



The Future That is Now

The massive impact of technology, aging, and economic disparity.
A financial services white paper brought to you by Financial Independence Group.

Sam awoke from a sound sleep around 7:15am. Sunshine filled the smartment™ even though it was cloudy and rainy outside. The recently installed Lytelife™ technology was providing natural light and vitamin D through LED structures on demand. Sam got dressed and was served a breakfast of avocado toast, fresh orange juice, and java from Parker, a service robot and PC outfitted as one. Upon walking downstairs, Sam was greeted by the virtual butler, a hologram, who informed Sam of the current weather and an update from last night's Wimbledon match and areas to avoid for traffic concerns. Waymo's driverless car was just moments away since the butler had already checked Sam's schedule for the day. Once inside, the iDriver confirmed the destination, adjusted the temperature to Sam's profile preferences, and asked if Sam preferred to listen to the news or favorite Spotify station during the ride.

Sam was on the way to the perfect haircut. Upon arrival Sam looked for the designated booth number on the large screen above that resembled a flight monitor in an airport. Sam proceeded to booth 7. Inside AI Hairy instructed Sam to sit, relax, and gain comfortable posture as a device gently wrapped around Sam keeping the desired posture in position. Hairy then displayed 12 hairstyle options through the large glass pane in front of Sam. Sam was able to alter the look from front-lobe to back-lobe to see the styles more defined. Sam selected the favorite hair style and length option, and AI placed Sam's image inside the hairstyle image for final signoff. Hairy the robot then completed Sam's styling in roughly 45-minutes with the "minimal conversation" option selected by Sam.

Sam was living an excellent life. Being an architect was financially rewarding and Sam knew it was prime time to adjust present financial plans to include asset and legacy protection. Parker, the service robot/pc, downloaded the most updated PrecisionWealth™ technology and proceeded to ask Sam a series of 50 questions all related to behavioral, financial, risk and death. The AI-driven deep learning of the program tailored each question as the algorithms processed the previous answers. In less than two hours, Sam had a mid-level financial plan that would be reviewed and adjusted every 90-days. Sam looked into Parker's retina scanning eyes. Once Sam's identity was confirmed, \$275,000 was transferred to the custodian for investment.

Sam was highly charitably inclined in endless endeavor to help boys' and girls' clubs. PrecisionWealth™ suggested a life insurance policy for the funding of an endowment in Sam's name. Again using biometrics, Sam's eyes were scanned for underwriting. Over 60 tests were conducted via the retina scan. After AI searches through Sam's history and financial data, the underwriting was approved in mere seconds.

Sam accomplishes all of the day without one human interaction.



Sam's story will move from fiction to non-fiction faster than any reader imagines. It will happen overnight. Time allowed our forefathers decades to transform from agriculture to industry. They had time to adjust, learn, and adapt; time to rebalance themselves, careers, and lifestyles. Abrupt change is coming. What took 100 years to advance in the past will occur in the next 5 years. From Transportation as a Service (TaaS) to precision medical diagnostics from a simple blood test, incredible technology enhancements will overtake consumers at lightning speed.

It is estimated by 2030 40% of all US jobs will be automated. No economic sector will be unscathed by the forthcoming societal changes. One of the largest economic sectors to be impacted will be financial services, as AI and non-humans will complete 60% of output. And it isn't isolated to Wall Street.

Independent financial services professionals will see their methods, staff, and processes altered significantly.

Manual processes will be replaced by algorithmic opportunity and transactions will be accurately executed with fewer input or output errors. This will improve efficiency, reduce labor costs, limit compliance risk, remove emotional behavior and risk, and streamline logistics chains for most financial transactions. The result will be a cleaner experience for the retail investor.

Clients' needs and responsibilities are quickly changing. Therefore, the financial planning process must change. Cross-sector technology advancement will have a significant impact on the way financial professionals plan with their clientele. We forecast three transformational changes that will greatly impact the world of finance.

First, tomorrow's client will need financial advice related to cash flow behaviors. Everything from new debt to the loss of jobs to technology will impact today's average investor. Debt will grow incrementally as the world around us changes. Added expenses, limited job growth, and below average wage increases will leave the consumer needing smarter advice about how to manage and spend their cash flow.

Consider the debt we face today. US household debt is approaching \$13t. US credit card debt is currently at 2008 financial crisis levels. And, student loan debt is up 9% per year since the financial crisis. Now add in future disappearance of certain trades brought on by technology advancements. For the average consumer it will become increasingly difficult to advance in work and sustain the wage growth needed. Some will advance via continuing education and others will seek additional jobs, sometimes working two to three jobs for every single job in the past. With pressure from mounting debt and job market



shifts, cash flow management once reserved for retirement planning will become a matter of necessity for every client at any adult age.

Second, we can't escape the effects of demographics on the economy. We do not focus on this enough as we are naturally near-sided behaviorally. Most countries are in the same battle with what to do, and how to handle the aging population. (This paper will not discuss government benefits and intervention; rather focus on infusing financial advice with biogerontology technology when planning for an aging population.)

Technology is going to allow us to live much longer. However, living longer is not always a benefit unless wellness is optimal. In a country that is traditionally lazy vis-à-vis health and wellness, life-extending technology may end up costing us severely in a population that down plays biogerontology and healthy aging.

Regardless of wellness or not, today's client will require adjustment to financial planning due to increases in longevity. One requirement will be a retirement and post-retirement fluid income plan. Planning for average life expectancy and making investments accordingly will no longer suffice. Multiple plans may be required, monitored, and executed as the client ages and more factors about their internal age are recognized and endorsed.

In summation of the aging portion of our research, financial services firms must create a comprehensive care and aging planning model. An example of a full-scale care planning offering is Financial Independence Group's creation of Whealth™. Whealth™ is a complete wellness and wealth management model for financial professionals to customize and implement over a three-year timeframe within their current businesses.

Third, structural changes within society and technology will accelerate the need for financial advice to include heir and legacy planning. We believe every financial professional and advisory firm should establish and offer a true next-generation planning model. This may very well be the largest opportunistic shift for financial services in the immediate future. Most firms do not have a basic heir model, and even less have a true formal offering. However, technology will alter this almost immediately. We predict the disruption of two next-generation paths.

The initial disruption has already begun with information technology. This will continue to impact how advice is constructed, delivered, and executed. Recall the earlier story about Sam. The way Sam received financial planning and advice is available today. In fact, it has been available for a few years. It simply has not been advanced much past phase one. Quantum offerings of technology and finance will become available in phase two and beyond. Much like PrecisionWealth™, the fictional company in our story, true advice will be extremely customized and "live" alongside the user. Advice will be pure and objective



and could deep-plan for users the same way the most sophisticated firms do today via humans. Financial planning and advice once reserved for the ultra-affluent and family offices will become mainstream and totalistic in offering and benefit.

Employment will be the other path subject to disruption. Financial advice will be altered to account for the change in workforce opportunities, the lack of jobs, and motivation to seek jobs by today's youth. The good news is technology will create new jobs that do not exist today. These jobs will be in areas like gaming and deep coding, or managing boutique shops and restaurants assisted by AI-enhanced robots.

For those next generation clients that are in the good news camp and achieve the jobs of tomorrow, more burst planning will be needed. Burst planning™ emphasizes multiple complexities and accounts for shifts in the plan and overall investments. For instance: a deep coder may work with company X for a salary and benefits, then abruptly move to company Y with commission, a potential bonus, and stock options after a 12-month incubation process. This burst, or rapid and consistent shift, in gross input (salary, benefits, options, timing, valuation) will not work inside of today's linear software models, or the traditional minds of most financial planners.

The bad news is these jobs will not require the large amounts of human capital the way factories did during the industrial revolution. The new reality is job creation now comes with a decreased need for employees. This naturally increases competition for those that want the jobs. However, it can also create an undertone of lack of self-worth and desire to achieve within job seekers that feel unequipped.

Investors may be forced to examine cash flow and investment options knowing they may have children living with them much longer than expected. Entire retirement plans become disrupted in this model as everything from location and living standards, to the potential care required for grandchildren becomes top-of-mind for parents.

Guaranteed income and guaranteed employment will become factors. Parents may decide to invest to hedge or buy-up the factor used in guaranteed income for their children. And, life insurance will have an entirely new meaning as the income protection and estate creation it offers will become invaluable.

There is no longer one economy. Because of the many generations, types of work experience, and education levels, the US economy is a conglomeration of hundreds of economic subsets. Advancing technologies will transform every economic subset. These complexities will require an adjustment in financial services offerings for every economic subset. Financial services have never seen change like this before, nor will it correctly anticipate the hyper rate of future transformation. The closest comparison is the move to automated algorithmic trading platforms.



Although every financial professional must adapt to market evolution, for those that anticipate and respond to changes quickly opportunity will be boundless. Exhaustive planning once reserved for the wealthy will now be needed by all economic subgroups. Firms of all sizes will be able to capitalize on this new need by creating a variety of models for a multitude of economic groups.

In conclusion, the financial services sector has traditionally been slow to innovate. *Most of the global disruption due to technology will lead directly back to finance.* Every household will be impacted by the changes brought on by technology advancements. This will require alterations in household financial, investment, aging, and insurance planning. Unlike driverless cars, some of it will still require a human at the wheel. However, much will be conducted by the technology itself. The key recommendation today is for financial professionals to examine how to work in a truly brand-new landscape - one without human interaction – one with Sam.

Contact info@surgebc.com for additional information. *This is not investment, tax or legal advice and is the opinion of its authors, Surge Business Consulting.*