



# NAIFA Members Serving Main Street Americans



## NAIFA Survey of Members

The National Association of Insurance and Financial Advisors (NAIFA) surveyed its members to determine who their clients are and how those clients are served. Of particular interest was how NAIFA members serve middle-market households as well as those with lower or moderate incomes. The survey of 694 NAIFA members was conducted between Dec. 19, 2018, and Jan. 8, 2019.

### Q1 How long have you been a financial advisor or agent?

N=694

0-5 years	32	4.61%
6-10 years	51	7.35%
11-20 years	142	20.46%
21+ years	469	67.58%

### Q2 What markets do you currently serve? Select all that apply.

N=694

Affluent individuals and families	382	55.04%
Middle-income individuals and families	624	89.91%
Lower-income individuals and families	291	41.93%
Small businesses	538	77.52%
Mid-sized businesses	230	33.14%
Large businesses	51	7.35%
Senior Market	472	68.01%
Baby Boomers	448	64.55%
Millennials	300	43.23%
Other	48	6.92%



# NAIFA Members Serving Main Street Americans



**Q3 Which job titles do you use in your marketing or professional identification materials (website, business cards, social media accounts, advertisements, etc.)? Select all that apply.**

N=694

Financial Advisor or Adviser	228	32.85%
Financial Consultant	51	7.35%
Financial Planner	70	10.09%
Financial Services Representative	156	22.48%
Registered Representative	233	33.57%
Wealth Manager	27	3.89%
Financial Manager	7	1.01%
Investment Advisor Representative	88	12.68%
Insurance Agent	424	61.10%
Broker	112	16.14%
Vice President or President	77	11.10%
Financial Coach	12	1.73%
Wealth Planner	10	1.44%
Benefits Manager	11	1.59%
Other	87	12.54%



# NAIFA Members Serving Main Street Americans



## Q4 What products and services have you recommended during the past 12 months? Select all that apply.

N=694

Whole life	558	80.40%
Term Life	658	94.81%
Universal Life	490	70.61%
Group Life	178	25.65%
Indexed Universal Life	212	30.55%
Supplemental Life	59	8.50%
Health Insurance	251	36.17%
Group Health	172	24.78%
Individual Health	218	31.41%
Medicare Supplements	312	44.96%
Long-term Care	484	69.74%
Disability Income Insurance	473	68.16%
Critical Illness Insurance	97	13.98%
Health Savings Accounts	164	23.63%
Dental	194	27.95%
Vision	165	23.78%
International Medical	44	6.34%
Retirement	383	55.19%
Fixed Annuities	438	63.11%
401(k) or 403(b)	250	36.02%
IRA (Roth or Traditional)	434	62.54%
Investment/Other	264	38.04%
Bonds	92	13.26%
Stocks	92	13.26%
Mutual Funds	372	53.60%
Group Benefits	81	11.67%
529 Plan	226	32.56%
P/C Products	127	18.30%
Voluntary and Work-site Benefits	110	15.85%



# NAIFA Members Serving Main Street Americans



## Q5 Which of the following best describes your registration to sell securities?

N=694

I am a registered investment adviser	88	12.68%
I am a broker-dealer or a registered representative of a broker-dealer	247	35.59%
I am dual registered as a registered investment adviser and a registered representative	110	15.85%
I am not registered to sell securities	249	35.88%

## Q6 What is the typical annual household income of family or individual clients you serve? (I.e., in which income range do most of your clients fall?)

N=665

Less than \$50,000	26	3.91%
\$50,000 - \$100,000	299	45.00%
\$100,000 - \$150,000	225	33.80%
More than \$150,000	115	17.29%

## Q7 What is your typical family or individual client's level of liquid financial assets (includes cash, stocks, bonds, and mutual funds; does not include real estate, vehicles, and other fixed assets)?

N=663

Less than \$50,000	116	17.50%
\$50,000 - \$100,000	170	25.64%
\$100,000 - \$250,000	161	24.28%
\$250,000 - \$500,000	119	17.95%
\$500,000 - \$2 million	83	12.52%
More than \$2 million	14	2.11%



# NAIFA Members Serving Main Street Americans



## Q8 What percentage of your family or individual clients have annual household incomes of \$100,000 or less?

N=661

0 – 25%	242	36.61%
26 - 50%	206	31.16%
51 – 75%	148	22.39%
76 – 99%	59	8.93%
100%	6	0.91%

## Q9 Why did you choose to serve clients with household incomes of \$100,000 or less?

N=665

To make a positive difference in people's lives	410	61.65%
To help ordinary Americans work toward achieving the American Dream	305	45.86%
To help as many Americans as I can	240	36.09%
To help members of my community	292	43.91%
Other (please specify)	111	16.69%

## Q10 What strategies do you use to successfully serve this market?

N=666

I serve as a resource of financial education and information to them.	549	82.43%
I teach them savings strategies.	322	48.35%
I try to be available to them 24/7—by social media, telephone and the U.S. mail	191	28.68%
Other (please specify)	83	12.46%



# NAIFA Members Serving Main Street Americans



**Q11 Are there any barriers that discourage you as an advisor from serving more clients with lower or moderate household incomes? Select all that apply.**

N=664

No barriers	268	40.36%
Lack of suitable products for lower and moderate income clients	82	12.35%
Lower and moderate income clients are not seeking advice	164	24.70%
Lower and moderate income clients are not profitable for my practice	156	23.49%
Government regulations and restrictions make it difficult to serve lower and moderate income clients	180	27.11%
Other (please specify)	63	9.49%

**Q12 Which of the following services do you provide for clients? (Choose all that apply)**

N=653

Retirement planning	541	82.85%
College savings/planning	395	60.49%
Financial risk management	432	66.16%
Financial literacy education	329	50.38%
Health care planning	278	42.57%
Wealth management	329	50.38%
Inheritance or succession planning	417	63.86%
Other (please specify)	78	11.94%



# NAIFA Members Serving Main Street Americans



### Q13 Which of the following is the service you provide that you feel is most important to the majority of your clients? (Choose only one)

N=653

Retirement planning	298	45.64%
College savings/planning	0	0.00%
Financial risk management	144	22.05%
Financial literacy education	61	9.34%
Health care planning	56	8.58%
Wealth management	21	3.22%
Inheritance or succession planning	23	3.52%
Other (please specify)	50	7.66%

### Q14 What forms of compensation do you receive? Select all that apply.

N=647

Sales commissions	634	97.99%
Salary	62	9.58%
Assets Under Management Fees	256	39.57%
Hourly or other non-commission, non-AUM fees	48	7.42%
Cash bonuses	71	10.97%
Non-cash bonuses	23	3.55%
Other (please specify)	41	6.34%



# NAIFA Members Serving Main Street Americans



**Q15 What is your primary form of compensation? Select only one.**

N=648

Sales commissions	541	83.49%
Salary	27	4.17%
Hourly or other non-commission fees	5	0.77%
Assets Under Management Fees	75	11.57%
Sales commissions	541	83.49%

**Q16 Media sources and industry research report a trend in the financial services industry of advisors moving from commission-based compensation models to fee-based models. Over the past five years, has your practice seen such a shift, receiving less commission-based compensation and more fee-based compensation?**

N=650

Yes	192	29.54%
No	443	68.15%
Have not been in business five years	15	2.31%

**Q17 Do you currently serve a greater proportion of affluent clients than you did before the shift from commission-based to fee-based compensation? (Asked of respondents who answered “Yes” to Q16.)**

N=192

Yes	83	43.23%
No	109	56.77%