



Research Says Investors Rate "Sense of Security and Peace of Mind" Top Requirement From Their Advisors

By Jeff Burgess

What's your number? If you are a pre-retiree, research shows that most of you answer that question with an estimate of the total number of assets you have in your various retirement buckets. That could include a 401(k), a 403(b), an IRA, or what the IRS calls qualified money. It's certainly a good number to have a handle on.



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However, some fresh perspective says that question could be more effective by adding one more word. What's your income number?

The income number is what your total number of retirement assets might convert into on an annual or monthly basis over time.

Pre-retirees can often relate to that figure as they can immediately tell if they can pay their anticipated expenses in their retirement years.

Key insights like these are more what investors want out of their advisors. In fact, nearly 19,000 respondents to a Global Investor Insights survey by Dimensional Inc.* recently found that investors place more value on the sense of financial security they receive from an advisor above all other attributes.

Investment performance returns were a distant fourth in the top expectations investors have of their advisors.



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Here were the top four as rated by respondents:

- Sense of security and peace of mind (35%)
- Knowledge of my personal financial situation (23%)
- Progress toward my goals (20%)
- Investment returns (14%)

As in the example cited above, knowing the income number is the type of information that generates more confidence when creating financial plans than just knowing your portfolio total number for performance returns on assets. The two are not the same when drawn upon over what is hopefully a lengthy retirement.

While investors surveyed think the size of their nest egg is still important in retirement preparation, this takes



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a back seat to knowing how much they can afford to spend annually or monthly during retirement.

Another nugget uncovered by the survey is the fact that investors, like anyone else, have certain fears about not being able to reach their own financial goals. Specifically, investors worried about these three top concerns:

- Not having enough money to live comfortably in retirement (37%)
- Experiencing a significant investment loss in a market downturn (31%)
- Outliving their money (13%)

Many respondents also confirmed their concerns over knowing how much money they could spend each year in retirement and the total amount of money they would have during retirement, with an ultimate end goal of knowing what they might pass on as a legacy.

The purpose of the Dimensional survey was to help advisors gather insight into their clients' views on



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personal finances and the advisory relationship. The survey is one of the largest of its kind in the industry, offering a global perspective on the client experience.

None of us can afford to be complacent about our retirements. Research says that investors are more confident when they have a financial plan in place. Yet only one in seven pre-retirees has a formal plan for managing income, assets and expenses in retirement.

If you have questions about your financial planning needs, you can contact your Commerce Brokerage Financial Advisor direct, or call 1-800-772-7283 and select Option 1 on your keypad to speak with a Brokerage representative.

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