
Financial service firms will focus on retirement income offerings, advisor training: Hearts & Wallets

By Editor Test Wed, Jul 18, 2012

Having "credible, empirical methodologies" for generating retirement income "will become a competitive necessity" for financial services firms in the future, according to the Massachusetts-based research firm.

In their search for future market share, financial services firms intend to address a wider range of household financial needs, to emphasize retirement income planning, and to step up their efforts to educate advisors, according to the Hearts & Wallets' 2012 industry survey.

The Massachusetts firm, founded by Chris J. Brown of Sway Research and Laura Varas of Masthill Consulting, conducts an annual report based on surveys of executives at some two dozen financial services firms and of consumers in more than 5,000 U.S. households, as well as on focus groups with consumers.

Three of the top ten trends identified in the research this year were:

- **Expanded scope of retirement goals and general advice.** Offerings will expand to present the whole financial picture, including health (including life and long-term care insurance), taxes, real estate, lifestyle considerations (Including estate planning and couples dialogue) and optimal timing on how to take Social Security. The best delivery methods may be through modular architecture or a series of advice modules.
- **Advances in income annuities optimization approaches.** More than three-quarters (77%) of respondents indicate that developing better retirement income capabilities is a top priority. Recommending how to use income annuities as an asset location and income source is gaining in importance. As the retirement income market size grows with more people, who have fewer pensions, the need to generate income from various sources when full-time work stops will increase. Credible, empirical methodologies will become a competitive necessity.
- **Boom in advisor education.** Firms plan to make advisor education a major priority. Advisors need more support to execute expanded scope, illustrate tradeoffs, annuity optimization and advice on account draw down and savings. Structured approaches supported by tools minimize errors, create efficiencies and share best practices.

Hearts & Wallets' comprehensive industry benchmark survey, *The Hearts & Wallets 2012 Retirement Income Competitive Landscape Survey*, was conducted in the spring of 2012. Its findings, along with best practices, top 10 trends and an in-depth review of advice experience, are within the full study, *Inside Retirement Income Advice 2012: A Comprehensive Review of Advice and Guidance Experiences, the Engines that Power Them, and Retirement Income Strategies for the Future*.