



You Don't Have to Be Wealthy to Work with an Insurance and Financial Advisor

New survey shows the vast majority of NAIFA members help middle- and lower-income Americans achieve financial security through long-term relationships of trust between client, advisor

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Falls Church, Va. (Feb. 27, 2019) – Events impacting Americans' wallets in early 2019 – including the partial government shutdown and the lower-than-expected tax refunds – have put a spotlight on Americans' financial lives, drawing attention to how common it is for Americans to live paycheck to paycheck and raising questions about their lack of preparedness to secure their financial futures.

While many lower- to middle-market Americans may not be surprised by the financial vulnerability that resides in millions of U.S. households and businesses today, [a new survey of members of the National Association of Insurance and Financial Advisors](#) confirms that financial security is within reach in the form of affordable and informed financial advice for this very market.

According to the survey, 80 percent of NAIFA members say their businesses primarily serve middle- to lower-income families and individuals. Almost half (45 percent) say the "typical annual household income" of their clients falls between \$50,000 and \$100,000; 34 percent say their typical client's annual income falls between \$100,000 and \$150,000; and 4 percent say their typical client earns less than \$50,000 annually.

"There is no shortage of professionals offering individualized financial advice and services for middle- and lower-income Americans," said [NAIFA CEO Kevin Mayeux, CAE](#). "Our survey shows that for anyone looking for help with their insurance or financial needs, there is an agent or advisor eager to work with them. NAIFA members are in communities across the United States striving to ensure financial security and prosperity for friends and neighbors as well as local families and small business owners. That's what we mean when we say that NAIFA represents the interests of Main Street Americans."

[Read Kevin Mayeux's column: "Every American Should Have Access to Affordable Financial Advice"](#)

According to the [U.S. Census Bureau](#), the median household income is \$61,372, up 1.8 percent from \$60,309 in 2016. The 2017 real median income of family households increased 1.4 percent from 2016 to \$77,713.

The NAIFA survey is based on responses from 694 members between Dec. 19, 2018, and Jan. 8, 2019.

Survey highlights:

When NAIFA members were asked to report the percent of their clients whose annual household incomes are \$100,000 or less, nearly a third of members (32 percent) say that most of their clients are in that category. In addition:

- 31 percent of NAIFA members say 26-50 percent of their clients earn \$100,000 or less a year
- 36 percent of NAIFA members' say up to one-fourth of their clients earn \$100,000 or less a year

More than two-thirds of NAIFA members (67 percent) say a typical client's level of liquid assets total \$250,000 or less (includes cash, stocks, bonds, mutual funds; excludes real estate, vehicles and other fixed assets). The breakdown:

- 17 percent report a typical client's liquid assets total \$50,000 or less
- 25 percent report a typical client's liquid assets fall between \$50,000-\$100,000
- 24 percent report a typical client's liquid assets fall between \$100,000-\$250,000

Who are NAIFA members and what services do they provide?

All of the survey respondents are licensed to sell insurance products, and 64 percent say they are registered to sell securities. The top investment products recommended to clients over the past year are: Roth or traditional IRAs (recommended by 63 percent of advisors), mutual funds (54 percent), 401(k) or 403(b) plans (36 percent), bonds (13.3 percent), and stocks (13.3 percent).

The top insurance products the advisors have recommended to clients in the past year are: term life insurance (recommended by 95 percent of advisors), whole life insurance (80 percent), universal life insurance (71 percent), long-term-care insurance (70 percent), disability-income insurance (68 percent), and fixed annuities (63 percent). *(Note: These are the percentages of advisors who have recommended these products to at least one client, not the percentage of clients they have recommended the products to.)*

In addition to products, advisors provide their clients with a diverse array of services. More than eight out of 10 (83 percent) provide retirement planning. Other leading services include: financial risk management (66 percent), inheritance or business succession planning (64 percent), college savings planning (61 percent), and financial literacy education (50.4 percent).

Retirement planning is the service most important to a majority of clients, according to 46 percent of the advisors. Some 22 percent said financial risk management is the service most beneficial to most clients.

"A number of advisors told us that the financial planning and literacy services they provide are just as important to many of their clients as the insurance and investment products," Mayeux said. "Very often,

these advisors receive no direct compensation for this educational component of working in their clients' interests."

Forms of Compensation Reflect the NAIFA Business Model of Long-Term Client Relationships, Trust

When asked about the forms of compensation NAIFA members receive for services, sales commissions were cited by 98 percent, followed by assets under management fees (40 percent), salary (10 percent), and hourly or other types of fees (7 percent).

"The fact that millions of Americans live paycheck to paycheck – and have limited amounts to invest – suggests a critical need for affordable financial advice," Mayeux said. "Many households and businesses do not have large enough portfolios to satisfy the minimum balances that nearly all investment advisors require, nor do they have the funds to pay the costly fees often associated with receiving a financial plan or guidance from an investment advisor. The option to work with a NAIFA member, whether for an affordable fee or in a commission-based world, ensures consumers have access to affordable advice.

"It's important for Americans to understand that NAIFA members are 'Main Street' small business owners who serve Middle America by recommending financial products that are appropriate for their clients' specific goals and circumstances. We live in communities, small and large, and we see our clients every day – at places of worship, schools, grocery stores, and as neighbors. Association with our clients is based on long-term relationships, not individual transactions.

"I cannot emphasize enough the importance of the maintenance of trust between NAIFA members and their clients. Unless there is a relationship of trust along with ethical behavior on the part of the NAIFA member, the livelihood of NAIFA members would be threatened and their businesses would not survive."

What market segments do NAIFA members serve?

Markets prominently served by NAIFA members include:

- Small businesses (served by 78 percent of respondents)
- Senior citizens (68 percent)
- Baby Boomers (65 percent)
- Millennials (43 percent)

NAIFA Launches Consumer Website, [AdvisorsYouCanTrust.org](https://www.advisorsyoucantrust.org)

NAIFA has launched a new website, [AdvisorsYouCanTrust.org](https://www.advisorsyoucantrust.org), to provide consumers with news, tips, and strategies from experts in insurance and financial planning, and to [locate a NAIFA advisor](#).

[AdvisorsYouCanTrust.org](https://www.advisorsyoucantrust.org) is also the gateway to NAIFA's "[Learn from the Best](#)" blog, which offers practical information on life insurance products, financial services, retirement savings, and college planning, among other topics crucial to consumers' wellbeing. Regular blog updates will provide the public with important facts and information, as well as tips and resources offered by leading voices in the insurance and financial services field. NAIFA's Find an Advisor Tool allows consumers to connect

with trusted advisors in their communities who can help them assess their needs and achieve financial goals.

About NAIFA: Founded in 1890 as The National Association of Life Underwriters (NALU), NAIFA is the oldest, largest and most prestigious association representing the interests of insurance professionals from every Congressional district in the United States. Our mission – to advocate for a positive legislative and regulatory environment, enhance business and professional skills, and promote the ethical conduct of its members – is the reason NAIFA has consistently and resoundingly stood up for agents and called upon members to grow their knowledge while following the highest ethical standards in the industry.