



MAKE EVERY DAY COUNT
TOWARD YOUR CLIENTS' RETIREMENT FUTURE

LEARN HOW 

Thursday, December 18, 2008

[Register](#) | [Subscribe / Renew](#) | [Customer Service](#) | [RSS](#)

InvestmentNews

The Leading News Source for Financial Advisers


[Archives](#) [Stock Lookup](#) [ETF/Fund Lookup](#)


Current Issue

[HOME](#) [NEWS & OPINION](#) [PRINT EDITION](#) [ONLINE EDITION](#) [NEWSLETTERS](#) [EVENTS](#) [TOOLS & RESOURCES](#) [TRAINING CENTER](#) [COMMUNITY](#)

 Related topics: [Technology](#) | [Baby boomers](#)

Retirement of boomers will create market for advisers

By **Sue Asci**

November 5, 2007, 6:01 AM EST

[Post a Comment](#) | [Recommend](#)





 PRINT EMAIL RSS REPRINT SHARE

In about a decade, when a significant number of baby boomers have retired, there will be a new market for financial advice.

Meanwhile, financial advisers can look to an increasing demand for their services, a continued flow of new products and an expectation that they'll use the latest technology, according to researchers at Financial Research Corp. of Boston.

Estimates on the size of this market can vary, but the latest calculations from FRC put retiree assets at 30% of U.S. wealth in about 10 years — fivefold growth from their current 6% share.

Baby boomers currently control about \$13.3 trillion in household investible assets, representing 53% of total U.S. household investible assets, said Luis Fleites, FRC's director of retirement markets.

FRC analysis indicates that 55% of those assets are expected to be in "retirement drawdown mode" in a decade, which would exceed \$7 trillion, based on the boomers' current wealth.

Understandably, firms are paying more attention to the boomers. But a recent FRC survey of 30 firms found that firms might be missing out on a potential growth market among affluent households. The survey included asset management and insurance companies, record keepers and distributors, representing \$15 trillion in assets.

Firms reported allocating 58% of their investment effort toward boomers. But they are underinvesting in developing retirement programs for those who have more than \$2 million in investible assets, Mr. Fleites said. "This represents an area of growth," he said.

Affluent clients may require more service and customization of planning, making their accounts more labor intensive and costly, Mr. Fleites said.

Fully 33% of the firms surveyed said investment products were their biggest priority. This represents a change from FRC's last survey in 2005, when half were focused on income-planning services.

The industry is looking for more product solutions that require less of the adviser's

InvestmentNews presents
CONSUELO MACK
WEALTHTRACK



Richard Bernstein, chief investment strategist at Merrill Lynch
THE CRASH AND WHAT'S NEXT

Click to play video 

Sponsored by



NATIONAL FINANCIAL
National Financial Services LLC, Member NYSE, SIPC

Inside InvestmentNews.com

Resources

ETF Center

One place for your ETF solutions. Get the latest news, tools and resources on ETFs.

Events

2009 Retirement Income Summit

March 30-31, 2009, Grand Hyatt, NYC. Learn strategies and solutions to guide your clients toward a financially secure retirement.

Community

Advisers Speak Out on InvestmentNews

Share your thoughts, ask questions and connect with your adviser peers. Our new discussion forums include topics on retirement and broker-dealers.

Latest News

Finra chief tapped to head up regulator

CRN201012-113267



MassMutual's strength is grounded in our long-term business approach.

We'll help you get there.™

LEARN MORE 

Disclosures 

time, the report concluded. "Part of it is getting a better product that meets the needs that are out there. Advisers can do this, but realistically, timewise, you're not going to have the time to do that for a large number of people," Mr. Fleites said.

Only 44% of the firms said they planned to make changes to their equity product lines, including 30% of firms planning to improve their existing offerings and only 14% that said they would develop something new, the FRC reported. Some 51% of firms planned fixed-income product development, 44% planned to improve current products, and only 7% planned to partner to build something new.

Overall, the survey pointed more to tweaking of existing products than to creating new ones, Mr. Fleites said. "I think you will see more linking of existing products in new ways," he said.

There is a growing demand for vehicles that will provide regular, predictable income payments without having to use insurance contracts, the survey found.

Advisers, too, are expecting more diversity and maybe lower costs. "Firms are becoming more competitive, and prices are more transparent. That will drive prices down on existing products," said Rick Miller, a financial planner with Sensible Financial Planning and Management LLC in Cambridge, Mass.

"I also think products such as structured products and options, and more combinations of these products, will become much more available to individual consumers," he said.

On the technology side, clients are going to expect their advisers to use an increasing amount of technology to deliver the best solutions for them.

The biggest trend is technology, said Mark Johannessen, a McLean, Va.-based managing director of Harris SBSB of Chicago and president-elect of the Denver-based Financial Planning Association. "There is no amount of technology that can replace the relationship with a planner," he said.

"I think you'll see a lot of investment in the areas of client relationship management software, financial planning software, and scanning and document storage."

The FPA has set up Internet-based "communities" focused on specific topics for their members. "Technology is changing how we communicate with clients and how professionals communicate with each other," Mr. Johannessen said.

Technology can be a problem, too. "It can also give people a false sense of security if they are doing things on their own," said Hal Schweiger, a financial planner with Capital Financial Advisors LLC of San Diego. "But unfortunately, that means that you can get yourself into trouble very quickly."

Some advisers said clients need to see them sooner. "The most common thing we see is someone who is a year away from retiring and then comes in to see an adviser," Mr. Schweiger said.

Sue Asci can be reached at sasci@crain.com.

Most — not all — hail Schapiro pick

Opinion: Is Schapiro up to the job?

Finra likely to look outside for successor

Morningstar: Schapiro will champion transparency

Most Popular

Bernard Madoff charged with \$50 billion fraud

Colleagues shocked, befuddled by Madoff bust

Report: BofA to sweep away top execs

Alleged Madoff fraud hits Europe and Asia

EIAs to be regulated as securities in 2011



**InvestmentNews
2009
Retirement
Income Summit**

**Adviser
Solutions
for
Today
and
Tomorrow**



Bring IN to Your
Inbox with e-
Newsletters

REGULATORY ALERT

InvestmentNews Daily

SUBSCRIBE

PRINT EMAIL RSS REPRINT SHARE

Recommend this article?
[Recommend](#)

User Comments

POWERED BY Pluck

You must be logged in to leave a comment. [Login](#) | [Register](#)

Submit

Reproductions and distribution of the above news story are strictly prohibited. To order reprints and/or request permission to use the article in full or partial format please contact our Reprint Sales Manager at (732) 723-0569.

Look up ETF funds and providers. Compare by assets and trading volume. Sort by provider and category. Get contact information, web links, white papers, webcasts. Find the best solutions for your clients. **Want one place for your ETF solutions?** Find the best solutions for your clients in ETFs. Look up ETF funds and providers. Compare by assets and trading volume. Sort by provider and category. Get contact information, web links, white papers, webcasts.



[About Us](#) | [Contact Us](#) | [Search](#) | [Editorial Calendar](#) | [Advertise](#)

Subscriber Services: [Subscribe](#) | [Renew](#) | [Subscription Status](#) | [Pay an Invoice](#) | [Change Mail Address](#)

[Reprints](#) | [List Rental](#) | [Issue Index](#) | [Privacy Policy](#) | [Terms & Conditions](#)

Crain Financial Group: [Pensions & Investments](#) | [FinancialWeek](#) | [Workforce Management](#)

Copyright © 2008 [Crain Communications Inc.](#)

Use of editorial content without permission is strictly prohibited. All rights reserved.

Site Design by [Karen Morstad & Associates](#).

Fund Data Provided by



Markets Data Provided by

