THE IMPORTANCE OF ACCESS TO FINANCIAL GUIDANCE TO MODERATE INCOME RETIREMENT SAVERS

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**Methodology**

Five hundred and six people responded to an online survey conducted from March 10 through April 18, 2022.

All respondents:

- Are between ages 55 and 70
- Are financial decision-makers
- Have an annual household income of $35,000 to $149,999
- Have $25,000 to $235,000 in savings and investments
- Work with a financial professional who is compensated by commission or plan to work with a financial professional in the near future, rather than an ongoing regular fee arrangement for portfolio management

Survey represented the racial and ethnic diversity of the U.S. population.
Key Points

These moderate income guided, or guidance seeking, savers:

- Do not feel very knowledgeable about investing or retirement planning
- Are not very confident that they can do key tasks to ensure financial security throughout retirement without the help of a financial professional
- Those with guidance overwhelmingly trust and depend on their financial professionals, feel they are worth the cost, and would be negatively affected if they could not work with their financial professional
- Strongly oppose government regulation that would discourage or prohibit financial professionals from being compensated by commission and feel that compensation by commission is sometimes preferable to ongoing fees
- Feel guaranteed lifetime income products, typically offered by commission based professionals, provide very high value
Financial Concerns
Over half are at least very concerned about their future financial security.

**How concerned are you about your future financial security (after you retire)?**

- Extremely concerned: 27%
- Very concerned: 28%
- Somewhat concerned: 31%
- Not too concerned: 11%
- Not at all concerned: 3%
Four in five claim they are not very knowledgeable about investing.

Knowledge of Investing

- Extremely knowledgeable: 6%
- Very knowledgeable: 15%
- Somewhat knowledgeable: 53%
- Not too knowledgeable: 23%
- Not at all knowledgeable: 3%

How knowledgeable would you say you are about investing?
Three in four are not very knowledgeable about planning financially for retirement.

Knowledge About Retirement Financial Planning

- Extremely knowledgeable: 7%
- Very knowledgeable: 18%
- Somewhat knowledgeable: 55%
- Not too knowledgeable: 19%
- Not at all knowledgeable: 2%

How knowledgeable would you say you are about planning financially for retirement?
Three in four are not very capable in managing investments.

How capable do you feel you are in managing your investments on your own?
Value of a
Financial Professional
Only about one in ten are very confident that they can conduct different aspects of financial planning without the help of a financial professional.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Very Confident</th>
<th>Somewhat Confident</th>
<th>Not Too Confident</th>
<th>Not at All Confident</th>
</tr>
</thead>
<tbody>
<tr>
<td>Managing money wisely through good and bad economic conditions</td>
<td>12%</td>
<td>52%</td>
<td>28%</td>
<td>8%</td>
</tr>
<tr>
<td>Developing a financial plan</td>
<td>12%</td>
<td>50%</td>
<td>29%</td>
<td>9%</td>
</tr>
<tr>
<td>Adjusting your financial planning, saving, and investing to address a higher level of inflation</td>
<td>10%</td>
<td>41%</td>
<td>38%</td>
<td>11%</td>
</tr>
<tr>
<td>Becoming aware of new financial products</td>
<td>10%</td>
<td>37%</td>
<td>39%</td>
<td>13%</td>
</tr>
</tbody>
</table>
Six in seven say they have at least a somewhat great need for financial guidance from a professional.
Those with a financial professional overwhelmingly trust that person.

To what extent do you trust your financial professional? FILTER: Has a financial professional
Nine in ten of those with a financial professional depend on that professional for retirement planning to at least some extent.

**Dependence on Financial Professional for Retirement Planning**

- A great deal: 46%
- To some extent: 45%
- A little: 7%
- Not at all: 2%

To what extent do you depend on your financial professional for retirement planning? FILTER: Has a financial professional
Almost all those with a financial professional find their discussions with the professional valuable.

Value of Discussions With Financial Professional

- Very valuable: 66%
- Somewhat valuable: 32%
- Not too valuable: 2%
- Not at all valuable: <0.5%

How valuable is it for you to be able to discuss financial and investment issues with your financial professional? FILTER: Has a financial professional
Over eight in ten believe they were helped to some extent with selecting investments and getting peace of mind with investments.

<table>
<thead>
<tr>
<th>Objective</th>
<th>To a large extent</th>
<th>To some extent</th>
<th>To a small extent</th>
<th>Not at all</th>
</tr>
</thead>
<tbody>
<tr>
<td>Selecting investments</td>
<td>53%</td>
<td>36%</td>
<td>9%</td>
<td></td>
</tr>
<tr>
<td>Getting peace of mind about investing</td>
<td>44%</td>
<td>43%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Achieving lifetime financial goals</td>
<td>37%</td>
<td>47%</td>
<td>13%</td>
<td></td>
</tr>
<tr>
<td>Getting support when you face a tough investment decision</td>
<td>43%</td>
<td>40%</td>
<td>12%</td>
<td>5%</td>
</tr>
<tr>
<td>Having protection from excessive investment loss</td>
<td>35%</td>
<td>47%</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>Feeling reassured in tough economic times</td>
<td>35%</td>
<td>46%</td>
<td>14%</td>
<td>4%</td>
</tr>
<tr>
<td>Learning about new investments/financial products that you are not aware of</td>
<td>39%</td>
<td>42%</td>
<td>14%</td>
<td>6%</td>
</tr>
</tbody>
</table>
Almost all without a financial professional feel that there are many important reasons to work with a financial professional.

Importance of Reasons For Working With Financial Professional

- Feeling reassured in tough economic times: 60% Very Important, 38% Somewhat Important
- To get peace of mind about investing: 64% Very Important, 32% Somewhat Important
- You feel that the rate of inflation is going up: 58% Very Important, 38% Somewhat Important
- For help with lifetime financial goals: 71% Very Important, 25% Somewhat Important
- To get protection from excessive investment loss: 67% Very Important, 29% Somewhat Important
- To get support when you face a tough investment decision: 64% Very Important, 32% Somewhat Important
- To learn about investments/financial products that you are not aware of: 64% Very Important, 31% Somewhat Important, 4% Not Too Important
- Selecting investments: 64% Very Important, 29% Somewhat Important, 5% Not Too Important

How important are the following reasons for wanting to work with a financial professional? FILTER: Does not have a financial professional
Nearly eight in ten of those with a financial professional believe their professional is worth the cost.
Viewpoints on Government Regulation and the Compensation of Financial Professionals
Only one in ten feel they would not be negatively impacted in each of four areas if they could not work with a financial professional.

Impact of Not Working With Financial Professional

- Your ability to manage your investments and select the best financial products:
  - A very negative impact: 29%
  - A somewhat negative impact: 39%
  - Not too negative an impact: 22%
  - No negative impact: 10%

- Your ability to do financial planning:
  - A very negative impact: 28%
  - A somewhat negative impact: 40%
  - Not too negative an impact: 22%
  - No negative impact: 10%

- Your peace of mind about your financial security:
  - A very negative impact: 27%
  - A somewhat negative impact: 40%
  - Not too negative an impact: 24%
  - No negative impact: 9%

- The quality of your decisions about how much you can afford to spend in retirement:
  - A very negative impact: 25%
  - A somewhat negative impact: 42%
  - Not too negative an impact: 24%
  - No negative impact: 9%
Nearly six in ten believe that when government regulators seek to dictate how professionals get paid, it usually does more harm than good.

“When government regulators seek to dictate how professionals get paid for the work they do for American consumers it usually does more harm than good.”

Agree strongly with this statement: 26%
Agree somewhat: 33%
Neither agree nor disagree: 27%
Disagree somewhat: 11%
Disagree strongly: 3%

Please indicate the extent to which you agree or disagree with the following statements. a. When government regulators seek to dictate how professionals get paid for the work they do for American consumers it usually does more harm than good.
Four in five believe that people should have access to financial professionals paid in a variety of ways.

“People should have access to both financial professionals who get paid by commission and financial professionals who get paid by a fee.”

Agree strongly with this statement: 45%
Agree somewhat: 38%
Neither agree nor disagree: 14%
Disagree somewhat: 2%
Disagree strongly: 1%

Please indicate the extent to which you agree or disagree with the following statements. b. People should have access to both financial professionals who get paid by commission and financial professionals who get paid by a fee.
Seven in ten believe that in some cases it is preferable for a financial professional to be compensated by commission rather than by a fee for service.

"In some cases it is far better for people to pay their financial professional a commission rather than an annual fee."

- Agree strongly with this statement: 30%
- Agree somewhat: 40%
- Neither agree nor disagree: 26%
- Disagree somewhat: 2%
- Disagree strongly: 1%
Value of Guaranteed Lifetime Income
Seven in ten view guaranteed lifetime income products as a very valuable addition to Social Security.

How valuable would you say it is for someone who is retired to start getting monthly income for life from a guaranteed lifetime income product in addition to monthly income for life from Social Security?
Guaranteed lifetime income products are especially valued for giving extra protection for those who live a long time and providing peace of mind.

Agreement on GLI Statements

- Provide extra protection if you should live a long time: 46% agree completely, 25% agree somewhat, 70% agree or disagree.
- Offers peace of mind: 45% agree completely, 23% agree somewhat, 68% agree or disagree.
- Makes it easier to manage a budget: 37% agree completely, 28% agree somewhat, 65% agree or disagree.
- Allows you to maintain your lifestyle in retirement: 37% agree completely, 27% agree somewhat, 64% agree or disagree.
- Help protect you against the risk of a stock market decline: 37% agree completely, 26% agree somewhat, 62% agree or disagree.
- Gives you more long-term security than other types of investments: 37% agree completely, 25% agree somewhat, 62% agree or disagree.

Please indicate the extent to which you agree or disagree that owning a financial product that provides guaranteed monthly income for life...?