
Ten Images that Explain Retirement

By Kerry Pechter *Wed, Apr 30, 2014*

No, this image isn't one of them! A while ago, we asked retirement advisers what images they use to illustrate complex financial principles. The frequent response: "When you find some, let us know!" So here are our suggestions.



Longevity risk, Social Security maximization, diversification—these concepts are fundamental to conversations between advisers and their older clients. But they can be hard to explain in words alone, without an illustration or diagram.

You'd think it would be easy to find such images. Tons of relevant charts and graphs can be found on most financial services company websites. And financial planning software can generate multitudes of colorful retirement projections in a flash.

But just as the department stores are filled with beautiful clothes but no one looks especially well dressed, images that produce a shock of financial recognition in clients' brains evidently aren't so plentiful. A while ago, we asked retirement advisers to share some of their most effective visual aids with us. The most common response: "When you find some, let us know!"

So we searched for some, and we found ten examples that you and your clients might find useful and entertaining. There's no magic pill here to banish client confusion; adviser input will still be needed. But, according to Catherine Mulbrandon, author of [An Illustrated Guide to Income in the United States](#) and founder of Visualizingeconomics.com, that's the most you can hope for.

"A well-designed graphic will help people find the patterns in the data and highlight the out-liers," Mulbrandon told *RIJ* recently. But "its true power is how it can be used in a conversation between the expert and the person unfamiliar with the subject by making the data clear and accessible."

Inflation: Postage stamps tell a story

With today's e-mail and texting, postage stamps are one of the buggy-whips of the information age. But many older people will remember, as children, collecting rare stamps in glassine sleeves or peeling the foreign stamps from airmail letters.



You can't lick old stamps when it comes to illustrating inflation. David Laster, director of Investment Analytics at Merrill Lynch, shared a slide of vintage stamps (right) at the Retirement Income Industry Association conference last March. By showing clients that the price of a first-class stamp tripled from 1975 to 2005, he gives them an idea how much the price of most things could rise during their lifetimes.

Inflation is central to any retirement income discussion. Pre-retirees and retirees worry as much about inflation as they do about health care, surveys show. Advisors know that inflation protection is a big reason for retirees to own equities. If you decide to use the stamp method, try creating your own progression of old stamps (search for "commemorative stamps" at Google Images). For more precise inflation estimates, [use this calculator](#).

Prioritizing: Maslow's pyramid

Wealthy clients (unless they remember the Depression) don't always differentiate between needs and wants, advisers are known to say. Even their necessities are luxurious. They tame snowy roads with BMW X-5s, even if Toyota Highlanders will do. Bosch D-Ws clean their dishes, even when a high-end Kenmore would suffice. And the habit may extend right into retirement.