



on the future  
of retirement



## Research Committee Report

**Kathleen Beichert  
Oppenheimer Funds**

# A Look Back



- **RIIA's first research study: "RIIA's Retirement Typology"**
- **Collaboration:**
  - **Elvin Turner: Turner Consulting LLC**
  - **Larry Cohen: SRI CONSULTING BUSINESS INTELLIGENCE**
- **Identifies 16 distinct household segments**
- **Maps their behaviors and financial holdings to the products and services of the firms who serve them**

# The Second Study



## RIIA's Intermediary Study

- What type of financial service providers and advisors do household segments use to help them with their financial decision making?
- How may the number of providers and advisors used by households change as large numbers of boomers retire?
- What are the implications for providers and advisors?

# Membership Privileges



- **Access to all studies**
- **Expanded report:**
  - **Full profiles for all segments and all types of advice users**
  - **Expanded findings section**
  - **Available at very attractive discount**

# Research Committee



- **Seek input on future research studies**
- **Pursuing additional initiatives**
- **Your feedback is always welcome and appreciated**



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## **RIIA Intermediary Report Highlights**

**Larry Cohen, SRI Consulting Business Intelligence**  
**Elvin D. Turner JD MBA, Turner Consulting LLC**

**Presented to:**  
**RIIA Annual Meeting**  
**September 17, 2007**  
**Boston, Massachusetts**

# Agenda



**The environment that advisors will encounter as the baby boomers retire in large numbers**

- **Recent History of Institutional Use**
- **Household's Use of Institutions and Advisors**
- **Emerging Trends: Consolidation, Prioritization, Simplification**
- **Advisor Imperatives: Relationship, Relevance, Retention**

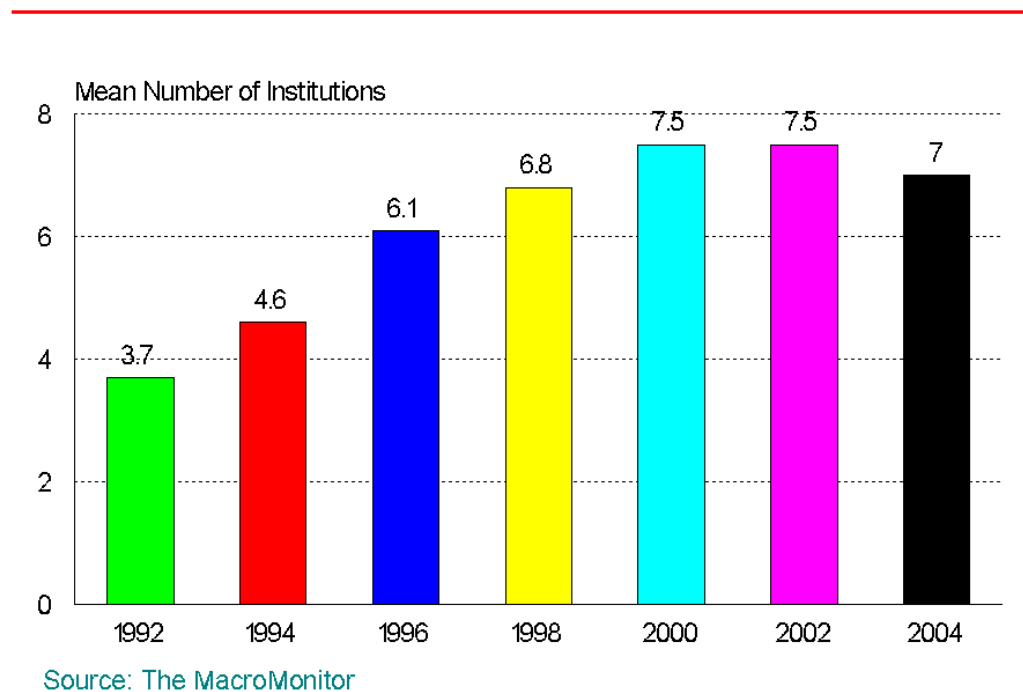
# Recent History In Financial Service Industry



## American Households Use Twice As Many Financial Institutions

### Number of Institutions

- ✓ Over a 12 year period, US households nearly doubled the number of financial institutions that they used from an average of 3.7 institutions to an average of 7 institutions



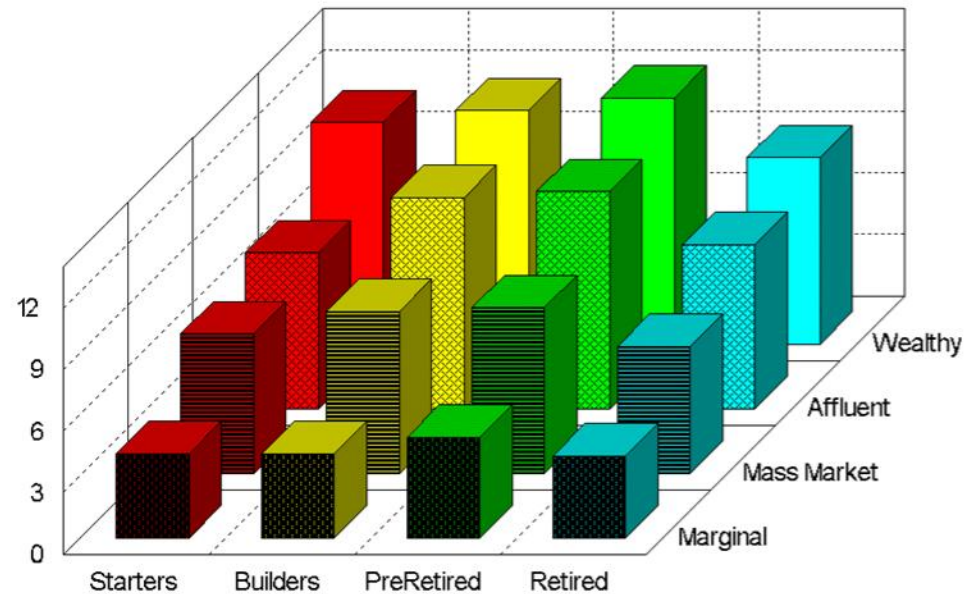
# Institutional Use Today



## Household Institutional Use By Market Segment

- ✓ Wealthier households have the most institutional relationships.
- ✓ Retired households use fewer financial institutions than Pre-Retired households.
- ✓ Baby boomers retiring in large numbers signal a coming decline in the number of financial institutions that households will use.

Number of Financial Institutions Used



Source: SRIC-BI's 2004-05 MacroMonitor

# Institutional Use Tomorrow



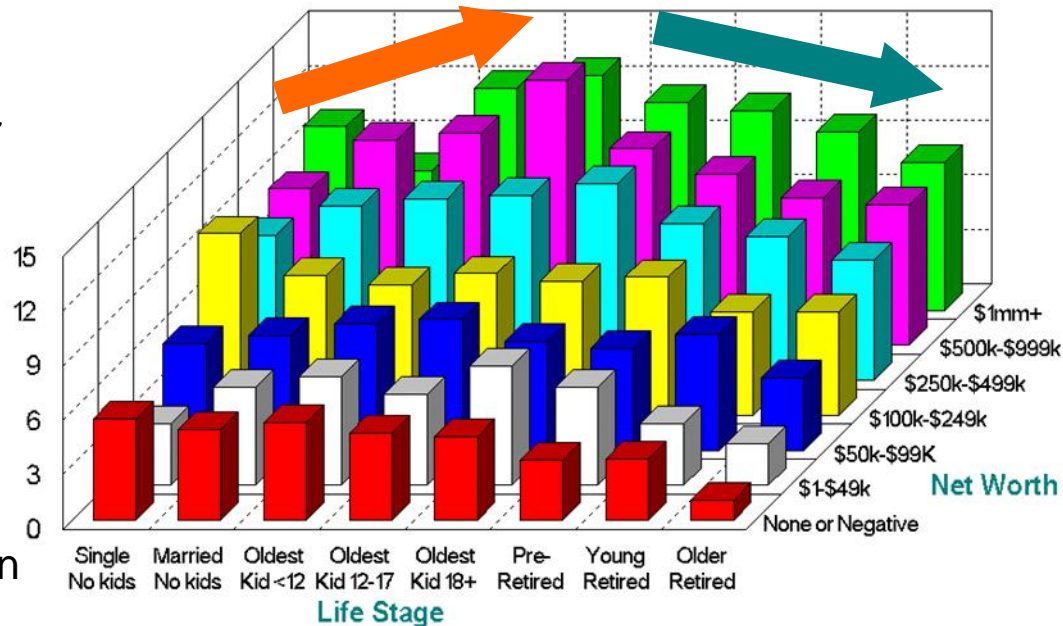
## Why Institutional Use Drops Around The Age of Retirement

- ✓ **So why will retiring Baby boomers decrease the number of institutional relationships?**
- ✓ Millions of Boomer households are in the life-stage where their adult children leave home.

As minor children age, households use more institutions

After adult children leave households begin shedding institutions

Number of Institutions Used by Lifestage and Wealth



Source: The 2004-05 MacroMonitor

# Institutional Use Tomorrow



## Why Institutional Use Drops Around The Age of Retirement

*How far can this process go?*

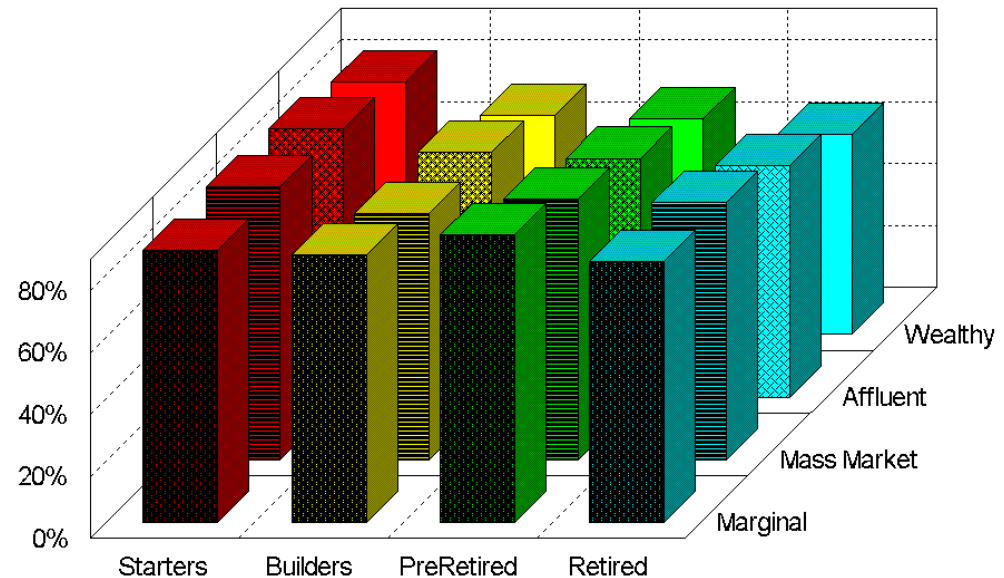
*What is the optimal number of institutions with which households want to deal?*

*Across every level of wealth....*

*Across all life-stages....*

*Households want to use one financial institution, if it can meet their needs*

Would Prefer Using One Financial Services Company  
If It Could Meet a Majority of my Household's Needs



Source: SRIC-BI's MacroMonitor

83.4% of All US Households Agrees



### What Does This Mean for Advisors?

- ✓ Same trends of simplification and consolidation also impact advisors
- ✓ Advisors represent many of the institutions that are impacted by these trends
- ✓ As households sift through their institutions, they are also prioritizing their relationships with advisors

# Advisor Use Tomorrow



## Households Prioritize Relationships with Advisors

*How far can this process go?*

*What is the optimal number of advisors with which households want to deal?*

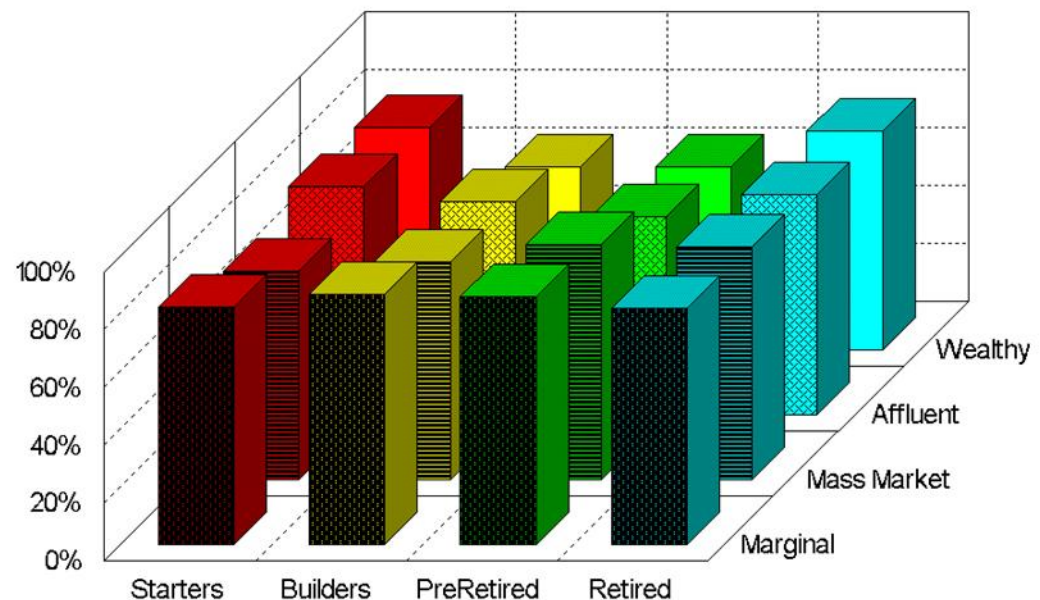
*Across every level of wealth....*

*Across all life-stages....*

*Households want to use one advisor, if he or she can meet their needs*

*Existing relationships confer great advantages*

I would like to go to just one person who could help me with my savings, investments, and credit needs



Source: SRIC-BI's MacroMonitor

78.4% of All US Households Agrees

# Advisor Use Tomorrow



## Households Prioritize Relationships with Advisors

*You can be on the short list of advisors*

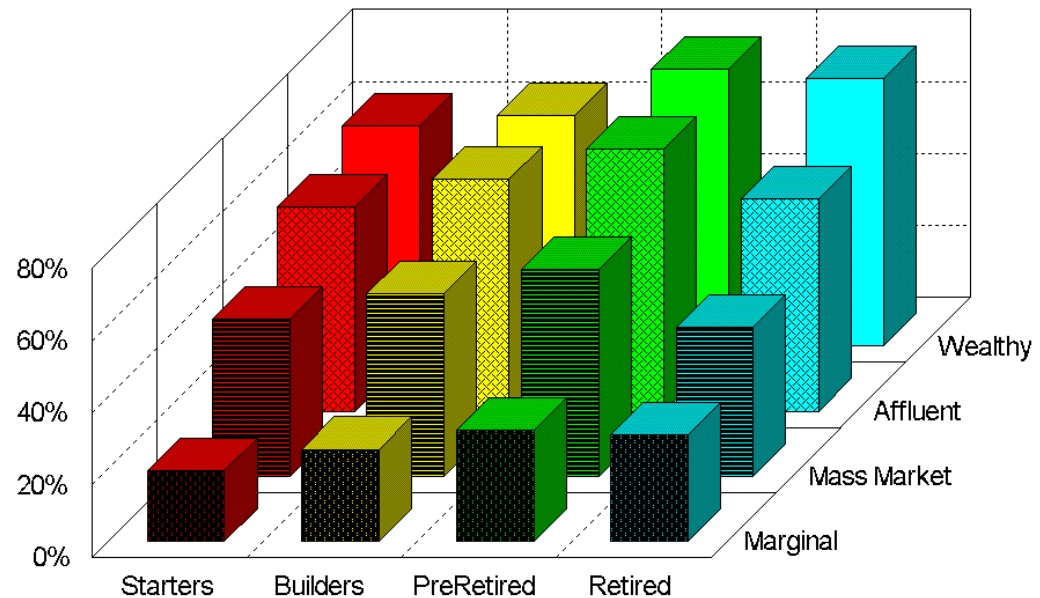
*Across the Affluent and Wealthy households in particular....*

*Across all life-stages....*

*Households want your advice, where it meets their needs*

*Where their lives change, your advice must stay relevant*

**Sometimes or Always Gets Advice Before Making a Financial Decision**



Source: SRIC-BI's MacroMonitor



## What Does This Mean for Advisors As Baby Boomers Retire?

### Three Marketplace Trends

Consolidation

Simplification

Prioritization

### Three Advisor Imperatives

Relationship

Retention

Relevance