



# IRI Research Brief

## Advisor Views on Client Goals, Concerns and Preferences

In May and June of 2023, IRI surveyed 188 financial advisors to explore their perceptions of their clients’ current views regarding their financial goals, investing and financial concerns, and the aspects of investment products that appeal to them. All survey respondents self reported to be actively working as financial advisors for at least one year and having sold at least one annuity in the past 12 months. The results of the survey can be summarized in one short phrase: **clients want advisors to help them secure income and protect assets.**

### Implications of This Research

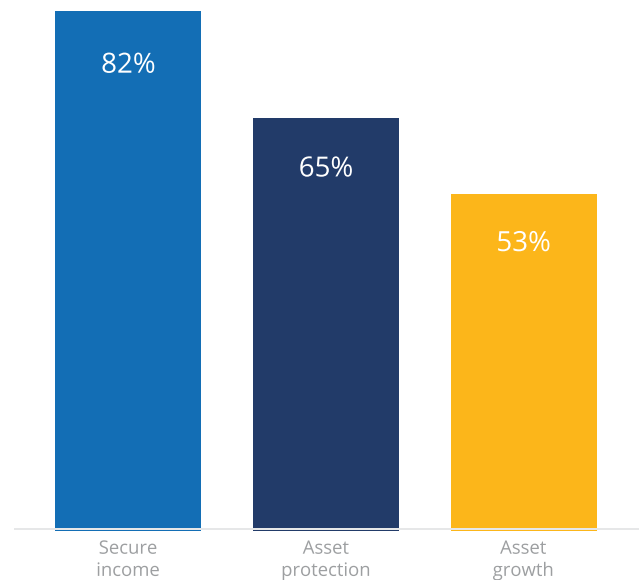
Annuities are capable of truly insuring against market losses and longevity risk, and these survey results indicate that the clients of financial advisors are more concerned about maintaining income (and by extension lifestyle) and guarding against investment losses than they are about maximizing their gains. Advisors who choose not to use annuities in their practices are missing an opportunity to deliver what clients want and insulate them from inevitable market downturns.

### I: Financial Goals

Advisors were asked to select the top three financial goals expressed by their clients. Among the top three, “growing assets” was selected significantly less often than securing retirement income or protecting investable assets.

**INSIGHT** Clients desire protection and retirement income security above market-driven gains.

**Figure 1: Top Client Financial Goals**



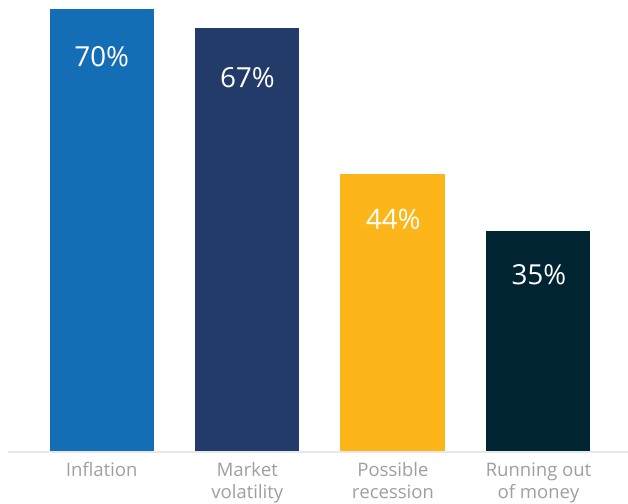
All types of annuities can provide guaranteed lifetime retirement income, and many can provide full or partial protection from losses due to market downturns. Figure 1 reflects financial advisors’ views regarding their clients’ top financial goals, showing that securing income and protecting assets are significantly more important to clients than investment growth.

## II. Investing and Financial Concerns

Advisors were asked to select the top three concerns they are hearing from clients regarding the current investing environment, and specifically as to their retirement planning and security. Inflation and market volatility (both, and especially inflation, making headline news at the time of the survey) were the top selections, followed by the possibility of recession. Far fewer selected “running out of money” as a client concern, perhaps partly because all respondents utilize annuities in their practices and 80 percent reported having sold at least three annuities in the past 12 months.

**INSIGHT** Inflation and market volatility are also concerns that can be addressed using annuities, specifically variable annuities and registered index linked annuities for growth to keep pace with inflation coupled with protection to help clients stay the course during periods of high volatility.

**Figure 2: Top Client Financial Concerns**



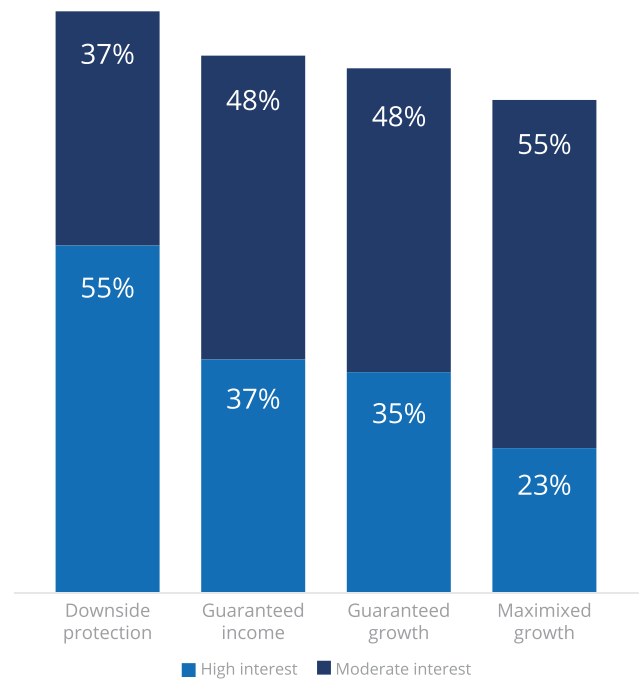
*Inflation is no doubt in the forefront of the minds of many clients, particularly those who may already be retired or approaching retirement worried about the impact of inflation on the plans they have made. Inflation is tantamount to a pay cut for those trying to meet expenses using income from investable assets, and either more must be taken from savings or cuts in spending must be found to offset its effects. It is critical to have at least some portion of retirement portfolios invested in risk assets with higher growth potential to keep pace with inflation, and annuities can be a key element for those clients too risk averse to invest in risk assets such as stocks and ride out periods of high market volatility.*

## III. Investment Product Feature Preferences

Advisors were asked to state whether they generally find their clients to have high, moderate, low or no interest in various product features. “Downside protection” and “guaranteed income” were the top features in which advisors believe their clients have a high level of interest, with many also indicating a moderate level of interest. “Maximizing growth” scored lowest in terms of high interest, with clients far more concerned about protecting what they have already saved and realizing secure income from those investments.

**INSIGHT** Clients are of course interested in growing their investable assets, but not at the expense of protection and income.

**Figure 3: Client Interest in Investment Product Features**



*Advisors can use annuities to protect assets and generate guaranteed lifetime income from client portfolios, the two aspects of investment products in which advisors who use annuities say their clients have the highest interest. Annuities that provide both market growth and downside protection may have lower upside potential than investment products without such protection, but maximizing growth is the lowest priority for many clients. Even guaranteed growth, despite having more client interest than maximized growth, takes a back seat to protection and income. Annuities can essentially meet clients at the intersection of protecting what they have and providing growth to address their top financial concerns.*

## Conclusion

Financial advisors must select investment products for clients based on their financial goals, financial concerns, and very importantly their tolerance for investment risk. Historically investors have not been well served by “buying high and selling low,” but much data indicates that this investor behavior is quite common. Annuities help advisors align goals, concerns, and risk tolerance by providing protection and securing income, the two goals that are top of mind for clients and their advisors.

This research brief is based on the 2023 IRI report, “Survey of Financial Advisors: Focus on Goals, Concerns, Preferences, and Experience.” IRI members can download the full report [here](#).

## Contact Us

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## Methodology

The findings in this report are based on an internet survey of financial advisors. Respondents were required to have at least one year of experience as a financial advisor and to have sold at least one annuity in the past 12 months. The survey was conducted from May 5 to June 15, 2023. There survey sample consisted of 188 qualified respondents. The margin of error for the sample of 188 is  $\pm 4.5\%$  at a 95 percent confidence level. This means that if we conducted this survey 100 times, 95 of those times the answers would be the same plus or minus 4.5%.