

Empowered



Empowered partnerships

How financial professionals are helping women achieve financial success



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Issued by North American Company
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Because women play an undeniably important role in the financial health of the household and economy, any effort to better understand and serve them would obviously be time very well spent.

It's in that context that North American embarked on a research project to better understand women and their finances. Very simply, we call it **Empowered**. For the study we talked to hundreds of women (and men, too, as a benchmark) to learn more about how they handle money matters, their thoughts on retirement, and if/how, they like to work with financial professionals. We also talked to agents and advisors to get their perspective, identify any gaps in their understanding of the consumer, and help both sides come to a place of common understanding.

Read on to learn more about the impact working with a financial professional has had on the women we talked to.

Connected vs disconnected

To have a financial professional or to not have a financial professional. That is the question.

In many areas of our life, we seek professional help and guidance. We take our cars to a mechanic. We see doctors and dentists to help ensure we are healthy and to look for early warning signs. But when it comes to planning for retirement, why are some people so hesitant to lean on the expertise and guidance of financial professionals?

In our refreshed Empowered research focused on women and their retirement planning, we uncovered some key insights comparing and contrasting those who currently have financial professionals with those who do not. Let's take a look at how the **'connected'** and **'disconnected'** consumers view financial professionals.



The connected

Before we could dig into why some consumers did not have or even want a financial professional, it was crucial to **look at the consumers who did have a relationship**. Our research delved into key areas like why they looked for an agent, how they found them, and how long they've had a relationship with that agent.

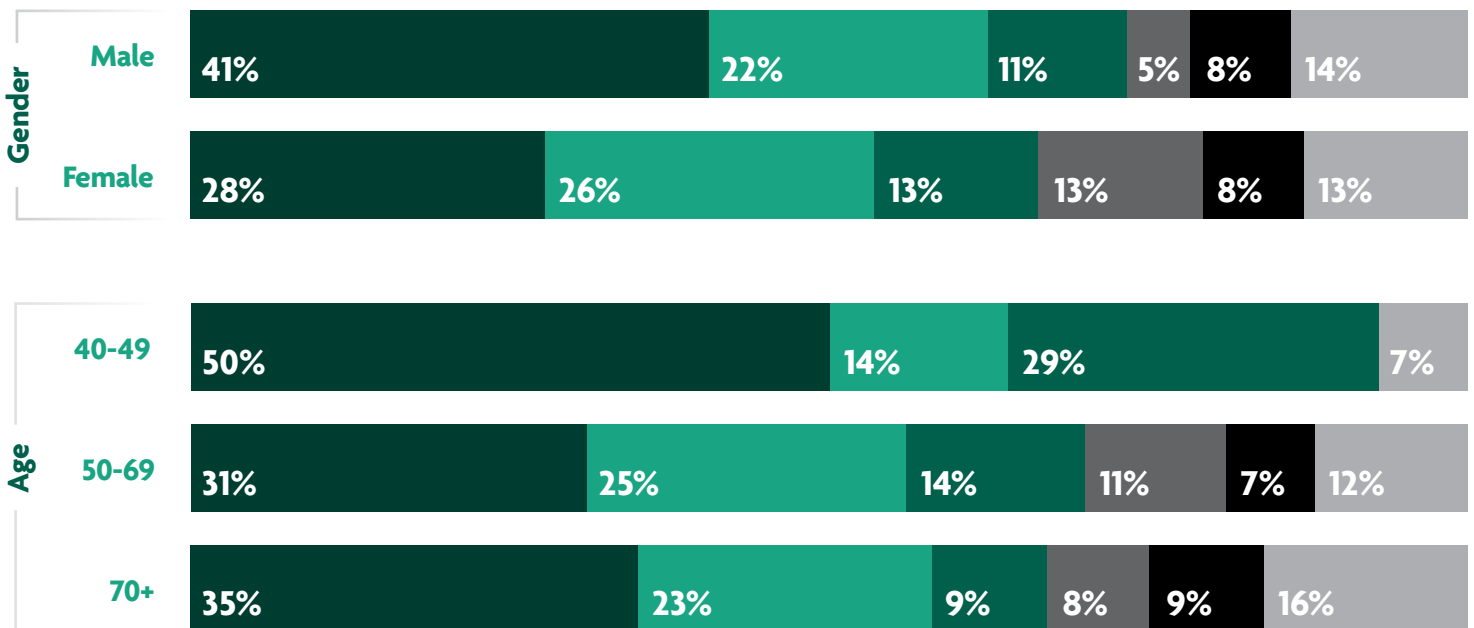


Why did they reach out?

Consumers were asked what best explains their initial decision to seek a financial advisor. The majority indicated that their **income had reached a level** that they **needed more assistance**, which while a leading factor of influence among both males and females, was found to be a more prominent factor among males. Significantly more females than males **sought out an advisor after a life event**, such as marriage, or birth of a child.

Why did you initially seek a financial advisor?

- I reached an income level where I felt I needed more help
- I don't fully understand everything about my finances and wanted someone to lead me
- Recommendation from a family member
- Life event (i.e. marriage, birth of child, etc.)
- I didn't know what to do with my money
- Other

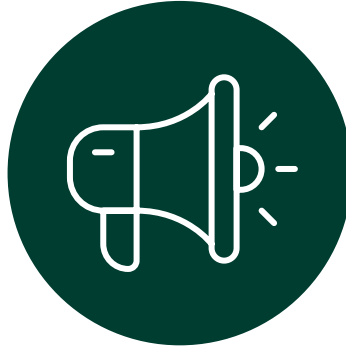


How did they get connected?

Advisor relationships most commonly begin through a referral. Take a look at the top responses.

How did you find your current financial advisor?

Top 4 responses



Referral from a friend or family member

34% male | 45% female



Past relationship or experience

23% male | 12% female



Professional recommendation

20% male | 9% female



Employer

7% male | 10% female

Additional responses



Through partner

5% male | 2% female



Online search

4% male | 3% female



Advertisement

4% male | 3% female



News or media sources

3% male | 2% female



Advisor is relative or family member

2% male | 1% female



Results shown may not represent 100% of responses. Remaining responses indicated 'other' as their answer.

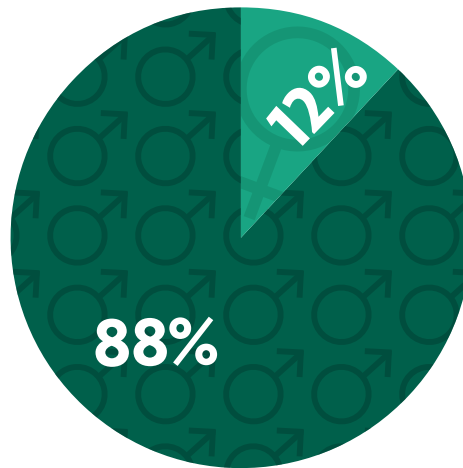


Gender – does it matter?

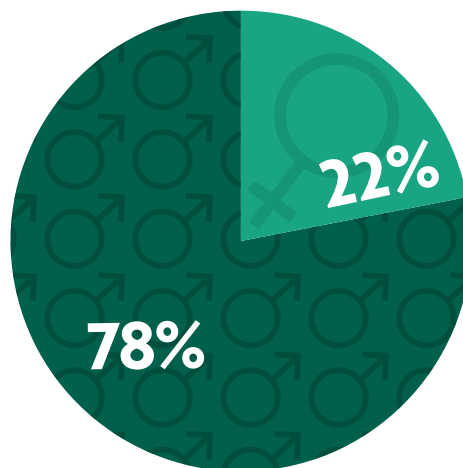
While male advisors were most frequently mentioned among male and female consumers, female consumers were significantly more likely to have a female advisor than their male counterpart. Significantly more male consumers have male advisors than female consumers have male advisors. Female consumers have significantly more female advisors than male consumers.

Is your advisor male or female?

-  Female financial advisor
-  Male financial advisor



Male consumer

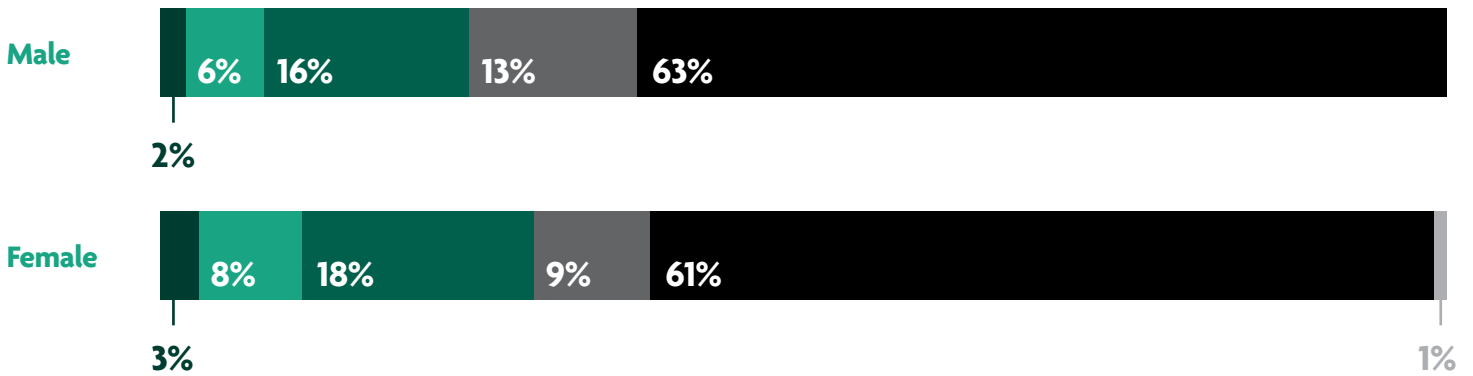
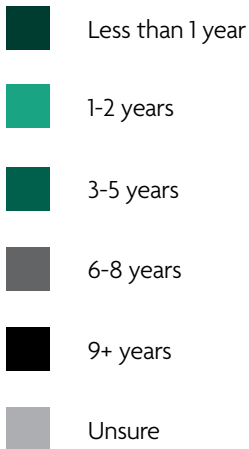


Female consumer

Length of relationship

Most consumers report having a relationship with their current financial advisor for nine or more years.

How long have you worked with your current financial advisor?



The advisor relationship

Consumers continue to have strong relationships with their advisor. Individuals with an advisor were asked to rate four key components of their relationship:

- **Trust:** I **trust** my financial advisor to help **keep my finances secure**.
- **Comfort:** I feel **comfortable communicating** with my financial advisor.
- **Satisfaction:** How **satisfied** are you with your **current financial advisor**?
- **Advocacy:** How likely would you be to **recommend** your financial advisor to a **family member or friend**?



The advisor relationship continued

Consumers hold strong relationships with their advisors, as more than 70% were likely (9 or 10 ratings) to recommend their advisor, were very satisfied, felt comfortable and trusted their advisors. Compare the data with what we found in 2017, and see how research suggests the relationship between clients and advisors has steadily improved over time.

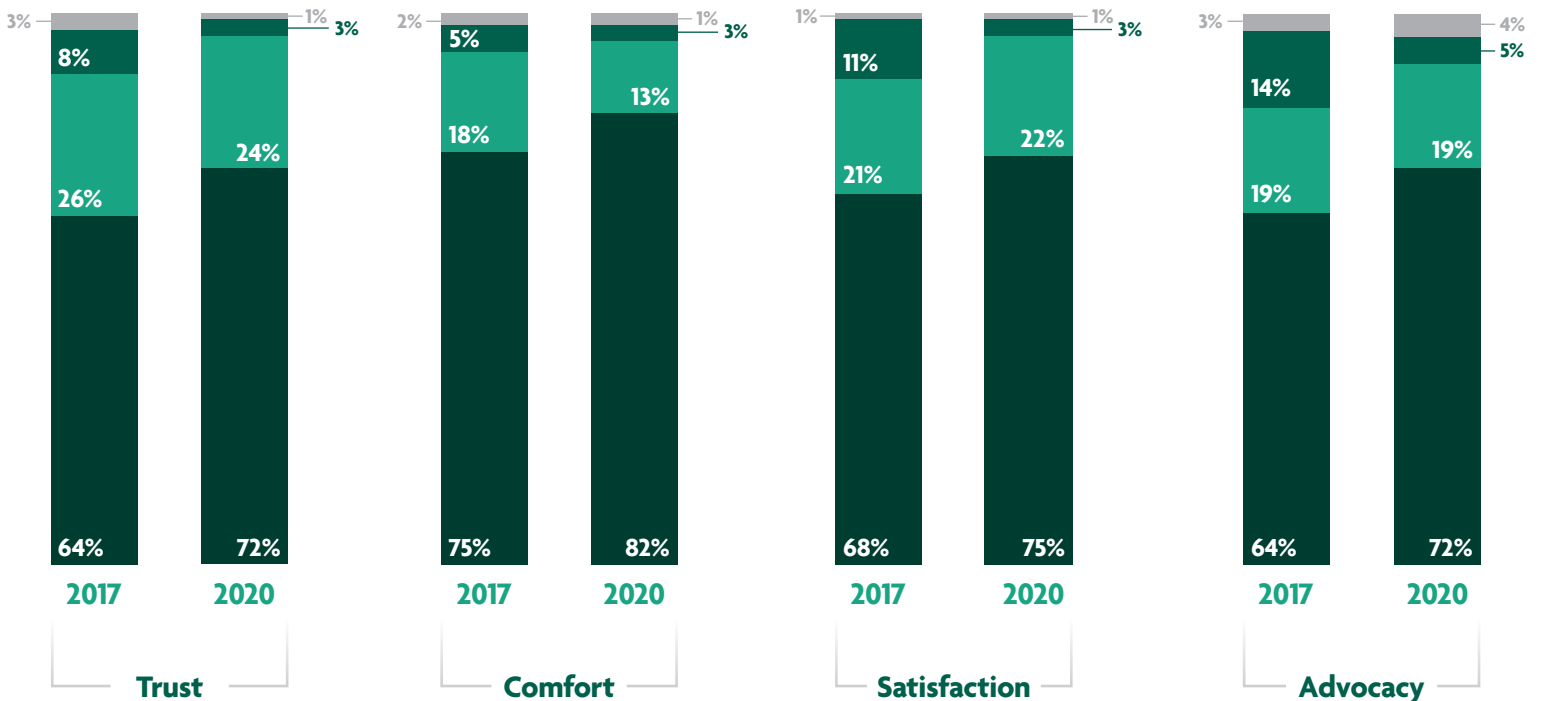
How would you rate your financial advisor in these key areas: trust, comfort, satisfaction, and advocacy?

- Strong
- Moderate
- Low
- Unsure/Prefer not to specify

Confidence ratings (strong, moderate and low)

Scale: 0 - not confident at all, 10 - extremely confident

Strong (9 or 10 ratings), moderate (7 or 8 ratings), low (0-6 ratings)



The advisor relationship continued

Those who shared that their likelihood to switch advisors was a '7' or higher were asked two open-ended follow-up questions:

At what point would you seek out another advisor?

What would they have to do/not do to motivate you to look for a different advisor?



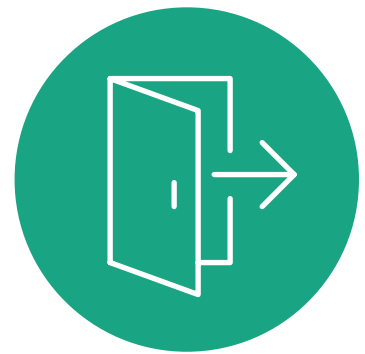
When the advisor stops listening or paying attention to the client's wants and needs



If the client's investments start performing poorly



If the client ever feels as if the advisor isn't adequately doing their job



The advisor would have to retire or leave current company

Why would you switch advisors?

Here's what they said:



"If **my money** was doing **really poorly.**"



"If my advisor **retires** or I feel that he is **not doing his job adequately.**"



"If I found an advisor that is **more hands on.**"



"**Never make changes** and adjustments."



"**Not feeling like I can reach out** when I have concerns."

How likely are you to consider switching advisors?

- Not likely at all
- Somewhat unlikely
- Neutral
- Somewhat likely
- Extremely likely



While most consumers feel satisfied with their current financial advisor, to improve the client-advisor interaction, **being open and available to meet their needs and providing follow-up are key**. Consumers who indicated they were less than satisfied with their current financial advisor were asked:

What could they do to improve your relationship?



Be more reachable and easier to communicate with



Follow-up and reach out more frequently



Be open to listening to how the clients are feeling

What can advisors do?

Here's what they said:



“Needs to **listen more** and be **less defensive** when I compare his results against the investments I manage all by myself or against my other financial advisors’ results. I would like **better returns** on the IRA he manages, but **he fights back.**”



“I have **no one** person at the firm **to communicate with.** I have a question now and both by phone and e-mail, **I cannot get an answer.**”



“**Reach out** more.”



The disconnected

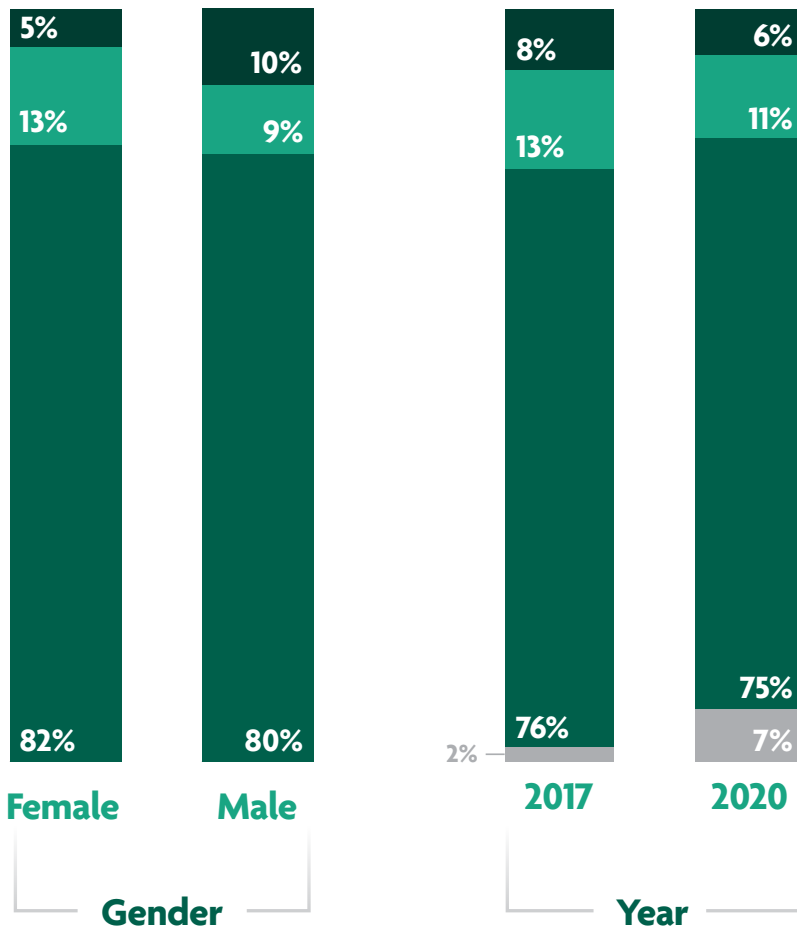
*The perception of high cost, lack of trust or already having a “good handle” on finances are hurdles to creating interest in obtaining a financial advisor. Approximately **58% of consumers** who participated in the survey reported that **they did not currently have a financial advisor.** These consumers were asked how interested they would be in working with one. Interest was very low, with 3 out of 4 consumers giving a 0 to 6 interest rating.*

How interested would you be in meeting with and developing a professional relationship with a financial advisor to help you manage your retirement planning?

- Strong
- Moderate
- Low
- Unsure/prefer not to specify

Confidence ratings (strong, moderate and low)

Scale: 0 - not confident at all, 10 - extremely confident
 Strong (9 or 10 ratings), moderate (7 or 8 ratings), low (0-6 ratings)



Consumers were asked open-ended questions as to why they would not be interested in working with a financial advisor.



The not-so-interested

Some just aren't interested in forming a relationship with an advisor. Here's why:

- Financial advisors are **expensive**, it costs too much to pay one or they **“don't have the money.”**
- Already **retired** and **have their financials “in order.”**
- **Have a handle** on their own money, or someone in their **family manages their financials**; some level of **distrust** exists with someone else handling their money.”
- **No added value** in having one or simply **“don't need one.”**
- Current **employer** “takes care of it.”



Why are some consumers hesitant about working with a financial advisor? Here's what they said:



“Due to my **age** and **limited income**, I am unsure how a financial advisor could be of assistance to me.”



“When I need it, I will get it but right now **I can do it myself.**”



“It **scares me** to think about retirement at the moment and **I really don't want to deal with it** until I'm more financially stable.”



“I don't **have the kind of money** to need one.”



They're interested – but what's keeping them from reaching out?

There were several respondents who indicated at least slight interest in working with an advisor. We asked why they had not yet found one.

- It **costs too much** and currently have a **lack of funds** to have a financial advisor.
- Struggling to **find the right financial advisor** that fits their needs.
- A current **insecurity and unknown of future finances** due to the **pandemic and politics**.
- Simply **haven't gotten around** to finding one.
- **Lack of trust** with financial professionals they've talked to so far.

While other consumers are interested in working with a financial advisor, they have some hesitations: Here's what they said:



"Just **not really sure** how."



"It's **hard to trust** someone with your money."



"I **can't find** the right **financial advisor**."



"I found the organization, but **I didn't like their service**."



"**Too expensive** for what I need."



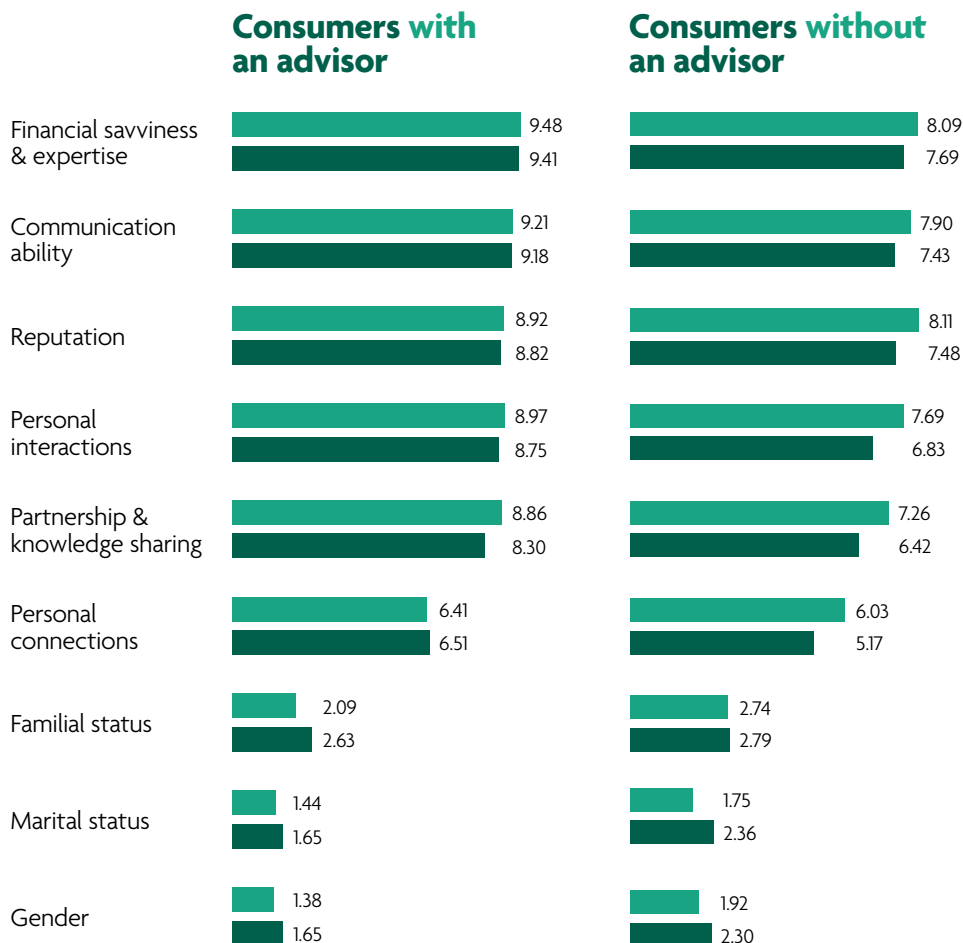
Great expectations

Do advisor characteristics matter?

Take a look at what characteristics consumers with an advisor value, compared to characteristics consumers without an advisor value.

What advisor characteristics are most important to you?

- Females
- Males



Does 'level of involvement' matter?

Current and preferred involvement with their advisor seems to be in appropriate balance for consumers. Individuals were asked what their current level of involvement with their financial advisor was, as well as the preferred level of involvement they would ideally like to have with their financial advisor.



Half of respondents prefer a **high level of involvement** from their advisor, while **44%** prefer **moderate involvement**.

Does frequency of communication matter?

Over half of consumers say they have quarterly communication with their advisor currently and 52% would prefer to continue having quarterly communication in the future. Individuals were asked what their current frequency of communication with their financial advisor was as well as the preferred frequency of communication they would ideally like to have with their financial advisor.



Most respondents told us they prefer **quarterly communication** with their advisor.

Does the type of update matter?

When asked what types of communication they'd like to receive from their financial advisor, the top three were:

What types of communication would you like to receive from your financial advisor?



Updates or news to their financial plan



Standard touch base and relationship building



Information on new items relevant to the them

Other responses included wanting information on:

- Market trends
- Money and investing
- Financial planning
- Different annuity services available



If you currently do not have a financial professional, **what is holding you back?** Whether you feel as though you do not have enough assets, or that you can handle your financial planning yourself, consider if a professional opinion and review of your situation would make sense. Your **financial preparation is crucial** to many parts of your life – so just like your health, car and home – **look to a qualified voice** to help be your guide in your journey.





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Methodology

The general consumer study was conducted Jan.-Feb. 2021, and included 622 total respondents, both men and women, age 40 and above. The agent study was conducted Jan.-Feb. 2021, and included 339 contracted agents including both men and women. The term advisor is used in a general sense and may refer to any type of agent or financial professional.

Analysis is for educational purposes only. The experience of the participants of the 2021 Study may not be representative of the experience of all.

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