

New Jobs or New Careers?

How Firms are Organizing to Help Meet New Retirement
Challenges:
Brief Highlights from FRC Investor and Industry Research

Retirement Income Industry Association Conference

Presented by Laura Varas

February 12, 2007

FRC

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New Jobs or New Careers: Key Themes

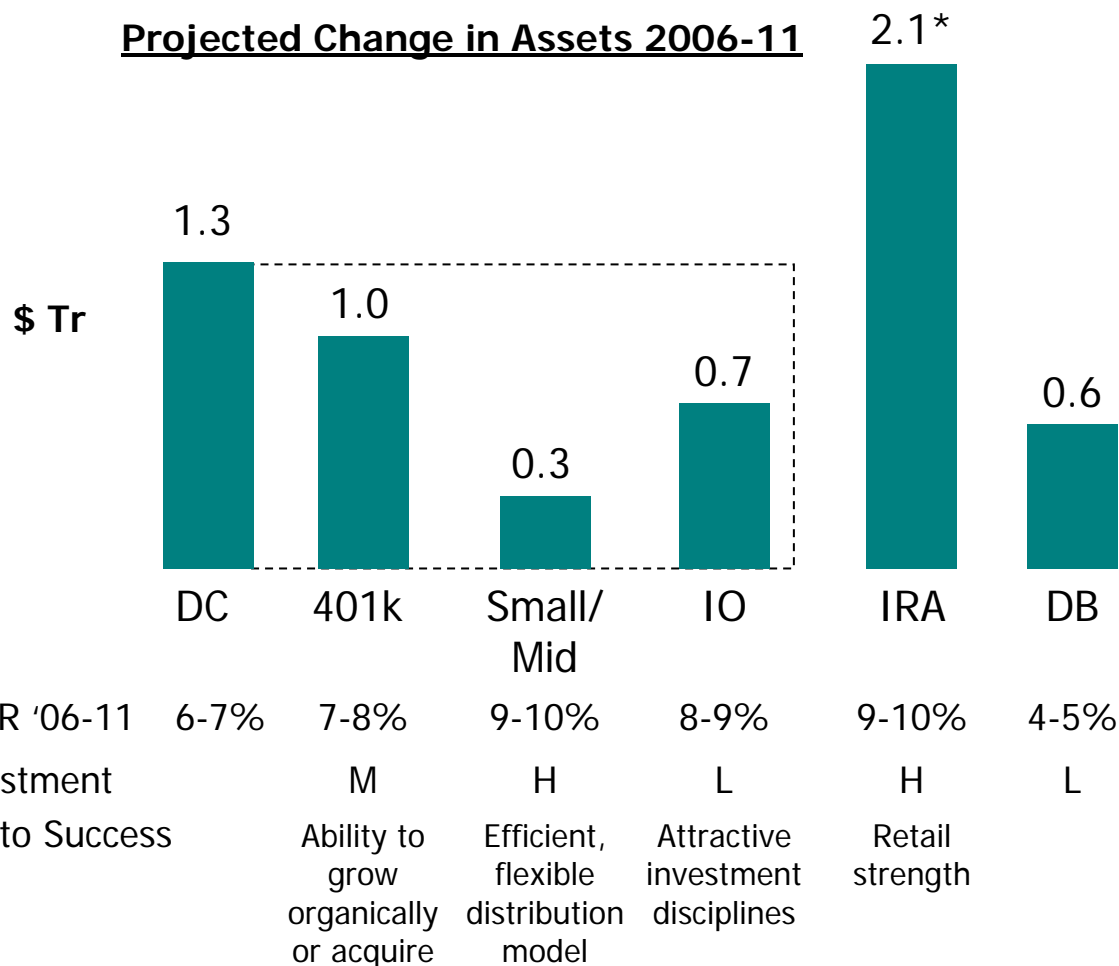
- ◆ IRA and Retirement Income are major flow opportunities
 - Senior management engagement
- ◆ Changing nature of retirement requires adaptations by all
 - Investor: Rely on self rather than employer or government
 - Advisor: Continue transition from transaction to wealth management
 - Firms: Build multi-functional approaches
- ◆ PowerBoomers find retirement tasks more challenging than RealRetirees
- ◆ Leading firms are designing new solutions

Source: Financial Research Corporation (FRC)

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Top Retirement Market Opportunities



Percentage of U.S. Investible Wealth

Distribution Mode (Age 65+)



Transition Mode (Age 55-64)



Accumulation Mode (< Age 55)



*Of the \$2.1 change in IRA assets, \$1.9 T will come from Rollover.

CAGR '06-11	6-7%	7-8%	9-10%	8-9%	9-10%	4-5%
Investment		M	H	L	H	L
Key to Success		Ability to grow organically or acquire	Efficient, flexible distribution model	Attractive investment disciplines	Retail strength	

Key Issues in Retirement

- ◆ Trend to open architecture and institutionalization
- ◆ Impact of new best practices in retirement
- ◆ Most efficient way to manage and grow DC record-keeping business
- ◆ Best strategy to participate in IRA Rollover market
- ◆ Response to retirement income marketing/needs

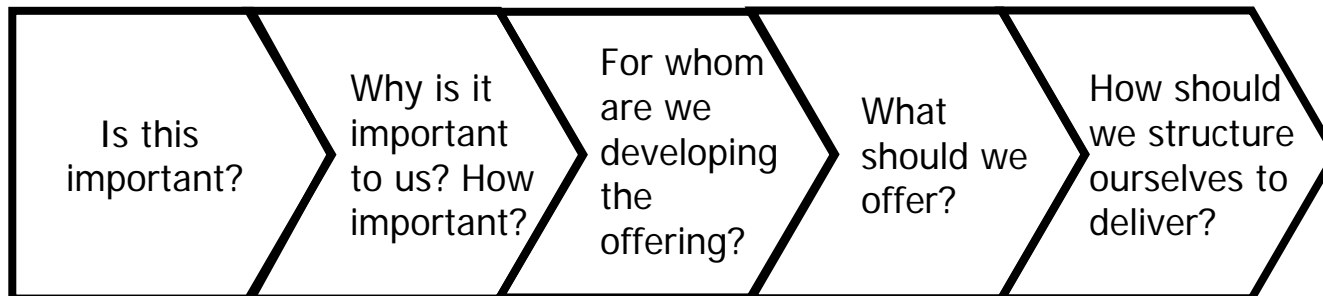
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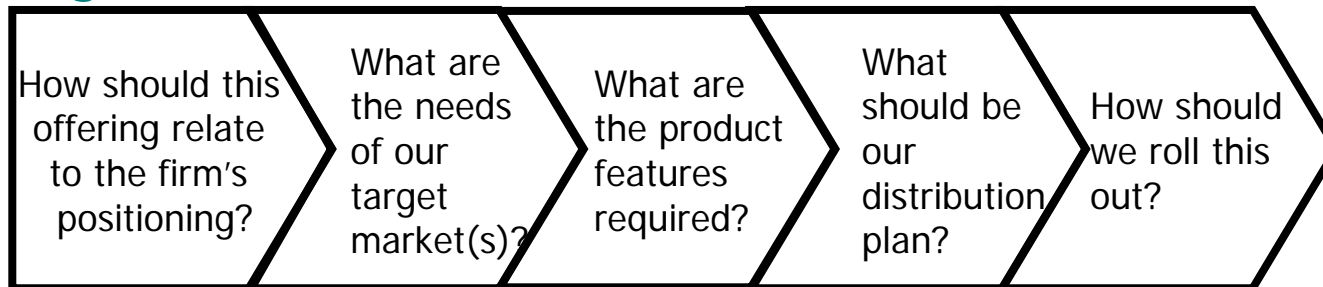


RI Business Development Workflow

Executive Decisions



Strategic Decisions

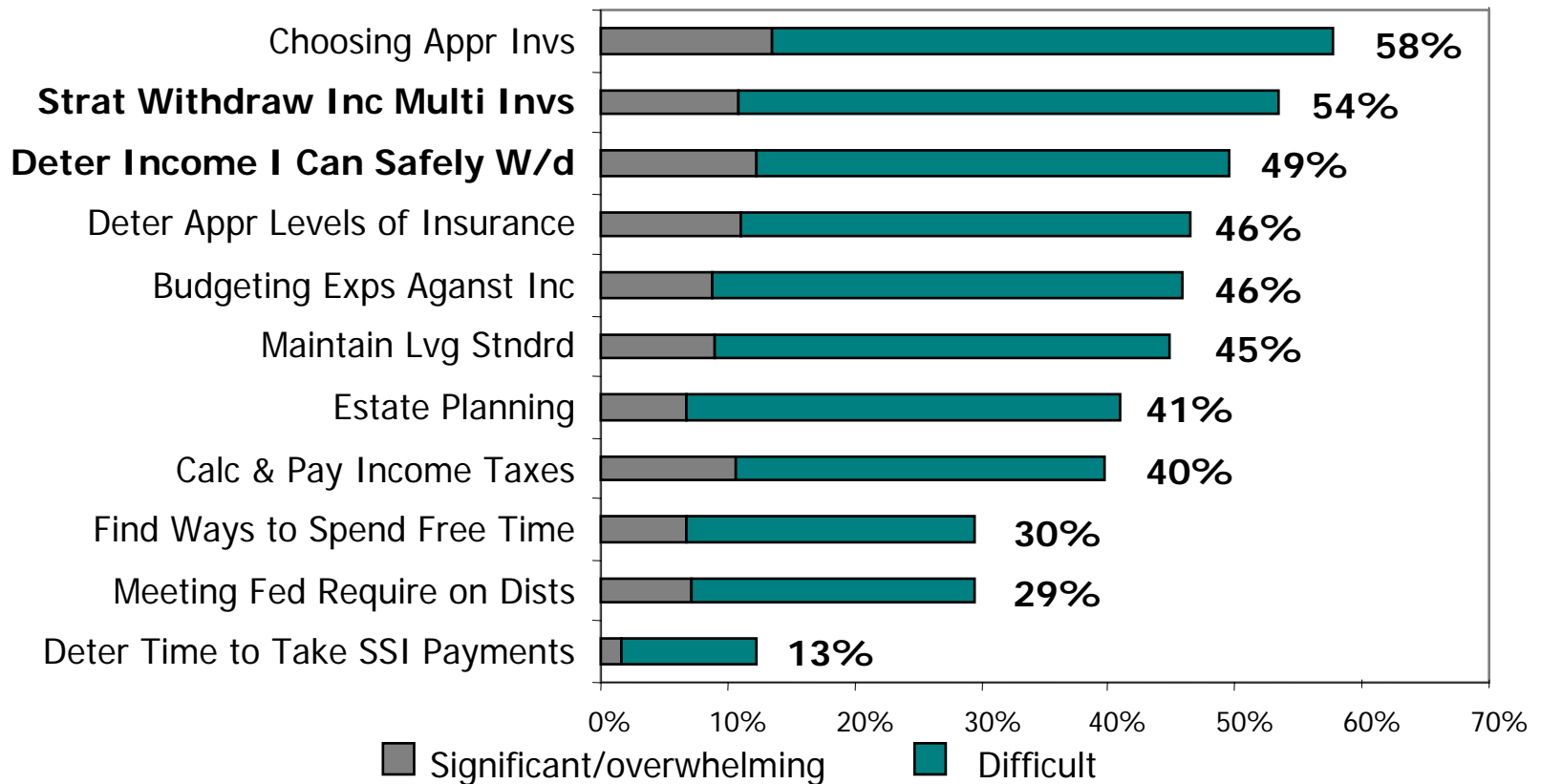


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RealRetirees face challenges ...

Difficulty with Tasks: RealRetirees

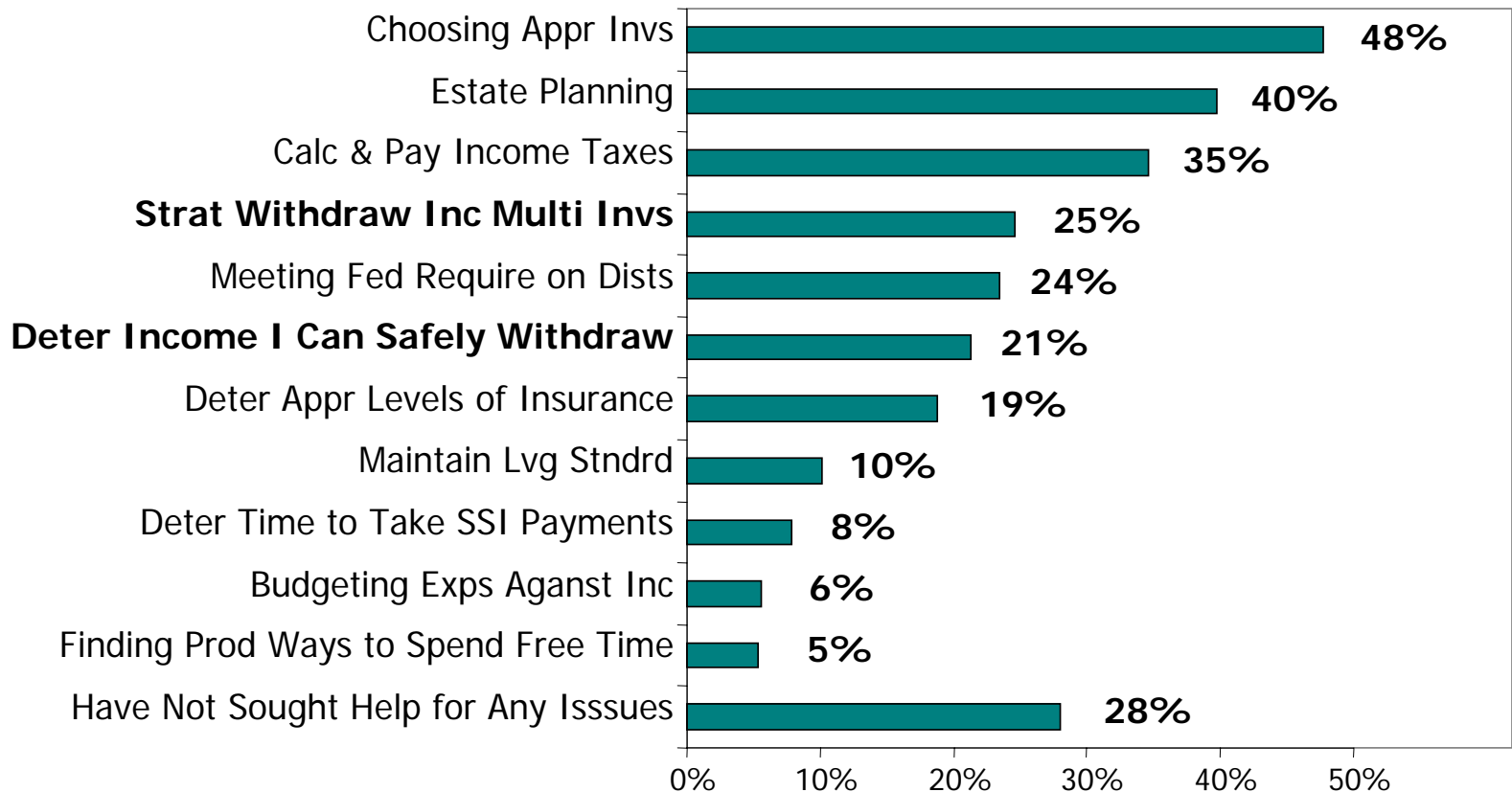


Source: FRC "Converting Retirement Income Planning into Practice: Fulfilling the Needs of Current and Future Retirees", Q2/3 2006.

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...but do not know where to turn for help with their income questions.

Sought Help with Issues: RealRetirees

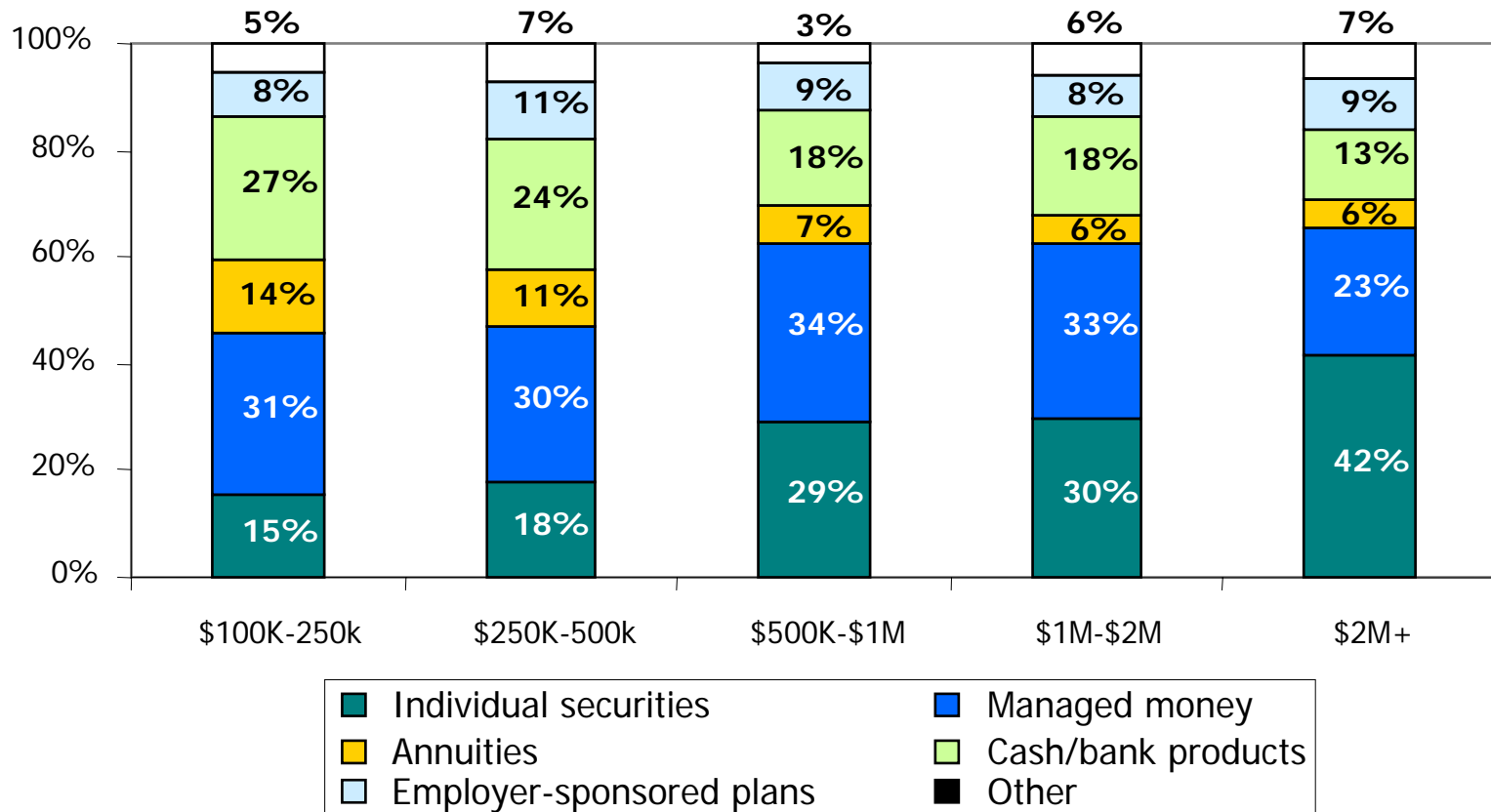


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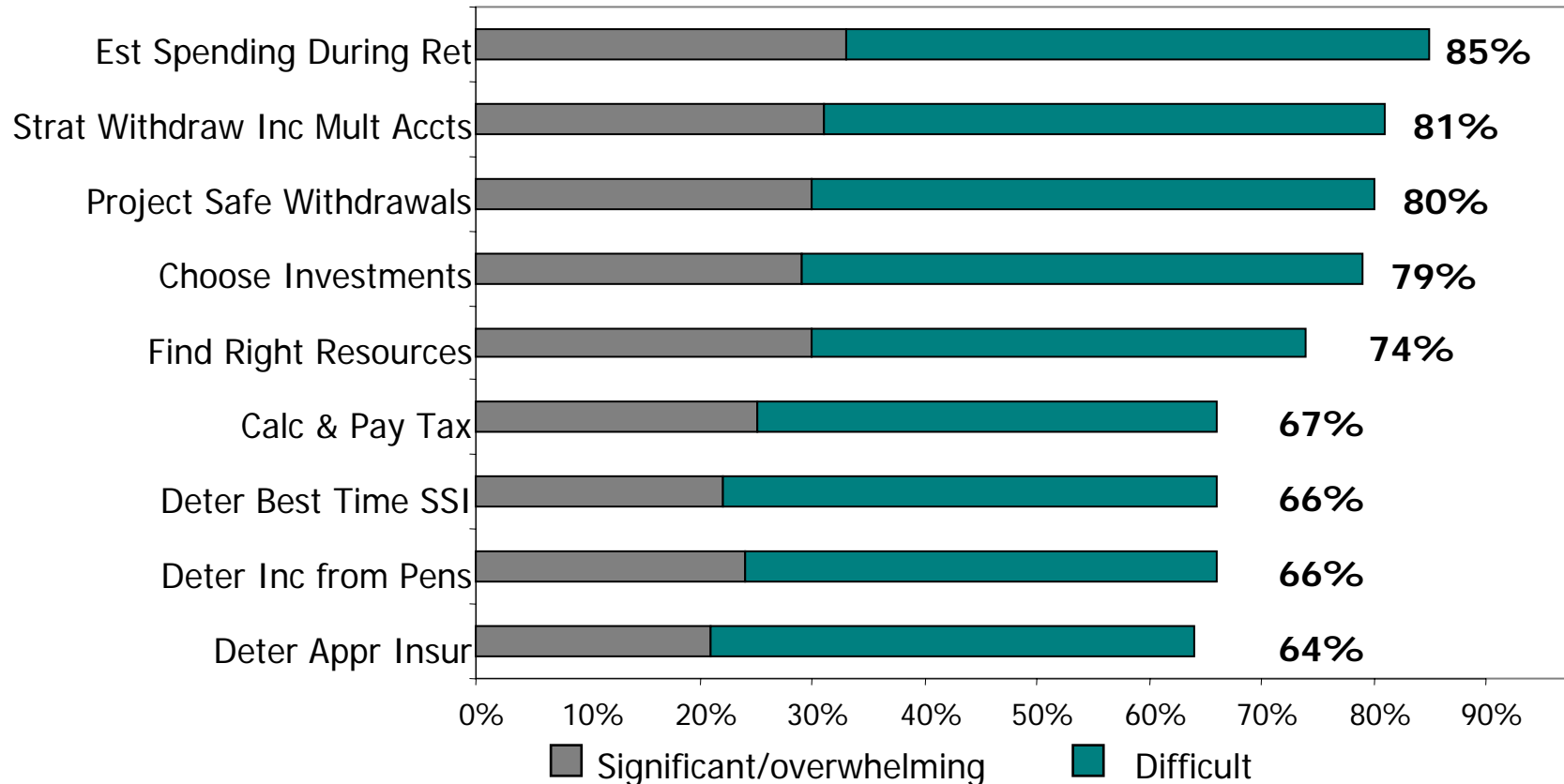
Holistic approach is diverse by definition.

Product Ownership by Wealth Segment: RealRetirees



PowerBoomers are even more challenged.

Difficulty with Tasks: PowerBoomers



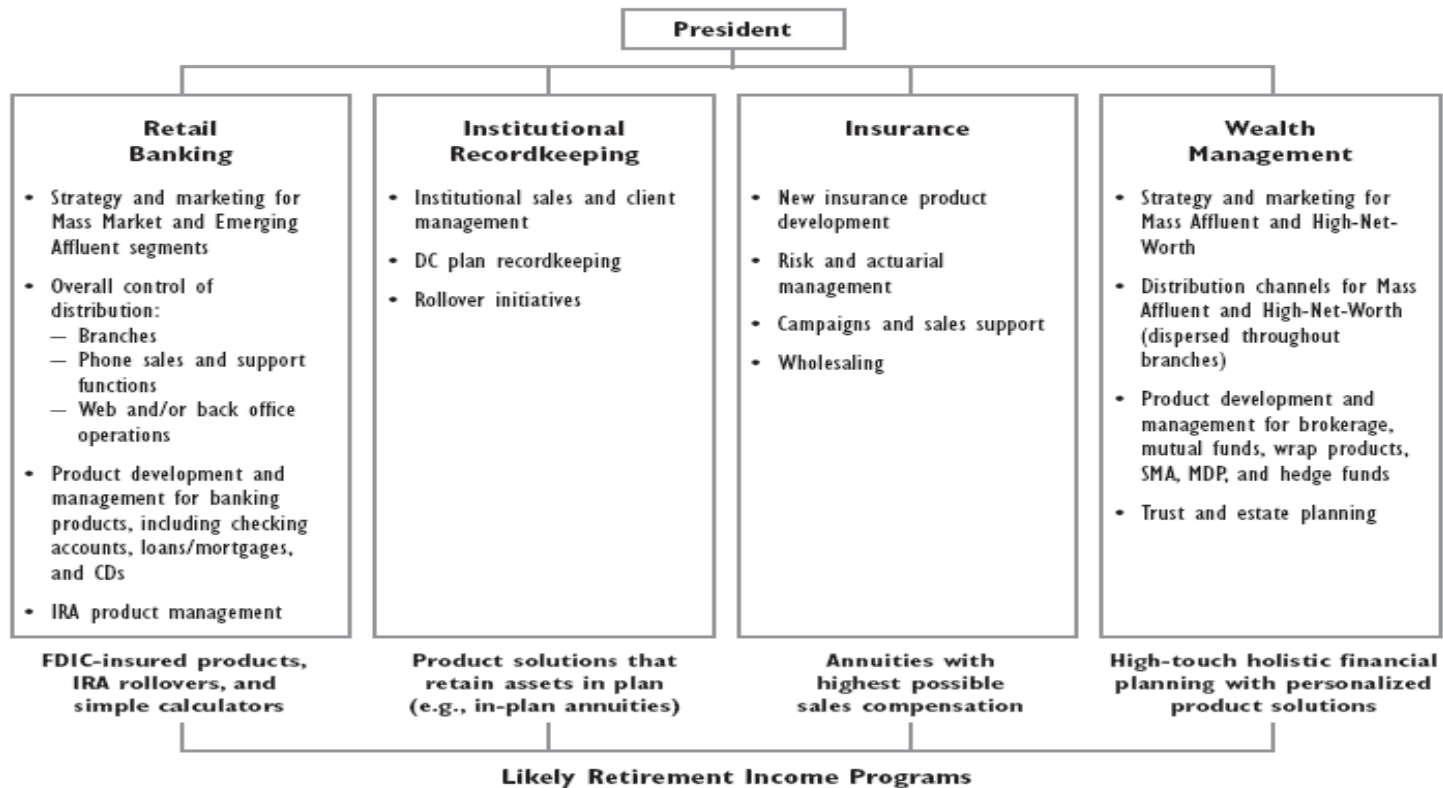
Source: FRC "Engaging PowerBoomers" Q1 2007.

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Independent Business Unit Results are disparate ...

Exhibit 4-5
Each Business Unit Develops Separately



Source: Financial Research Corporation (FRC)

...but the goal is to inspire investor action...

FRC PowerBoomer Action Model

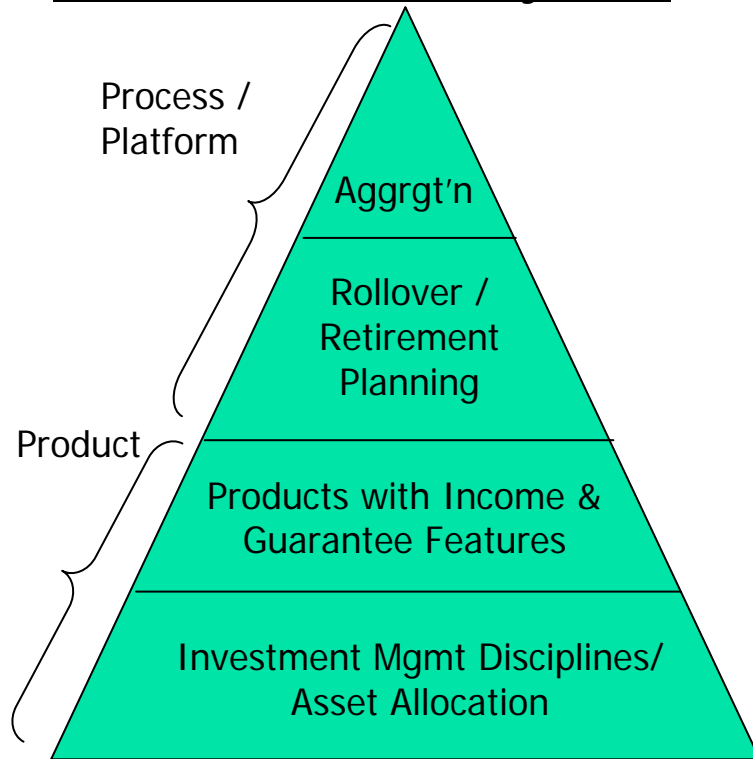
Marketing Distribution Product



- How to Market to PBs: Hopes, Dreams and Difficulties (Ch 2)
- Key PowerBoomer Motivators (Ch 3)
- PowerBoomer Personal Finance (Ch 4)
- PowerBoomers, Advice, and their Advisors
- PowerBoomers and their Firms
- Retirement Advice Seeking and Taking Action
- Winning Product Solutions
- Spotlight on Key Rollover Trends

...with a coordinated array of products and services.

FRC Retirement Income Products & Services Pyramid



Types

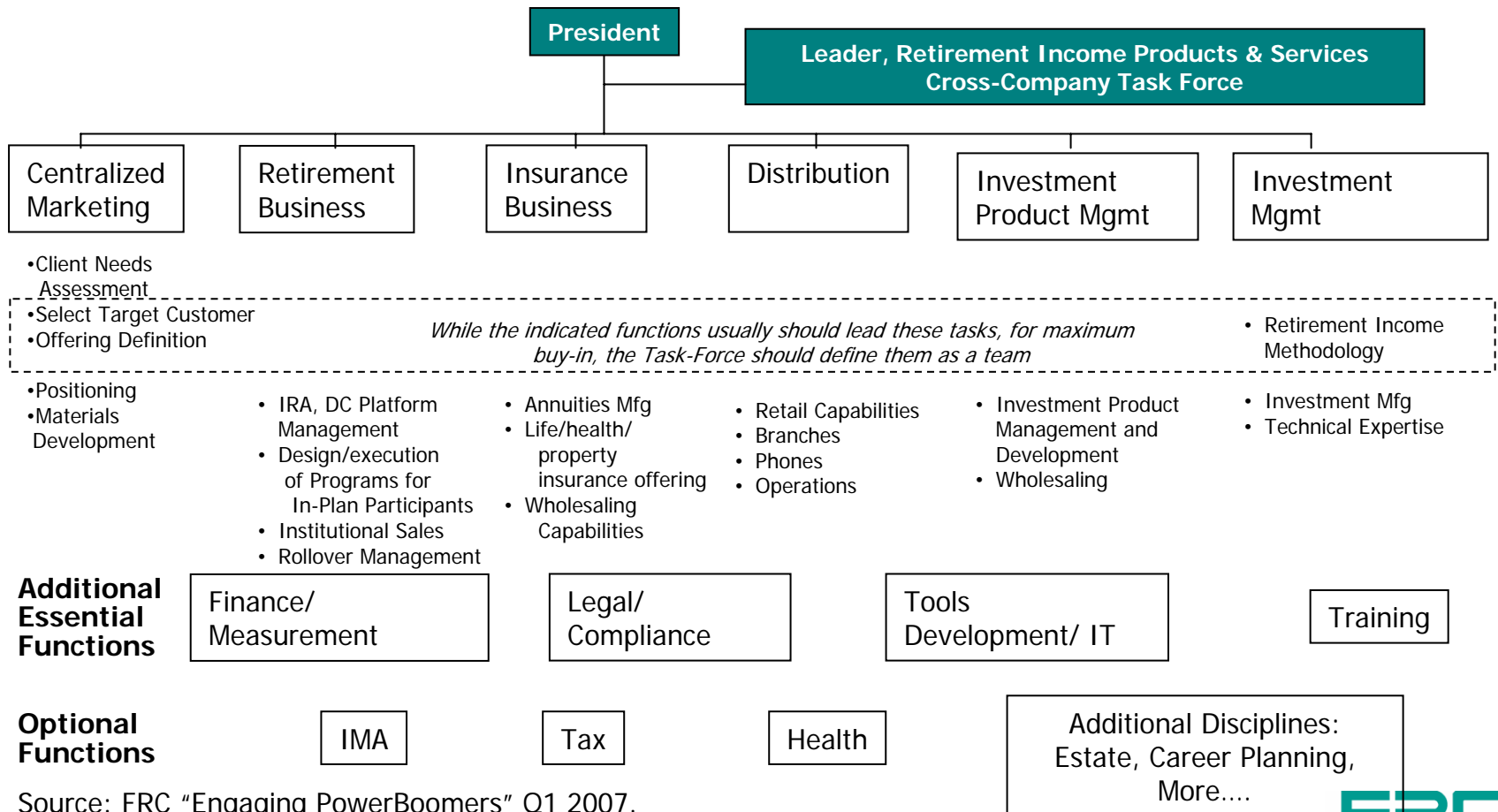
- Income management services/accounts
- Planning tools
- Advisor value-add programs
- Methodologies
- Investor marketing
- Personal pension products
- All-in-one retiree funds
- New investment approaches

Examples

- Fidelity IMA
- Merrill RI Service
- Mass Mutual
- Naviplan
- Wachovia Envision
- Northwestern Mutual
- Ameriprise
- Clearcourse, Lincoln...
- IXIS, AIM...
- In the works....
- In the works...

Key Functional Areas

Cross-Company Task Force or Business Unit



Source: FRC "Engaging PowerBoomers" Q1 2007.

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Organizational Keys to Success

- ◆ Well-funded resources under direct control
- ◆ Power to influence necessary functions
- ◆ Ability to energize the organization
- ◆ Staying power and commitment from senior management
- ◆ Authority to negotiate partnerships to fill gaps
- ◆ Intellect and experience sufficient to manage desired degree of offering breadth

Source: Financial Research Corporation (FRC)

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