

4 T H   A N N U A L

# *Financial Advisor* **RETIREMENT SYMPOSIUM**

## **The Outlook of Current and Future Retirees**

**George H. Walper, Jr.**  
President  
*Spectrem Group*



**Copyright Notice:** The content of this Report is owned by Spectrem Group and is fully protected by copyright law. Our content may not be copied, reproduced, duplicated, displayed or distributed in print or electronic form, in whole or in part, without the prior written consent of Spectrem Group. Republishing the content contained in the report in any form, including without limitation the republication of company rankings for advertising, marketing or promotional purposes, is strictly prohibited.



# Voice of the Investor

- **Spectrem conducts ongoing research with Investors and their Advisors.**
  - 15,000 to 20,000 research interviews per year
  - One-on-one in person discussions
  - Focus Groups, telephone interviews and online research methodologies
- **Spectrem publishes in-depth research reports advisor publications, and provides strategic consulting to the Financial Services Industry and Advisors.**
- **Spectrem's Millionaire Corner website provides investor insights about investing and enables investors to search for an advisor.**
- **Today we will focus primarily on affluent investors in two distinct stages of their life.**
  - Pre-retirees: Investors age 55 and older who are still working
  - Retired: Investors who are no longer working

# Overview

- **The largest percentage of wealthy households are retired, and they worry about having sufficient income in retirement.**
- **The current political climate plays a greater role in investment decisions as compared to a year ago.**
- **Two-thirds of investors utilize the service of a financial advisor in some capacity. Investors become more advisor-dependent as they get closer to retirement and in retirement.**
- **Understanding investors level of risk, as defined by the Investor, is of critical importance.**

4 T H A N N U A L

*Financial Advisor*  
**RETIREMENT SYMPOSIUM**

*Investor Profile*



# Investor Profile

The Spectrem Affluent Investor Confidence Index (SAICI)<sup>SM</sup> and the Spectrem Millionaire Confidence Index (SMICI)<sup>SM</sup> remain on a roller coaster for the past year.

## Spectrem Indices

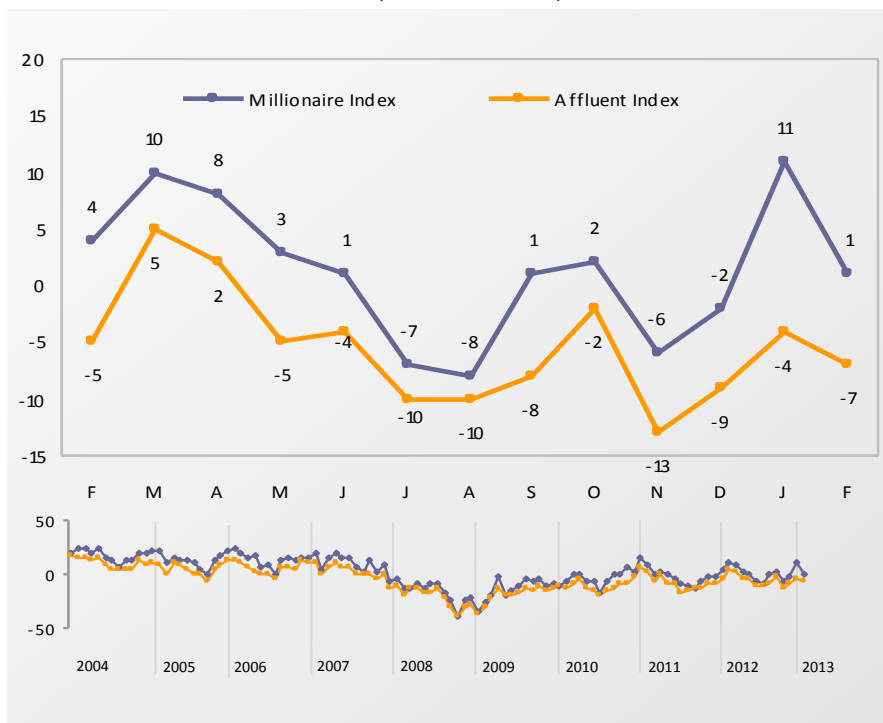
February 2012 to February 2013

- Spectrem Affluent Investor Confidence Index (SAICI)<sup>SM</sup>
  - - **Neutral**
- Spectrem Millionaire Investor Confidence Index (SMICI)<sup>SM</sup>
  - - **Neutral**

31 to 51 = Bullish; 11 to 30 = Mildly Bullish;

10 to -10 = Neutral;

-11 to -30 = Mildly Bearish; -31 to -50 = Bearish

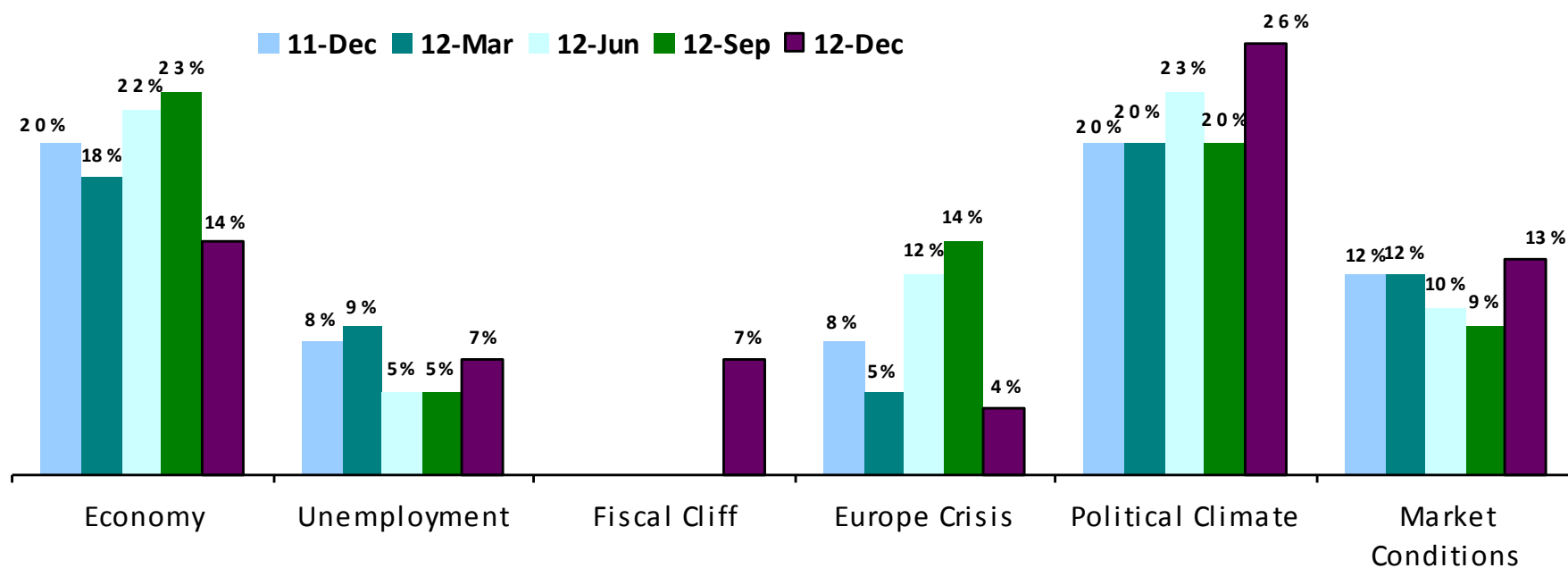


The Spectrem Affluent Investor Confidence Index (SAICI)<sup>SM</sup> and Spectrem Millionaire Investor Confidence Index (SMICI)<sup>SM</sup> gauge the investment outlook of households with more than \$500,000 of investable assets and \$1 million of financial assets, respectively.

# Perceptions of Issues

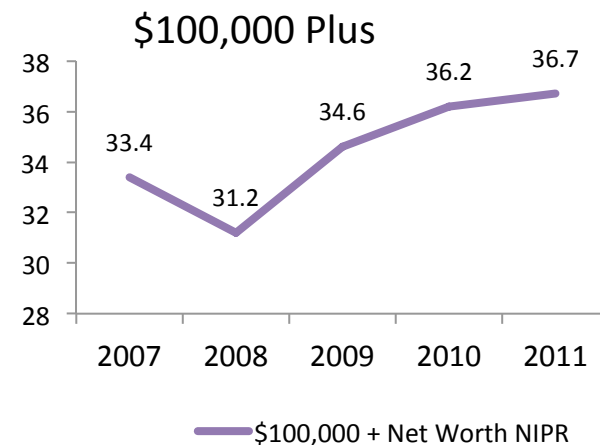
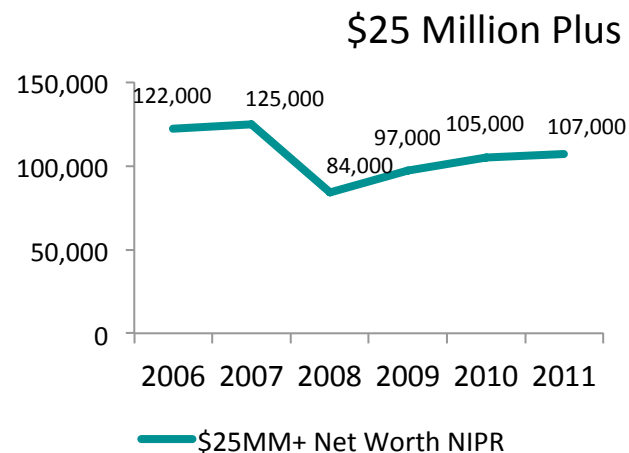
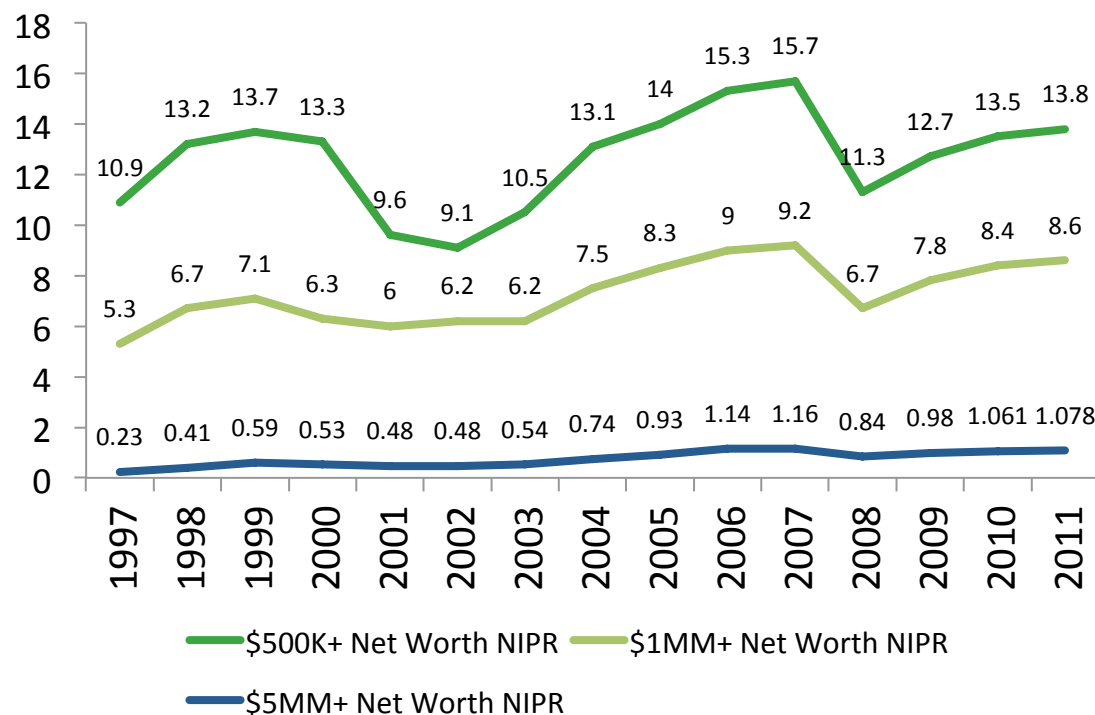
The current political climate has affected wealthy investors investment plans more so than one year ago.

**Thinking about your household's investment portfolio, which one factor would you say most affects your investment plans today?**  
- Wealthy Investors



# Investor Profile

The number of wealthy households continues to rebound from the Economic Crisis. All of these numbers are expected to trend upward when 2012 data is available in March 2013.

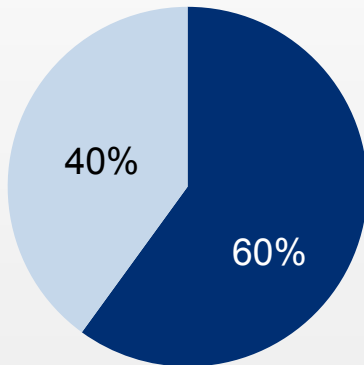


NIPR= Not Including Primary Residence

# Investor Profile

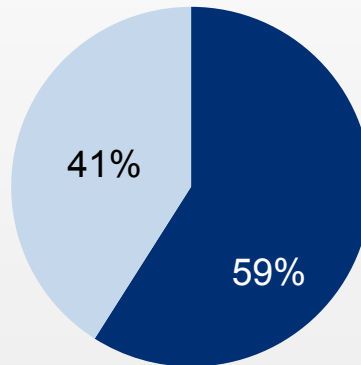
The largest number of Millionaires and UHNW households are retired. Thus, their financial needs are very different from those who are continuing to build wealth.

## Mass Affluent



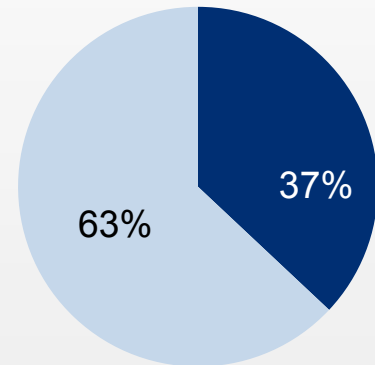
■ Retired

## Millionaire



■ Pre-Retirees

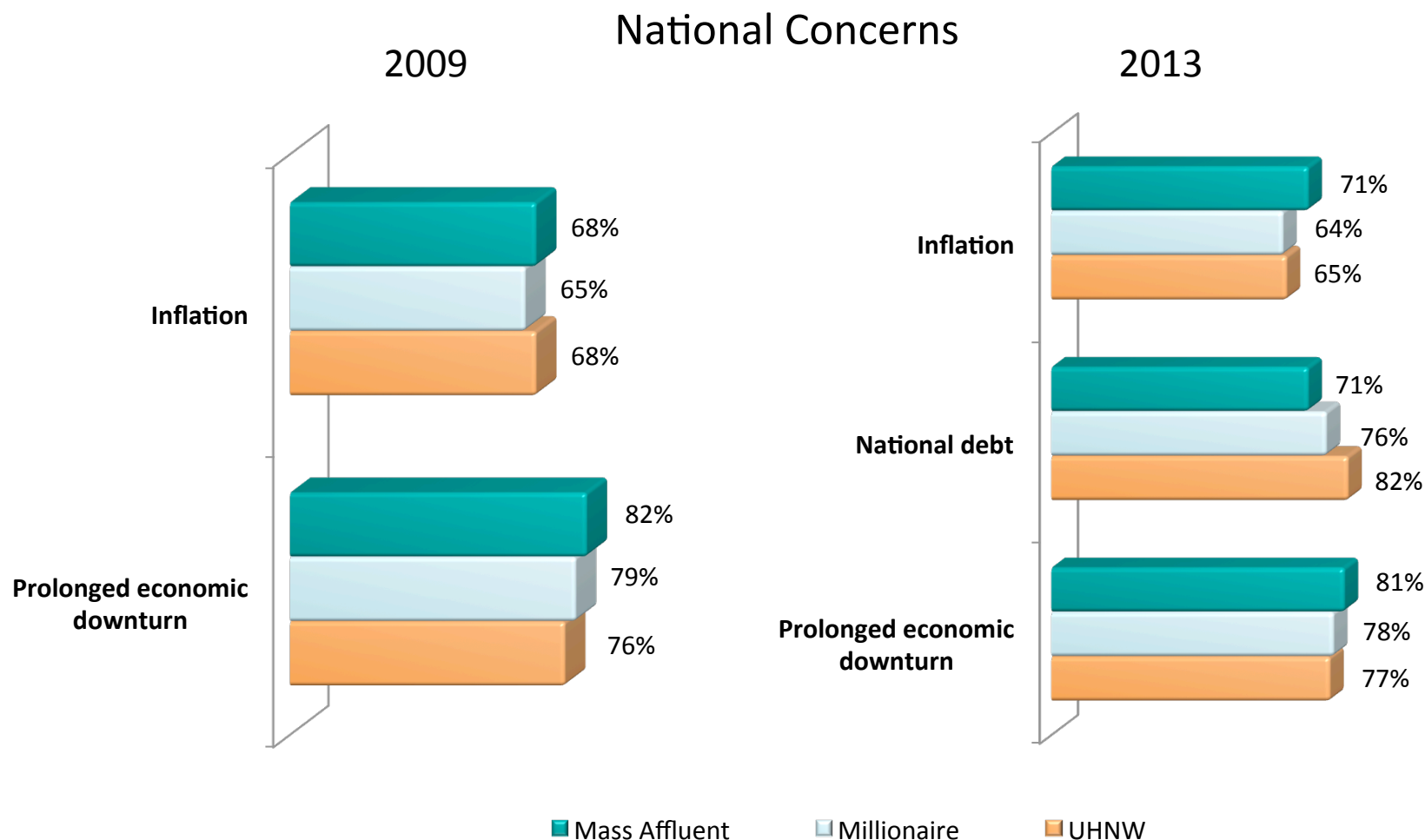
## UHNW





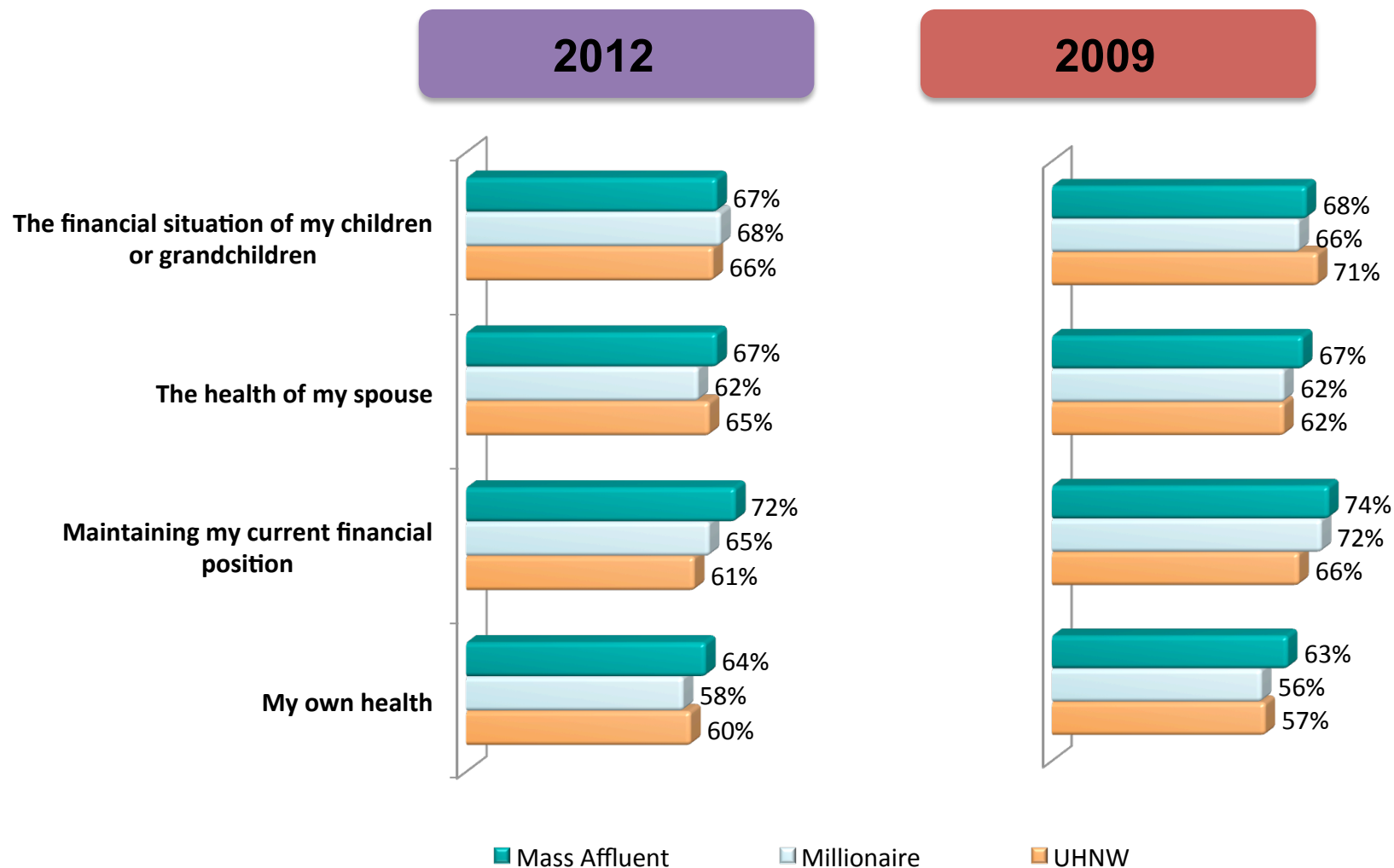
# Investor Concerns

Investors remain concerned about the country's economic condition. Interestingly, attitudes remain at similar levels of concern as in 2009.

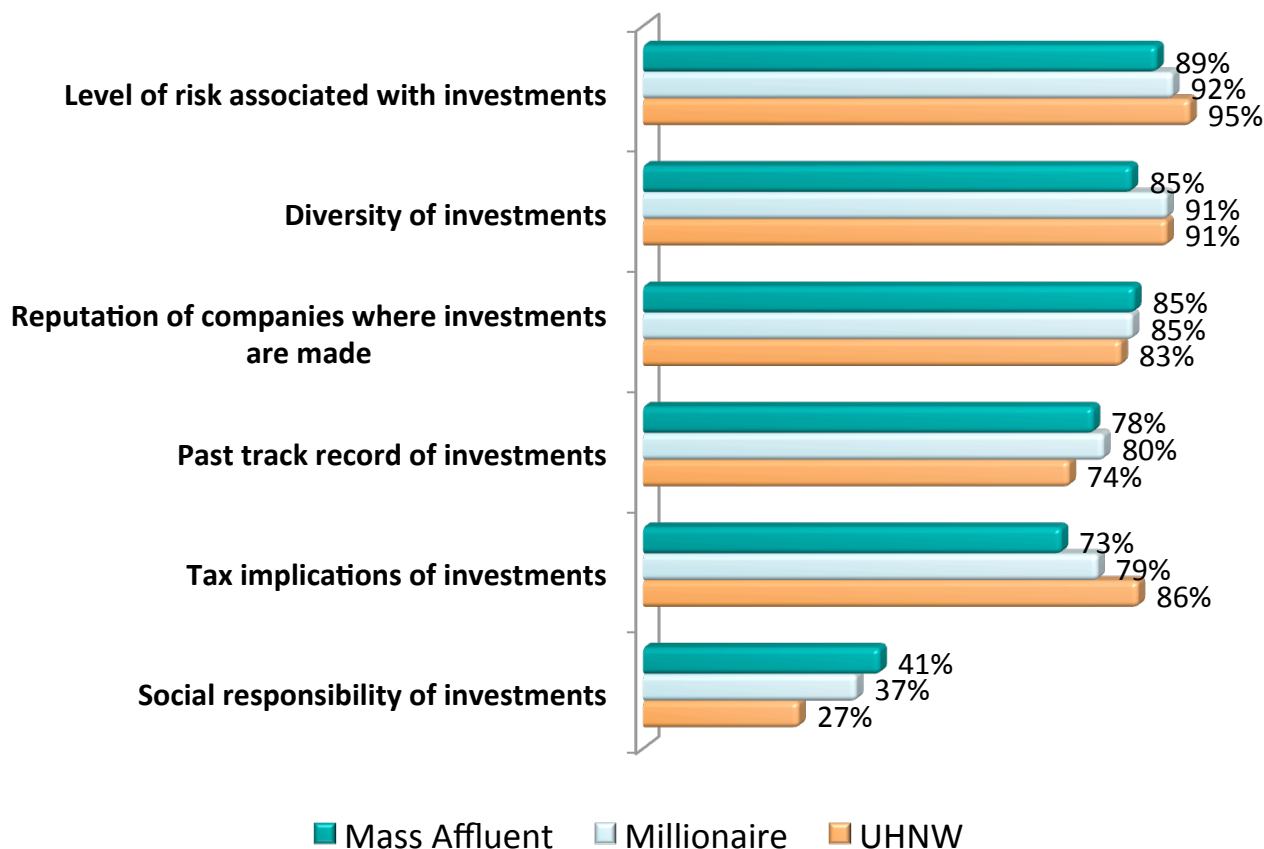


# Personal Concerns

Wealthy investors concerns have remained consistent over the past several years.

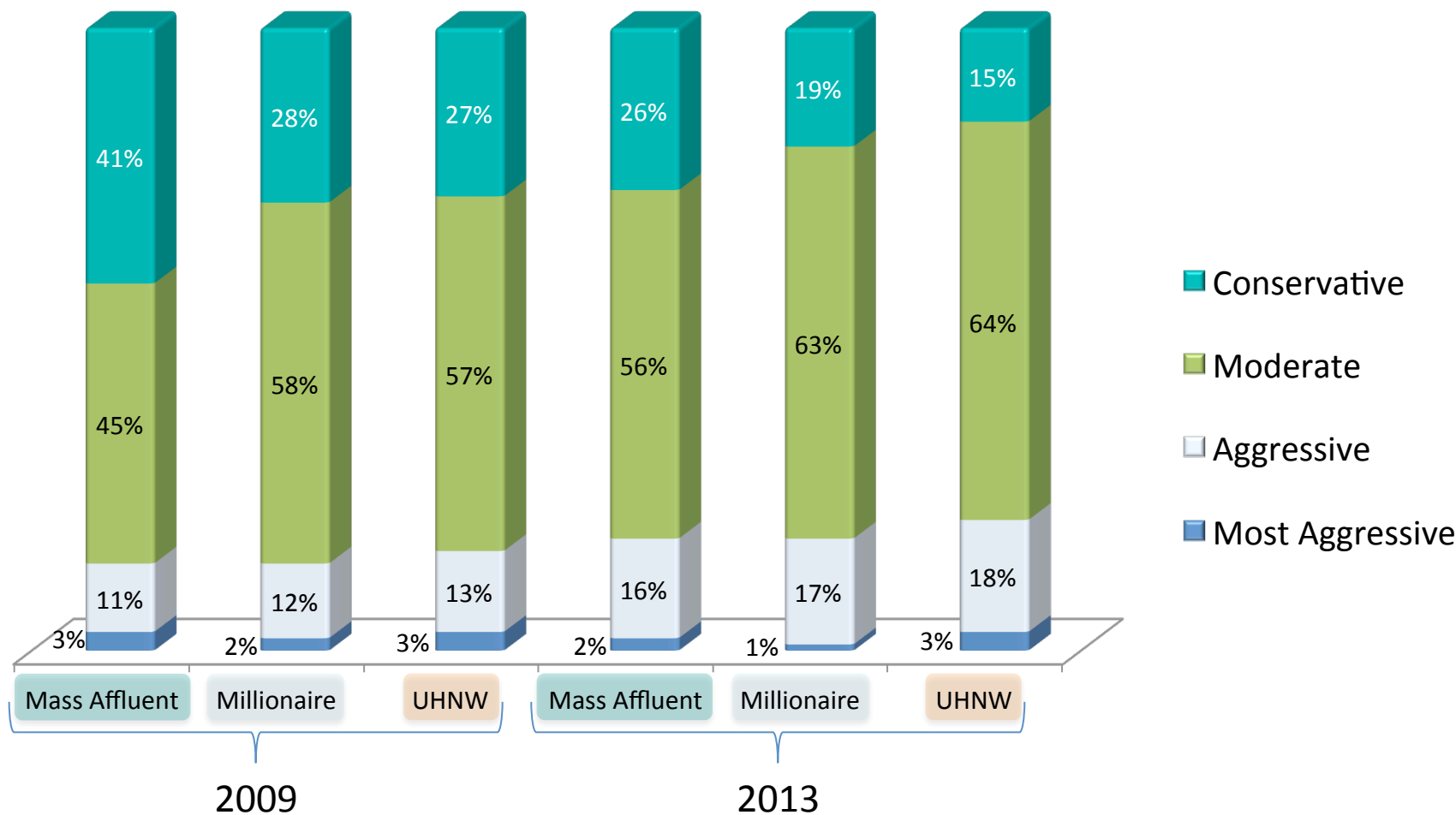


The primary investment selection factor for investors is the level of risk associated with their investments, followed by the diversity of investments.



# Investor Risk Profile

Investors have move from a highly conservative stance post the crisis to a more moderate approach currently.



4 T H A N N U A L

*Financial Advisor*  
**RETIREMENT SYMPOSIUM**

*Pre-Retirees and  
Retirees*



SpectremGroup

*Voice of the Investor*



*Private  
Wealth*

**Do you have enough  
and are you ready for  
retirement?**

# Video

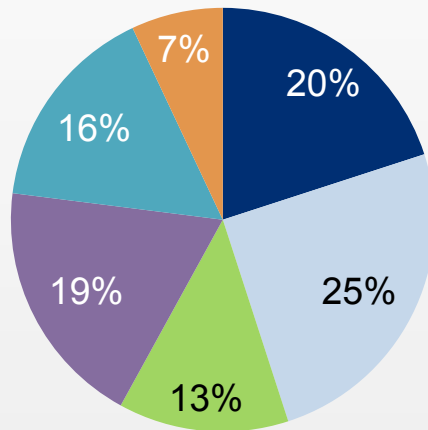
*[Click Here](#)*  
*For Video*

# Investable Assets

The portfolios of pre-retirees and retired wealthy investors are similar.

## Pre-Retirees

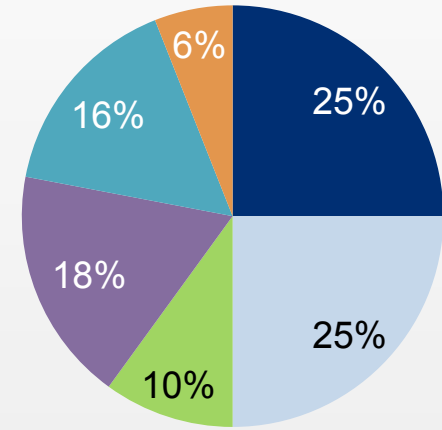
Pre-Retirees  
Mean Investable  
Assets:  
\$1,875,000



- Rollovers, Contributory and Roth IRAs
- Deposit Accounts
- Mutual Funds

## Retirees

Retired Mean  
Investable  
Assets:  
\$2,475,000



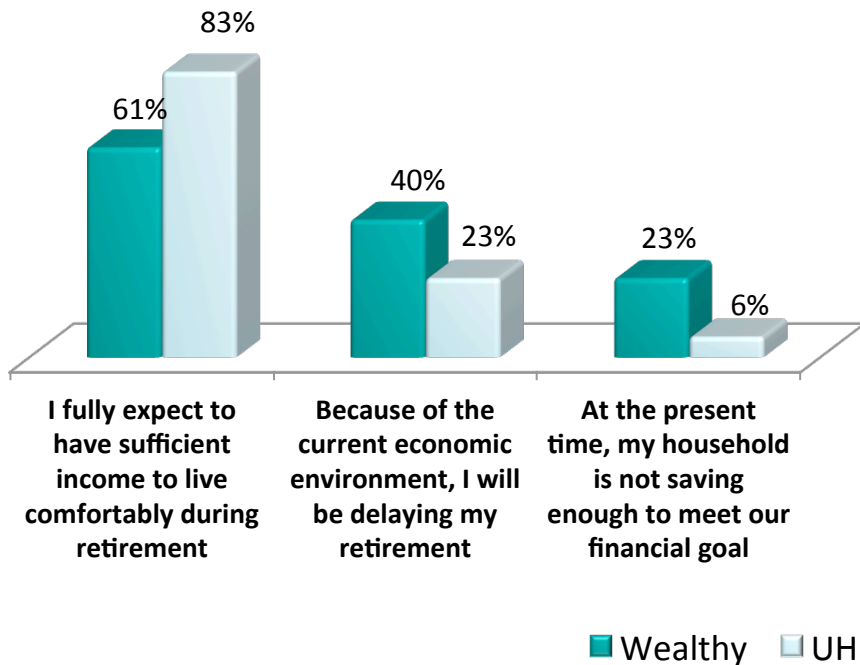
- Professional Managed Accounts
- Stock and Bonds
- Other Investments



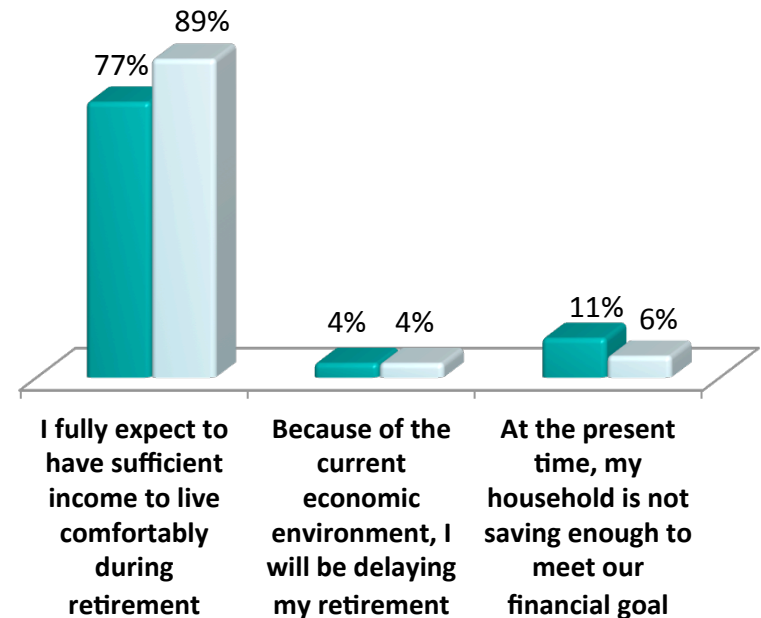
# Income in Retirement

Wealthier households are not concerned about having sufficient income to live comfortably throughout their lifetime. Nearly forty percent of wealthy investors do not share their optimism.

## Pre-Retirees

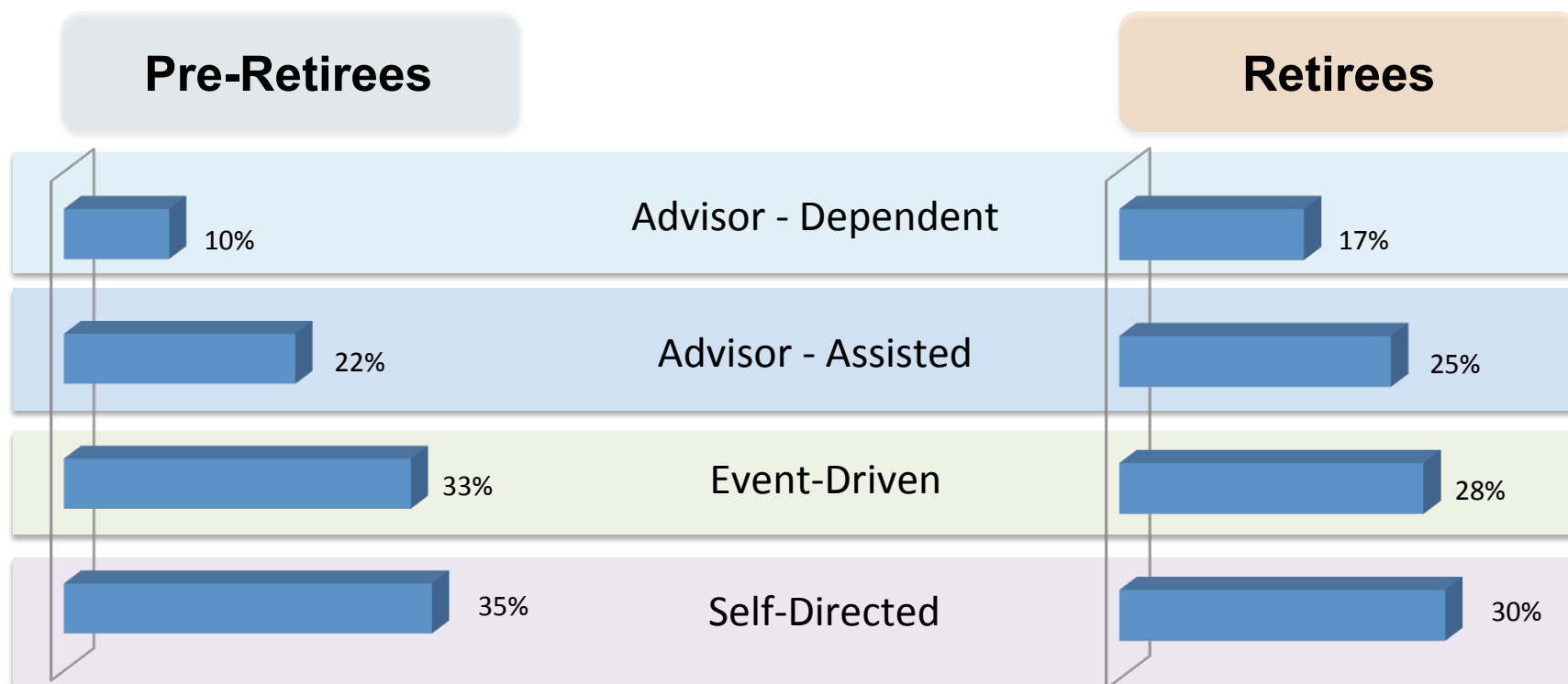


## Retirees



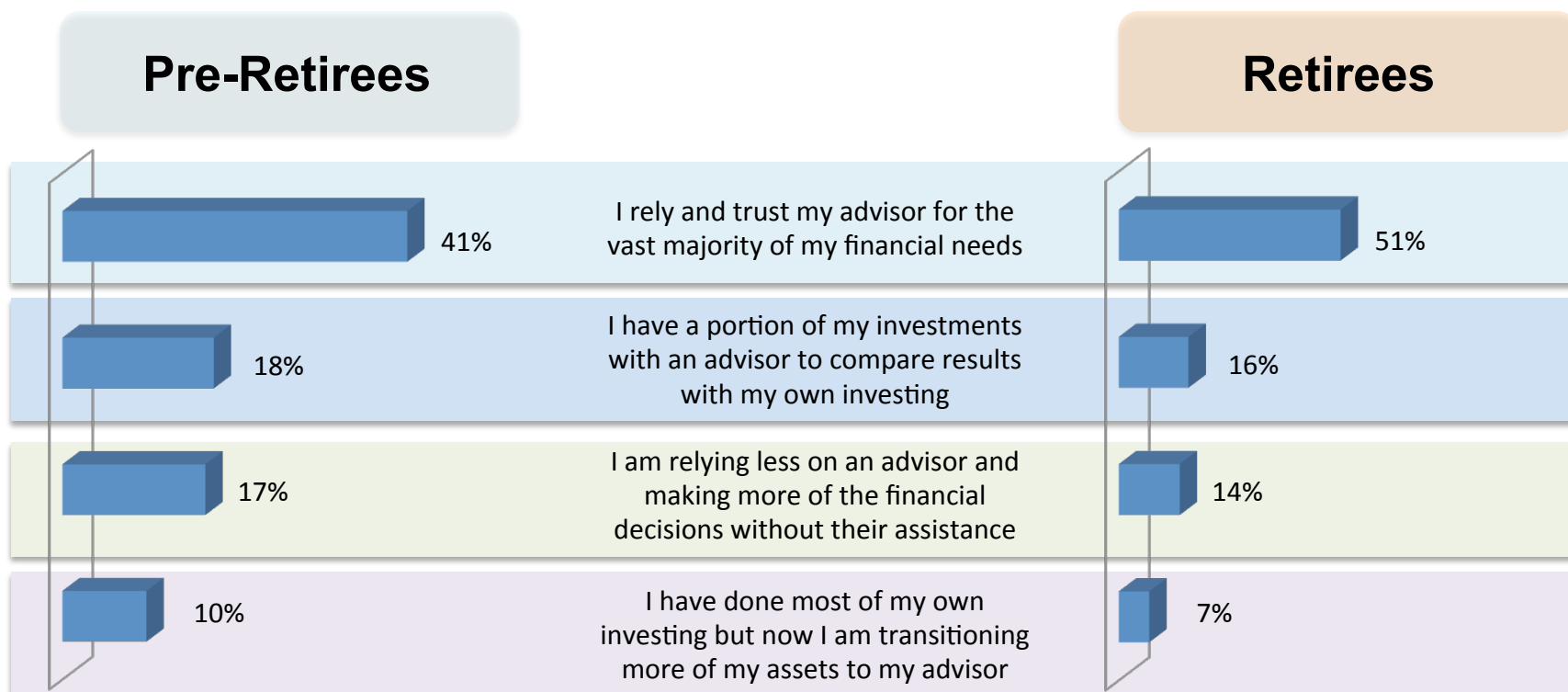
# Advisor Usage

Wealth investors become more advisor-dependent as they enter the retirement phase of their life.



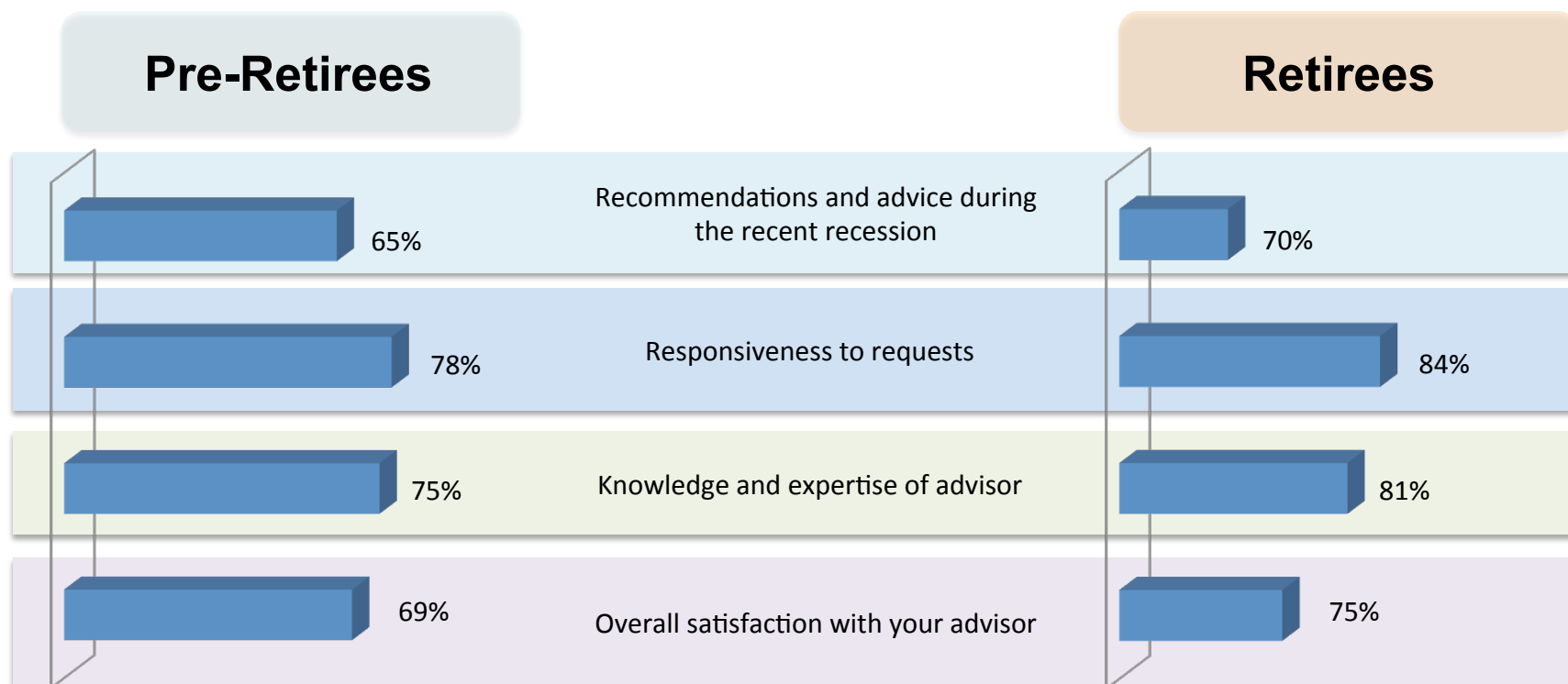
# Advisor Usage

As investors move into their retirement years, more decide to trust their advisors for the majority of their financial needs.



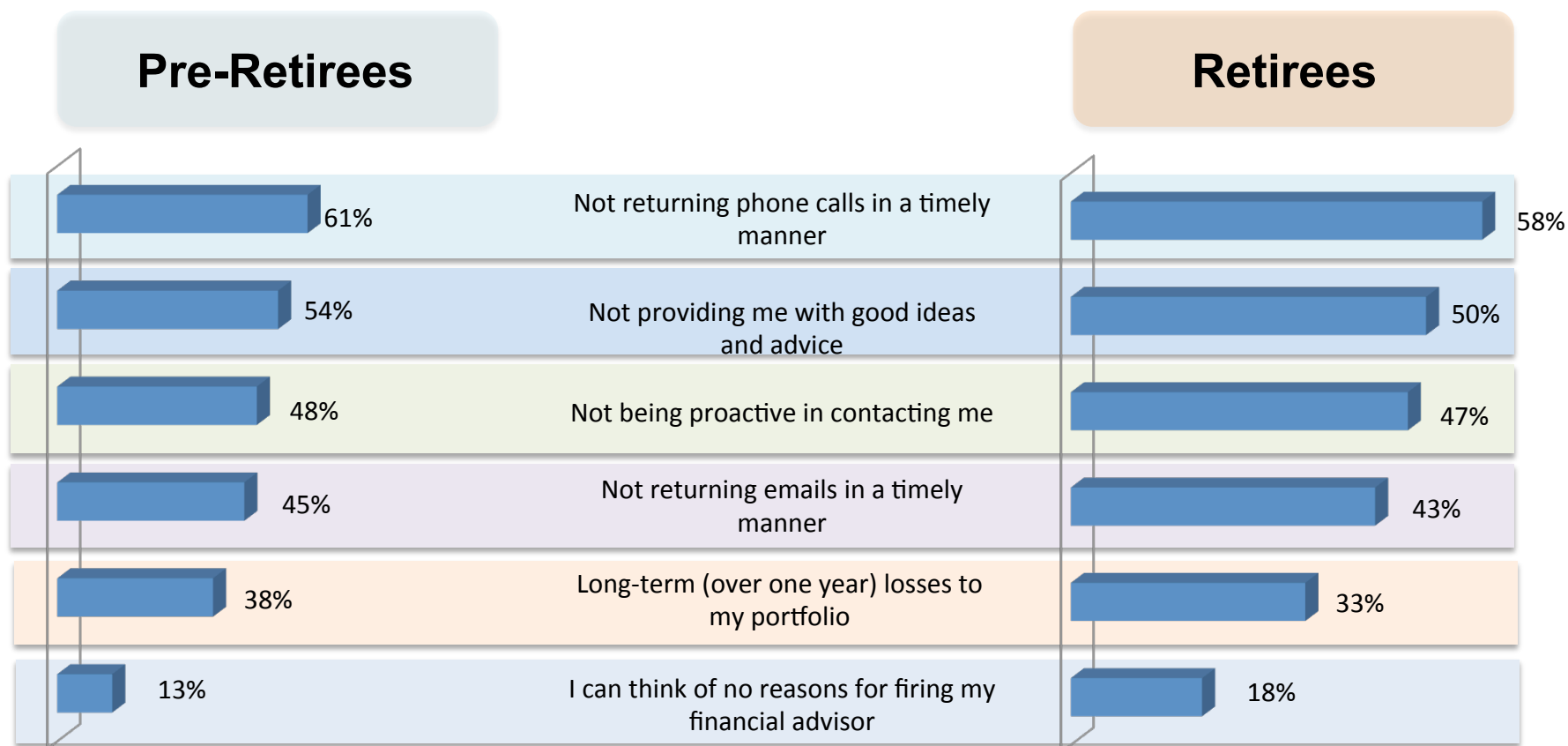
# Advisor Satisfaction

Retired wealthy investors are, across the board, are somewhat more satisfied with their advisors, than those who have not entered their retirement life stage.



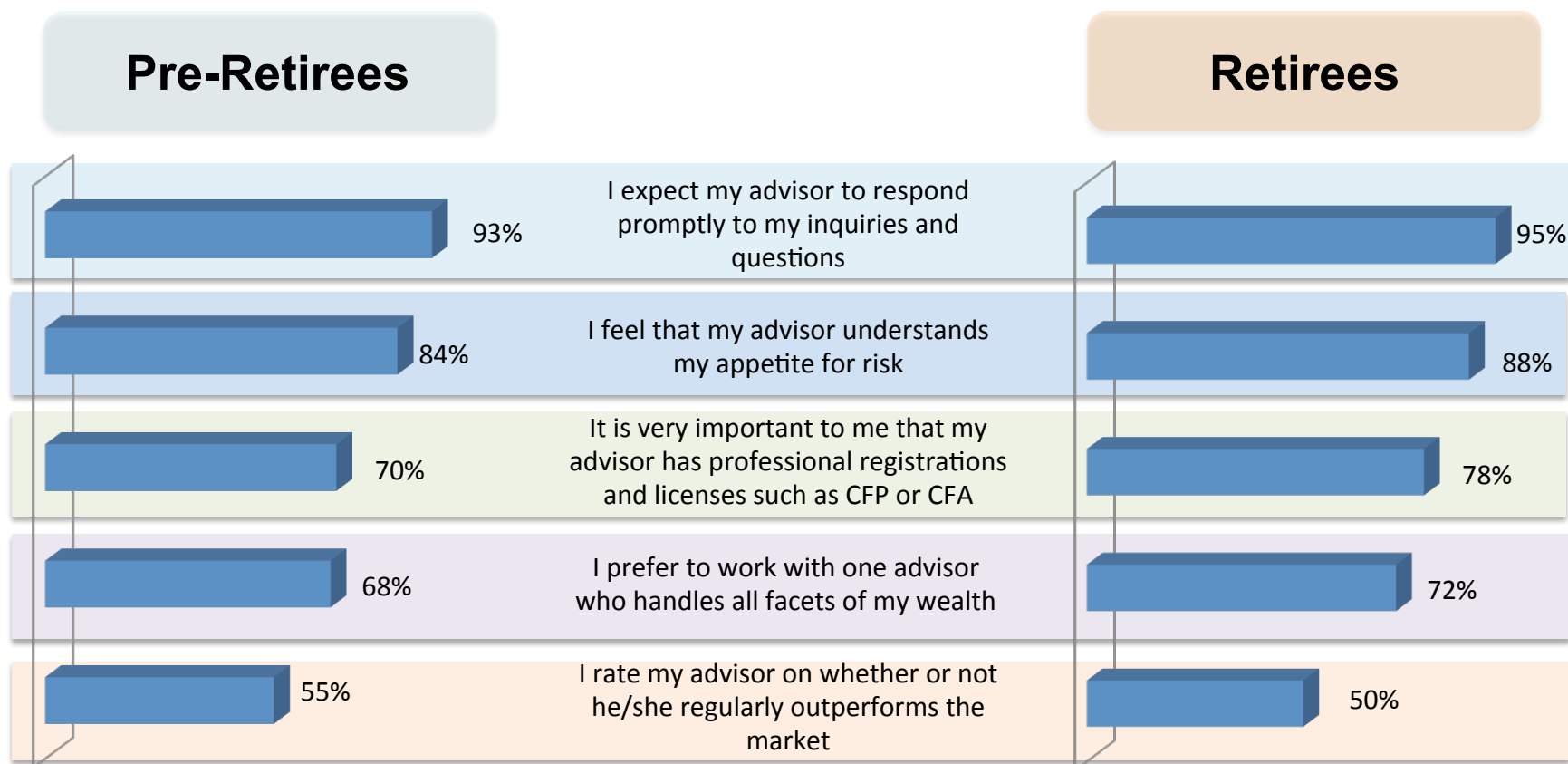
# Changing Financial Advisors

Not being responsive to an investor is the number one reason both Pre-retirees and Retirees decide to change financial advisors.



# Changing Financial Advisors

Responsiveness, understand of risk appetite and professional designations are very important to retired wealthy investors.



# Post Retirement Investing

# Video

*[Click Here](#)*  
*For Video*



# Opportunities

- **Investors today remain worried about similar issues as in 2008 and 2009, and expect advisors to be responsive to questions they may have.**
  - Investors remained concerned about prolonged economic downturn and the future of their children and grandchildren.
  - Developing an appropriate multigenerational plan will respond to client's concerns for the well-being of their offspring.
- **Wealthy investors worry about having sufficient income to live on during retirement.** Advisors should ensure all financial solutions are projected in the context of planning for retirement.
- **Advisors must be responsive to their clients.** Not returning a phone call in a timely manner is the number one reason clients change financial advisors.