
Retirement Specialists are Generalists

By Editor Test Mon, Jul 2, 2012

Baby boomers will need retirement income solutions that embrace insurance and investments, and they will need advisors who can offer a full spectrum of products and processes. RIJAdvisor wants to serve that type of advisor.

At a backyard barbecue a few years ago, an 82-year-old millionaire-next-door—he once owned a cardboard box manufacturing company—told me that he hesitates to consult a financial advisor out of fear that he'll be talked into an investment that doesn't suit him.

This gentleman isn't afraid of outright fraud. He merely believes that an advisor will steer him to whatever product that advisor likes to sell. He doesn't know how to find an advisor who will create the best solution for *him*, and not the best solution for the advisor.

Many investors are similarly baffled. A 2008 Rand Corporation [report](#) found, for instance, that few investors could even distinguish between a broker and an advisor. The default option, for many people, is not to seek professional financial advice at all.

My awareness of this problem was heightened this spring, while I was comparing the guaranteed lifetime withdrawal benefit riders of fixed indexed and variable annuities. In the course of one interview, a manufacturer reminded me that, in the real world, no advisor would show both products—FIAs and VAs—to the same client.

Duh. Like physicians, financial intermediaries specialize. Their specialties reflect different forms of training, licensing, regulation, compensation methods or simply the preferences of their firms. FIAs, for example, are sold almost exclusively by independent insurance agents, while VAs are sold primarily by independent advisors.

We believe that the status quo is ripe for change. The baby boomer retirement phenomenon demands it. Very few boomers will be able to live on interest and dividends alone. Most mass-affluent boomers will need to combine insurance and investment products to achieve financial security.

To serve them properly, more advisors will have to become adept at cobbling together retirement income from a variety of resources. They will need to create mosaics of annuities, payout mutual funds, bond ladders, reverse mortgages and perhaps long-term care policies. Investment specialists will need to learn about insurance and vice-versa. To specialize in retirement income is to become a generalist.

RIJ**Advisor** serves advisors who embrace this vision, and who want practical information that will help them realize it. We know the transition won't be easy. Many advisors can't or won't leave their comfort zones to learn about new products, new processes or new ways of getting paid. But the rewards of responding to the baby boomer opportunity are great enough, we believe, to make the journey worthwhile.