



Final Release
January 2, 2014

Contact: **Howard Schneider**
978-590-7290
howard.schneider@practicalperspectives.com
Dennis Gallant
781-314-0606
gallant@gdcresearch.com

Significant Opportunity Continues for Product Providers Working with Advisors on Retirement Income Delivery

Newly released research analyzes key drivers for 2014 and how advisors select the products and providers they rely on for retirement income

BOSTON, January 2, 2014 – While many advisors believe they have taken steps to prepare for the potential of rising interest rates in the coming year, most are receptive to new solutions from asset managers and insurance carriers that could manage the impact of higher rates on retirement income clients, according to a new proprietary report released today by GDC Research and Practical Perspectives, prominent independent consulting, competitive intelligence, and research firms working with wealth management providers and distributors on retirement solutions.

The 155 page report “**Retirement Income Insights 2014 – Using Products and Providers**” reveals that while retirement income is a core driver of growth for many practices, a large number of advisors still do not have the capabilities and processes in place to fully serve aging boomer clients. Advisors have yet to coalesce around a common methodology or set of products for generating sustainable retirement income making it more challenging for firms such as fund companies or annuity providers to leverage this market. Given the recent low interest rate environment, most advisors rely on traditional solutions such as dividends from equities or similar funds and ETFs to generate sufficient income to help retirees meet day-to-day expenses.

While advisors are receptive to new solutions, most have made only modest changes in the past year to the providers or products they use for retirement income. Many advisors still struggle with complexity, lack of a track record, or understanding of the benefits of retirement income products and are seeking more training and education from providers.

“There is significant demand for solutions that advisors can use with retirement income clients,” says Howard Schneider, President of Practical Perspectives co-author of the report. “Managing portfolios to achieve the multiple goals of retirement clients is a critical and growing element of most practices. Yet the delivery of retirement income support remains highly customized and nuanced, making it hard for product providers to gain focus and traction in this marketplace.”

“Advisors rely on a range of products for retirement income clients, with larger annuity carriers and asset managers among the most prominent providers” notes Dennis Gallant, President of GDC Research, the report co-author. “Few firms are singled out by advisors as leaders in retirement income delivery. This underscores the opportunities and challenges that product providers face in helping advisors serve retirement income clients.”

The report is part of an ongoing series begun in 2008 exploring how advisors meet the growing demand for retirement income support including the methods, challenges and investments that are used to serve these clients. The analysis is based on over 600 on-line surveys conducted in November 2013 with financial advisors and representatives. Those surveyed include wirehouse and regional brokers, independent brokers, financial planners, Registered Investment Advisors (RIAs), and bank/insurance representatives.

Other highlights of the report include:

- The potential of rising interest rates in the coming year is the key factor driving changes in how advisors expect to manage retirement income portfolios in 2014
- Over 70% of advisors increased the number of retirement income clients they serve in the past 12 months
- Fewer than 1 in 5 advisors are highly satisfied with retirement income support available to them from asset managers or insurance companies
- Use of annuities appears to be far more selective than use of securities-related products, with only 10% of advisors using variable annuities for more than 50% of their retirement income clients
- Roughly 2 in 3 advisors believe yield/income, liquidity, total return, and safety or stability are the most important factors in selecting the investment products they use to generate sustainable income for clients
- Almost 2 in 3 advisors cite simplicity as a major challenge in using new products and solutions for retirement income

“Financial professionals are the key gatekeepers in the delivery of support for retirement income clients, so it is important to have insight into the products they rely on in creating dependable income for retirees” says Mr. Gallant. Adds Mr. Schneider: “Product providers and distribution platforms are working diligently to

help advisors support the growing number of individuals seeking retirement income guidance. Our research suggests that advisors are receptive to using new products and providers. The challenge is making the case of why a particular solution can enhance what an advisor provides and how it integrates into the philosophy and product suite the advisor is comfortable using.”

The detailed report includes 128 Exhibits and is available for purchase by contacting: howard.schneider@practicalperspectives.com or gallant@gdcresearch.com

About the Authors

GDC Research (GDC) is a research and consulting firm providing applicable, actionable and customized solutions for broker dealers, asset managers, banks, insurance firms, and other providers in the financial services marketplace. Services include market research, competitive analysis, tactical and strategic planning, with expertise covering key trends in the asset management, financial advisor, and wealth management marketplaces.

www.gdcresearch.com

Practical Perspectives provides customized strategic and tactical support to companies involved in the creation and distribution of asset management products and services. Support is provided for a variety of challenges including marketing, research, new business development, competitive intelligence, and retirement issues.

www.practicalperspectives.com