



IRI Research Brief

*The Impact of Financial Guidance
on Retirement Readiness*

The importance and positive impact of a qualified financial professional on retirement preparation and outcomes can hardly be overstated. IRI research shows that retired Americans who have worked with financial professionals to plan and invest move into retirement with more savings, less debt, more diversified investable assets, and more tools to sustainably create income from those assets.

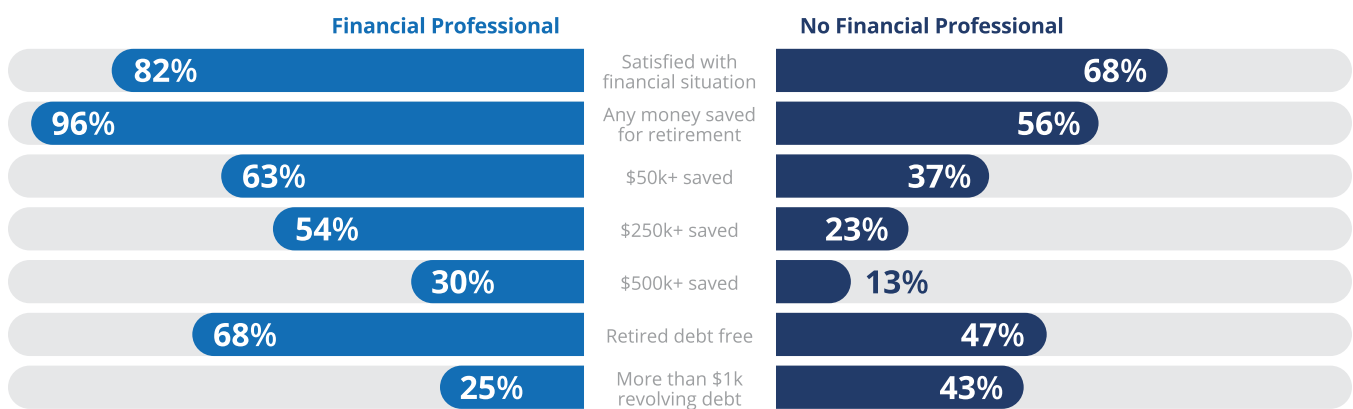
Implications of This Research

The findings in this brief reflect survey responses of 801 Americans retired between five and 15 years. Over 90% of the respondents have no earned income, meaning they are reliant on Social Security, pensions and savings to cover their expenses during retirement. Survey responses show that retired Americans who maintain a relationship with a financial professional are more financially secure. While the advice and guidance provided by financial professionals is only one factor and other individual characteristics may be equally important (for example, those who tend to save more may be more likely to engage a financial professional), the findings are consistent across many measures of financial health.

I: Retirement Savings and Financial Health

Retirees who maintain a relationship with a financial professional have saved more for retirement, carry less debt into their retirement years, and are more likely to be satisfied with their financial situation than those who do not seek guidance from a financial professional. Of the 801 retirees surveyed, 38 percent (306) indicated a current relationship with a financial professional.

Figure 1: Savings, Debt and Financial Satisfaction

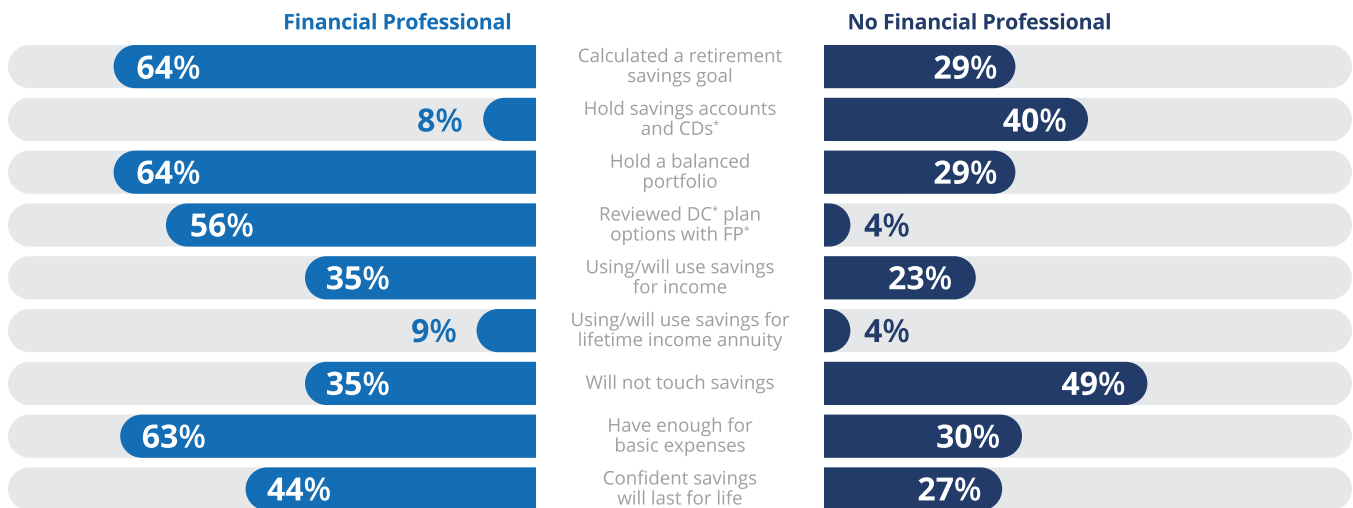


INSIGHT Relationships with financial professionals correlate to better financial health in retirement.

II: Utilizing and Optimizing Investment Products and Strategies

Retirees who maintain a relationship with a financial professional are far more likely to have taken advantage of investments and investment strategies that are correlated with higher probabilities of success in achieving long-term financial goals, such as saving for retirement and securing guaranteed lifetime income and downside protection in retirement.

Figure 2: Investments and Investing Strategies



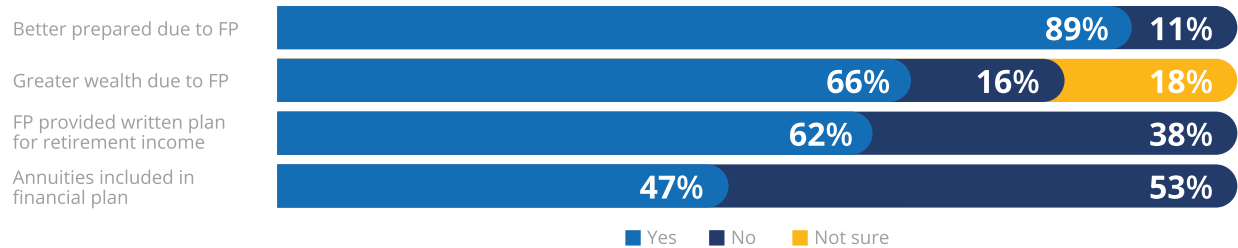
*CDs = Certificates of Deposit; DC = Defined Contribution; FP = Financial Professional

INSIGHT Relationships with financial professionals correlate to a higher likelihood of taking steps to define savings goals, greater diversification of assets and lower use of safe but low yielding options, more confidence to use savings for income, and more openness to the use of investment options designed to protect assets and provide guaranteed income. However, it is important to note that while more than six in 10 retirees with a financial professional are confident their savings can cover their basic expenses (food, housing, medical care), only 44 percent are confident their savings will last for their lifetimes. This figure would likely be substantially higher if more than nine percent of those with a financial professionals planned to use some of their savings to purchase an annuity for guaranteed lifetime income.

III: The Impact of Financial Professionals

Most retirees feel they are better prepared for retirement and have a greater level of wealth than they otherwise would have if they had chosen not to work with a financial professional. Additionally, almost two-thirds have received a written retirement income plan from their financial professional, and almost half have annuities as part of that plan.

Figure 3: Measures of Satisfaction and Success with Financial Professionals (FPs)



INSIGHT Financial professionals can help Americans set savings goals and invest appropriately to improve the odds of meeting those goals, adhere to a financial plan, and chart a course for generating sustainable income in retirement. With nine in 10 retirees agreeing that they were better prepared for retirement due to their relationships with financial professionals, it is clear that such guidance yields results.

Contact Us

For questions about this research brief or the full report, please contact Frank O'Connor, foconnor@irionline.org.

Press inquiries should be directed to Dan Zielinski, dzielinski@irionline.org.

Methodology

The research was carried out by means of internet interviews. A total of 801 adult Americans aged 40-80 and retired for five to 15 years were interviewed. The data were collected from March 10-18, 2021 and the margin of error for the retiree sample is ±3.5%.

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