

Big Advice Gaps: When Financial Tasks Are Difficult, Consumers Don't Seek Help

Key Insights and Data Into Consumer Unmet Needs to Shape Better Products and Advice

(October 16, 2018, Rye, NY) – The vast majority of consumers who find a financial task difficult don't seek help, creating large advice gaps, as seen in a new report from **Hearts & Wallets**, the source for retail investor data and insights.

The report, *Pain Points & Actions: Insights to Address Large Advice Gaps by Reaching Consumers with Unmet Needs*, is an insight module drawn from the latest fielding of the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database) and reveals the most pressing pain points different groups of consumers face, the reasons they seek help, and the actions they have taken and plan to take. The report is written by Hearts & Wallets subject matter experts with decades of operating experience in retail finance, consumer packaged goods and technology development, and acumen honed at the nation's finest business schools. The IQ™ Database is recognized as the largest single dataset on U.S. retail consumer attitudes, behaviors and buying patterns with over 46,000 U.S. households.

More Tasks Relevant Today

Consumers, both young and old, say a range of financial tasks are more relevant to them than six years ago. For retirees and "Pre-Retirees," those within five years of retirement, 14 of 16 financial tasks have relevance to three-fourths of these groups. Two of the largest increases are "knowing how to find resources to plan financially in retirement" and "developing strategy to withdraw from multiple accounts," both up 9 percentage points since 2012.

"Accumulators," or consumers still focused on working and saving, say 11 of 14 financial tasks are relevant to 90 percent this group, with the largest increases seen in "choosing investments" and "handling market volatility emotionally," both up 11 percentage points since 2012.

Bridging the Gap

"Choosing appropriate investments" is a top pain point for all consumers, including over half (57%) of Accumulators, 43% of Pre-Retirees, and nearly a quarter (24%) of retirees. A large majority of other financial tasks are reported as difficult by both younger and older consumers – from "knowing how to find resources to improve my ability to plan financially in retirement" to "managing the finances of my loved ones as they age," which is more difficult for consumers ages 21 to 52.

"Financial tasks like 'retirement planning' are hard," Laura Varas, CEO and founder of Hearts & Wallets said. "Consumers get confused or default to inertia because they don't understand which solution out of the wide range of offerings in the marketplace fits their specific needs. Firms need to personalize products and advice so that consumers easily see what options are available to help them and don't default to inertia."

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Seeking Help

Of the 59% percentage Accumulators who have difficulty with “retirement planning, including how much to save for retirement,” only 16% have sought help. And among 39% of Pre-Retirees who have difficulty with “developing a strategy to withdraw income from multiple accounts during retirement,” only 11% have sought help.

For younger consumers, ages 28 to 39, only 3 out of 14 financial tasks have rates of seeking help above 20%. The No. 1 advice gap for this group is “identifying what year I might stop working full-time.”

Taking Action

More younger consumers plan to take actions than older consumers – from changing their investment mix, buying insurance to trying a new provider.

Actions taken and planned vary by firm. Customers of Scottrade (now part of **TD Ameritrade** NASDAQ: AMTD) at 34%, Wells Fargo (**Wells Fargo** NYSE: WFC) at 26%, and Citibank (**Citigroup** NYSE: C) at 25% are most likely to be planning to “try a new provider either with a big or small account.”

“Firms can benefit from competitive insights into the buying patterns at their own firm, competitors and distributors to address the specific pain points of their customers as they develop products and enhance loyalty,” Amber Katris, Hearts & Wallets Subject Matter Expert and report co-author, said. “Understanding what drives people to seek help and take action will lead to revenue growth through enhanced solutions that solve real consumer needs.”

Methodology

Pain Points & Actions: Insights to Address Large Advice Gaps by Reaching Consumers with Unmet Needs is a report drawn from the insight module in the Hearts & Wallets Investor Quantitative™ Database (IQ™ Database). The report provides a comprehensive overview of U.S. consumer pain points, the reasons they seek help, and the actions they have taken and plan to take. Timeframe for consumers seeking help was within the past 12 to 18 months as of July 2018.

About Hearts & Wallets

Hearts & Wallets is a data and consulting firm focused on understanding the drivers behind retail investor decision making. Combining a consumer marketing framework with financial services operating experience, the company is a catalyst for consumer-driven innovation in retail investing and saving. Hearts & Wallets works with leading financial providers to improve the effectiveness of their marketing communications, solution design and service delivery. For more information visit www.heartsandwallets.com.

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