**EDUCATIONAL COMMENTARY**

For Financial Professionals

# THE NEW CONVERSATION:

## SIX QUESTIONS TO HELP CLIENTS MAKE GOOD RETIREMENT DECISIONS

Engaging clients at the emotional level increases their interest in the retirement planning process, which leads to better decisions as they move along the path towards financial security. Set the stage for an in-depth discussion by uncovering their emotional motivators, such as by asking your clients what they really want out of a retirement plan. Help your clients imagine and describe what a full life in retirement would look like.

**START:** Ground your conversation in the key issue of Financial Security.

**1. Ask your client, "How important is Financial Security to you?"**

It's nearly universal in importance, so the follow up question could be:

**2. Why is Financial Security so important to you?**

This will personalize it for the client. You should understand what they are seeking and how you can help them attain it.

**NEXT:** You want to explore more deeply what core values your client associates with the idea of Financial Security. This might cover similar ground to question 2, but it's important to clarify. Ask your client:

**3. "Broadly, what would it mean to you in life if you were Financially Secure in retirement?"**

Remember to make this conversational. You can probe a bit by saying, "Tell me more about that," or "What other words would you use to describe that?" This gets people thinking and encourages them to open up.

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The most common answers from the study were the following:

**Living a 'Full Life' means**

» I will be secure

» I will be free to live as I choose

» I will be independent

» I will enjoy my life

» I will have peace of mind.

**NEXT ASK:**

**4. "How would you feel if you were Financially Secure?"**

The most common emotional responses fall into three categories. Some people may describe several emotions, often fitting into different categories. That's okay.

**Safe & Secure:**

» Relaxed about my goals

» Safe about my retirement

» Content about my circumstances

» Confident about my plans

» Prepared for adversity

» Reassured about my future

» In control of my finances

» Relieved to be on track

**Optimistic & Proud:**

» Happy with myself

» Excited about what I will be able to experience in the future

» Proud of what I've been able to do

» Optimistic about my future

» Grateful I can maintain my lifestyle

**Smart & Responsible**

» Responsible because of my behavior

» Smart about my decisions

» Knowledgeable about my options

**NEXT ASK:**

**5. "What would be some concrete benefits you'd enjoy if you were Financially Secure in retirement?"**

With this question, we are looking for what would help them get to the emotions they just described. So you may want to probe by asking, "What would help you feel (fill in what they just said, such as ... confident in your plans, or proud of what you've done, or relaxed)?"

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Here's what the respondents said from the survey.

### Good Retirement Lifestyle

» I will be able to maintain my retirement lifestyle even if I live longer than expected

» I will have a steady stream of income when I retire

» The basic needs of my retirement such as housing and health care will be met

» I will be able to maintain a decent lifestyle and still save for retirement

» I will be better able to lead a decent lifestyle without incurring significant debt

» I will have money to use for special projects and undertakings after I retire

### Safe Income

» I will be able to maintain my retirement lifestyle even if I have health problems

» My retirement lifestyle will be protected from market or economic downturns

» The money I am able to save will be safe and secure

» My income will be protected from adverse events

**NEXT ASK:**

**6.** **"When thinking about the available investments and services, what features do you feel would be helpful in obtaining your goal of Financial Security?"**

There were three main types of responses:

### 1. Flexible Investments

» Investment products that have low fees

» Investments that you can sell if you need access to cash

» Products that offer diversification / investments that are spread around

» Investments that offer a 1balance of opportunity for some growth with modest risk

» Investments that are flexible / you can adjust

» Investment that are well known and respected

» Investments that fit my values

» Investments that are easy to understand

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**2. Steady Investment Returns**

- Investments that generate a steady income stream in retirement
- Investments that provide guaranteed income for as long as you live
- Investments that provide a stable rate of return
- Investments that won't lose the original money you invested (principal protection)
- Investments that pay dividends that you can either use or reinvest
- Investments that have tax advantages, such as being tax-deferred

**3. Professional Advice**

- Working with a financial advisor to create a financial plan
- Working with a financial advisor to create a retirement income plan
- Investments that a financial advisor recommends

You have now emotionally prepared your clients to make decisions about how to utilize products and strategies to meet their retirement planning needs. Most financial professionals understand the value of discussing the benefits of financial products and strategies before discussing the features. Most clients are more interested in the what, not the how. When talking to clients, you can persuade with reason, but only by engaging with their emotions can you motivate them to take action towards achieving Financial Security.

The Alliance for Lifetime Income's consumer research[1] found that for more than 70 percent of Americans,[2] achieving a sense of security is critical to their decision-making. With the reassurance of safety comes hope for a good retirement lifestyle, leading to a sense of optimism about a full, enjoyable life. If you understand the client's emotions, it improves the chances that you can successfully guide them to the right decisions.

1. The Financial Security Landscape of Thought, October, 2019, Survey conducted by Artemis Strategy Group
2. Age 45 – 54 with assets $75k+ and Age 55 – 74 with assets $150k+

Annuities are long-term investments designed for retirement purposes. The value of variable annuities is subject to market risk and will fluctuate. Product guarantees are subject to the claims-paying ability of the issuing insurance company. Earnings, when withdrawn, are subject to federal and/or state income tax, including a 10% tax penalty for withdrawals before age 59½. Some income guarantees offered with annuities take the form of optional riders and carry charges in addition to the fees and charges associated with annuity products.

There is no guarantee that any investment will achieve its objectives, generate positive returns, or avoid losses. Investments in annuity contracts may not be suitable for all investors.

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