

### **New Research from the Retirement Income Industry Association Points to the Coming Consolidation in the Financial Services Industry**

*~Only Financial Institutions and Advisors Who Plan for the Shift  
will Make Boomers' Short List~*

Boston, MA (June 30, 2008) There's a consolidation coming to the financial services industry which will impact all financial firms, advisors and the products and services they offer, says Francois Gadenne, Executive Director and Chairman of the Retirement Income Industry Association (RIIA).

New research released by RIIA's Research Committee describes the separate trends that are converging to create this consolidation as well as recommendations for how financial institutions and advisors can position themselves to succeed in a new, even more competitive environment.

The study, *The Coming Consolidation: Making the Short List*, reveals three major trends that must be planned for:

1. Households using fewer institutions as they move from Empty Nest through Retirement will continue and accelerate.
2. Households approaching the Empty Nest, Pre-retired and Retired life-stages will simplify their lives.
3. Households will shift from "Conspicuous Consumption" to "Conspicuous Conservation."

Says Larry Cohen, Vice President and Director of SRI Consulting Business Intelligence and co-author of the study, "the financial services industry has reached the tipping point of maturation after an extended period of growth and expansion. Going forward, households will use fewer financial institutions because they can access a broad array of financial products and services from a wider variety of financial organizations."

Another reason consolidation is occurring is that millions of Boomer households are entering the life-stage where they seek to simplify their lives, according to co-author, Elvin D. Turner, Managing Director, Turner Consulting, LLC. "Right now, the 41 million Boomer households are overwhelmingly in the "Oldest Child Age 18 and Older" or the "Pre-Retired" life-stages in which they use the highest number of financial products and have the most financial relationships in their entire lives. All that will change as they move into the next life-stage, Retired."

The third influence is the major shift from "Conspicuous Consumption" to "Conspicuous Conservation". Cohen and Turner report that society in general and Boomers in particular are starting to turn away from the excesses that came from the extended period of growth and prosperity of the 1980s and 1990s. "There is a growing concern about the future.

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Environmental issues, for example, raise the specter of limits to energy, drinkable water, breathable air, and cheap transportation. At the same time, the rapid pace of global growth and competition for resources is combining with an increasing emphasis on recycling, conserving and doing more with less.”

As these trends inter-connect, they will forever change the relationship between Boomers and their financial institutions and advisors. Several outcomes include:

- Consolidating customers will have a greater financial impact on the firms and advisors they choose than typical customers do today.
- Consolidating consumers will require that institutions and advisors offer more broad-based, multi-product, customer-focused solutions to meet a diverse set of financial needs.
- The Conspicuous Conservation mindset will drive the demand for convenient, simple services unbounded by organizational constraints.

The coming consolidation will divide the financial services industry into winners and losers. “Incremental innovation within silos will not succeed in the new competitive environment,” predict Cohen and Turner. “Only financial manufacturers and advisors/distributors that recognize this shift and build products, services, support and delivery mechanisms that are simple, flexible, and tailored to consumer needs will win.”

### **About the RIIA Institution and Advisor Retirement Series**

The *Coming Consolidation: Making the Short List* is the second in an ongoing series of research studies commissioned by RIIA. The first report, *The Topology of Retirement: Charting the Landscape*, is a groundbreaking study evaluating the dynamic between the age and wealth of American households. The third report, *Financial Institutions and Retiring Boomers: Convergence’s Payoff or Payback?* applies these trends to specific types of financial institutions and recommends, institution by institution, the ways that each type of firm can position itself to thrive in a challenging environment. This report will be available in the near future.

RIIA members receive a free executive summary of each report which can be downloaded from the member section of [www.riia-usa.org](http://www.riia-usa.org). They also receive a substantial discount on the full report which may be purchased by members for only \$3,500. Full reports are available to the public for \$5,000 each by contacting RIIA at 617-342-7390 or emailing [staff@riia-usa.org](mailto:staff@riia-usa.org). Additional information can be found at the SRIC-BI website, [www.sric-bi.com/CFD/RIIA/public/](http://www.sric-bi.com/CFD/RIIA/public/).

### **About the Retirement Income Industry Association**

RIIA ([www.riia-usa.org](http://www.riia-usa.org)) is the premier, national, not-for-profit organization whose members are defining the future of retirement security in the United States. RIIA provides a non-biased forum for sharing information, strategies and research which involve the leading companies

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in the industry, academia, researchers and professional services firms. The organization offers unprecedented opportunities for networking and accessing the best minds that are addressing the challenges in creating a secure retirement for millions of Americans.

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