

Investment Advice Alone Isn't Enough

By Michelle Richter Gordon Mon, Dec 1, 2025

Financial regulators long ago neglected to recognize that insurance is also a financial product, and that investments and insurance are complementary financial tools—especially for retirees, writes our guest columnist.



A decades-old opinion by the Securities and Exchange Commission leads millions of older Americans to prepare for a financially-secure retirement with, in effect, one hand tied behind their backs. It allows financial advisers to ignore insurance products.

The 1987 opinion ([SEC Interpretive Release No. IA-1092](#)) defined “financial planning” services as advice occurring in association with investment advice, which is about buying stocks, bonds, mutual funds and other investments. Advice about buying fixed life insurance and annuities isn’t included in the definition of investment advice.

That interpretation was a mistake. It gives SEC-registered investment advisers a near-monopoly on the provision of paid financial advice. It means that advisers can fulfill their sworn “fiduciary duty” to clients without understanding, explaining or recommending the insurance products that many retirees arguably need.

Technically, the SEC’s omission wasn’t wrong—state insurance commissioners, not any federal agency, regulate insurance companies and their products. But it failed to recognize that insurance is also a financial product, and that investments and insurance are complementary financial tools—especially for retirees.

Re-defining “fiduciary”

Investment advice is not the correct regulatory lens for financial planning. To create clarity in the market, we should find ways to distinguish holistic financial advice and comprehensive wealth management from advice that considers only risky investments.

The current legal framework, following SEC Rel. No. IA-1092, incorrectly treats finance as a subset of investments, rather than treating investments as a subset of finance. That approach is just wrong. While there may have been precipitating events and political

realities that made it necessary at the time, it does not change the fact that the framework is backwards.

While cash flows into and out of an individual's portfolio (such as for the provision of safe retirement income) aren't currently included in an asset manager's Global Investment Performance Standards (GIPS®-compliant) performance metrics, they should be included in a financial planner's metrics.

Investment advisers (as distinguished from financial planners) are responsible only for managing portfolios to investment mandates. They aren't currently required to make sure that their clients' investment portfolios last for the entirety of their retirements.

Debates over the definition of "fiduciary" conduct fail to ask, "Fiduciary of what?" Investment management is one thing. Wealth management is another. "Wealth" means assets minus liabilities. Since liabilities imply risk, risk management tools—insurance products—should be part of every wealth manager's toolbox.

Steps we should take

If the regulatory framework for financial advice required fiduciary advisers to address and manage each client's financial risks, then insurance products would likely capture a greater portion of financial markets. More consumers would own them, and many would be better off for it.

With the geometric increase in the numbers of Americans entering and living in retirement, it's time to change the framework and include insurance as befits its role in optimizing lifetime wealth management. To accomplish that:

- Regulators should include insurance within financial advice and expand the definition of fiduciary beyond a focus on only investment advice.
- Carriers should develop intellectual capital regarding the roles of insurance products in financial planning and wealth management, using a framework analogous to Modern Portfolio Theory. (One such [patented framework](#), which I co-invented, provides a starting point for that.)
- Independent distributors should work closely with carriers to train advisers and provide them with tools to evaluate clients' financial goals and risks more comprehensively, and to use the full range of financial products available.

The insurance industry should challenge SEC Rel. No. IA-1092, and replace it with a new fiduciary framework that recognizes the value of today's insurance and annuity products,

and equips advisers to include them in their financial planning efforts—especially their plans for retirees.

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This article reflects the opinions of the author and does not constitute financial, investment, legal, tax, or insurance advice.