
Advisors speak up in Curian survey

By Editor Test *Wed, Feb 23, 2011*

Eager to use their time more effectively, advisors want more functionality from their technology platforms.

Nearly two-thirds of independent advisors plan to use separately managed accounts and variable annuities more in 2011, and more than two-thirds say their clients want more conservative investments and guaranteed income features, according to a survey of financial advisors conducted last November by Curian Capital LLC.

The survey, which covered almost 1,300 advisors at 162 firms with an average of about \$38 million under management, also revealed:

Investors are still just as jittery, if not more so, than they were in the aftermath of the financial crisis, and are open to alternative investments and techniques such as tactical portfolio allocation.

Eager to use their time more effectively, advisors want more functionality from their technology platforms. They want to be able to view all of a client's holdings, incorporate multiple product types, and generate consolidated proposals and reports on a single platform.

Many advisors ignore the wholesaling materials that product providers flood them with. More than a third of respondents said they don't have time to use the programs offered by manufacturers, and a significant percentage felt programs were delivered ineffectively.

In other highlights of the survey

- Advisors' economic outlook is split nearly evenly – 42% believe the recession is over and 46% believe it is not over. However, the vast majority of respondents agree that most clients do not believe the recession is over.
- The recent rise in the equity markets is not enough to impact clients' risk tolerance; 88% of respondents say their clients' risk tolerance is either lower or unchanged compared to a year ago.
- More than two-thirds of advisors say their clients are requesting more conservative investments and guaranteed income features. Additionally, nearly half of respondents report a strong demand for income investments and tactical asset allocation.
- 43% of advisors feel that not generating enough income to last through retirement is the biggest threat to their clients' retirement plans and report that only 36% of their clients feel the same. 37% of advisors say the majority of their clients are even more concerned about market volatility. However, only 16% of advisors share this sentiment.
- To meet increased demands for retirement income, nearly two-thirds of advisors expect to increase their

use of separately managed accounts and variable annuities in 2011.

- More than two-thirds of advisors believe inflation is a growing concern that will begin to impact portfolio construction within the next two years.
- Nearly half of all respondents cite time management and efficiency constraints as the biggest challenges they face. To address these challenges, 47% plan to incorporate more technology to eliminate paperwork, while 33% say they will outsource certain functions to a third party.
- 81% of respondents say they will focus on acquiring more affluent clients in 2011, while 59% plan to market their business more aggressively.
- Most advisors value product expertise, investment research and marketing support from product providers; however, they also report that they don't have time to utilize these services, and delivery is often ineffective.
- 74% of advisors say the ability to view all of a client's holdings on a single platform is very important, while 68% want a platform that supports multiple product types and investment options.

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