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Special Interest
Articles:

- ***MIT AgeLab
Tour***
(Front page)
- ***Lunch with the
Governor***
(Front Page)
- ***NECFA News***
(Page 4)

MIT AgeLab Tour

By Christopher W. Beale, CFP®

Last month, I had the privilege of touring the MIT AgeLab to gain insights into issues all of us face as the average life expectancy continues to increase. My guide was Joseph Coughlin, PhD who founded the AgeLab at Massachusetts Institute of Technology in 1999.

Unlike some research think tanks that only focus on retirement, the MIT AgeLab's goal is to improve the future quality of our lives by improving people's physical and financial health. They aim to achieve this through technological innovations, how products are designed, how services are delivered and how local and national policies are implemented. The AgeLab applies a multi-disciplined consumer-centered approach to imagine what tomorrow will look like for people 45 and older.

The research focuses on the challenges and opportunities of longevity which include topics such as:

- Transportation
- Health, caregiving, and well-being
- Stress and anxiety and its effects on decision-making
- Retirement and financial issues
- Lifestyle and demographic trends
- Cross-generational research

So how much longer are we living? If, like my grandfather, you were born in 1900, the average lifespan was 47 years in the US. Today in the US, life expectancy is over 80 years old. Those 85 and older, are the fastest growing part of our population. An unfortunate side-note is recent research in the US shows life expectancy temporarily stalling. This may be caused by declines in well-being, and an increase in alcoholism, opioid addiction and suicide. According to Steven Woolf and Landon Aaron, this trend was more apparent in lower-income populations (2018).

(Continued on page 2)

Lunch with the Governor

By Christopher M. Lee, CFP®

A couple of weeks ago, I (and about 30 other financial related professionals) was invited to sit down with the Governor of Connecticut, Ned Lamont, to talk about the financial health of the state. I was rather surprised when I got the email invite from one of his senior advisors. The senior advisor had found me on a google search, as I am currently the President of the Financial Planning Association CT Valley Chapter (this is our trade organization throughout the state comprised mostly of CFP's and financial planners).

In addition to Governor Lamont, David Lehman, the Economic Advisor and Commissioner of Economic Development for the State of Connecticut, was going to be there as well. The purpose of the meeting was to engage in a dialogue with the Governor and other industry colleagues about the Connecticut economy, the Governor's focus on fiscal stability, and an opportunity to share our perspective with Governor Lamont as well as ask questions. What a great opportunity to hear from the Governor and be able to voice my thoughts and opinions, especially since I hear from a lot of you on how you feel about Connecticut.

The Governor started off by saying that the media was not invited to this roundtable discussion as he wanted people to be able to voice their honest opinions and have frank discussions with him.

I was a little nervous at first as I heard some prior grumblings that the Governor does not like financial planners because "we usually recommend that our clients leave the state when they retire", which in all fairness does happen quite a bit. I must admit that I went into the meeting with some trepidation. After all, Connecticut does not have a good track record when it comes to spending.....and taxes!

(Continued on page 3)

MIT AgeLab Tour

(continued from page 1)

Researchers now suggest that half of the babies born today in the industrialized world will live to be 100 or more. Advances in sanitation, healthcare as well as public awareness of healthful behaviors all contribute to this positive trend.

With decades being added to our lives, we need to consider basic assumptions around retirement and “old age”. The World Health Organization now calculates the typical 60-year-old alive today (worldwide) can look forward to 20 more years of not only being alive but 20 more years of a healthy life without significant disabilities.

The effects of extended longevity and demographic realities are both amazing and daunting. Advances in technology, traditional and complimentary medicines, as well as new products and services will arise to meet the needs of our aging population.

In the MIT AgeLab, they talk about four 8000 day periods of our lives. The first 8000 days are between birth and college graduation that ends around age 22. This is called the “Learning Period”. It consists of important informal learning prior to the more formal learning in primary school, high school and college.

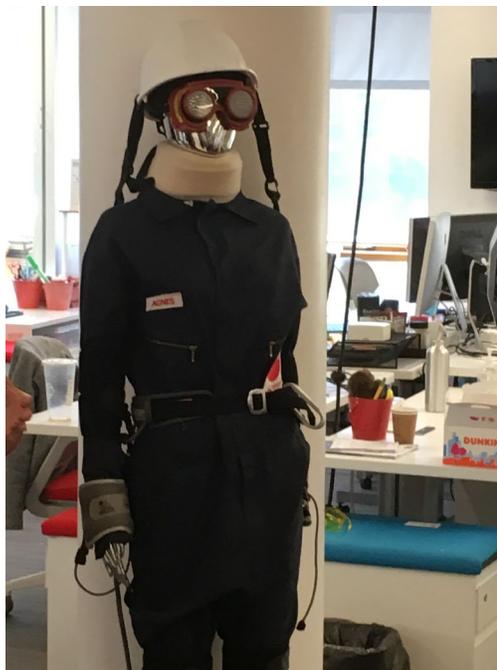
The second 8000 days are called the “Growing Period” that takes us from age 22 to mid-life at age 44. Between college and mid-life is when we start a career, possibly have a relationship and get married, own a home and have children. Millennials currently in this phase may be delaying marriage, kids and homeownership five to seven years in comparison to previous generations.

The third 8000 days from age 44 to 66 are called the “Maturing Period”. Characteristics in this period include prime career/earning years, buying more expensive house and cars, nicer vacations, welcoming grandchildren (remember to possibly add five to seven years due to the delays of the Millennials). This period concludes with retirement from our jobs.

The fourth 8000 days are called the “Exploring Period”. This goes from the retirement party at age 66 though life-expectancy of 88. These 8000 days is such a new phenomenon for humankind that characteristics are still being written. Traditional retirement ads include golf, grandkids and travel but now it's so much more. My guess is you'll start seeing kayaking, mountain-biking and yoga in some newer retirement ads. In my blog next quarter, I will expand upon this period “Exploring Period” more.

Lastly, I'd like to introduce you to AGNES. I have included a link to a YouTube video of the Try Guys wearing the AGNES suit, which was developed at the AgeLab, to get an idea of what it could feel like as we age.

YouTube link <https://www.youtube.com/watch?v=hK9HXNib24g>



Age Gain Now Empathy System

“When one door of happiness closes, another opens, but often we look so long at the closed door that we do not see the one that has been opened for us”

-Helen Keller
American
Author, political
activist and
lecturer

Lunch with the Governor

(Continued from page 1)

The Governor acknowledged that he knows there is a lot of negativity with state government and why people are fed up and leaving the state – especially when it is much cheaper to live elsewhere. He told us that he does listen to the news and sees the rankings where CT is for highest taxes and low job growth. Some of the keys points that he mentioned was:

- The State of Connecticut fixed costs in the budget are 30% (pensions, healthcare, and bonding). Most states are around 15%, so CT is already at a disadvantage.
- The Teacher's Retirement Board pension is in better shape, funding wise, compared to state employee pensions (roughly 45% versus 35% funded)
- Within 3-5 years 30% of state workers will retire. They plan on outsourcing those jobs that they can to the private sector using a combination of both private/public partnerships.
- In 2023 he wants to start phasing out the CT Estate and Gift tax to match the federal government. CT is the only state with a state gift tax, and it is responsible for less than 1% of the revenues, so "why have that black eye on the state when it does not bring in that much in revenues". He really wanted to get it done this past session but did not have enough Republican support to help him.
- He wants to focus on keeping young people in the state and having good quality jobs and that United Technologies, Electric Boat, Sikorski, CVS Aetna, and Alexion are a good start). We have smart educated people in the state, and he wants to keep them here. In the college world, 80% of Stamford University graduates stay in that Palo Alto area in CA versus only 10% of Yale students stay in Connecticut. He wants to fix that.
- He wants CT to be more technology driven so that a lot can be done online (like DMV for an example and not have to wait in line). He is all about lowering expenses and stop the spending, especially the bonding that drives him crazy.
- He feels that the key to Connecticut's success is transportation and upgrading our existing infrastructure and travel. Connecticut is a gateway between Boston and NYC and feels that we can get people to live here and commute if the environment for transportation is good.

He also shared the good things that Connecticut does, as our state is near the top for education and healthcare compared to most the states – which I do agree with. Other items they shared are that compared to the other 50 states:

- Connecticut is #5 in education grades K-12 ¹
- Connecticut is #7 for the safest state to live ²
- Connecticut is #3 for healthcare treatment ³
- Connecticut is #6 for Natural Environment ⁴

He knows that this is not a quick fix and will take some time and there is not a lot he can do to stop the mass exodus from leaving now. It is his number one priority to get the state's spending under control and make it a place people want to live and work. He discussed how other states have county-based services and how CT is at a disadvantage. For example, we have 136 Boards of Education, 136 Superintendents, 136 municipal health plans, etc. States outside of New England have consolidated and cut costs by having 1 per county, versus 20+ per county.

I asked the Governor if he looks to other state's successes, as I am one that does not like to recreate the wheel, and listed fiscally responsible states like FL, SC, NC, TN, and Texas to name a few. They have very little income (or no) tax and property tax as most their revenues are derived from sales and excise tax. Those states, specially Texas, have done groundbreaking things with public/private partnerships and have kept costs low for their residents. He did agree with me and that he has looked at those but told me CT has shifted more to a "services-based economy over the past couple of decades and that taxing strictly consumption/purchases would not cover the budget.

All in all, I felt that the Governor does have a plan and it is important to him to have Connecticut succeed. They want to create jobs and provide a good quality of life. He desperately wants the state to control its spending and not have a blank checkbook. Like I said, there are a lot of pros to live in the state. As of now, there are also some cons with your cost of property taxes and state income taxes. I do feel better after that meeting that over the next decade, those pros will outweigh the cons and that this state is heading in the right direction.

- ¹ <https://www.usnews.com/news/best-states/rankings/education>
- ² <https://www.homesnacks.net/safest-states-in-america-127702/>
- ³ <https://www.usnews.com/news/best-states/rankings>
- ⁴ <https://www.usnews.com/news/best-states/rankings>

"Do what you can, with what you have, where you are."

-Theodore Roosevelt:
American statesman, politician, conservationist, naturalist and writer who served as 26th president of the United States

NECFA NEWS



Congratulations to the Bride & Groom!

Lindsey Teach & Jeff Larson were married in a beautiful ceremony on August 24, 2019. We wish them many years of happiness together!

“The secret of genius is to carry the spirit of the child into old age, which means never losing your enthusiasm.”

-Aldous Huxley:
English writer and philosopher

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