



ALI Cannex Protected Retirement Income and Planning (PRIP) Study

2024 REPORT

Chapter 3 - Financial Professionals and Clients: Gaps and Alignment

October 1, 2024

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Lifetime
Income

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ALI PRIP Background and Objectives

Protected Retirement Income and Planning (PRIP) examines the rapidly changing retirement income planning landscape, including shifts in consumer attitudes and behaviors toward retirement savings.

PRIP is the only research of its kind that surveys both consumers and financial professionals simultaneously. PRIP 2024 surveyed 2,516 consumers in the U.S. ages 45 to 75, an oversample of Peak 65 consumers, ages 61 to 65, for a total of 886 Peak 65 consumers.

PRIP 2024 also includes 508 financial professionals who conduct retirement planning for individual clients.

Peak 65 refers to a historic demographic moment when the U.S. will experience its greatest surge in the number of Americans to turn the traditional retirement age of 65 than at any time in history. 2024 marks the beginning of the “Peak 65 Zone” with more than 4.1 million Americans retiring each year through 2027. What used to be 10,000 over the past decade is now over 11,200 every day.

Audiences



Consumers

- **Total Sample (N=2516):** Ages 45 to 75, no investable asset criteria



Peak 65

- **Peak 65 Sample (N=886):** Those ages 61 to 65 from the total sample along with an oversample of N=505 in this age category



Investors

- **Investor Sample (N=567):** Those ages 45 to 72 with \$150k or more in assets and use a financial professional

Financial Professionals



- **Financial Professional Sample (N=508):** Separate sample of financial professionals, not part of the consumer sample

What We Know From Previous Waves

This 2024 study is the fifth wave of the PRIP Study. This is what we know from previous waves:

- **Consumers want protection;** Financial Professionals tend to underestimate how much
- **Those who are protected** (with pension and/or annuity) **are more confident** in their financial future
- **People don't hate annuities.** A plurality of consumers are neutral, and a good proportion are positive
- **Developing a retirement income plan is hard.** Consumers need help with decumulation
- **Mind the gaps;** differences in opinions between Financial Professionals and consumers identify tensions and opportunities for Financial Professionals

A unique aspect of PRIP: The ability to compare Investors' perceptions to those of Financial Professionals



- Financial professionals and investors think similarly about what people expect to do when retired and that retirement can be a time of new beginnings.
- However, this study reveals gaps between financial professionals and investors in several critical areas.
- Financial professionals underestimate how much investors value protection, and investors say their advisors don't discuss it as often as advisors say they do.
- Advisors overestimate how often they discuss difficult issues like the possibility of cognitive decline, and even how much they're helping their clients with questions about Social Security.

Bottom line: The new retirement environment puts a heavier burden on advisors to broaden the retirement conversation; most aren't having the more difficult conversations

Financial Professionals in this study have at least half of their clients aged 45 or older and have assets under management of at least \$15 million



Financial Professionals



39%

Have Assets Under Management of \$150 million or more



83%

Have a Life and Health License



85%

Male



54%

Have been a Financial Professional for 20 or more years

Investors are defined as being ages 45 to 72, having \$150k+ in assets and working with a financial professional

Investors



77%
Married, living with a partner



71%
Have children

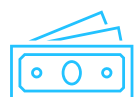
51%
Have living parents or in-laws



34%
Retired



64%
Protected by a Pension or Annuity

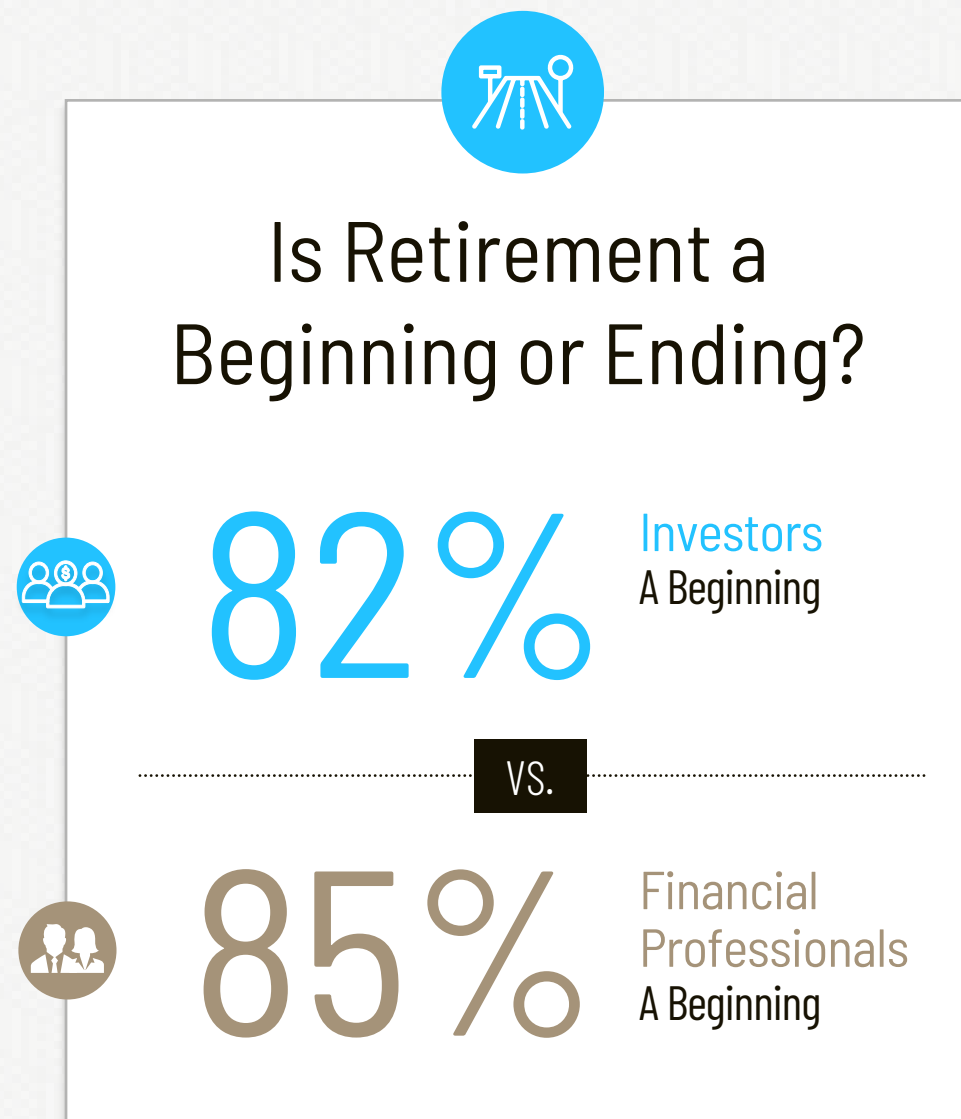


28%
Have \$1 million or more in assets

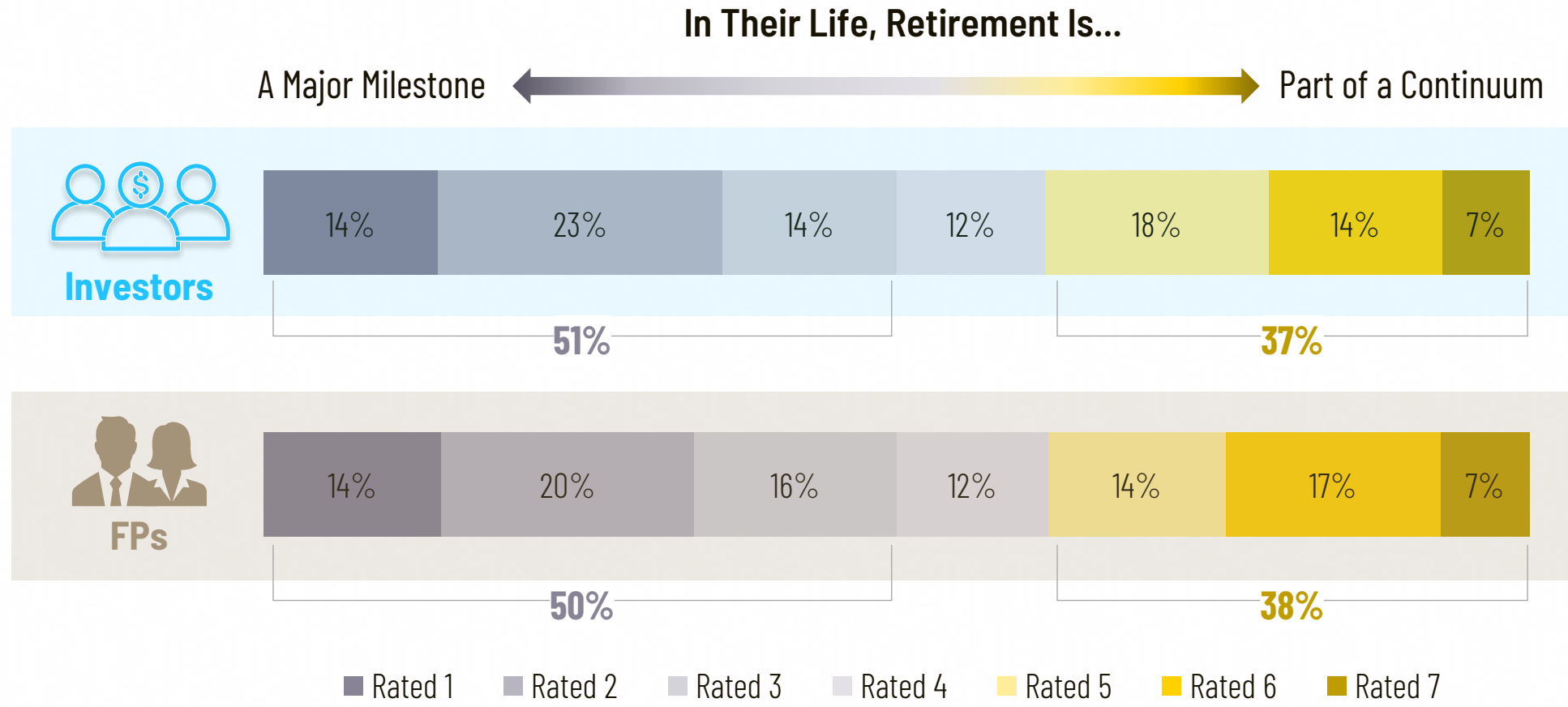


77%
Believe their retirement savings and sources of income will last their lifetime

Alignment: Advisors and investors alike believe retirement is a beginning rather than an ending



Alignment: Investors, like Financial Professionals, tend to think of retirement as more of a major milestone than part of continuum



A third of investors and Financial Professionals think of retirement as a time to stop working, but investors value travel more while FPs most look forward to more time with family and friends

Top Two Phrases Most Associated with the Word Retirement

INVESTORS

- 38%** Taking time to travel
- 33%** Stop working
- 31%** Slowing down and relaxing
- 31%** More time with friends and family
- 21%** More time to do the hobbies I love
- 17%** Not having to earn money to live a good life



Last:

- 0%** Starting a new business
- 0%** Continuing to work full-time

FPs

- 39%** More time with friends and family
- 34%** Stop working
- 29%** Slowing down and relaxing
- 29%** Not having to earn money to live a good life
- 24%** Taking time to travel
- 18%** More time to do the hobbies I love



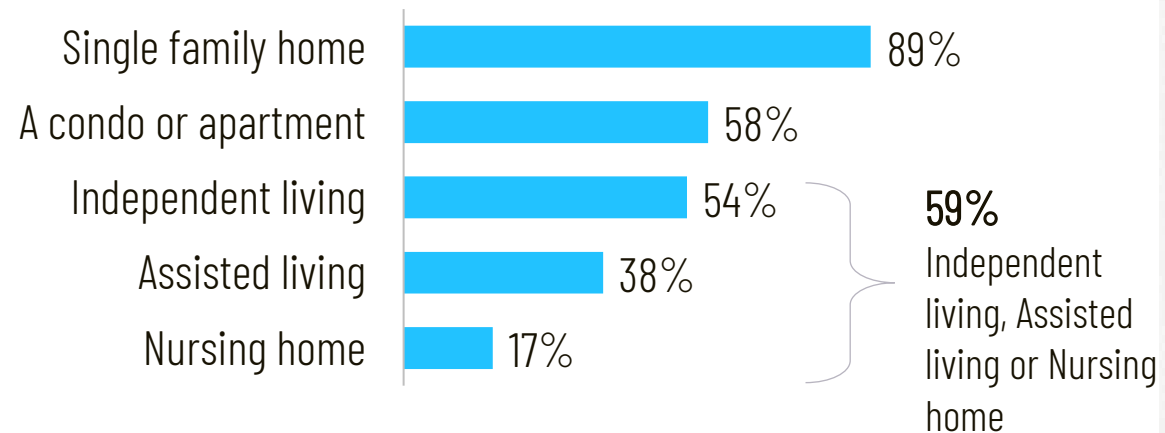
Last:

- 0%** Starting a new business
- 2%** Continuing to work full-time

Gap: Nearly six out of 10 of investors think they may need to live in independent living, assisted living or a nursing home at some point in the future; advisors underestimate



Places **Investors** See Themselves Living at Some Point in Retirement



Base: Investors (N=567)
 N12: Which of the following places could you see yourself living at some point in retirement?
 Base: FPs That Gave an Answer (N=470)
 N12: What percentage of your clients age 45 and over think they will live in independent living, assisted living, or a nursing home at some point?



On average, **Financial Professionals** say

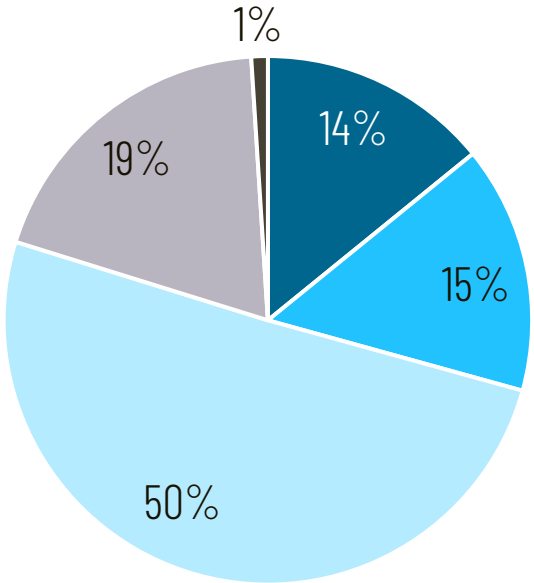
34%

of their clients ages 45 and over think they will live in independent living, assisted living, or a nursing home at some point

Most non-retired investors have at least some idea of the amount of Social Security benefits they'll receive

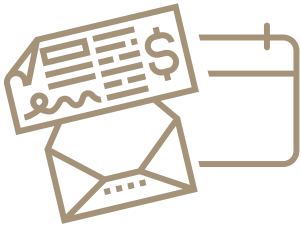


Know how much money they'll receive each month from Social Security



- Yes, already receive Social Security benefits
- Know exactly what I'll receive but haven't started drawing benefits yet
- Have some idea of what I'll receive
- Have no idea what I'll receive
- Not eligible to receive Social Security benefits

Base: Non-retired investors eligible to receive Social Security (N=305)
N21: Do you know how much money you'll receive each month from Social Security benefits?
Base: FPs that Gave an Answer (N=491)
[FP] N21. What percentage of your non-retired clients age 45 and over know the amount of Social Security they will receive in retirement?



On average, **Financial Professionals** say

43%

of their **non-retired** clients age 45 and over know the amount of Social Security they will receive in retirement

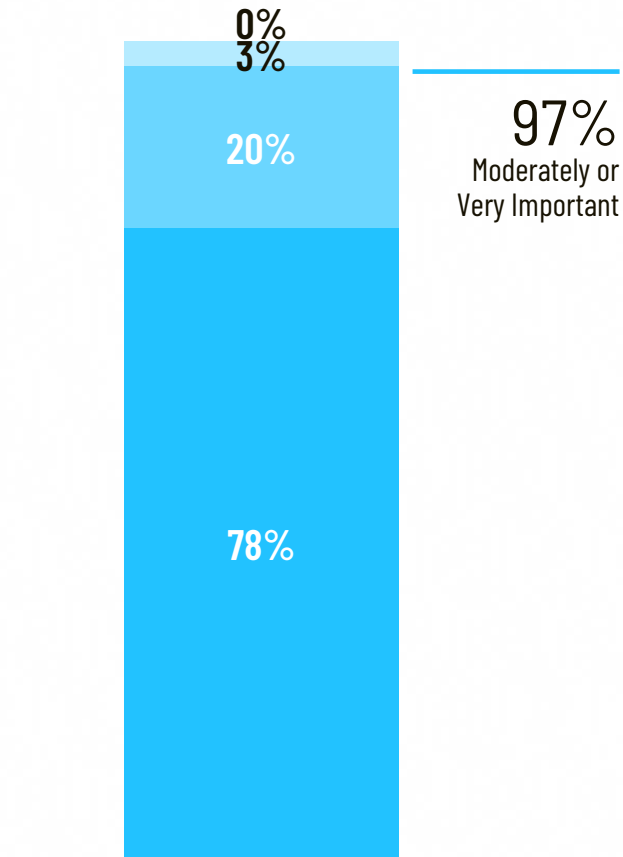
GAP: Nearly 100% of investors believe protection of one's retirement assets is important compared to 79% of financial professionals



Investors

Importance of Protection When Thinking About Your Retirement Planning

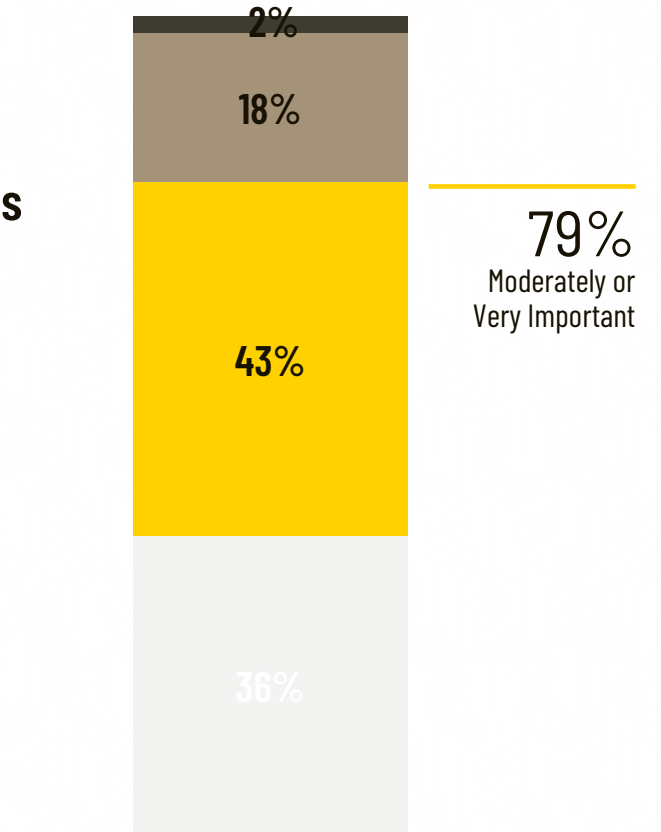
- Not at all important
- Only somewhat important
- Moderately important
- Very important



FPs

Importance of Protection When Working with Clients on Retirement Planning

- Not at all important
- Only somewhat important
- Moderately important
- Very important



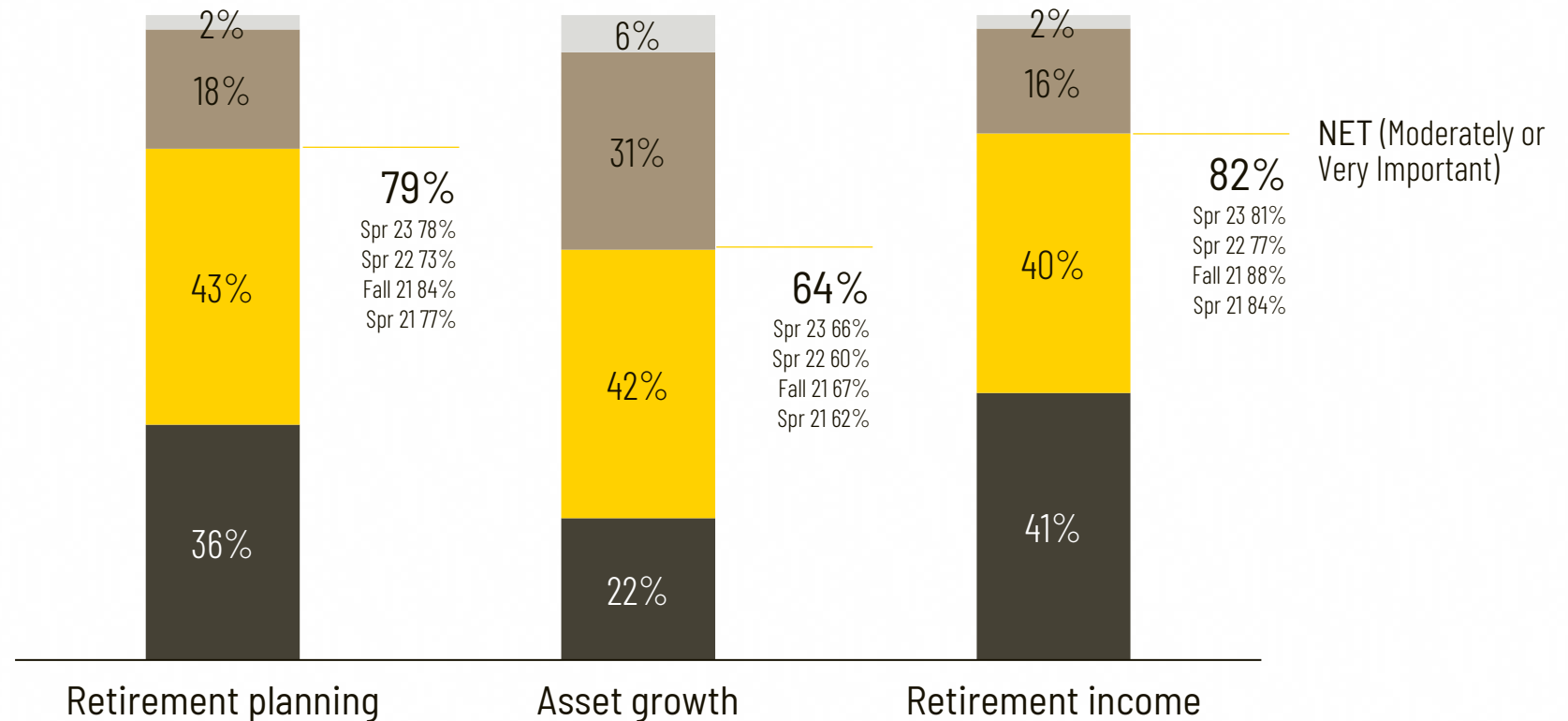
Base: Investors (N=567), FPs (N=508)
Q13. How important is protection to you when you think about your retirement planning?
[FP] How important is the concept of protection when you work with your clients on retirement planning?

Financial Professionals consistently rate the importance of retirement income protection higher than asset growth protection



Importance of Protection When Working with Clients on...

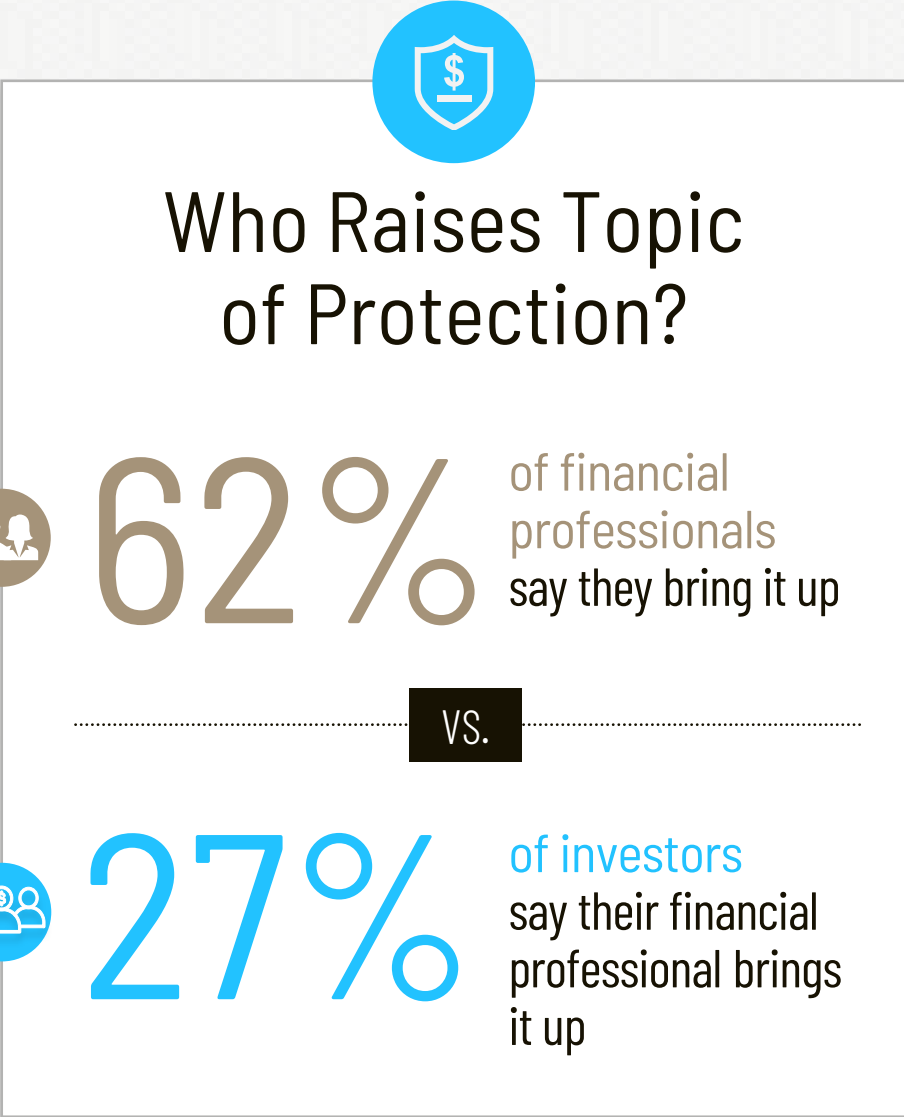
- Not at all important
- Only somewhat important
- Moderately important
- Very important



Protection = designed to provide a guaranteed income payment or reduce asset loss

Base: FPs (N=508)
 Q13. How important is the concept of protection when you work with your clients on retirement planning?
 Q14. How important is the concept of protection when you work with your clients on asset growth?
 Q15. How important is the concept of protection when you work with your clients on retirement income?

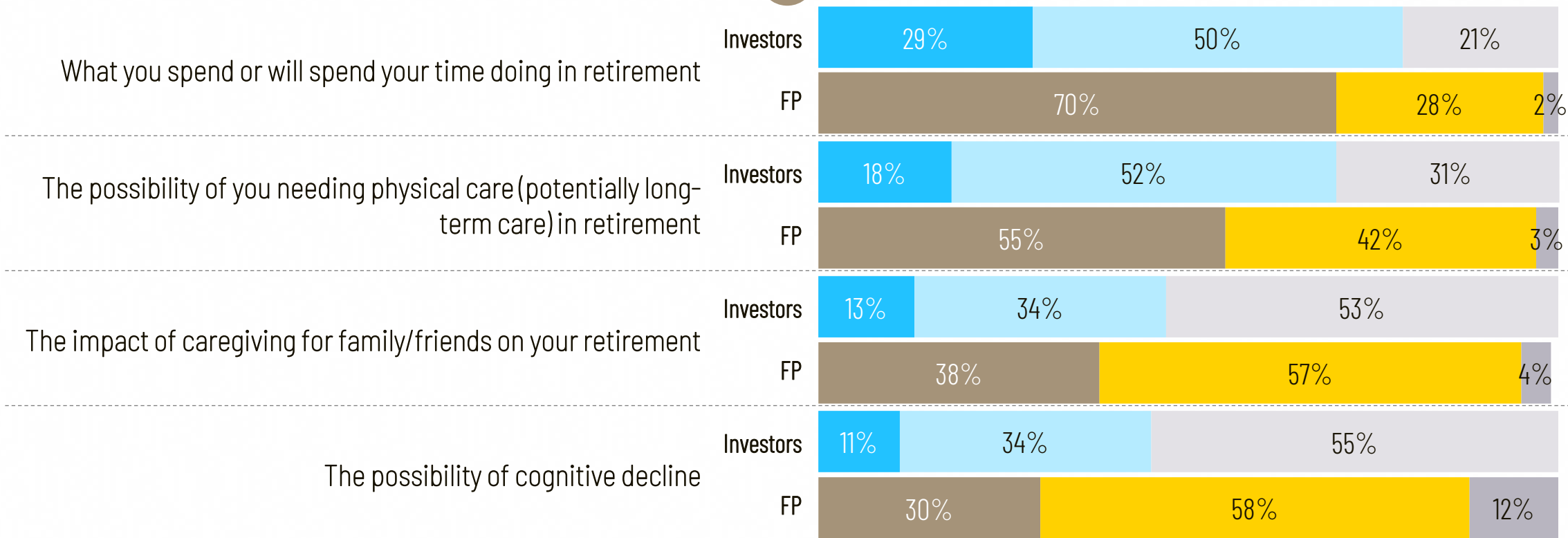
GAP: While financial professionals say they raise the topic of protection with their clients, investors say otherwise



Base: Investors (N=567), FPs (N=508)
Q14: Thinking about the topic of protection when you talk with your financial professional about retirement income, who usually raises the topic of protection?
[FP] Thinking again about protection when you work with your clients on retirement income. Who usually raises the topic of protection?

GAP: Financial professionals say they are having conversations with clients about important aspects of the retirement experience; investors disagree

Frequency Financial Professional Brings Up These Aspects of Retirement



Base: Investors (N=567)
 NFP1. How often does your financial professional bring up these aspects of retirement with you?

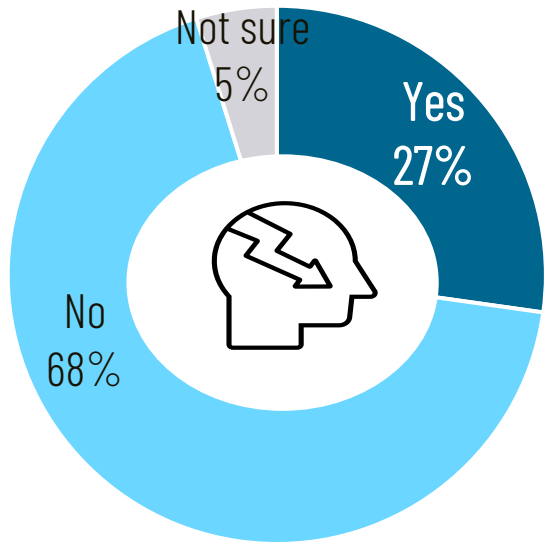
Base: FPs (N=508)
 NFP1. How often do you bring up these aspects of retirement with your clients age 45 and older?

GAP: FPs overestimate how often they discuss steps clients could take in case of cognitive decline later in life



Investors

Financial Professional brings up steps you could take in case of cognitive decline later in life



Base: Investors (n=567)
N33: Has your financial professional ever spoken with you about steps you could take in case you experience some cognitive decline (decline in your thinking skills and abilities) later in life?
Base: FPs (N=508)
N33: Have you ever spoken with your clients age 45 and older about steps they could take in case they experience some cognitive decline (decline in their thinking skills and abilities) later in life?



Financial Professionals

90%

of Financial Professionals say they bring up steps clients could take in case of experiencing cognitive decline later in life

- 21% - All of my clients
- 69% - Some of my clients

Investors and Financial Professionals are concerned about inflation, investment performance and healthcare costs; **GAP:** FPs underestimate investors' concerns about political uncertainty

Issues Impacting Ability to Save for Retirement

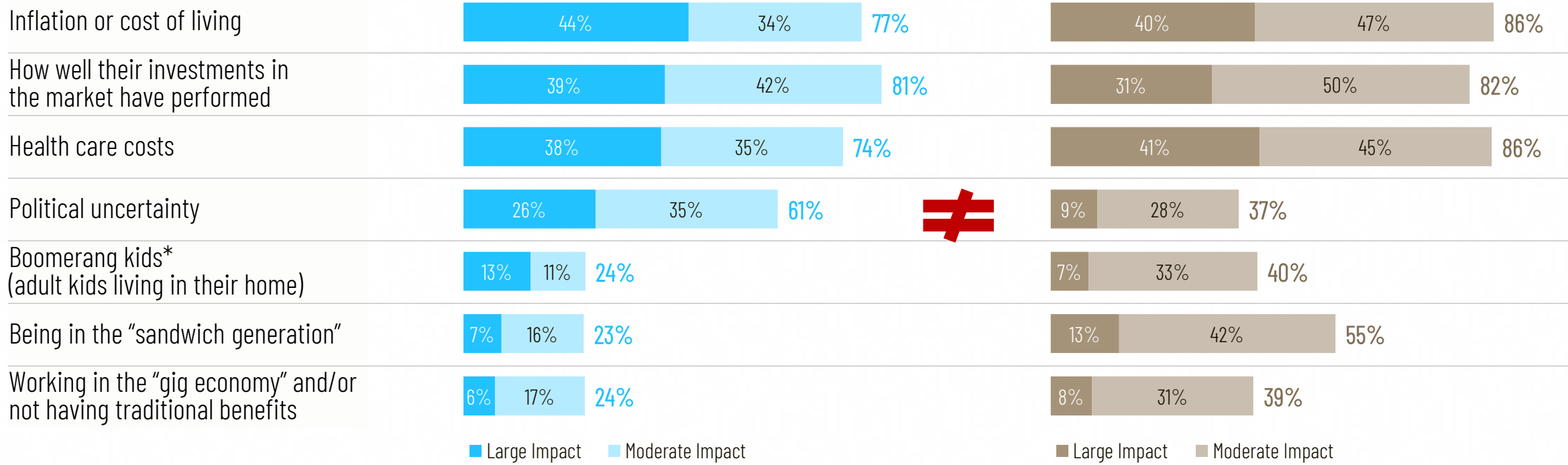
Multiple responses accepted



Investors

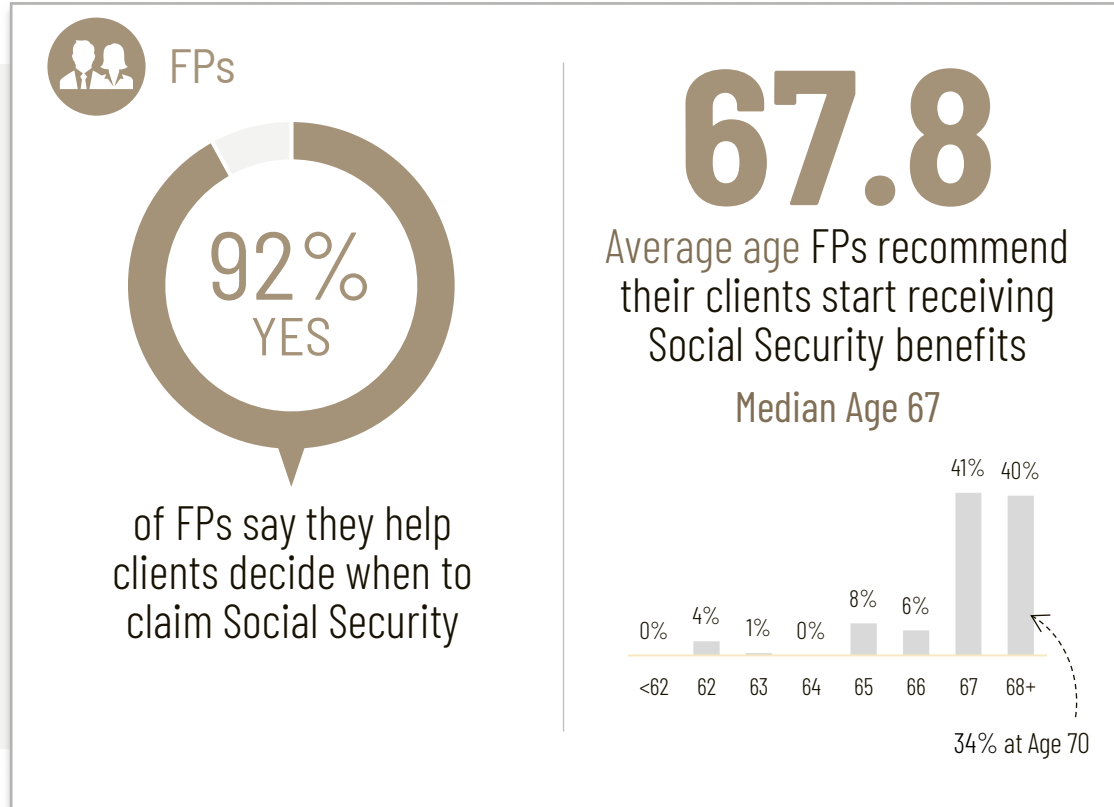
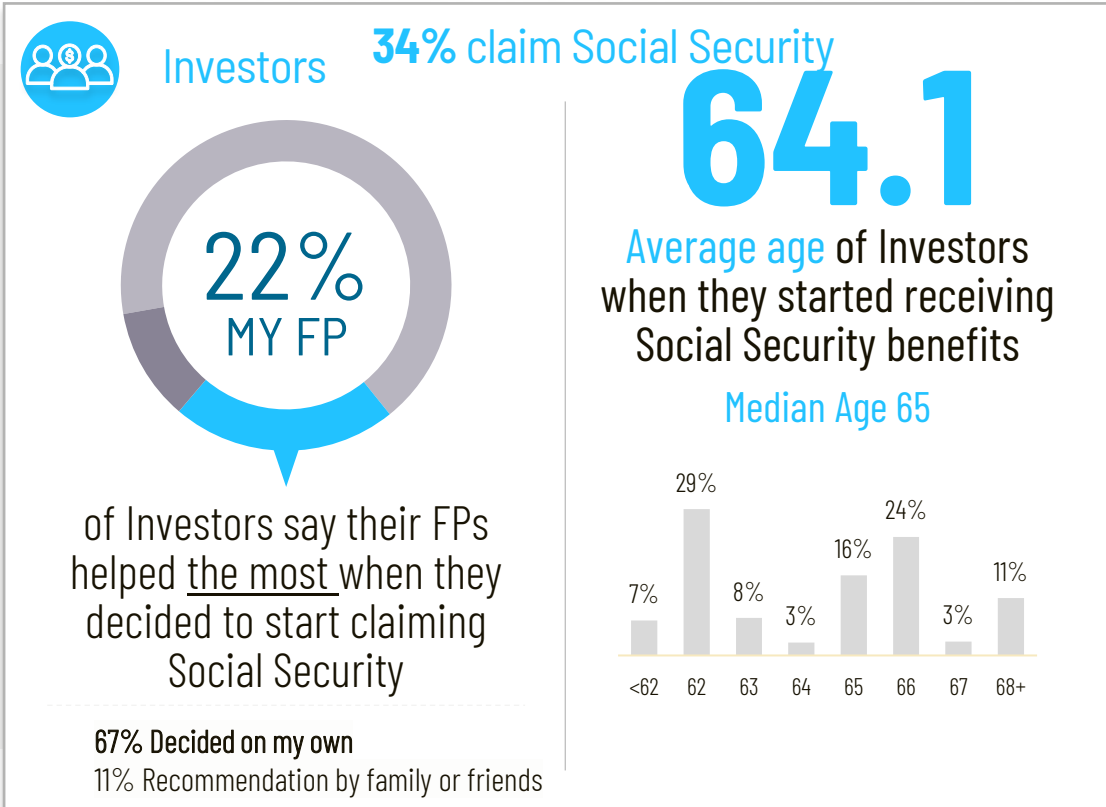


FPs



Base: Investors (n=567) *Investors that have adult children (N=352)
 N15: How much of an impact do each of the following have on you and (IF RETIRED: your retirement / IF NOT RETIRED: your ability to save for retirement)?
 Base: FPs (N=508)
 N15: Thinking of your clients age 45 or older, generally how much of a negative impact do each of the following have on their ability to save for retirement?

GAP: Financial Professionals believe they help their clients decide when to claim Social Security, only one-quarter of investors say their FP helped them the most when making this important decision

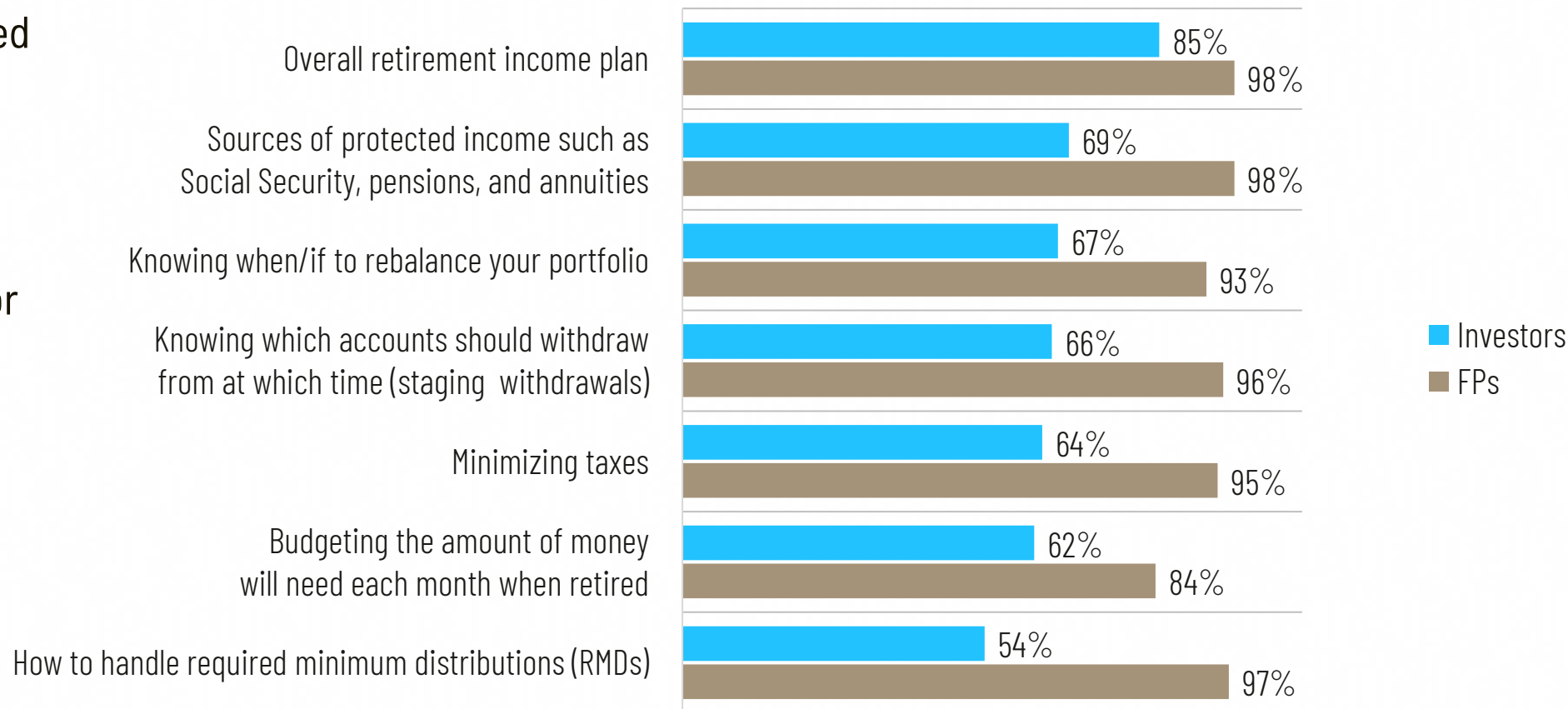


Base: Investors (n=567)
 N17: Have you already started claiming Social Security payments?
 Base: Investors Who are Claiming Social Security (n=200)
 N19: Who helped you the most when you decided to start claiming Social Security?
 Base: Investors Who are Claiming Social Security (n=200)
 N18: At what age did you start receiving your Social Security benefits?

Base: FPs (N=508)
 N19: Do you help clients decide when to claim Social Security?
 Base: FPs Who Help Clients Decide Age to Claim Social Security (N=467)
 N18: At what age do you typically recommend your clients start receiving Social Security benefits?

GAP: Financial professionals believe they talk with their clients about several components of retirement income planning, but many investors say those topics aren't being discussed

Have you talked about each of the following with your (financial professional or client) ...



Base: Investors (n=567), FPs (N=508)
 N27. Have you talked with your financial professional about each of the following?
 [FP] N26. Do you talk with your clients age 45 and over about each of the following?

Gap: Financial professionals underestimate clients' interest in annuities in their employer sponsored retirement plan

Helpfulness of Service When It Comes to Planning Retirement Income (% Very or Somewhat Helpful)

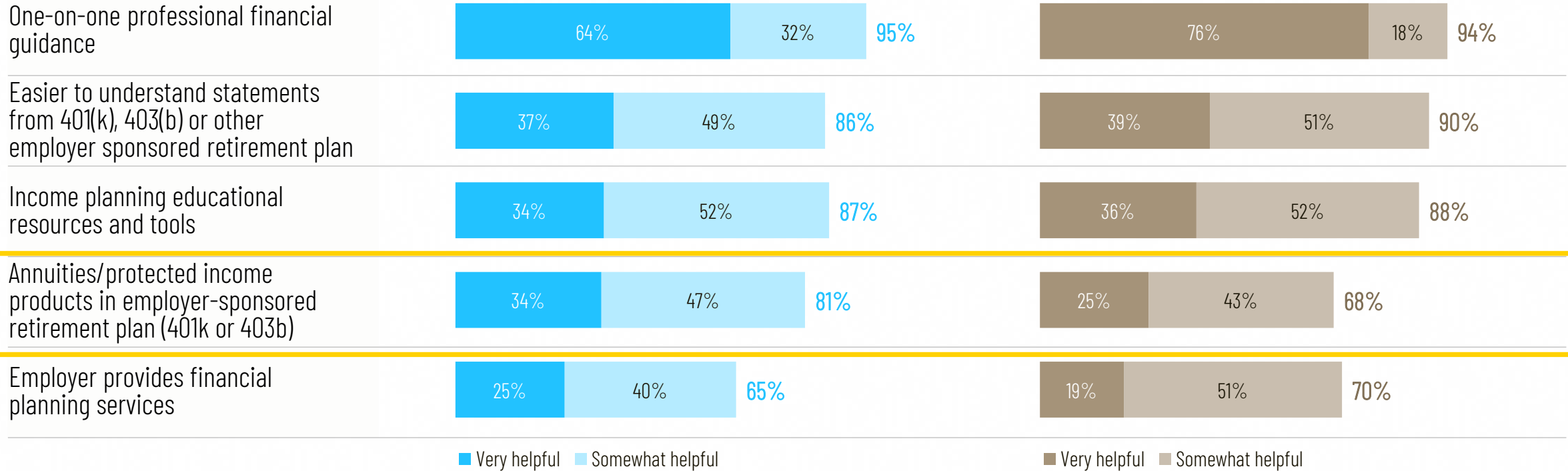
Among investors who are still working
Multiple responses accepted



Investors



FPs

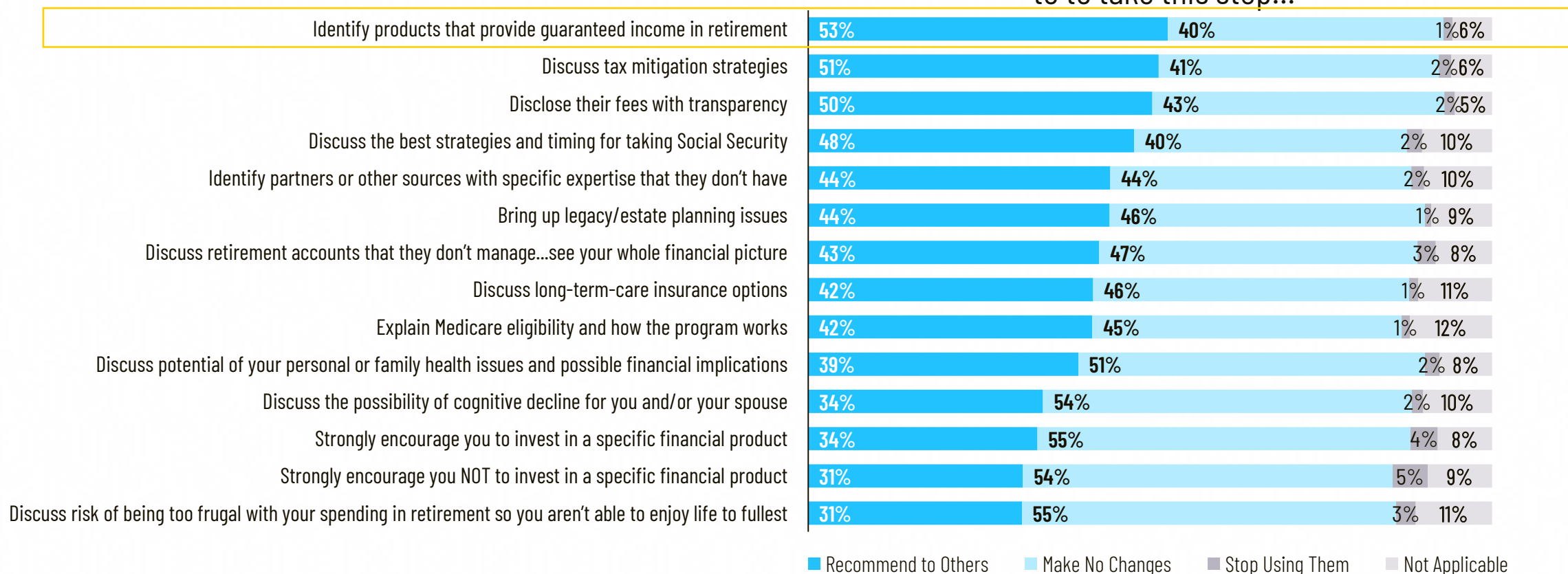


Base: Investors still working (n=308), FPs (N=508)
 N30. How helpful would you find each of the following when it comes to planning your retirement income?
 [FP] N30. How helpful would you believe your non-retired clients over age 45 would find each of the following when it comes to their retirement income plan?

Investors highly value financial advisors who identify products that provide guaranteed income



If your financial advisor did this, how likely are you to take this step...



■ Recommend to Others ■ Make No Changes ■ Stop Using Them ■ Not Applicable

GAP: Financial professionals and investors differ in what they perceive as highly valued services

Activities Valued and Recommended by Investors	★ Top 3	FPs Say Clients Value This	Investors Would Recommend to Others
Discuss the best strategies and timing for taking Social Security	★	78%	48%
Discuss retirement accounts not managed by FP (such as a 401(k) or accounts with another advisor) to see whole financial picture	★	75%	43%
Discuss tax mitigation strategies	★	75%	★ 51%
Disclose fees with transparency		72%	★ 50%
Bring up legacy/estate planning issues		68%	44%
Discuss the potential of personal or family health issues and possible financial implications		61%	39%
Discuss long-term-care insurance options		59%	42%
Identify partners or other sources with specific expertise that you don't have		57%	44%
Identify products that provide guaranteed income in retirement		53%	★ 53%
Discuss the risk of being too frugal with in retirement...aren't able to enjoy life to the fullest		51%	31%
Strongly encourage them NOT to invest in a product		50%	31%
Explain Medicare eligibility and how the program works		48%	42%
Strongly encourage them to invest in a product		38%	34%
Discuss the possibility of cognitive decline		38%	34%

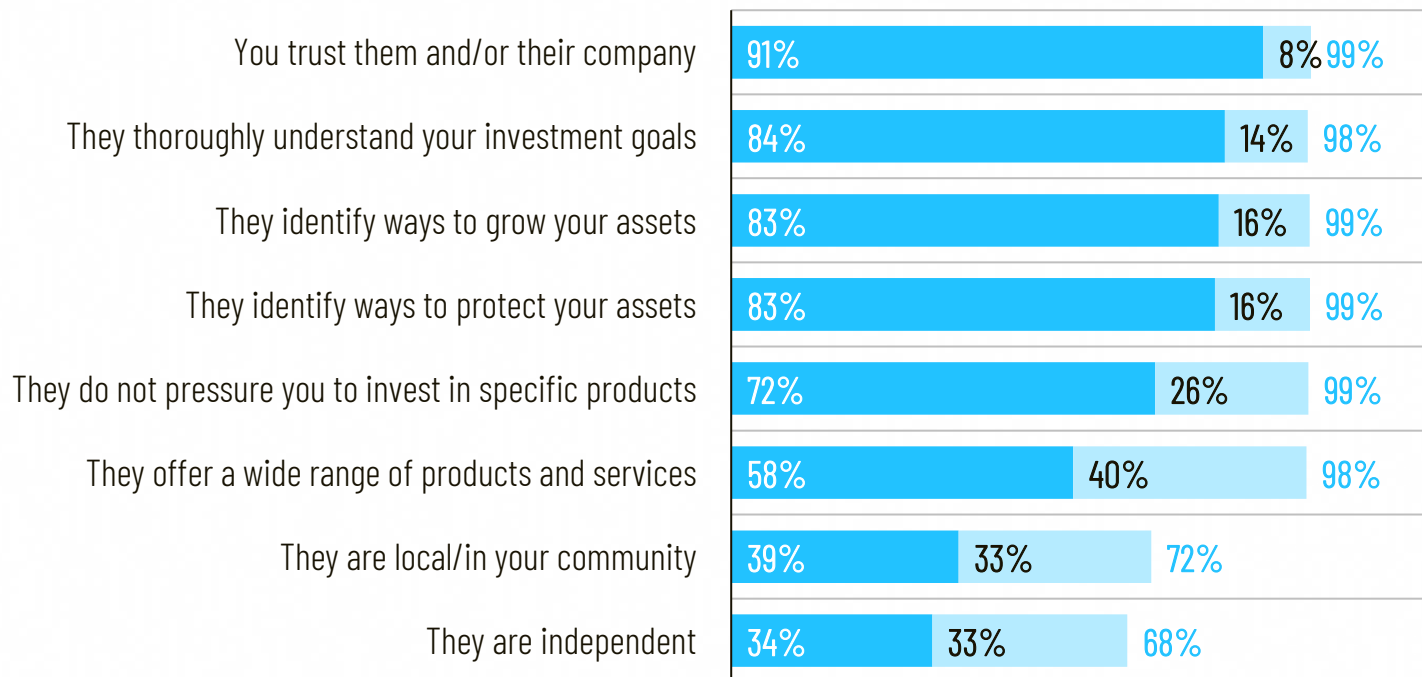
Base: FPs (N=508)
 [FP] N34. If you do any of these activities with your clients, how much do they value it, if at all?

Base: Investors (N=567)
 N34. If your financial advisor did each of these things, or does them currently, how likely are you to take one of these steps: Recommend them to others, Make no changes, or Stop using them as a financial advisor?

Trust is the most important characteristic of a financial advisor; most investors are satisfied with their advisor but there is room for improvement



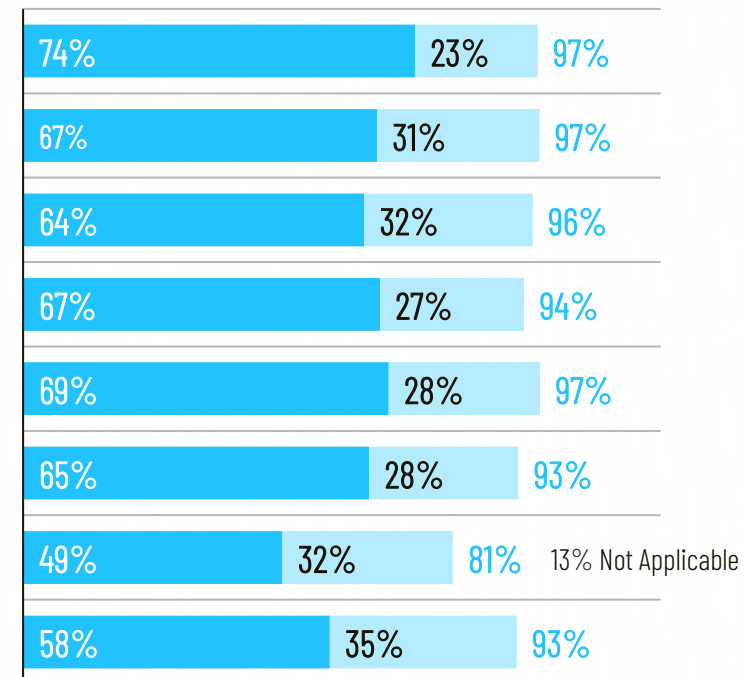
Important Characteristics of a Financial Advisor



■ Very Important ■ Somewhat important = Important NET



Satisfied with Characteristics of Their Financial Advisor



■ Very satisfied ■ Somewhat satisfied = Satisfied NET

Base: Investors (N=567)
 N35. Thinking about financial professionals overall, how important are each of the following characteristics of a financial advisor?
 N36. How satisfied are you with each of the following characteristics of your current financial advisor?

Most investors believe financial professionals should present products that provide guaranteed lifetime income



Investors

Agreement with Statements

59% AGREE (6-7 rating)

Financial professionals have a responsibility to present financial products that provide guaranteed lifetime income in retirement as an option to their clients

38% - Neutral (3-5 rating)
2% - Disagree (1-2 rating)

40% AGREE (6-7 rating)

If your financial professional did not present all of the possible strategies for producing income in retirement to you, you would consider leaving that advisor

53% - Neutral (3-5 rating)
6% - Disagree (1-2 rating)

Base: Investors (N= 567)
Q21a. To what extent do you agree or disagree with the following statements: Financial professionals have a responsibility to present financial products that provide guaranteed lifetime income in retirement as an option to their clients.
Q21b. If your financial professional did not present all of the possible strategies for producing income in retirement to you, you would consider leaving that advisor.



Financial Professionals

63% of financial professionals believe their clients could spend more money in retirement if they added guaranteed income from an annuity to help cover basic monthly expenses

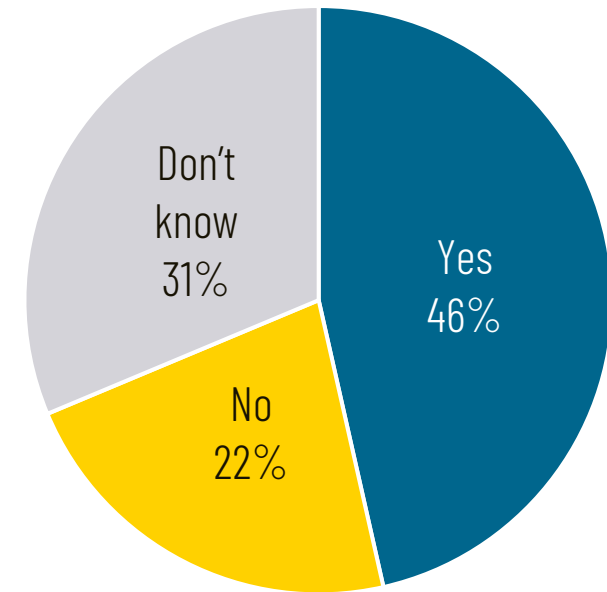
2023: 54%

Base: FPs (N=508)
Q17: Do you believe that your clients could spend more money if they added guaranteed income from an annuity to their retirement income plan to help cover their basic monthly expenses?
Base: Investors (N= 567)
N40: Do you believe you could spend more money in retirement if you added guaranteed income from an annuity to your retirement income plan to help cover your basic monthly expenses?



Investors

Guaranteed Income from an Annuity Could Help Cover Basic Monthly Expenses



Nearly one-third of investors don't know the answer to this question

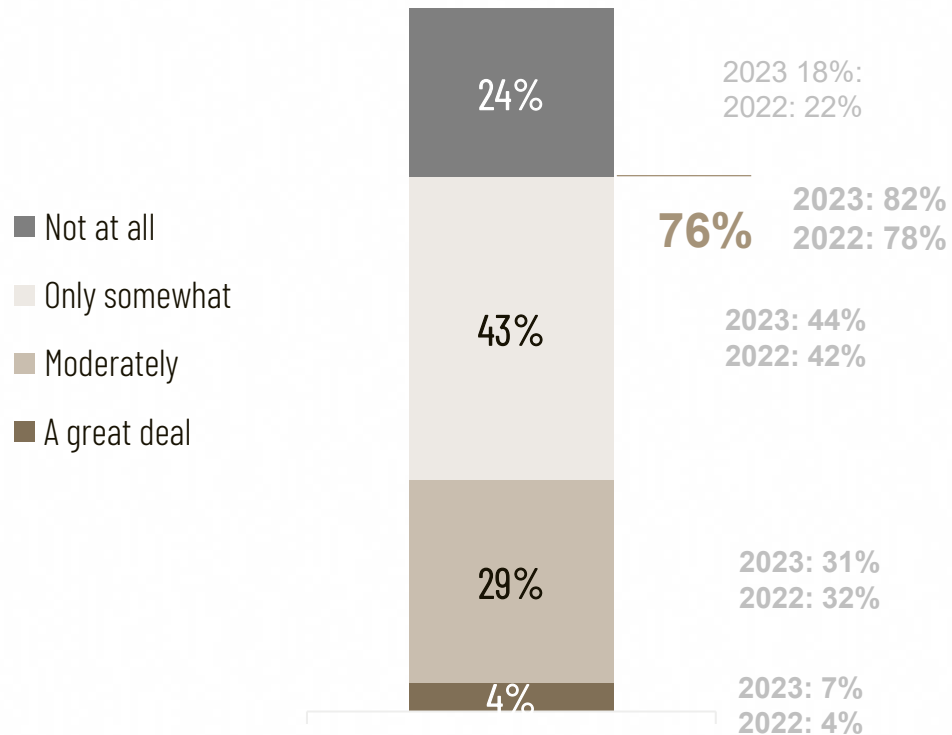


Financial Professionals: Reactions to Market Forces

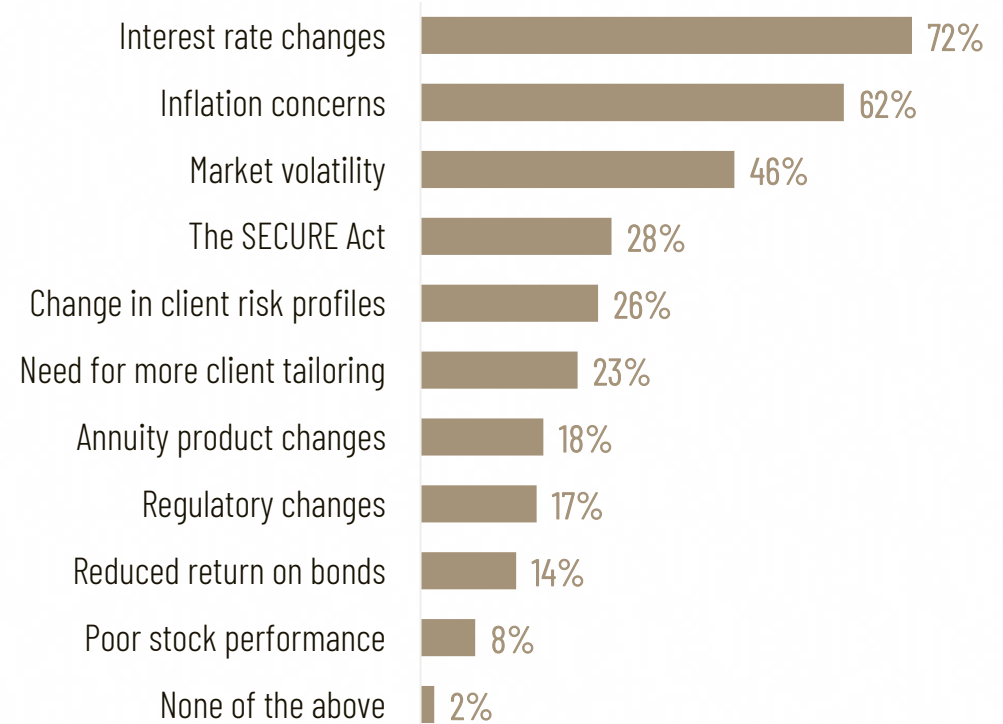
Nearly eight out of 10 Financial Professionals changed their retirement planning approach in the past year; interest rate changes are the top reason



Financial Professionals Extent Retirement Planning Approach Changed in Past Year



Reasons for Change in Approach in Past Year Among those whose approach changed (n=381) *Multiple responses accepted*

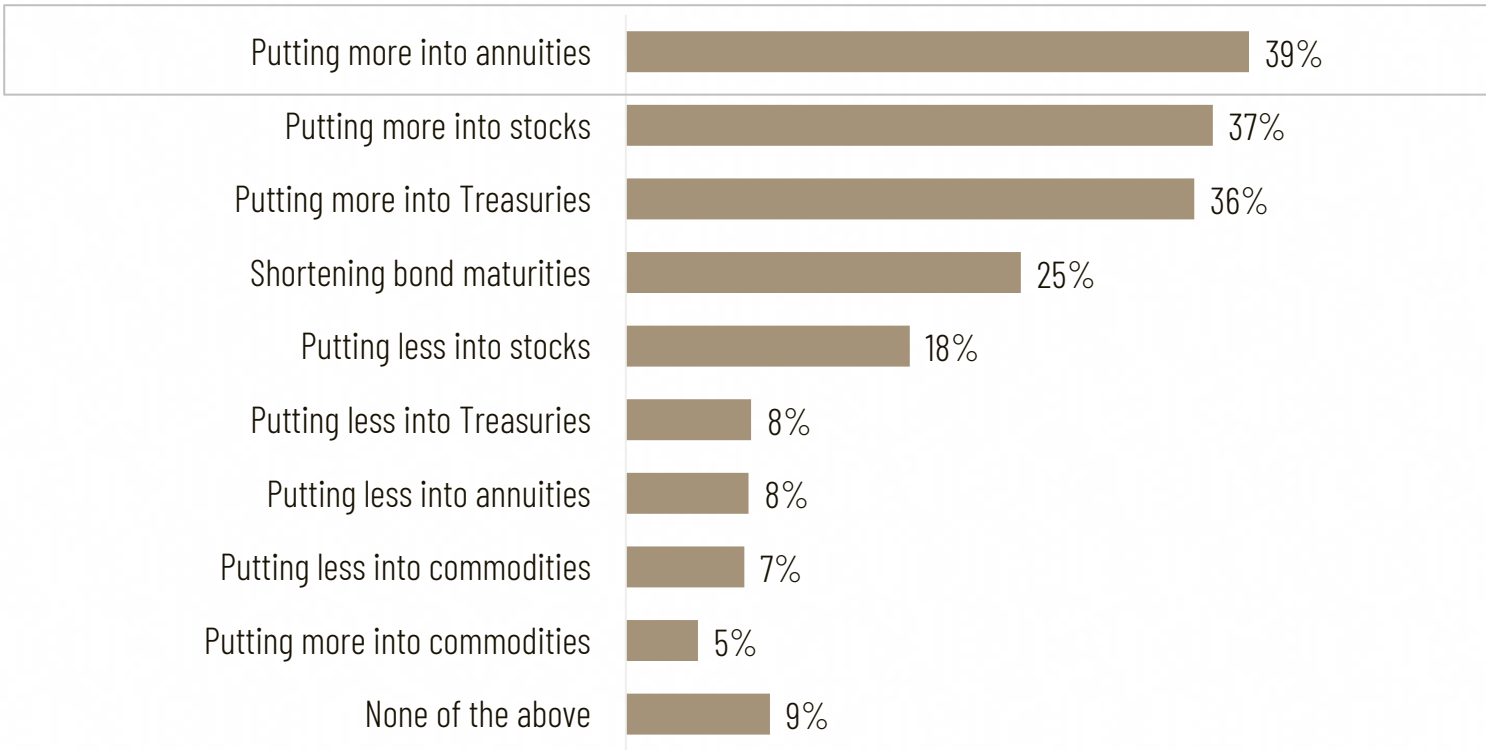


BASE: FPs (N=508)
 S10: How much has your retirement planning approach changed in the last year?
 BASE: FPs Who Have Changed Approach, (N=381)
 S11: Which of these reasons influenced the change in your approach in the last year? Select all that apply.

Four out of 10 Financial Professionals who changed their retirement planning approach in the past year are putting more into annuities now



Financial Professionals Changes in Retirement Planning Approach Now Among those whose approach changed (n=381) *Multiple responses accepted*



APPENDIX

Methodology



CONSUMERS

- This online survey of consumers was conducted by [Artemis Strategy Group](#) February 15 to March 2, 2024. The 2,516 consumers are ages 45 to 75, of which 505 are an oversample of Peak 65 consumers ages 61 to 65, for a total of 886 Peak 65 consumers.
- Data is weighted to align with the population on age, income by gender, race/Hispanic ethnicity, region, work and retirement status, assets, and education. The oversample of ages 61 to 65 is weighted down to reflect their proportion in the population.



Financial Professionals

- This online survey of financial professionals was conducted by [Artemis Strategy Group](#) February 12 to March 4, 2024. The 508 financial professionals are of these types:
 - **RIA:** Registered investment advisor (n=149)
 - **IBD:** Independent broker-dealer (n=132)
 - **Nat BD:** National wirehouse or full-service broker-dealers (n=105)
 - **Reg BD:** Regional broker-dealers (n=50)
 - **Ins BD:** Insurance broker-dealers (n=48)
 - Bank broker dealers are included in the total but not broken out separately due to the base of N=24 which is too small for analysis

Data is weighted on advisor type to match the proportions of the PRIP Spring 2021 study.

Investors Respondent Profile



Gender

Male	50%
Female	50%
Other, non-binary/-conforming, prefer not to say	0%

Age

Ages 45 to 54	22%
Ages 55 to 64	41%
Ages 65 to 75	37%

Region

Northeast	17%
South	38%
Midwest	21%
West	24%

Race/Ethnicity

White/Caucasian	85%
Black/African American	8%
Asian	7%
Amer. Indian / Alaska Native/ NH or PI	3%
Other	1%
Hispanic/Latin origin	7%

Marital Status

Married	73%
Living with partner	4%
Single, never married	12%
Divorced or separated	9%
Widowed	2%

Education

High school or less	13%
Some college/Assoc. degree	30%
College graduate	34%
Graduate school (any)	23%

Current Employment Status

Employed (full or part-time)	58%
Unemployed	3%
Homemaker or other	5%
Retired, but working part-time	4%
Fully retired	30%

Household Income for 2023

Less than \$50K	6%
\$50K < \$100K	32%
\$100K < \$250K	56%
\$250K or more	5%

Household's Total Investable Assets

<\$100K	0%
\$100K < \$150K	0%
\$150K < \$500K	47%
\$500K < \$1M	25%
\$1M < \$2M	19%
\$2M < \$3M	5%
\$3M or more	4%

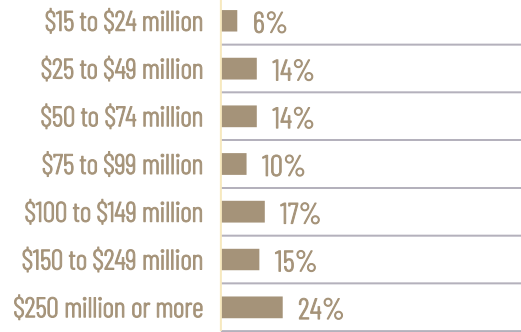
Work with a Financial Professional

Yes	100%
No	0%
Not sure	0%



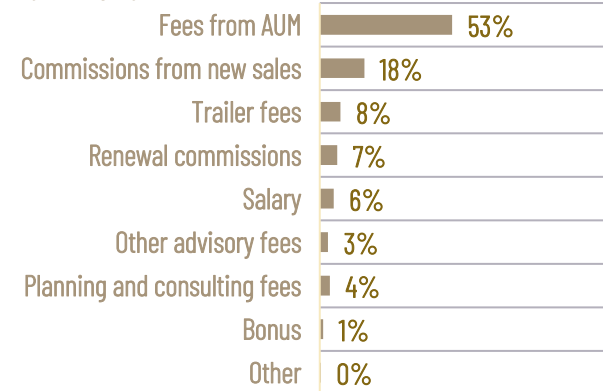
Financial Professional Respondent Profile

FP's Assets Under Management (AUM)

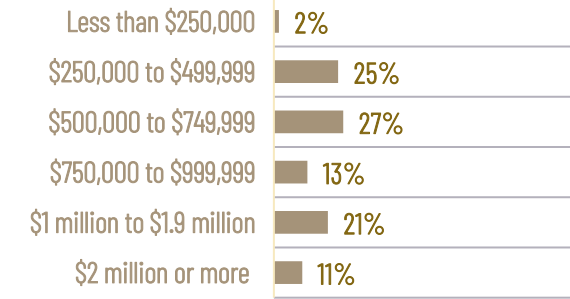


Mean: \$ 159.6 million - Median: \$125 million

Percent of 2023 Cash Compensation of FP by Category

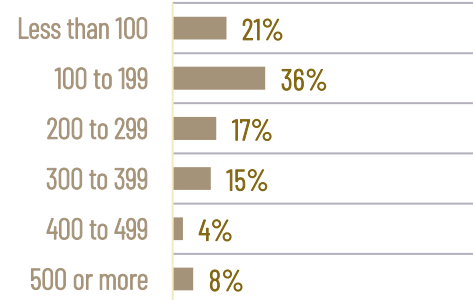


Average HH Investable Asset Level of FP's Clients

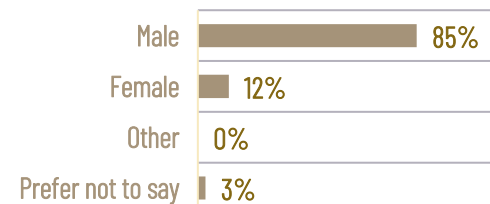


Mean: \$1.03M - Median: \$625,000

Number of HHs FP Actively Serves (Est.)



FP Gender



Average HH Income of FP's Clients

