

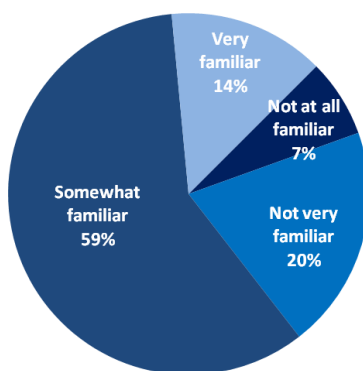
Riding the Retirement Income Wave

As more of the nation's baby boomers make the leap into retirement, it becomes critical for financial services firms to position themselves as trusted guides in the retirement space. Whether it be to retain relationships with customers transitioning into retirement, or to attract new customers making the move, meeting the income needs of retirees continues to gain in importance and priority for financial services leaders.

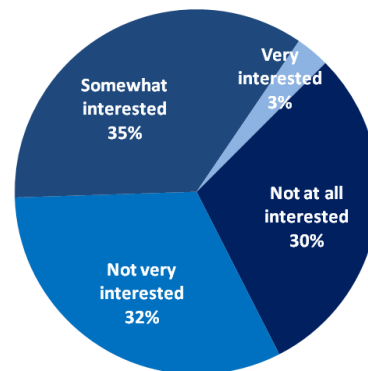
In particular, the impact of the country's latest recession on retirement savings has brought the issue of guaranteed retirement income to the forefront of the discussion. While some form of guaranteed income has long been suggested by industry experts as a component of a prudent retirement saving strategy, the sting of the recent market hit on retirement assets has converted many previous hold-outs to the idea.

With this background, what are expectations for retirement income today, and how can providers meet those needs? With more personal responsibility for their retirement income and longer retirements, the income needs of today's pre-retirees differ significantly from those of their older retiree counterparts who have benefited from pension incomes. Retirement income generally means three things to those making the momentous transition today: 1) a regular stream of income that 2) provides a "pre-retirement" lifestyle, 3) while allowing investment principal to remain untouched. The question remains, how do financial services providers meet all of these criteria? Is this wish list realistic? The most successful providers will come close, and their solutions will come in the form of innovative services, products and advice.

Retirement Income Products:
Overall Familiarity



Retirement Income Products:
Overall Interest



Yet while some new product innovations have made traction, the clear winner has yet to materialize. The vast majority of retirees and pre-retirees report being familiar but uninterested in these products to date (with only 15% owning and another 1% indicating they plan to own retirement income products). Key barriers for providers to address include: the idea that they can manage their income without help, or that they are not worried about outliving their savings (the high-net-worth), or more the commonly discussed aversion to giving up any control of principal.

Today's retirement income strategies most often include bond/CD laddering and variable annuities, with less interest in innovations like absolute return funds or target payout funds. Only time will tell if the struggle of today's retirees in the face of a recession will cause significant change in attitudes and behavior, or become a distant memory to pre-retirees of the future.

One thing is clear for now- the opportunity for leadership is wide open. Most retirees and pre-retirees cite brokerage firms, mutual fund firms and insurance companies equally as often as the ideal providers of these solutions (although insurance companies are preferred more by the more affluent). Building on strong existing relationships could be a winning strategy, with most citing "I already use and like them" as the reason they would consider a provider for their retirement income needs.

For more information on retirees' and pre-retirees' plans for retirement income, as well as their appetite for specific retirement income products and an evaluation of leading retirement income providers, [check out Cogent Research's *In-Retirement Income*TM](#), available now.

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