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Financial Industry Should Focus On What Clients Want From Retirement

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The number of consumers who feel secure in their retirement planning efforts has surged in recent years, according to a survey released Monday, but most still do not feel financially prepared for their senior years.

Forty-five percent of respondents feel very secure in having enough savings to maintain a comfortable retirement, according to a Deloitte Center for Financial Services survey released Monday, up from 28 percent in Deloitte's 2012 survey. That means more than half (55 percent) are not confident that their savings and income will support them through retirement.

In the report, *Making Retirement Security a Reality: What Can Financial Institutions and Advisors Do?* Deloitte's researchers argue that the increase in positive sentiments could be a temporary response to the recent growth in investment returns, and may be reversed by rising interest rates or a downward shift in the economy.

"If the financial industry wants better results for clients, they should make retirement advice and planning a top priority and deliver planning offerings that are focused on the needs and desired outcomes of the client," said Sean Cunniff, senior manager with Deloitte Services LP, and investment management research leader for the Deloitte Center for Financial Services. "Advice and retirement planning programs can supplement the educational programs, build product awareness, help clients set their financial priorities, and provide a path to transition clients from 'do-it-yourselfers' to advice-seekers."

Respondents with a retirement savings and income plan were twice as likely to feel secure about their retirement as those without one. Of those who felt very secure about retirement, 17 percent had neither a financial advisor nor a retirement plan.

The study's authors also suggest that a deficit of trust exists between consumers and financial institutions. Just 29 percent of consumers surveyed said that financial institutions were trustworthy, while only one-third of respondents felt that way about financial professionals overall, which could be a barrier to seeking financial advising. On the other hand, Deloitte found that 78 percent of consumers trust their own financial advisor.

Researchers also surveyed financial advisors to study their sentiments. Almost three-quarters (74 percent) of surveyed advisors felt that the level of trust with their own clients has gone up, and 82 percent of surveyed advisors believed that their clients trusted them to "act in their best interests."

But Deloitte differentiated between consumers' trust in their advisors and trust in the financial products being offered. Only 52 percent of advisors felt that their clients trusted the products they offered to meet their retirement goals.

The survey also found missed opportunities for financial advisors. Nearly a third of those surveyed with a net worth of at least \$1 million and close to retirement age say they have not consulted a professional for their retirement needs, in many cases because they believed they could do a better job themselves.

"Despite a booming stock market and the financial crisis now more of a distant memory, what we hear from most consumers is they are simply not being effectively engaged by financial institutions and their representatives, including a significant segment of those with substantial assets to invest," said Dan Rosshirt, a principal with Deloitte Consulting LLP. "Financial services firms should take the initiative in a bigger and bolder way, reestablishing their credibility as a provider of solutions rather than primarily product sellers."

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The image shows the cover of the Financial Advisor (FA) magazine. The cover features a large green 'F' and a white 'A' on a dark background. Below the title, there are two photographs of men in suits. The text on the cover includes 'Can Mutual Investments Really Survive?' and 'Estate Matters'.