

2021 PROTECTED RETIREMENT INCOME AND PLANNING STUDY

TOP 6 FINANCIAL PROFESSIONAL INSIGHTS

06.2021

01 Financial professionals know the importance of retirement income planning and have had conversations about it with 8 out of 10 clients who are age 55 or older

Most investors who haven't talked with a financial professional about retirement income have a desire to do so.

02 The low-interest rate environment has created a change in strategies

Nearly two-thirds (65%) of financial professionals reported having changed their approach to retirement planning in the past year. Low-interest rates (71%) and reduced return on bonds (49%) were the top two reasons cited for making a change.

03 Protection is a key driver underlying most financial professionals' retirement income planning approach, and for most at least a moderately important dimension in growth strategies

52% of financial professionals say one of the benefits to retirement income planning is to create an income stream that lasts a client's entire life. Investors concur – 54% appreciate this benefit.

While 47% of investors say a benefit of income planning is protecting assets, only 26% of financial professionals say the same, creating a potential gap between the benefits clients want and the planning services they're provided.

04 Financial professionals can help clients optimize many forms of protected income, including Social Security and pension benefits

Financial professionals overestimate how complicated their clients think it is to optimize Social Security benefits. Forty-two percent (42%) of financial professionals believe their clients think optimizing Social Security is very complicated; while only 7% of investors actually believe it is.

05 Financial Professionals admit low knowledge of annuities, suggesting a need for more education

Forty percent (40%) of financial professionals say they are only somewhat knowledgeable or not at all knowledgeable about annuities. However, this rises to 50% among registered investment advisors (RIAs).

06 Financial professionals focus heavily on the traditional systematic withdrawal approach to create income in retirement, leaving their clients potentially exposed to unacceptable risk of running out of money

Eighty-seven percent (87%) use income through withdrawals from an investment portfolio at least a moderate amount of the time with their clients.

Advisors who more explicitly use income protection strategies make different product selection choices—more often recognizing the value and importance of protected income through annuities.

Surveys of 1,519 investors ages 45-75 with more than \$100,000 in investable assets and 602 financial professionals, spanning registered investment advisors to national wirehouses, conducted in March and April.