



THE RETIREMENT INCOME DILEMMA™: EVEN AFFLUENT INVESTORS “DREAD” FACING RETIREMENT SAVINGS ISSUES

New study from Cogent Research reveals a broad array of concerns preventing investors from feeling confident about retirement, retirement planning, and the investment industry

“Retirement Day” is a thing of the past

CAMBRIDGE, MASS., (June 16, 2008) – Currently, even affluent investors are expressing dread when it comes to thinking about their financial security during retirement. Furthermore, many high net-worth retirees and pre-retirees show a significant lack of planning, confusion about the retirement income products available to them, and a general mistrust towards financial advisors and asset management firms.

These and other findings are featured in a new comprehensive study examining the behaviors and attitudes of pre-retirees, conducted by Cambridge, Mass.-based Cogent Research. The study, *The Retirement Income Dilemma™*, is based on a series of focus groups among affluent (\$250,000 in investable assets) and high net-worth investors (\$1,000,000 or more investable assets) aged 45-65. The groups were further segmented by investors who are at or near retirement and others who see a retirement horizon five to ten years out. Focus groups were also conducted with advisors across all distribution channels – National Wirehouses, Regional/Independents, Registered Investment Advisors (RIAs), and Banks.

“This in-depth qualitative study reveals that the perceived widespread ‘doom and gloom’ attitude about retirement planning—whether prompted by the news media or simply informal water cooler conversations—is rooted in reality,” said Alan White, project director, Cogent Research. “The fact that even the most affluent of investors amongst us show clear signs of anxiety, confusion and lack of direction suggests a budding retirement income crisis here in America. Furthermore, it is clear that financial advisors

and asset management firms have a long way to go in terms of proving themselves as resources to investors.”

While many investors who participated in the study are uncertain about the most effective roadmap to their retirement income security, there is no confusion surrounding their shared concerns about what threatens that security.

The Retirement Income Dilemma™: Top 10 Investor Concerns

1. Fear about not maintaining current standard of living
2. Healthcare/prescription costs
3. Availability of social security
4. Outliving assets
5. Inflation of U.S. Dollar
6. Market conditions/performance during retirement
7. Leaving legacy for children/heirs
8. Impact of taxes on income
9. Paying for children’s education
10. Caring for elderly parents

Despite these myriad concerns, another Cogent Research study¹ reveals that only 51 percent of affluent investors have actually completed a detailed retirement income plan. Predictably, this number increases among those closer to retirement age, but a significant percentage of those facing imminent retirement still have not completed a plan. For example:

- 53 percent of 2nd Wave Boomers (born 1956-1964)
- 42 percent of 1st Wave Boomers (born 1946-1955)
- 31 percent of the Silent Generation (born 1925-1945)

The Retirement Income Dilemma™ report also reveals that—unlike previous generations—nearly 20 percent of American pre-retirees expect to continue working in

¹ Investor Brandscape: 2007

retirement in order to supplement their retirement income or provide reasonable insurance coverage. However, less than one percent are meeting their advisors more often to discuss their investment options.

“An actual ‘Retirement Day’ is a thing of the past for many Americans,” said Cogent Principal John Meunier. “Instead, people are compromising and putting stop-gap measures into place, like delaying retirement or decreasing contributions to retirement funds, as opposed to ramping up and getting more proactive around planning at a time when they need it most.”

About Cogent Research

Cogent Research helps clients gain clarity, obtain perspective, and formulate direction on critical business issues. Founded in 1996, Cogent provides custom research, syndicated research products, and evidence-based consulting to leading organizations in the financial services and life sciences industries. Through quality research, advanced analytics, and deep industry knowledge, Cogent Research delivers data-driven solutions and strategies that enable clients to better understand customers, define products, and shape market opportunities in order to increase revenues and grow the value of their products and brands.

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