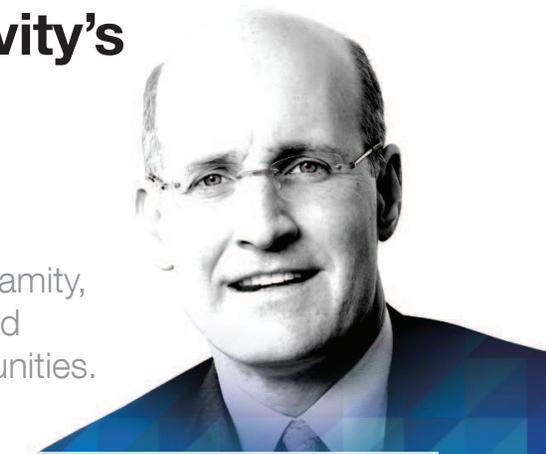


Seizing Longevity's Competitive Advantages

Far from an economic calamity, the aging megatrend could generate massive opportunities.



We are at the beginning of a longevity revolution. The aging megatrend—caused by increased life expectancies and plummeting birthrates—will disrupt traditional working norms, challenge virtually all businesses and transform society's structure. Conventional thinking holds that this upheaval will trigger an economic calamity: The workforce will wither, savings will disappear and markets will collapse.

To the contrary, I believe aging could generate the most significant economic opportunity of our lifetimes. If we can successfully encourage individuals, employers and national leaders

to think and act in new ways, we have an opportunity to seize the advantages of longevity and drive unprecedented growth.

First, the baby boomer generation will "retire retirement." The concept of formally ending work at age 65 applies to a previous century. Today, people in their 60s are taking on new leadership roles, starting businesses, even competing in triathlons. Many consumer companies are gearing their businesses toward a growing "active aging" market. This shedding of outdated stereotypes should be recognized in the workplace as well. Seventy-two percent of pre-retirees want to work past 65,

and nearly half of current retirees either have worked in retirement or plan to.¹ The baby boomers are taking the lead in creating an entirely new life stage. They're using flexible work arrangements, part-time responsibilities, entrepreneurship and the growing digital economy to transform later-life work into an engine for financial sustainability and personal fulfillment.

As this new approach to work gains momentum, savvy corporate leaders will discover that older employees represent an immense, untapped pool of talent and knowledge. Older workers are their organizations' pillars: more loyal, better

collaborators and more effective mentors.² They also often form the core of intergenerational teams that combine varied strengths for higher productivity.³

To realize this competitive advantage, corporations will need to experiment with different policies to retain and empower their older employees. The latter will want to work in new capacities and learn additional skills, even as they juggle a changing mix of personal responsibilities, including the looming challenge of elder care. So, I see us embracing an approach that incorporates flexible scheduling, telecommuting and realigned responsibilities, as well as a commitment to age-friendly workplaces and investments in the technological skills of all employees.

As the workplace adapts, we must also ask how employees

their employees' financial needs and aspirations regarding work, health, family and retirement. We also understand how important it is to accommodate employees who care for aging loved ones—as they represent a growing population in our aging world.

Together, these individual, social and corporate changes could propel the U.S. into a global leadership position in regard to longevity, especially if we encourage the kind of national policies I've outlined.

In East Asia and Europe, we're already seeing the dangers of national responses that try to preserve the status quo despite their aging populations⁴ — for instance, inflexible labor markets and social support systems that assume an age at which people are no longer productive. Now is the time to move in a new and

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will navigate the changing financial landscape. At Bank of America Merrill Lynch, we've launched a longevity training program for our financial advisors and our corporate clients' HR and benefits professionals. This program, developed with the Leonard Davis School of Gerontology at the University of Southern California, is designed to help companies address

better direction and to reap the benefits of aging for our workforce. Contrary to popular belief, countries with lower levels of early retirement actually have lower overall unemployment rates and higher rates of employment of the young.⁵ Further, increasing the number of 65-plus workers in the UK by just 2.6 percent a year could increase GDP per capita by as much as 6 percent.⁶



47%

of current retirees have worked during retirement or plan to



72%

of pre-retirees want to work past 65

Economic and tax policies must also become vehicles to foster these net benefits. We will need to build greater flexibility into labor markets to include all ages and provide tax incentives for older workers and their employers—including older entrepreneurs—to fit with longer, healthier lives.

The longevity revolution is creating exciting opportunities unlike any we've seen before. By understanding their true potential and empowering our older citizens to become dynamic contributors to productivity and growth, we can open a new frontier for individuals, businesses and countries to compete and prosper in the future.

1. Bank of America Merrill Lynch and Age Wave, "Work in Retirement: Myths and Motivations," 2015.

2. Stanford Center on Longevity, "Adapting to an Aging Workforce," 2014.

3. *Ibid.*

4. National Institute on Aging, National Institutes of Health, U.S. Department of Health and Human Services, U.S. Department of State, "Why Population Aging Matters: A Global Perspective," 2007.

5. Axel Börsch-Supan, "Silver Economy: Pipe Dream or Realistic Possibility?" Munich Center for the Economics of Aging, 2014.

6. International Longevity Centre-UK, "The Missing Million: Illuminating the employment challenges of the over-50s," 2014.