

What's New in the Longevity Market?

You may not have heard of the Longevity Market but, if you're older than 50, you're one of its 74.9 million members.¹ It may be easiest to think of the Longevity Market as another way of describing the Baby Boom and preceding generations.

Regardless of the moniker you apply, it's a group that gets a lot of attention from entrepreneurs, innovators, and investors because the Longevity Economy is formidable. Valued at \$7.6 trillion annually, it is the third largest economy in the world (behind China and the United States, and ahead of Japan).^{1, 2} *Oxford Economics* described it like this:³

"By any measure, the Longevity Economy is already one of the most significant contributors to overall U.S. economic activity. By 2032, it is projected to make up about 53% of U.S. GDP...already, it accounts for roughly two-thirds of employment as well as wages and salaries in the United States. The tax receipts that result from the economic activity generated by over-50 Americans' spending alone account for nearly half of federal tax revenue, and over half of state and local tax revenue."

Identifying opportunity in the Longevity Market

For some time, *AARP* has been encouraging venture capitalists to develop investment themes around the Longevity Economy.⁴ In her book, *Turning Silver Into Gold: How To Profit In The New Boomer Marketplace*, Dr. Mary Furlong described an abundance of opportunities for entrepreneurs:⁵

"Each life-stage transition triggers business opportunities that revolve around family (empty nests, loss of parents, arrival of grandchildren); health issues (menopause, heart disease, vision and hearing loss, arthritis); housing (downsizing, rightsizing, remodeling, second homes); finances, work, retirement, and daily activities (time for passions and play); and perspective (the search for meaning)."

Some products developed for older Americans have been embraced, such as electric bicycles that let the rider decide how much to pedal. Others have had great promise but fallen short. For instance, wearable health devices have become popular with younger generations but they have not had staying power in the Longevity Market, according to *The New York Times*.¹

Focusing on caregiving

One intriguing aspect of the Longevity Market is caregiving. According to a 2015 report from the *National Alliance for Caregiving*, more than 34 million Americans had provided unpaid care to another adult – a spouse/partner, parent, parent-in-law, or relative – age 50 or older during the previous 12 months. Caretakers were age 49, on average.⁶

Looking ahead, the gap between the number of care recipients (estimated at 117 million by 2020) and the number of caregivers, estimated at 45 million by 2020) is growing. AARP has pointed out there is a need for technological solutions that will help bridge the gap, as well as reduce the emotional, financial, and day-to-day stresses associated with caregiving.⁷

In an effort to focus attention on caregiving tech, AARP introduced the *AARP Health Innovation@50+ Live Pitch* competition five years ago. The finalists for 2016 provided:⁸

- **Peace of mind for families** with an auditing service that helps families confirm loved ones are receiving the care they need. Auditors visit care recipients and use an app to assess 150 items related to the care recipients' well-being. Then, they report back to families.
- **Consolidated medical records.** A service that provides medical records management; collecting all medical records and consolidating them to provide one up-to-date medical chart.
- **Music as medicine.** This is a cognitive music therapy program designed to elevate mood, relieve stress, and improve focus. The mind-body workout combines singing, movement, trivia, and reminiscences.
- **A wearable sensor** that sends an alert to a caregiver's mobile device when the care recipient gets up from a bed or chair. It can help improve care for patients who are prone to falling, as well as those with Alzheimer's.
- **Nutritional expertise for cancer patients.** A comprehensive solution that helps caregivers meet the nutritional needs of cancer patients by providing curated information and resources, one-on-one counseling, and meal delivery.

No matter what aspects of the Longevity Economy you find intriguing, there may be opportunities to invest in the stocks of new companies that have the potential to experience rapid growth. Of course, it's important to remember small companies and start-ups have more risk than larger companies so they often are just one component of a well-diversified portfolio.

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual.

There is no guarantee a diversified portfolio will enhance overall returns or outperform a non-diversified portfolio. Diversification does not protect against market risk.

Sources:

¹ <http://www.nytimes.com/2016/08/04/business/smallbusiness/the-hottest-start-up-market-baby-boomers.html?ref=business>

² <http://www.investopedia.com/articles/investing/022415/worlds-top-10-economies.asp>

³ <http://www.aarp.org/content/dam/aarp/home-and-family/personal-technology/2013-10/Longevity-Economy-Generating-New-Growth-AARP.pdf>

⁴ <http://www.aarp.org/content/dam/aarp/home-and-family/personal-technology/2013-09/Longevity-Economy-New-Investment-Theme-AARP.pdf> (Page 13)

⁵ <http://ptgmedia.pearsoncmg.com/images/9780132311991/samplepages/0132311992.pdf>

⁶ http://www.caregiving.org/wp-content/uploads/2015/05/2015_CaregivingintheUS_Final-Report-June-4_WEB.pdf (Page 6)

⁷ <http://www.aarp.org/content/dam/aarp/home-and-family/personal-technology/2016-01/2016-Caregiving-Innovation-Frontiers-Infographics-AARP.pdf>

⁸ <http://health50.org/2016-aarp-livepitch-finalists/>

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