

## **Advisors Should Choose Process over Product for Retirement Income**

By Donna Mitchell

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Everyone knows that clients' top concern is having enough money to last through retirement, but how to do that remains in question. It is the process and not the products that will drive retirement income planning, according to the latest Cerulli Edge Retirement report, released on Friday. "The current mantra in the industry...contends that process, not product, needs to be forefront in the development of retirement income solutions," reads the report.

The retirement income planning process should incorporate tax-efficient strategies, methods of apportioning clients' money depending on their needs, healthcare cost planning, hybrid investment solutions and laddering investment strategies to protect assets as clients transition to retirement. Several industry organizations, like the Retirement Income Industry Association, have endorsed that approach, Cerulli said, but asset managers have lagged in adopting that thinking. Eighty-two percent of assets managers surveyed in 2008 said the need for retirement income was a main driver of product innovation, showing they are still more focused on products than on comprehensive processes, said the study.

Even though 83% of all households surveyed said having enough money to last through retirement was a top concern, 21% of advisors said lack of consumer awareness was a major obstacle to retirement income planning. Interestingly, consumers continued to fund IRA rollovers in the last six months. Despite market conditions, 29% of IRA providers said rollover flows were much higher during the fourth quarter of 2008 and first quarter of 2009, and 57% of IRA providers said they saw steady rollover flows during the same period.