

Derrick Kinney is a sought-after expert on the affluent
by the national financial media.



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Baby Boomers Need Retirement Income Experts
By Gerri Leder

They created an economic reverberation at every stage of their life cycle. Turning 65, the baby boomer wave is beginning to crest over financial services. **Ask Derrick Kinney, an Arlington, Texas-based owner of Palladium Consulting, who advises other financial professionals on becoming advisors of choice to the retiring generation.**

Baby boomers have a “different retirement mindset in terms of wanting to go, see and do. They won’t be sitting and watching the grass grow. They will retire on their own terms, Kinney observes. And they need to plan for longer, fuller retirement than their parents.”

Kinney is sanguine about the opportunity: your clients may live a 100-year lifespan and need the money to fund it. Anticipate the pockets of expenses -- from travel to health care -- that will be required of an active retirement lifestyle. You might suggest setting up different contingency accounts, reserving ample funds for travel. It is critical that, as boomers retire, you are viewed as someone who can help them -- a retirement income expert.

The essence of retirement, of course, is replacing earned income with investment income. If you can help people recreate their paycheck, you will pique their interest. More than half of Derrick’s clients are either retired or within five years of retirement.

Derrick first helps them quantify their net monthly income goal. From there, he calculates the future value. Then he works to recreate their income and automate it, so that the bills are covered, come what may.

“I use a carveout strategy...we may park 12-36 months of liquid assets in cash and laddered CDs so they always have coming due not subject to the market cycles.” He then puts in some in lower beta growth investments to keep ahead of inflation and balances it out with fixed annuities, private REITs and other income investments, from which he harvests the income to replenish the separate cash account. They see how their paycheck is going to be created, and that from the projected 6% growth, they will pull out 4% and allow the difference to grow.

There are a few topics for retirement income specialists to master. Identify an estate planning professional and tax advisor to round out your own skill set. Although you don’t

need to have all the answers, bone up on retirement distribution requirements, a technical area where your facts must be crisp and reliable. Know how Rule 72(t) impacts retirement plan distributions, and expect to be asked how Net Realized Appreciation is handled on significant stock ownership.

How do you find these clients? Kinney offers four strategies for getting there.

1. Begin with your own "A" clients. Hold special events for these clients: One advisor client hosted a cooking class with a celebrity chef – a social evening through and through. One of your clients makes a brief introduction, extolling your virtues as his advisor, which is the only business of the evening. “When you capture their hearts, you capture their wallets,” Kinney says.
2. Don’t present yourself as a generalist at Rotary and other community meetings: introduce yourself as someone who specializes in creating retirement income or who helps executives with stock options.
3. Look for situational referrals: instead of "who do you know...?" People are willing to give referrals if they think you will add value to their friends or colleagues. Ask what other execs in your company might benefit from working with you. Identify the right venue for the referral and present the opportunity where friends and colleagues will be helped.
4. Work your industry specialization. If you have a few clients in a particular industry, chances are there’s a trade magazine representing them. Kinney has gone to the editors and asked if he could write a column or an article - they are looking to fill space and add value to their readers.

The retirement income opportunity, he thinks, is just being discovered. How does Derrick see his own retirement playing out one day? “I love what I do; I see myself working indefinitely. I especially enjoy the speaking and writing. I enjoy motivating people as much as I do working with clients. I think we are just creating the wave for serving baby boomers.” And he plans on sticking around to ride the wave.