

New Research from the Retirement Income Industry Association Sheds More Light on Broad Consolidation of Financial Services Industry

~Retiring Boomers at the Heart of Industry Convergence~

Boston, MA (January 22, 2009) New research released by the Retirement Income Industry Association's (RIIA) Research Committee focuses on how retiring Boomers will decrease the number of relationships that they have with financial institutions and reshape the entire industry through their collective actions, announced Francois Gadenne, Executive Director and Chairman of RIIA.

"This is a life-stage phenomenon made more dramatic by the sheer number of Boomers in retirement and entering retirement," notes Larry Cohen, Vice President and Director of SRI Consulting Business Intelligence and co-author of the study. "When Boomers reach the empty nest stage, they discover that they no longer need all of the financial relationships that they have accumulated over 40 years of homebuilding and career development," he explained.

The third in a series of studies, *Financial Institutions and Retiring Boomers: Convergence's Payoff or Payback?*, also reveals that retiring Boomers will discover that they need new sets of services. "This will result in even more cuts in the number of financial relationships and the transference of assets to a smaller number of firms that can meet Boomer needs. Plus, this transformation may occur over a much shorter timeframe due to the tumultuous events of the last several months in the financial markets," continued Cohen.

"Trust is the lifeblood of financial relationships and the glue that holds them together," observed Gadenne. "Relationships that last for generations thrive when the industry itself is perceived to be stable and unchanging. The mergers and buyouts of banks and other financial institutions getting headlines over the last few months have undercut consumers' trust of their institutions and removed the illusion of stability."

Adds co-author Elvin D. Turner, Managing Director, Turner Consulting, LLC, "This is a whole new ball game. Millions of Boomers will be choosing among institutions to whom they are not loyal and with whom they feel little comfort. The uncertain fate of the industry rests on their shoulders."

According to Turner, no one can predict precisely the manner in which institutions will be impacted since the companies themselves will help to shape their own destinies. "However, there are strategies that institutions can employ now to better position themselves to compete in the new, even more challenging environment," he asserted

The *Convergence Payoff or Payback* report surveys the landscape today and identifies institutions which currently win and those that have traditionally lost business as their customers enter the retirement years. However, Boomers are the crucial transition generation – one that straddles the pre-convergence past and the interchangeable future – and in terms of

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accelerating consolidation, redefining retirement and developing new product and delivery technologies. It is also important to note that recent events suggest that the changes highlighted in this report will only be exacerbated, aggravated and extended.

Other reports in the RIIA series include *The Coming Consolidation: Making the Short List* and *The Topology of Retirement: Charting the Landscape*. The fourth and final report, *Advisors and Retiring Boomers*, will address the role of financial intermediaries in the lives of Boomers and as a crucial conduit for institutions to reach these customers. It will be available in early 2009.

RIIA members receive a free executive summary of each report which can be downloaded from the member section of 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. Additional information can be found at the SRIC-BI website, www.sric-bi.com/CFD/RIIA/public/.

About the Retirement Income Industry Association (www.riia-usa.org)

RIIA's mission as a national not-for-profit organization is to bring the retirement income industry together with a "View Across Silos" to develop the products, processes and advisory services Americans need to create a secure retirement. Because RIIA members span the entire industry – banks, insurers, mutual fund companies, brokerage houses, financial advisors and distributors, plan sponsors, researchers, technology, marketing, academics, and media – they create a forum for sharing the freshest outlooks, the most modern thinking, the latest research and the newest product development within the realm of retirement income. This unique view provides investors and advisors with unbiased perspectives on key retirement income issues.

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