

# Working with an Advisor

Improved Retirement Savings, Financial Knowledge and Retirement Confidence!

ING research highlights the value of working with a financial advisor

- > People who work with financial advisors tend to save more for retirement... **up to three times more!**
- > They also have more discretionary income.
- > Consulting an advisor can help build financial knowledge and confidence.



**Help  
Wanted**

Financial advice can come in a variety of forms to meet a variety of investor needs and preferences... from the traditional "in-person" model... to investor-focused telephone resources... to innovative Internet-based tools and services. Never before have investors had so many options to get the advice that can be so beneficial to them!

# S.O.S.

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**The role of the “advisor” can vary depending on individual preferences, talents, lifestyle and needs. Some folks choose to consult an advisor when painting the living room, landscaping the yard, or planning a wedding. Advisors abound when it comes to making nearly any type of purchase decision.**

In most cases these decisions can be made with or without outside help with relatively minor consequences. The yard will grow back; we can always change the color of our walls; the wedding will be over by the next day.

When it comes to retirement, one of the most important aspects of our futures, however, it’s becoming clear that an advisor can play a key role in helping us act in ways that will help us achieve better results – and feel more confident at the same time!

ING’s peer comparison tool, **INGCompareMe.com**, has yielded some fascinating differences in savings patterns and attitudes between people who use a financial advisor and those who do not.

### **People who use a financial advisor...**

- > tend to save more and still have more to spend...**
- > are more financially confident...**
- > consider themselves to be more financially knowledgeable...  
...than those who do not!**

Especially in light of recent market and investor turmoil, these findings highlight the tremendous value a financial advisor can bring to Americans who may be struggling to find solutions that will help them manage their own increased responsibility for retirement savings. As traditional pensions decline and uncertainty builds about Social Security, saving more and investing productively assume a new importance for individuals looking to live the life they want during their retirement years.

Financial advisors can help – measurably!

**NOTE: Throughout this report, the terms “advisor” and “financial advisor” refer to an individual who provides financial advice, guidance and/or products for a fee and/or commission.**

## INGCompareMe.com... for Good Measure

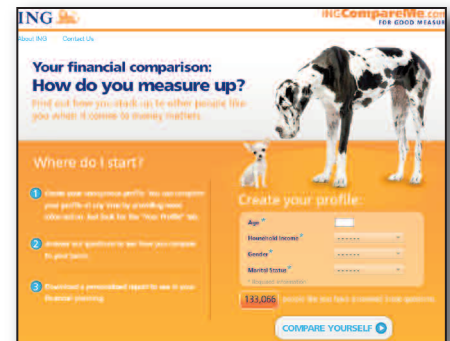
Launched in 2009, **INGCompareMe.com** enables individuals to compare their own financial habits, situations and attitudes to those of their peers on a number of dimensions, potentially leveraging the power of peer comparison to encourage financial action. Beginning with a baseline comparison using age, gender, marital status and household income, the tool guides users through a number of comparisons across various financial subjects including saving, spending, planning and debt options.

At any point during the experience, users can choose to more narrowly define their "peer group" by interests/ hobbies, education, geography, etc.

**INGCompareMe.com** is a publicly available tool, and so analysis of data from the tool reflects the experiences of all users. Of the 135,000 user profiles captured by the tool through May of 2010, 14,000 chose to answer the question "Have you ever spent time with a financial advisor to discuss your investments or plan your financial future?"

Analysis of respondents' savings, confidence and demographics, provides a glimpse into the value of an advisor can bring in helping people save and invest more – and with more confidence.

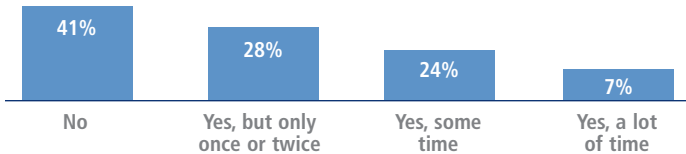
*Results were analyzed by ING's Business Intelligence Competency Center in Windsor, Connecticut, and are reported at +/-1%, at a 99% confidence level. (Calculated based on total tool user base and records used to generate this data/report.)*



# Who Uses Financial Advisors?

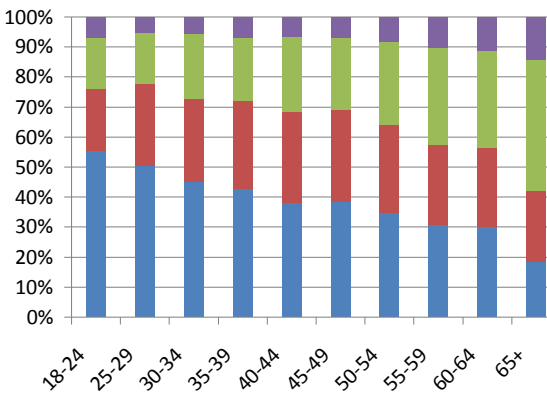
More than half of the 14,000 INGcompareMe.com users who completed the "financial advisor" question report that they have spent at least some time working with a financial advisor, and nearly a third (31%) say that they have spent some or a lot of time seeking that support.

**Have you spent time with a financial advisor to discuss your investments or plan for your financial future?**

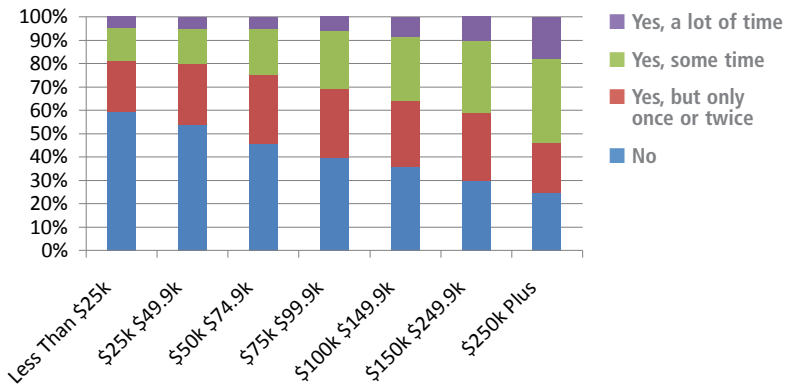


Older individuals and those with higher household incomes are more likely to spend more time with a financial advisor, as are men and married individuals.

**By age**



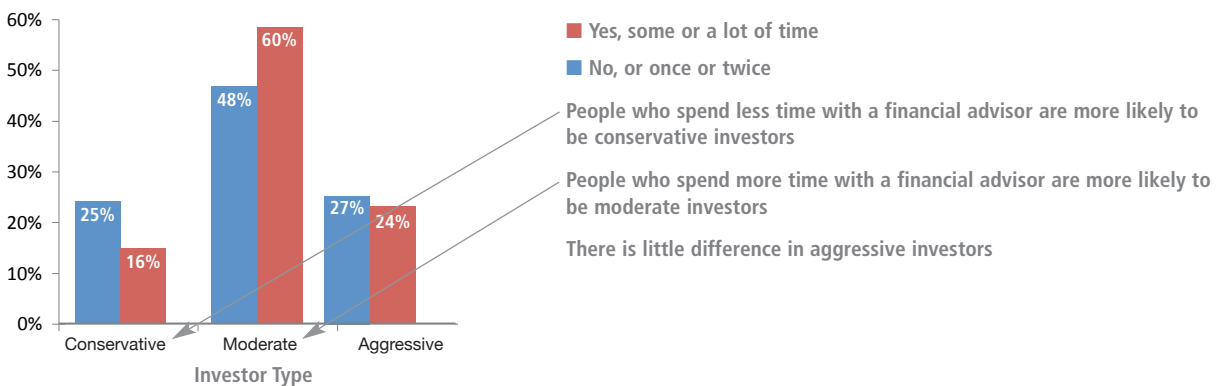
**By income**



While time spent working with a financial advisor does increase with age and household income, the effect of that time can still be seen within age and income cohorts. Regardless of age or income, more time working with a financial advisor can be seen in increasing amounts of retirement savings (see page 6).

# Moderation

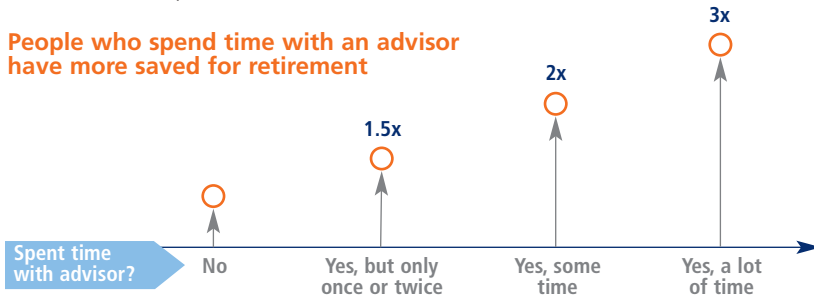
Time spent working with a financial advisor seems to have an effect on investment style for more conservative investors. Those who seek such advice are more moderate investors (than conservative) – while there is little difference between aggressive investors who do or do not seek advice.



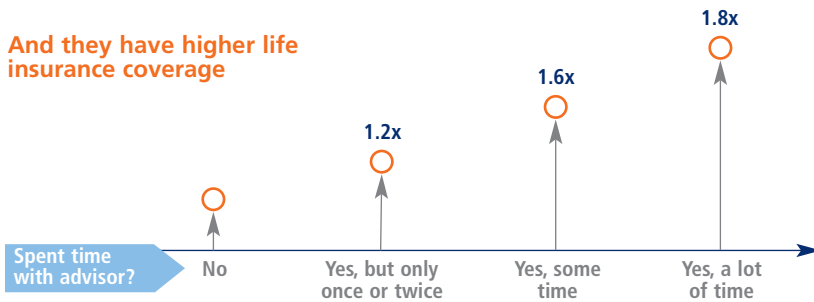
# Consulting an Advisor and Improved Financial Behaviors

More time spent with an advisor correlates with higher saving and life insurance coverage, but even those who report only a little time with an advisor – one or two consultations – report higher levels of savings rates and insurance protection.

## People who spend time with an advisor have more saved for retirement



## And they have higher life insurance coverage

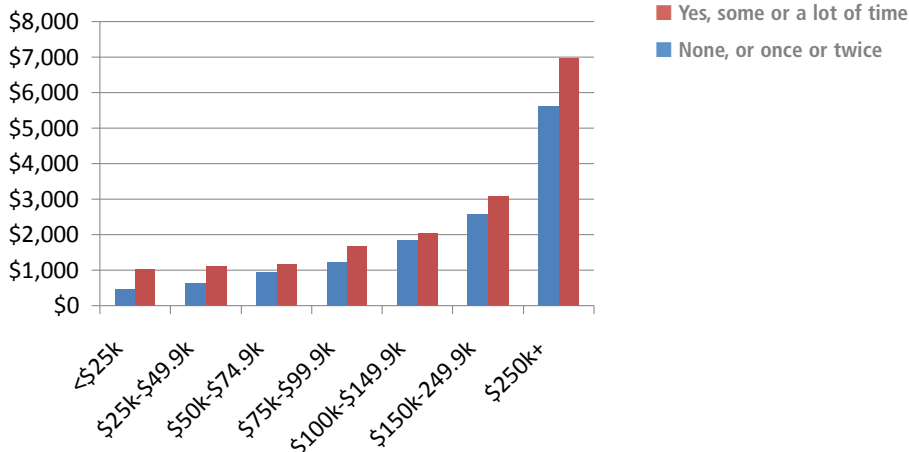


Time spent with an advisor is a more significant predictor of retirement savings than gender, home ownership, marital status and number of children.

Individuals who spent at least some time working with a financial advisor have saved, on average, more than twice the amount for retirement than those who report no time. That gap jumps to more than triple for those who report spending a lot of time with an advisor as compared to those who did not.

People who work with financial advisors also report higher levels of *remaining money* each month after all essentials (food, shelter, etc), have been covered... regardless of income level.

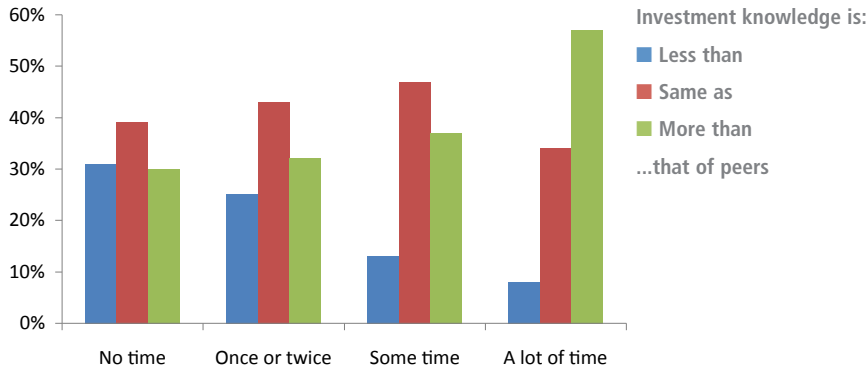
## Discretionary monthly income



People who work with advisors tend to save more and are able to spend more!

# Knowledge, Confidence, Realism

Self-assessment of investment knowledge rises with the use of an advisor. For those who do not, roughly equal amounts report investment knowledge higher or lower than that of their peers.



People who spend a lot of time working with financial advisors are also more confident about their retirement prospects than those who do not. 62% are extremely or very confident that they will be able to spend retirement pursuing the activities they enjoy – as compared to only 34% of people who don't consult an advisor.

The guidance of an advisor may also help instill more realistic expectations: 41% who spend a lot of time with a advisor say that are extremely or very concerned that healthcare costs may affect their retirement finances, while just 34% of total respondents express the same level of concern. And, overwhelmingly, healthcare is viewed as the biggest retirement expense, regardless of the amount of time individuals spend working with their advisors.

### How concerned are you that health issues may impact your retirement finances?

Concern about health issues and retirement finances	Time spent with a financial advisor?				TOTAL
	No	Yes, but only once or twice	Yes, some time	Yes, a lot of time	
Not at all or not very concerned	24%	23%	20%	22%	22%
Somewhat concerned	42%	45%	45%	36%	43%
Extremely or very concerned	34%	32%	35%	41%	34%



## In Summary

Today's self-help mentality may not best serve the self-help retirement investor... especially the 41% who report that they do not seek advice from a financial advisor at all.

Those who do seek advice, to whatever degree, are better off. Regardless of age or income, they tend to save more and have higher retirement balances and household savings to show for it. At the same time, they still have more discretionary income to spend today! They feel better about retirement despite their caution about the effects healthcare expenses may have on their retirement finances.

The importance of individual saving and responsibility for retirement has changed – and increased dramatically in recent years. At the same time, many people are uncertain and less than confident about their abilities and options in this new environment. There is a highly valuable role for the financial advisor in helping these folks better prepare, and more confidently face their retirement responsibilities.

For more information and behavioral insights about today's retirement investor, visit the ING Retirement Research Institute at [www.INGRetirementResearch.com](http://www.INGRetirementResearch.com).

Visit [www.INGCompareMe.com](http://www.INGCompareMe.com) to compare yourself to your peers and explore how your own situation measures up. [INGCompareMe.com](http://www.INGCompareMe.com) is also a potentially valuable web site for financial advisors, employers and individuals who want to explore retirement options and readiness.

People who work with a financial advisor save more, they have more saved, and they have greater discretionary income to spend. They are more confident about retirement and they feel that they are more financially knowledgeable than their peers... people benefit from consulting with a financial advisor!

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