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## RetirePreneur: Laura Varas

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By Kerry Pechter     Thu, Mar 6, 2014

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*'To me, retirement is the most interesting area of finance because it's about how we live our lives,' says Hearts & Wallets consultant Laura Varas. 'We should give people the freedom to plan, and then give them guidelines that make it safe for them.'*

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**RetirePreneur:** Laura Varas  
**Company:** Hearts & Wallets  
**Location:** Hingham, Mass.  
**Founded:** 2004  
**Niche:** Retirement market research  
**Leisure activities:** Music, sailing

**What do you do?** Hearts & Wallets is a syndicated research firm that produces four types of research for the retirement industry: market sizing, qualitative investor insights, a quantitative investor behavior database, and competitive strategies and best practices. We also do an annual Inside Retirement Advice competitive landscape where we review and assess up to 30 different advice experiences.

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**Why do clients hire you?** We're the only ones who integrate all four areas of research. For example, we're tracking trends in what we call "up-shifting" and "down-shifting." Up-shifters want more service and advice and are willing to pay for it. Down-shifters favor low cost and want to do as much as possible on their own. We think the investment industry will be more like buying a car as we go forward. The options for advice, and what to expect from them, will be clearer. We can already see the variations, from Mercedes and Hondas to Kias and even Flintstone cars.

**Where did you come from?** I was a professional musician as a child. That's where my entrepreneurship comes from. My father is a composer and teacher, and my mother was an organist. Growing up, I thought everyone worked weekends and nights, wearing black and playing concerts. In the 1970s, I was the only kid in Boston who could sing avant-garde 20<sup>th</sup> century music, so I performed a lot with New England Conservatory faculty recitals, Opera Company of Boston and the Boston Symphony Orchestra.

I went to Yale and majored in economics. I spent four years on the sailing team at Yale. It's a year-round sport and, like music, it involved working obsessively on your own technique while trying to figure out how you fit into the big picture with your collaborators, competitors and environment. Then I travelled a lot. I was in Berlin when the Wall came down. My early jobs were in the strategy practice at Mercer Management Consulting, at Grey Advertising and at Colgate Palmolive. After business school, I worked at Citibank, then Fidelity. Then I met my business partner, Chris Brown. I went on my own in 2004. Since then I've been doing market research and I love it.

**How do you get paid?** We are paid by subscription by clients. Most subscribe to all the work available, but we do license individual reports to companies that want specific research.

**How do you feel about annuities?** Annuities are fundamental. They're right up there with the aqueduct in terms of providing security for people. At the same time, it's sad that past sales and pricing practices have left a cloud of negativity surrounding them. There needs to be a total breakthrough in transparency about how they work. I would definitely participate in a longevity annuity and would probably devote a portion of my retirement savings to an income annuity. But first I'd want to see how each part fits into the whole.

**What is your retirement philosophy?** To me, retirement is the most interesting area of finance because it's about how we live our lives. As an industry, we should try to set up a framework that gives people the freedom to plan, and then give them guidelines that make it safe for them. One of our mistakes has been to set the bar too high. Not everyone needs an 80% income replacement rate for 30 years of leisure. I mean, really. Can you think of an era in the course of human history when that's been a reasonable expectation?

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