



Unsatisfied and Uncertain--Investors Need Advisors' Help: Retirement Report Roundup

Research reports in May found investors are unhappy and lack confidence in retirement issues

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Less than half of **affluent investors** are happy with their [employers' retirement plans](#), according to data released by **Cogent Research** on May 11.

Gen X investors are least likely to express satisfaction with their employers' plans, followed closely by **baby boomers**.

“Keeping plan participants happy can have a multiplier effect,” said **David Feltman**, managing director of Cogent Research, in a statement. “Satisfied plan participants are three times more likely to roll dollars into an IRA with their current 401(k) or 403(b) provider than are those that are not happy,” he adds.

Not only that, but rollover assets present a "[sizable opportunity](#)" for plan providers, according to Cogent. One-quarter of affluent investors have assets in a former employers' retirement plan; of those, almost half, representing about \$350 billion, say they'll likely roll those assets into an IRA "sometime within the next year."

There's good news for some firms though. TIAA-CREF, [Vanguard](#), Fidelity and T. Rowe Price ranked high among affluent investors.

Not only does Fidelity have a **high satisfaction rate** (55%), but 20% of affluent investors say they'll probably roll assets into a Fidelity account. Vanguard, **Wells Fargo**, [Chuck Schwab](#) and Merrill Lynch were also popular destinations for rollover assets.

Feltman referred to Fidelity's "deep penetration" in the **401(k) market**, highly satisfied participants, and strong retail brand, "all of which predispose large numbers of affluent investors to roll their assets to the firm," as reasons for the firm's success.

Less successful, perhaps, are **pre-retirees** who neglect to hire a financial advisor to help plan for retirement. A **LIMRA** report released May 10 found almost two-thirds of pre-retirees are planning for retirement on their own, despite 54% of investors who have an advisors' help reporting confidence in their ability to retire with the lifestyle they choose.

“With so much uncertainty in the economy and in the social programs supporting retired Americans, pre-retirees face many challenges when preparing for retirement,” noted **Marie Rice**, corporate vice president

and director of LIMRA Retirement Research, in a statement. "Our research is clear, those who use professional financial advisors enjoy the peace of mind that they are making the appropriate decisions to ensure they have a financially secure retirement."

Prior LIMRA research has found that [55% of pre-retirees have less than \\$100,000](#) in household financial assets, and less than half have considered the implications of outliving their income. It's not that they aren't thinking about their last days, a morbid subject for anyone; in a separate study, LIMRA found 40% of pre-retirees have a "bucket list," or a list of things they want to do before they die.

Paul Henry, managing director of LIMRA retirement products, acknowledged in a statement that while many pre-retirees are more realistic about how long they'll live in retirement, they still aren't planning for how they'll spend that time.

"LIMRA's research indicates that less than a third of **pre-retirees** within three years of retirement have a written retirement plan," he said. "What we hear from pre-retirees is that the idea of **planning for retirement seems complicated and overwhelming**, and advisors have told us that their clients often are unprepared to begin the process of retirement planning."

To help advisors keep track of [changes in the annuity industry](#), Ernst & Young released first-quarter changes to annuity products. Guaranteed living benefits continue to increase in popularity, evidenced by an increase in sales of annuities with the benefits in 2010 of 8% to over \$81 billion. Furthermore, assets of variable annuities with guaranteed living benefit riders totaled \$521 billion in the fourth quarter of 2010.

The Hartford, Principle and Protective all released new variable annuities with guaranteed lifetime withdrawal benefits, according to Ernst & Young, while [Allianz](#) and [Sun Life](#) launched fee-based annuities.