



**The Retirement Income Opportunity:  
Trends in the Usage of Financial  
Services Across Generations**

## Data Derived from:

# COGENT RESEARCH INVESTOR BRANDSCAPE STUDY

Contains in-depth analysis of affluent and HNW investor usage of:

- Financial advisors
- Investment accounts
- Investment products
- Investment distributors
- Mutual fund companies
- VA providers

Features specific distributor and fund company scores & averages for:

- Customer loyalty & satisfaction
- Brand awareness & impression
- Share of relationships
- Share of wallet
- Client investable AUM
- Est. revenue per household
- Drivers of new account generation
- Drivers of account termination
- Competitive threats & opportunities
- Client supporters and detractors

- Based on an online survey of a representative sample of 4,000 U.S. households with >\$100K of investable assets (excl. real estate) conducted Oct. to Nov. 2006
- More than 1,000 respondents have over \$1M in investable assets

# Agenda

- ④ Income & Employment
- ④ Assets in Retirement Accounts
- ④ Investment Product Usage
- ④ Advisor Relationships
- ④ Distributor Relationships

# Income & Employment Status

Just 37% of Silent Generation and 14% of 1<sup>st</sup> Wave Boomers fully retired, however just 35% and 56%, respectively, employed full-time outside the home, many working part-time, running a business

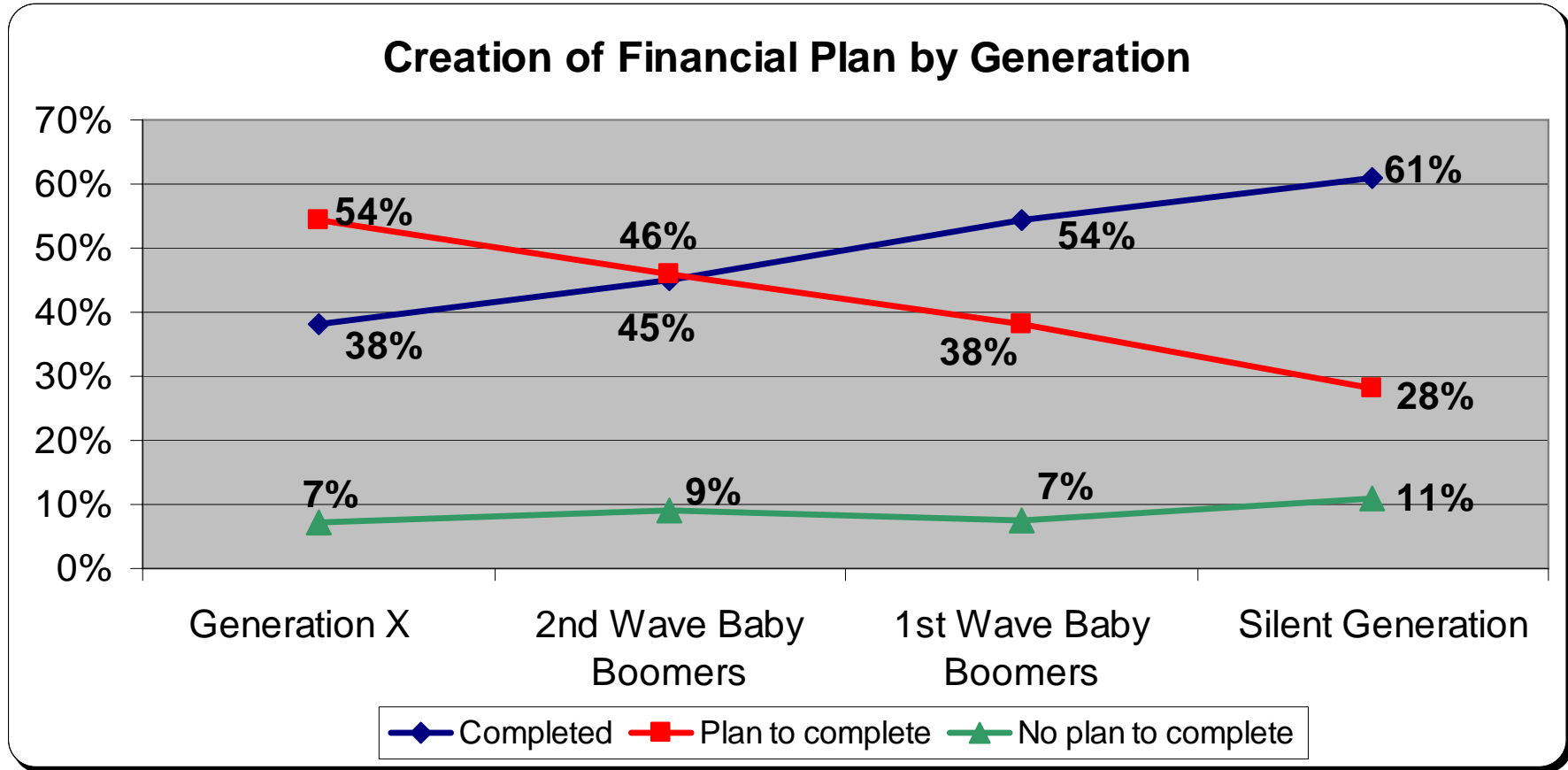
	Total	Generation X Age 26-42	2 <sup>nd</sup> Wave Baby Boomers Age 43-51	1 <sup>st</sup> Wave Baby Boomers Age 52-61	Silent Generation Age 62-82
<b>Avg. 2005 Income</b>	\$186,491	\$206,893	\$205,109	\$186,757	\$170,161

<b>Employment Status</b>	Total	Generation X	2 <sup>nd</sup> Wave Baby Boomers	1 <sup>st</sup> Wave Baby Boomers	Silent Generation
Employed full-time outside the home	53%	76%	73%	56%	35%
Fully retired, do not work full-time or part-time	19%	0%	1%	14%	37%
Own a business	7%	7%	8%	8%	6%
Semi-retired, work part-time outside the home	7%	1%	1%	7%	10%
Employed part-time outside the home	5%	3%	8%	5%	4%
Homemaker	5%	7%	5%	5%	4%
Work at home	2%	3%	2%	3%	1%
Not currently employed	2%	2%	1%	1%	2%
Other	1%	1%	0%	1%	1%



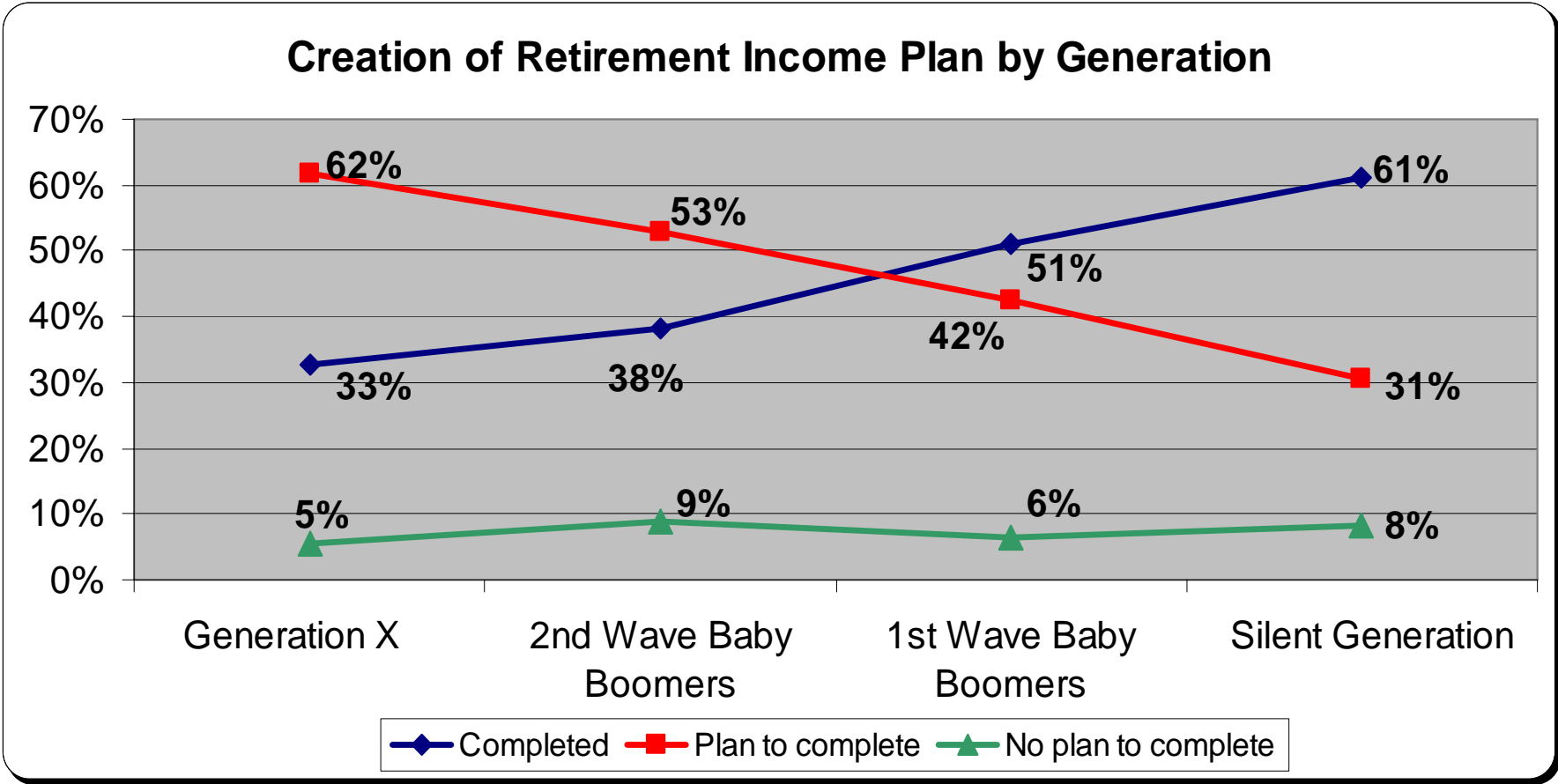
# Financial Planning

54% of affluent and HNW 1<sup>st</sup> Wave Boomers have created a financial plan, another 38% plan to



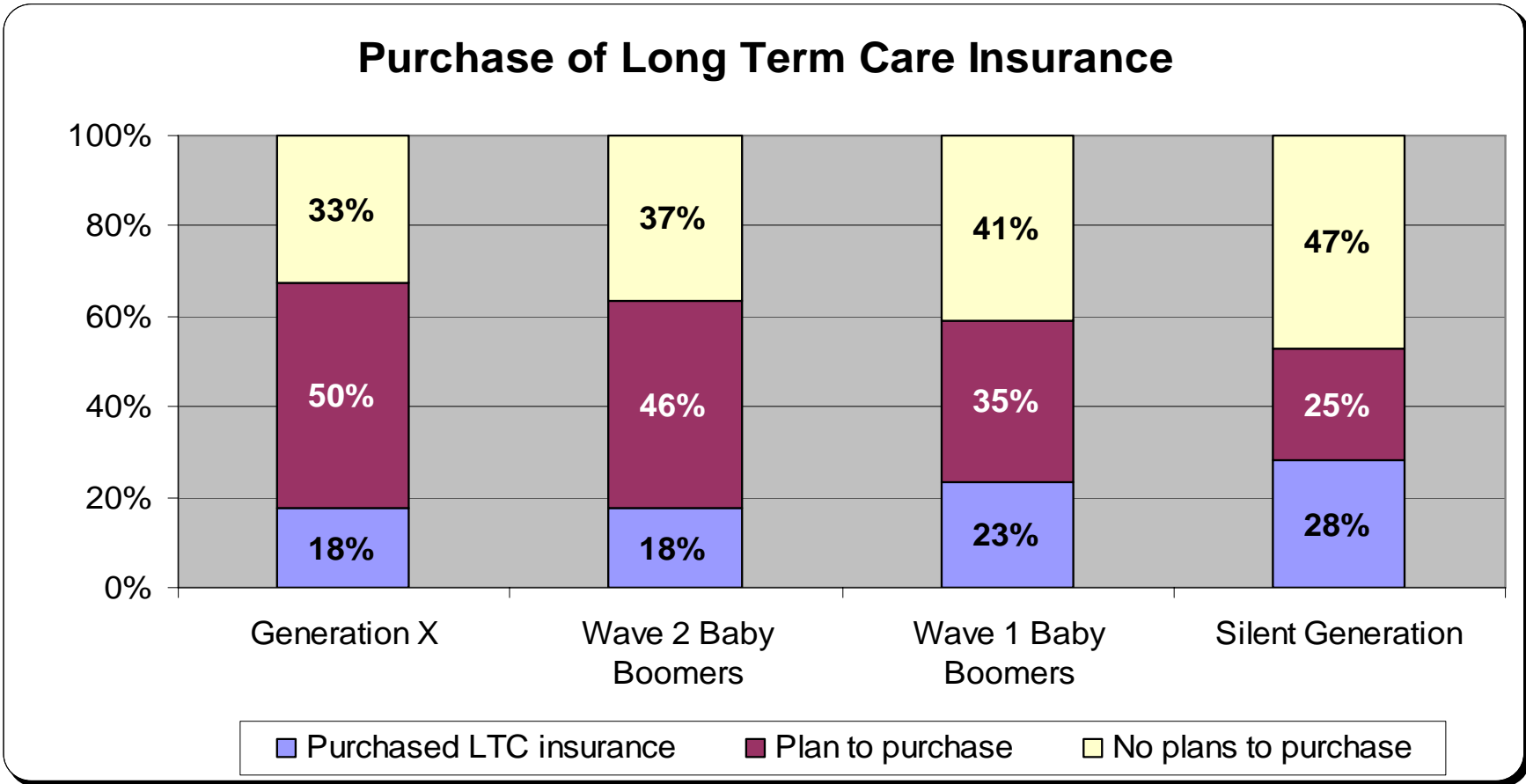
# Retirement Income Planning

- 51% of affluent and HNW 1<sup>st</sup> Wave Boomers have created a retirement income plan, another 42% plan to



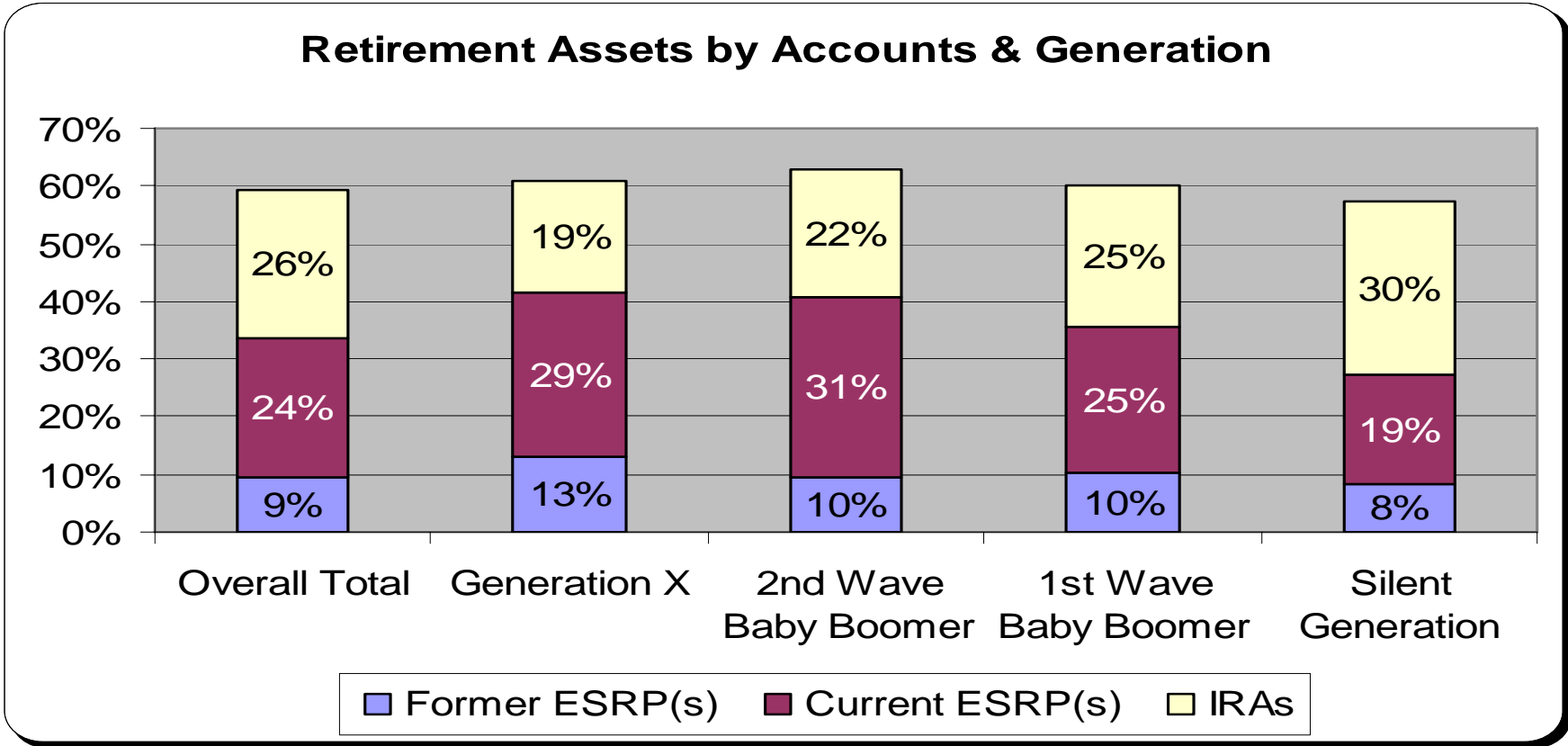
# Long-Term Care Insurance

- The importance of LTC insurance still not resonating with 2 in 5 Baby Boomers



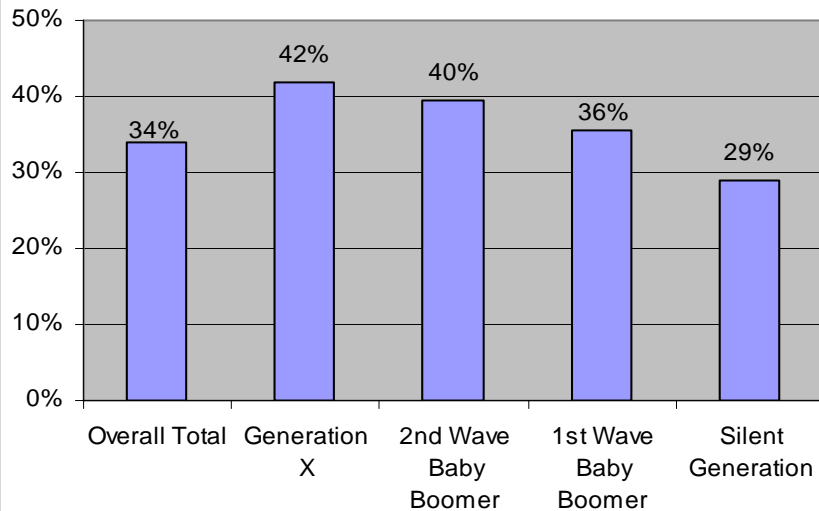
# Assets in Retirement Accounts

- 60% of investable assets are held in retirement accounts, 15% of these assets are held in the plan(s) of a former employer

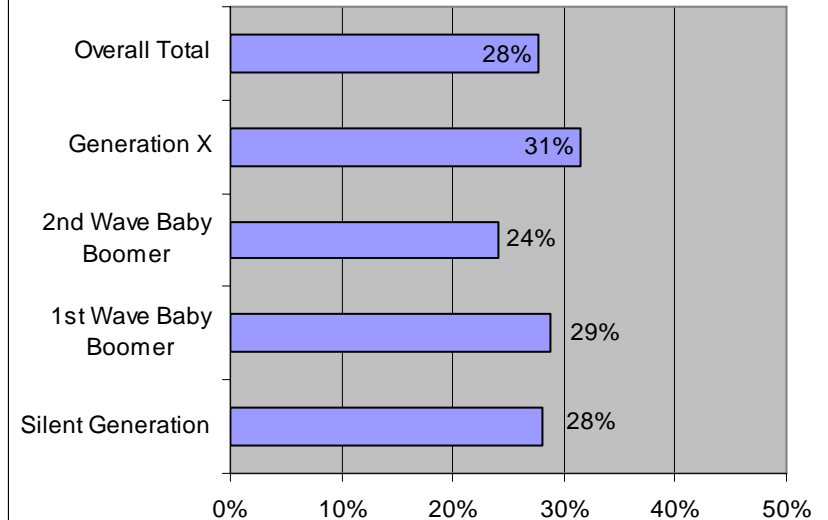


# Huge Rollover Opportunity: Assets in Former Employer Retirement Plans

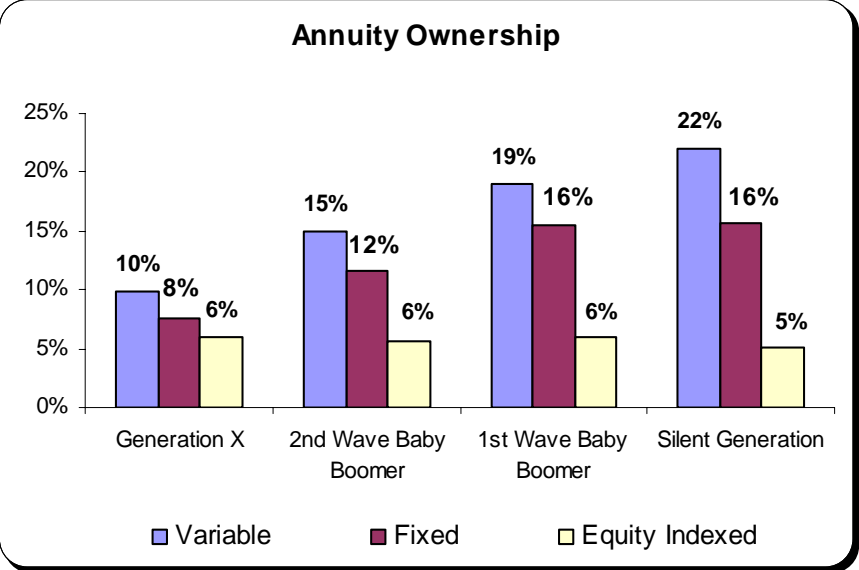
**Percent of Segment With Assets in the Retirement Plans of Former Employers**



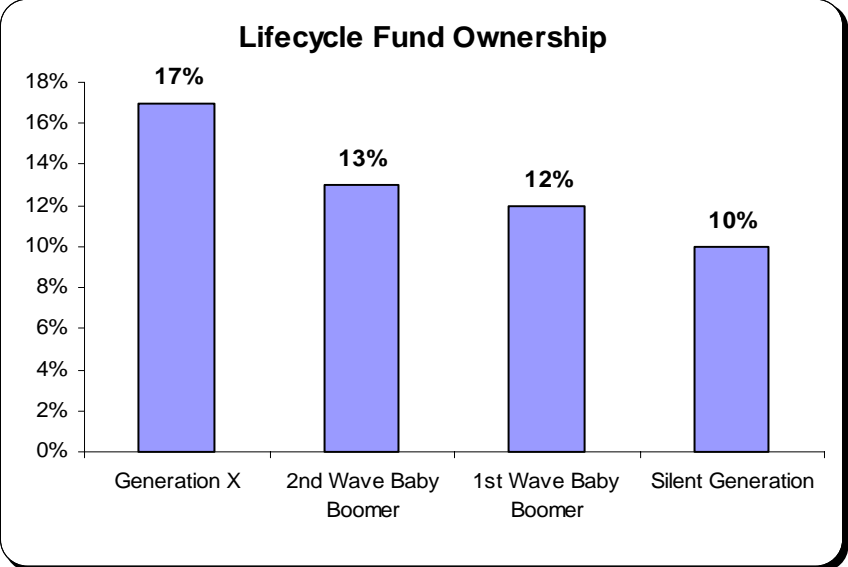
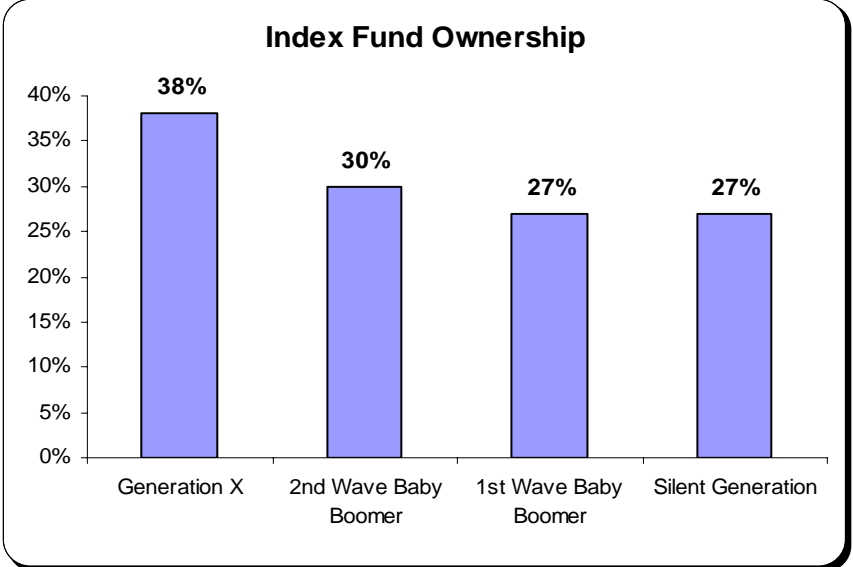
**Percent of Assets in Former Employer Retirement Plans**



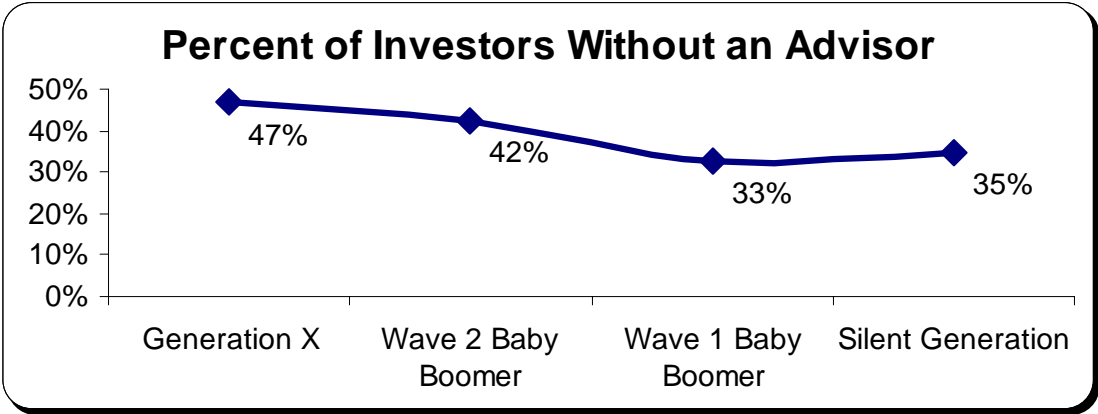
# Investment Product Usage



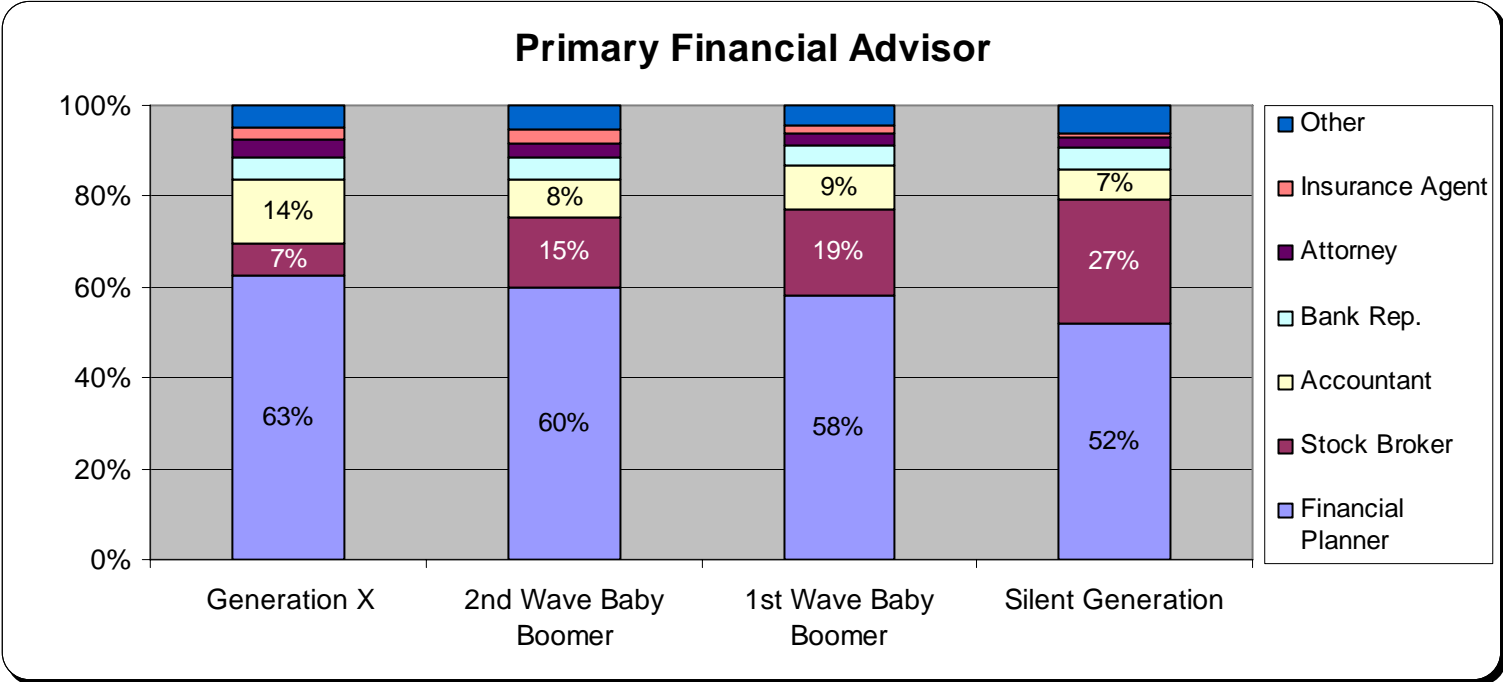
- Less than one-fifth of affluent/ HNW own VAs, fewer own fixed, equity-indexed
- Index and Lifecycle funds winning fans, particularly with Gen X



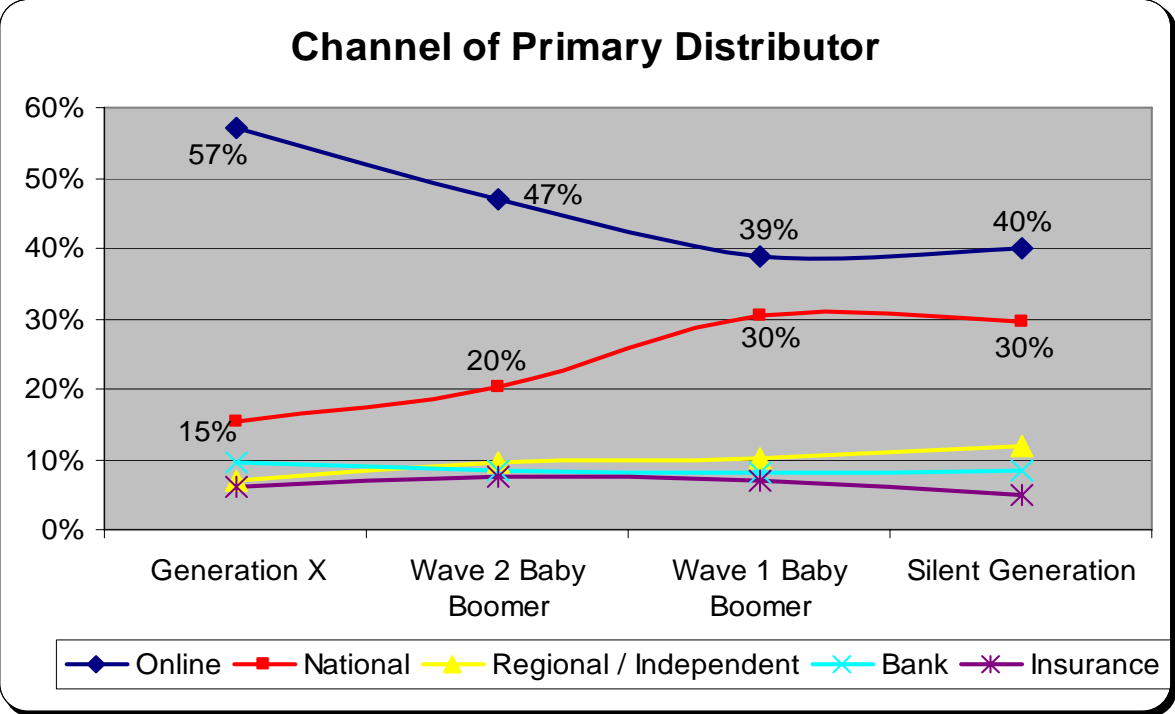
# Use of Advisors



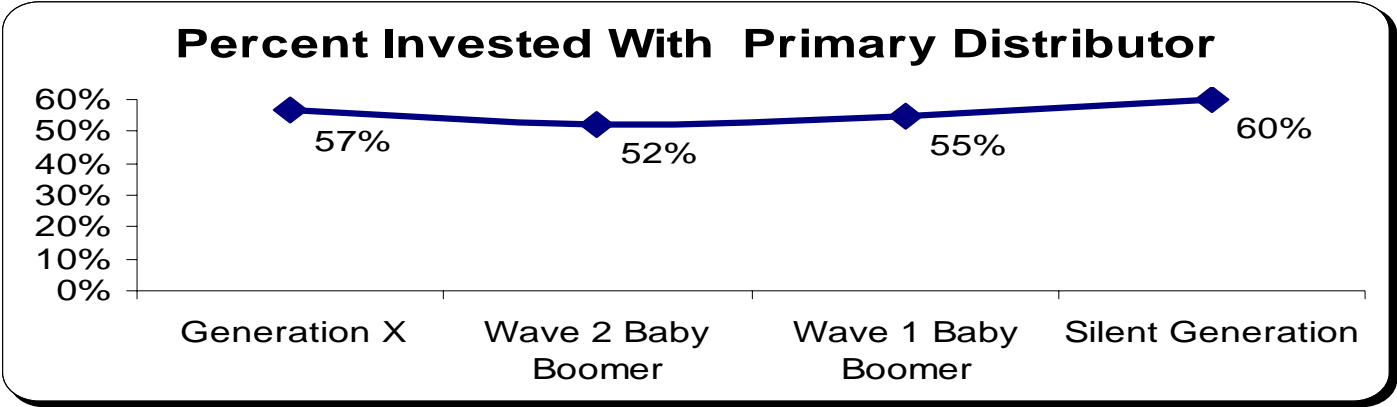
- More than one-third of affluent/HNW investors say they do not use a financial advisor
- Among those that do, financial planners are by far the most popular



# Distributor Relationships



- Online B/Ds possess the greatest market share with affluent/HNW investors, yet share for National B/Ds increases substantially among 1<sup>st</sup> Wave Boomers and Silent Generation
- Few affluent/HNW investors consolidating assets with a single provider



# Key Trends

- ◉ Work habits changing, many 1<sup>st</sup> Wave Boomers, Silent Generation investors winding down and working part-time, have average incomes lower than Gen X, 2<sup>nd</sup> Wave Boomers
- ◉ Nearly as many 1<sup>st</sup> Wave Boomers have completed a financial plan as have completed a retirement income plan, more than 9 in 10 plan to complete both
- ◉ 60% of assets are held in retirement plans, 15% in the plans of former employers
- ◉ 34% of affluent/HNW investors have an average of \$259K in the retirement plans of former employers
- ◉ Annuity usage still relatively low even among the Silent Generation
- ◉ More than one-third of affluent/HNW investors do not have a relationship with a financial advisor, while those that do, prefer financial planners
- ◉ Online B/Ds control more market share yet their share drops as investors age, while the share of stock brokers increases significantly among 1<sup>st</sup> Wave Boomers and Silents
- ◉ Less than one-third of affluent/HNW investors will consolidate assets with a single distributor, most prefer to work with a couple



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