
<b>Core Message</b>	<p>The credit union can provide expertise in managing the issues surrounding the transition of your parent or loved one’s finances. When this is done proactively in a planning mode, it eases the burdens that are often associated with financial decisions later in life.</p> <p>The credit union’s expertise can ease one of many burdens that are associated with caring for an aging parent or loved one.</p>	<p>The credit union can provide expertise in managing the issues surrounding the transition of your parent or loved one’s finances.</p> <p>The credit union’s expertise can ease one of many burdens that are associated with caring for an aging parent or loved one. The tagline for our service, Financial tools when you need them most, expresses the driving force behind Decision Point.</p>	<p>The credit union is a valued resource that can provide information in a time that is filled with emotions and difficult decisions.</p> <p>The credit union has expertise in managing the issues surrounding the transition of your parent or loved one’s finances, which is important at a time of crisis decisions about the care of a parent or loved one.</p>

## Market Segmentation and Needs Flow

Various members and non-members will come to the credit unions for their own reasons, here categorized as a planning, worrying or crisis motivator. They will all need a Financial Needs Assessment to determine where the parent or loved one falls in our Stages of Financial Needs spectrum (see graphic below). From that point, we can recommend products, services or resources that are appropriate for their particular stage of financial independence.

For a member or non-member who has come to the credit union because of a crisis motivator, it will likely be as important to provide them with community resources and referrals, as it is to complete the financial needs assessment. While diverting from the initial reason for Decision Point, this opportunity to reinforce the good intentions of the credit union will pay off in the end.



## Competition

The financial services industry has not done a great job addressing this issue and providing solutions for consumers specific to managing the issues around aging loved ones. In fact, when you speak with credit unions, there are anecdotal accounts of members looking to their credit unions for help in this regard and there are informal processes in place to assist with similar issues.

In general, there are few services available today with the breadth of services offered in Decision Point. Thus, there are not a lot of direct competitors. However, there are some players in the marketplace.

Members might look to financial planners to find resources similar to the Decision Point. In addition, consumers also might look to attorneys, CPAs, social workers and nursing homes for assistance in this regard, depending on their stage in the spectrum of financial need. Particularly in crisis situations, consumers might look to those they have immediate contact with to make recommendations or to identify solutions.

Some banks have offered services through their private banking areas to help customers who have a higher net worth. Also, trust companies will also help customers who qualify for their management services. These services are not available to a broad base of consumers, but rather only those with high net worth relationships with banks and trust companies.

Direct Money Managers are another competitor who will, for a fee, take over a consumer's finances and handle all financial situations. The U.S. Administration on Aging has an Eldercare Locator that provides references to such services. This can be extremely costly and requires strong trust to develop between the Money Manager, the aging loved one and the caregiver. In addition, this solution only addresses the daily financial management and may not address other complex issues such as trusts, wills, and the complete financial picture.

The Decision Point solution is the most comprehensive solution of those available providing options at different stages throughout the aging process. Another important advantage for credit unions with Decision Point is that generally credit union's already have a trusted advisor relationship with their members. This makes them a resource that members would feel comfortable working with in these extremely emotional and difficult situations.



## **Decision Point Products and Services**

There are varying services that are needed for each of these stages. While each situation is unique, there are some services that can commonly be assumed when a person enters each of the four stages.

### **One-on-one interview**

The confidential, one-on-one financial needs assessment (using the Financial Needs Questionnaire) has already addressed in this plan. The intent of the assessment is to have a credit union expert help the member sort out the finances and financial condition of your parent or loved one. Most often the financial counseling session is intended to walk a child or guardian through understanding where their parent or loved one is in the stage of financial independence. At some point, a parent may initiate this needs assessment on their own.

Either way, our Stages of Financial Need spectrum is designed to help understand the stage of financial independence. During the interview / consulting process, our intent is to understand where a person is along this spectrum. This can help design a suite of products and services that will meet their needs while enhancing the credit union's service to the member.

Once the consultation process is complete, the member service representative will present the care giver and loved one with recommendation package. That package would include the following:

- Free, initial credit report screening to ensure your parent or loved one's financial health is in order.
- Resource list and possible referrals to additional elder care agencies in the community that would handle non-financial needs (assisted living, medical care, etc).
- Determination of an action plan to manage the finances of your parent or loved one. We will assist you in completing paperwork to move any accounts, set up any new accounts and manage the finances of your parent or loved one.
- Expertise in managing the issues surrounding the transition of your parent or loved one's finances.
- A series of products and services to assist you in taking the complexity out of the financial management including a safe money-market checking account, investment products to protect the assets while earning a competitive rate of return, and customized loan products to meet the financial needs of your parent or loved one.

**Various products / services based on need:**

	<b>Advisor</b>	<b>Assistance</b>	<b>Parental</b>	<b>Caregiver</b>
<b>Resources</b>	<ul style="list-style-type: none"> <li>Financial recordkeeping checklist</li> </ul>	<ul style="list-style-type: none"> <li>Financial recordkeeping checklist</li> </ul>	<ul style="list-style-type: none"> <li>Financial recordkeeping checklist</li> </ul>	<ul style="list-style-type: none"> <li>Financial recordkeeping checklist</li> </ul>
<b>Standard Products</b>	<ul style="list-style-type: none"> <li>Investment / financial planning advice</li> <li>Laddering of investments into CDs or other vehicles</li> <li>Credit monitoring reports</li> <li>Agent relationship paperwork for all accounts</li> </ul>	<ul style="list-style-type: none"> <li>Money-market type checking account with agent relationship for child/guardian</li> <li>Online bill payment with email alerts</li> <li>“Ability” loans</li> </ul>	<ul style="list-style-type: none"> <li>Money-market type checking account with agent relationship for child/guardian</li> <li>Online bill payment with email alerts</li> <li>Laddering of assets into CDs</li> </ul>	<ul style="list-style-type: none"> <li>Money-market type checking account with agent relationship for child/guardian</li> <li>Online bill payment with email alerts</li> <li>Laddering of assets into CDs</li> </ul>
<b>Optional Products</b>	<ul style="list-style-type: none"> <li>Home equity loan / reverse mortgage</li> <li>“Ability” loans</li> <li>Partnership with tax preparation partners, tax advisors, legal / estate planners</li> </ul>	<ul style="list-style-type: none"> <li>Home equity loan / reverse mortgage</li> <li>Partnership with direct money manager (total outsource of bills)</li> </ul>	<ul style="list-style-type: none"> <li>Home equity loan / reverse mortgage</li> <li>Partnership with direct money manager (total outsource of bills)</li> </ul>	<ul style="list-style-type: none"> <li>Home equity loan / reverse mortgage</li> <li>Partnership with direct money manager (total outsource of bills)</li> </ul>
<b>Referrals</b>	<ul style="list-style-type: none"> <li>Financial and health care power of attorney</li> </ul>	<ul style="list-style-type: none"> <li>Financial and health care power of attorney</li> </ul>		

**Description of Decision Point Products / Services:**

*Core Products / Services:*

**Money market checking account:**

- An agent relationship on the account to allow the child or guardian to assist without assuming the tax liability of a joint ownership relationship
- Tiered interest rates based on balance
- Protected account insured up to \$100,000 by NCUA
- Easy access to manage the account with online account access and bill payment
- Account monitoring and email alerts – set up your own thresholds to proactively notify you if a change has occurred to the account

## **Certificate of deposit “laddering”**

By agreeing to keep your funds in an account for a specified period of time, you allow the credit union to do more with them. For that reason, we can pay an even higher rate of return on these accounts. Certificates are available with a number of term options. By “laddering” your certificates, you may be able to increase your returns while still maintaining adequate liquidity for your needs.

Your certificate can be set up to send you and/or your advisor an e-mail notification at a specified time before maturity, or when special rates are available.

## **Home equity loan**

Your home is one of your largest single investments. Home Equity Loans and Reverse Mortgages can help you to access that investment for your cash needs, without forcing you to sell your home. Your advisor can help you decide what option is best for you.

### ***Optional Services:***

- Partnership with third party money manager: Complete outsourcing of bill payment to a money manager who will receive bills, pay the appropriate creditors and send you a report of the activity.

- Reverse mortgage: A reverse mortgage enables older homeowners (62+) to convert part of the equity in their homes into tax-free income without having to sell the home, give up title, or take on a new monthly mortgage payment. The reverse mortgage is aptly named because the payment stream is “reversed.” Instead of making monthly payments to a lender, as with a regular mortgage, a lender makes payments to you.

- Ongoing credit report monitoring: Ensure that your credit is protected through our credit reporting monitoring service.

- Ability Loans: An important part of independence is the ability to live in your own home. Unfortunately, aging and injuries can sometimes make this difficult. Older members may need a modification to their home, such as a ramp or a bathroom renovation to keep it accessible for them. We offer affordable financing for these projects featuring extended terms and attractive rates.

- Investment Services: A wide variety of other choices are available through the credit union’s investment partnership. These options range from annuities and insurance to mutual funds and stocks. Your advisor can help you decide if these choices are right for you.

- Tax, legal and estate planning services: Through partnerships in the community, we can offer referrals on various planning services which can ensure that the transition of finances is a smooth and easy one.

## Summary of Benefits

There is little doubt that Decision Point addresses a growing need as the “Sandwich Generation” continues to expand.

### Member Benefits:

**1. Provides expertise during a time where many emotional decisions may be being made about caring for a parent or loved one**

- Provides comprehensive service to member to assist in managing the finances of an aging parent or loved one
- Focus on expertise in matters of managing finances in different stages of financial need

**2. Focus on protecting the assets of the aging parent or loved one**

- Through consultative approach and secure investments, protects the financial assets of the aging adult

**3. Eases day-to-day management of finances**

- Assists in management of day-to-day finances, from accounts structured to make managing finances easy and straight-forward

**4. Provides relief and support to family members in care giving roles**

### Credit Union Benefits:

**1. Meets a significant member need**

- Meets an emerging and real member need to manage finances of an aging parent or loved one
- Provides the ability to assist a child / guardian who is managing financial matters from long distance

**2. Protects existing deposits in the credit union and attracts new ones:**

- Attracts deposits from other sources through the children
- Protects deposits from aging members that might otherwise be transferred to child / guardian’s primary financial institution

**3. Builds goodwill with existing members**

- Increases loyalty and cements relationship with highly attractive age segment (45-55 year old)
- Protect assets for older members through management of long distance issues

**4. Positive financial contribution**

- May increase fee income through certain products

# Summary of Operations

## OVERVIEW

Most of the products and services offered, with the exception of the structured interview, are tailored versions of standard credit union products. Each credit union may add or subtract portions based on their existing product offering.

The key to Decision Point is to be a trusted resource for information when dealing with the financial issues of aging parents or loved ones.

## COMPLIANCE

We have not dealt with the compliance issues of Decision Point at this time, however we see potential issues surrounding:

- Providing of financial advice by member service representatives who may not be licensed financial planners
- Ensuring the account relationship structure is sufficient to provide enough access for the child / guardian without creating unwanted tax implications. In addition, making sure that there are the appropriate safeguards around account establishment to prevent fraud

## OPERATIONS

The most significant operational issue involved with Decision Point is training employees with strong cognitive and people skills with the ability to handle extremely emotional situations in a professional manner with members. The one-on-one interview is structured in a way to provide for maximum value without requiring a certified financial planner.

Training materials include...

Training can be conducted in XX manner including XX ...

## MORE-MORE-MORE-MORE FROM PILOT





## **Key measurements:**

### Marketing / Operational Measures:

- Test initial product design in the structured interview process
- Refine marketing approach – determine partners who can assist in delivering information regarding service at the point of need
- Evaluate additional partnership that should be added to the Decision Point product model

### Financial measures:

- Deposits “saved” from current by providing an additional way to manage finances
- Deposits attracted from current members who move parent / loved one’s account to credit union
- New members attracted to the program (either parent or child)