Allianz

Retirement Income Planning in a World of Greater Risk

Produced by:

Wealth Management iQ

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ABOUT WMIQ

Wealth Management IQ is a dedicated division of Informa Connect that provides research, content creation and marketing services to the wealth and asset management communities.

WMIQ has a truly unique combination of:

- Deep research and analytical capabilities.
- Extensive knowledge of the financial advice industry.
- Content strategy and direct distribution to over 400K wealth management professionals.

Our mission is to educate and inform financial advisors with our research content — and provide the companies that support and empower them with unparalleled access, intelligence and understanding of the wealth management market.

Through the audiences of **WealthManagement.com**, Trust & Estates and WMRE, WMIQ has the ability to tap into some of the most influential communities of financial advisors to conduct targeted surveys, focus groups and one-to-one interviews to inform our research projects. Our audiences of RIAs, IBDs and wirehouse advisors — and their affinity for our brands — positions WMIQ to access more engaged advisors than any other industry research provider. This reach across the entire wealth management ecosystem is a unique differentiator of WMIQ — and allows us to discover the true drivers of change, behaviors and influence throughout the industry.

INTRODUCTION

The emotional and financial upheaval caused by the Covid pandemic and its aftermath, as well as the rising uncertainty caused by world events, have changed the way those entering and in retirement think about their post-work years. Those developments, and the challenges they present, also have changed the way financial advisors approach serving the retirement income planning needs of their clients. To assess those changes and to understand the strategies, services and products currently being employed to serve clients approaching and in retirement, WealthManagement.com and Informa Engage recently conducted an in-depth study of advisors on behalf of Allianz Life Insurance Company of North America (Allianz).

This white paper will present the highlights of that research, discuss their implications, and offer suggestions regarding the ways in which advisors can meet the retirement income needs of clients in today's unsettled environment.

SURVEY HIGHLIGHTS

- Risk management is the top strategic planning priority for advisors.
- Retirement income planning and advice ranks as the most frequently provided service to clients – and demand is expected to increase for retirement income planning more than any other service.
- While most advisors believe their clients are prepared for retirement, income security remains an issue and advisors acknowledge a range of risks.
- The two top perceived risks to retirement income and retirement security are inflation and medical expenses.
- Despite the need for income security, advisors report a lukewarm level of client interest in annuity products, with 35% not interested, and 40% only moderately interested. Advisors don't see this changing. While the majority of clients believe they have saved enough for retirement and believe they won't outlive their savings, they are less confident than their advisors in those beliefs.

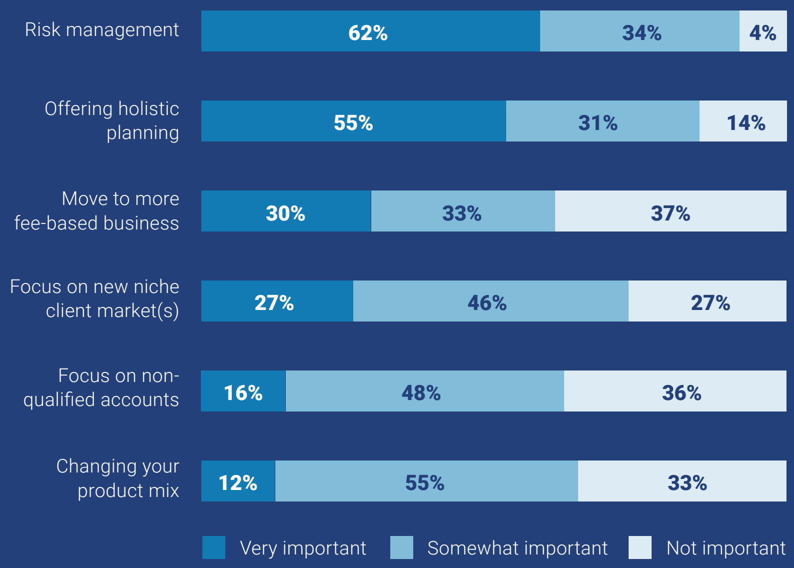
CHANGES IN THE BUSINESS OF PROVIDING ADVICE

The profound economic changes that have resulted from the pandemic, not to mention the geopolitical tensions simmering when this survey was fielded, have affected the way advisors and their clients perceive risk. By a significant margin, respondents overwhelmingly consider risk management to be the most important element in their 2022 strategic business plans, with 62% overall saying it is very important. Among advisors managing more than $100 million in assets, 70% shared that view.

Importance of Select Considerations to 2022 Strategic Plans

Respondents consider risk management most important to their 2022 strategic plans, followed closely by offering holistic planning. Changing the product mix and focusing on non-qualified accounts are clearly the least important considerations. Data does not vary meaningfully across segment.

Question: How important are the following to your 2022 strategic plans?



PERCENT INDICATING "VERY IMPORTANT" BY SEGMENT

	$100M+ AUM	RIAs	IBDs
Risk management	70%	60%	60%
Offering holistic planning	57%	59%	53%
Move to more fee-based business	30%	32%	31%
Focus on new niche client market(s)	25%	25%	24%
Focus on non-qualified accounts	21%	16%	20%
Changing your product mix	16%	9%	5%

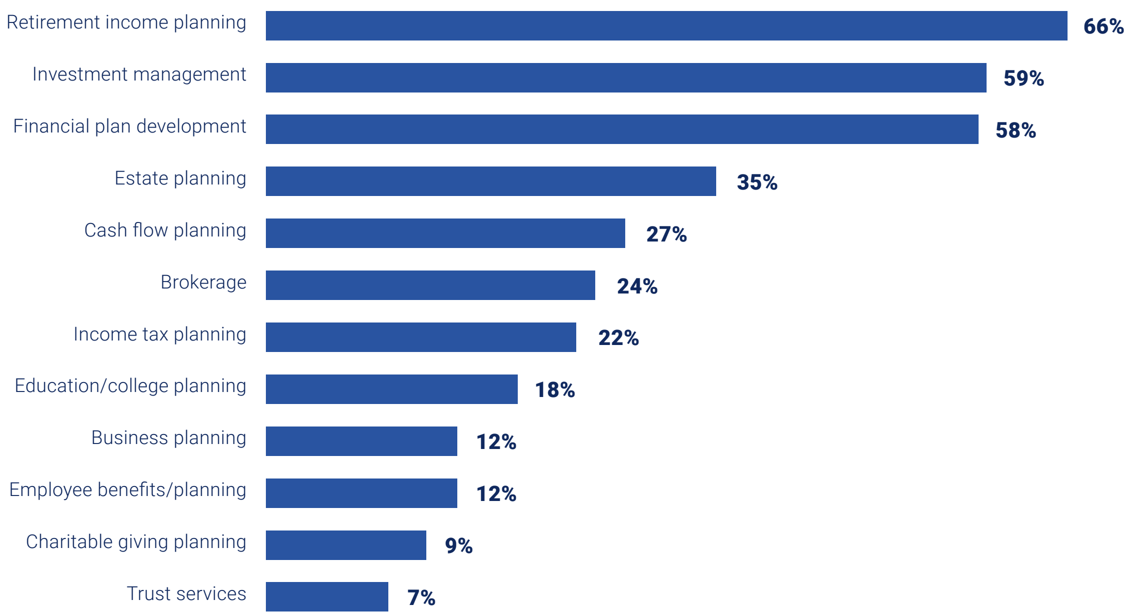
Second in importance among advisors regarding their strategy in 2022 is offering planning that encompasses the broad range of issues affecting their clients. Among RIAs, 59% considered offering holistic planning to be very important, while 53% of those at independent broker-dealers felt similarly.

At the other end of the importance spectrum, changing the product mix and focusing on non-qualified accounts were considered not important by a third of respondents, as was moving to more fee-based business, perhaps because so much of the business already is fee-based.

Services Provided Most Frequently to Individual Clients

The services most commonly offered to individual clients are retirement income planning, investment management, and financial plan development.

Question: Which services do you provide most frequently to your individual clients? (Select up to four.)



TOP-3	<$100 AUM
Investment management	72%
Financial plan development	65%
Retirement income planning	65%

TOP-3	RIAs
Investment management	75%
Retirement income planning	68%
Financial plan development	67%

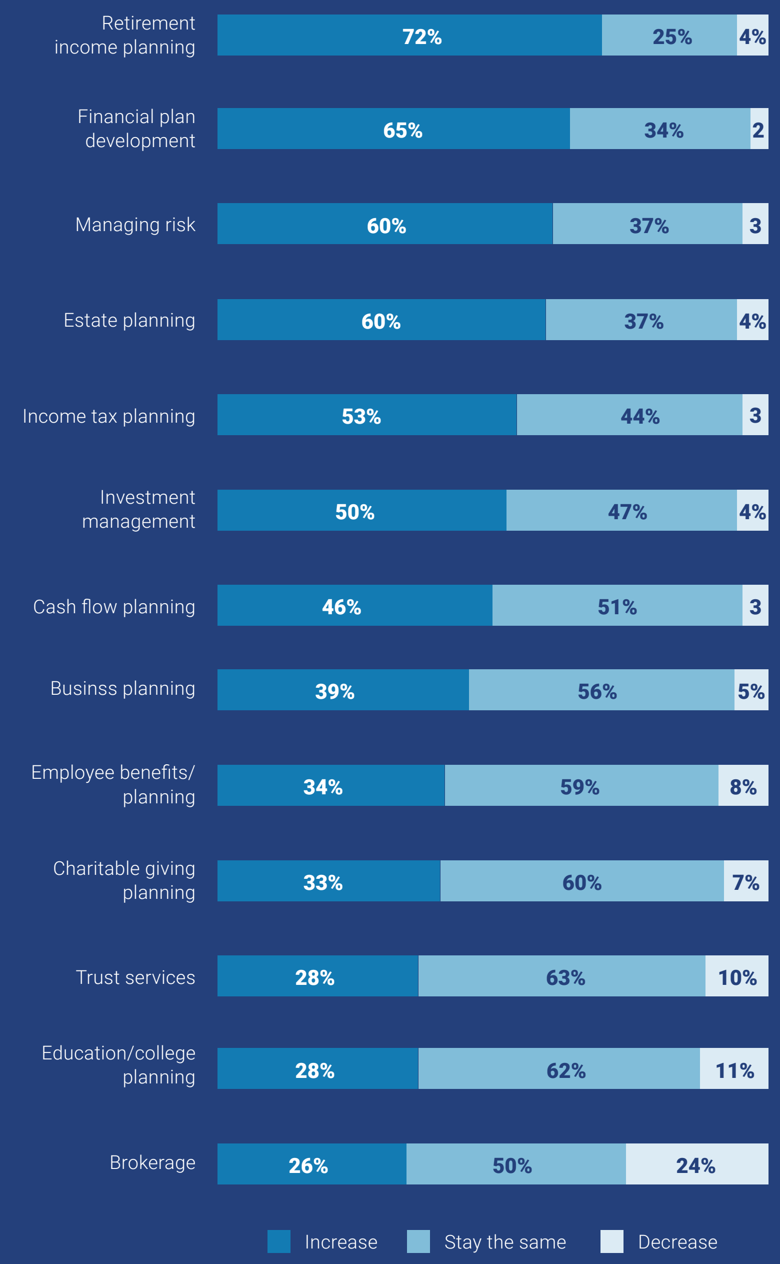
TOP-3	IBDs
Retirement income planning	81%
Financial plan development	64%
Investment management	60%

Among all respondents, retirement income planning was the service most frequently offered to individual clients, with 66% of advisors citing it as their leading offering, followed by investment management (59%) and financial plan development (58%). Given the nature of their business models and what they consider to be their strong suits, advisors in the RIA channel and independent broker-dealer channels rate their lead offerings somewhat differently. RIAs consider investment management (at 75%) to be their most frequent offering, followed by retirement income planning (68%) and financial plan development (67%). Advisors at independent BDs, on the other hand, put retirement income planning first at 81%, followed by financial plan development (64%) and investment management (60%).

Changes in Client Demand for Select Services, Next Two Years

Over the next two years, the services for which clients expected to see the most increased demand include retirement income planning, financial plan development, managing risk, and estate planning.

Question: Two years from now, how do you expect client demand for the following services to change?



An Investment Product Overview

Changing market conditions and innovation among asset managers often result in changes in the mix of investment products used by advisors. The following is a brief overview of their current product usage.

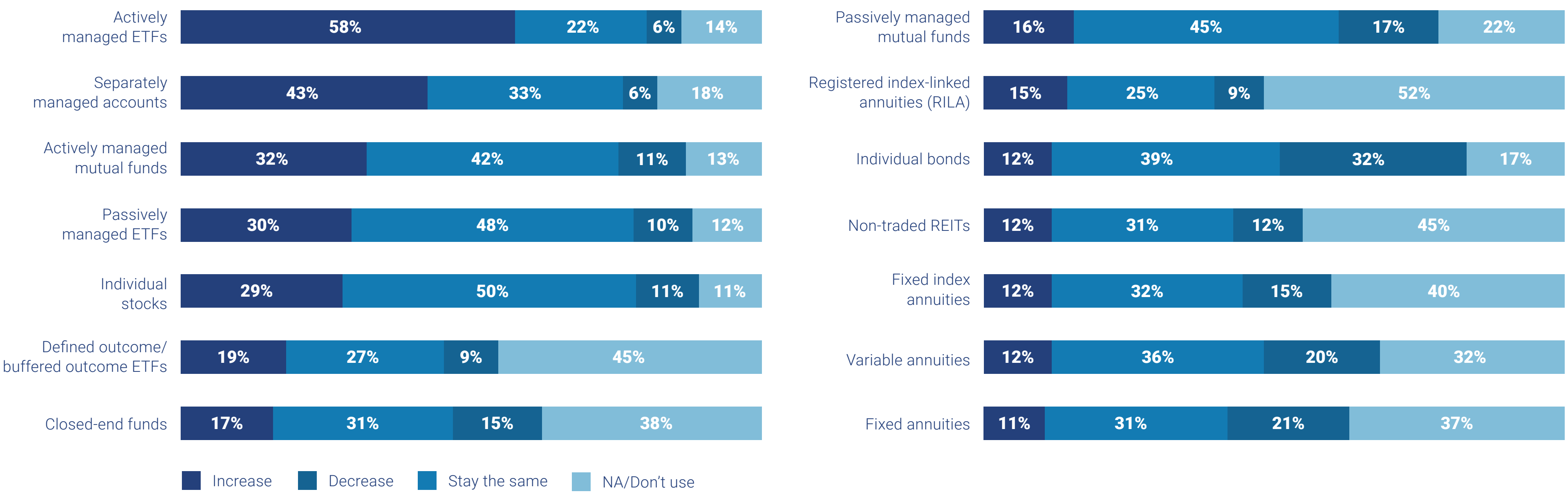
Five investment products saw the greatest increase in usage over the past year. These were actively managed exchange-traded funds (ETFs), for which 58% of respondents noted increased usage, followed by separately managed accounts (43%), actively managed mutual funds (32%), passively managed mutual funds (30%) and individual stocks (29%).

When advisors were asked to identify the services they believe clients will be requesting more over the next two years, advisors in all channels say they expect to see demand increasing for retirement income planning (72%), financial plan development (65%), risk management (60%) and estate planning (60%). Those were followed by increased demand for income tax planning (53%), investment management (50%) and cash flow planning (46%).

Changes in Use of Investment Products in the Past Year

In the past year, respondents are most likely to have increased the use of actively managed ETFs, followed by separately managed accounts. They are most likely to have decreased the use of individual bonds. Overall, the least commonly used investment products include RILAs, non-traded REITs, defined outcome/ buffered outcome ETFs, and fixed index annuities

Question: How has your use of the following investment products changed in the past year?



On a relative basis, RIAs were more likely than advisors affiliated with independent broker-dealers to have increased their usage of passive ETFs and individual bonds, while indie advisors were much more likely than RIAs to have increased usage of actively managed mutual funds, registered investment-linked annuities, fixed-index annuities and variable annuities.

Increased Use of Investment Products by Segment in the Past Year

Increased usage of investments products varied somewhat by segment. Those with at least $100M in AUM are more likely to have increased their use of actively managed ETFs, and separately managed accounts. RIAs were most likely to have increased their use of individual bonds, and IBDs are most likely to have increased their use of actively managed mutual funds, RILAs, and all annuities.

Question: How has your use of the following investment products changed in the past year?

	$100M+ AUM	RIAs	IBDs
Actively managed ETFs	58%	42%	49%
Separately managed accounts	43%	28%	31%
Actively managed mutual funds	32%	22%	43%
Passively managed ETFs	30%	34%	30%
Individual stocks	29%	26%	32%
Defined outcome/buffered outcome ETFs	19%	15%	18%
Closed-end funds	17%	9%	6%
Passively managed mutual funds	16%	18%	20%
Registered index-linked annuities (RILA)	15%	13%	21%
Individual bonds	12%	20%	10%
Non-traded REITs	12%	7%	6%
Fixed index annuities	12%	15%	31%
Variable annuities	12%	13%	31%
Fixed annuities	11%	10%	18%

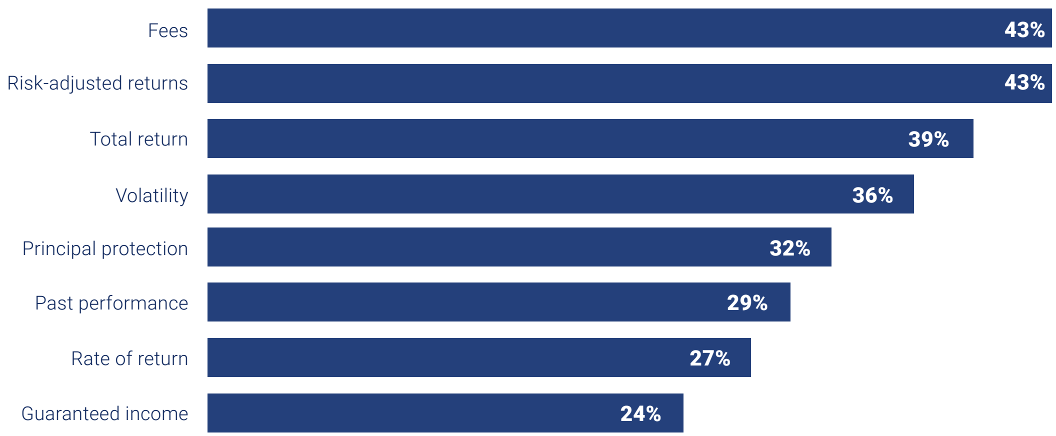
Leading the list of products in which advisors decreased their usage were registered index-linked annuities (52%), defined outcome/buffered outcome ETFs (45%), non-traded real estate investment trusts (45%), fixed-index annuities (40%); and closed-end funds (38%).

Only two products not currently being used by some advisors — actively managed ETFs and actively managed mutual funds — are under consideration by significant percentages of them (27% and 23%, respectively).

Key Influencers in Selecting Products for Retirement Accounts

When assessing investment products for retirement accounts, no single consideration emerged as particularly influential as a selection driver. The most commonly cited drivers include fees, risk-adjusted returns and total returns.

Question: When you assess investment products for retirement accounts, which of the following have the biggest influence on your selection? (Select up to three.)



TOP-3	<$100 AUM
Total return	55%
Risk-adjusted returns	54%
Fees	41%

TOP-3	RIAs
Fees	56%
Risk-adjusted concerns	48%
Total return	43%

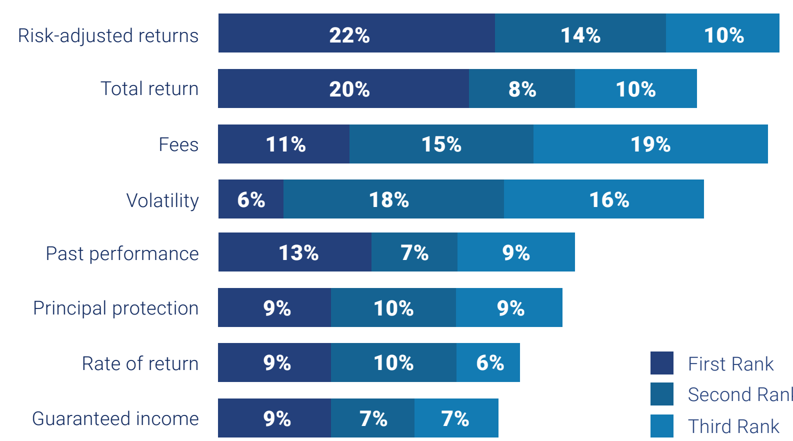
TOP-3	IBDs
Fees	40%
Risk-adjusted concerns	40%
Volatility	37%

Summary: Ranked Influencers in Selecting Products for Retirement Accounts

When asked to rank those selection influencers, the data reveal similarly close ranks, with four influencers emerging as dominant: risk-adjusted returns, total return, fees and volatility.

Question: Please rank the importance of the following forms of growth to your firm in 2022.

When selecting products for retirement accounts, the five most commonly cited drivers are fees (43%), risk-adjusted returns (43%), total return (39%), volatility (36%) and principal protection (32%). When asked to rank those drivers, advisor responses came back in similar order: risk-adjusted returns followed by total return, fees and volatility. In short, advisors believe their clients are mindful of fees, but willing to pay higher fees in return for better performance.



A DEEPER LOOK AT RETIREMENT AND RETIREMENT PLANNING

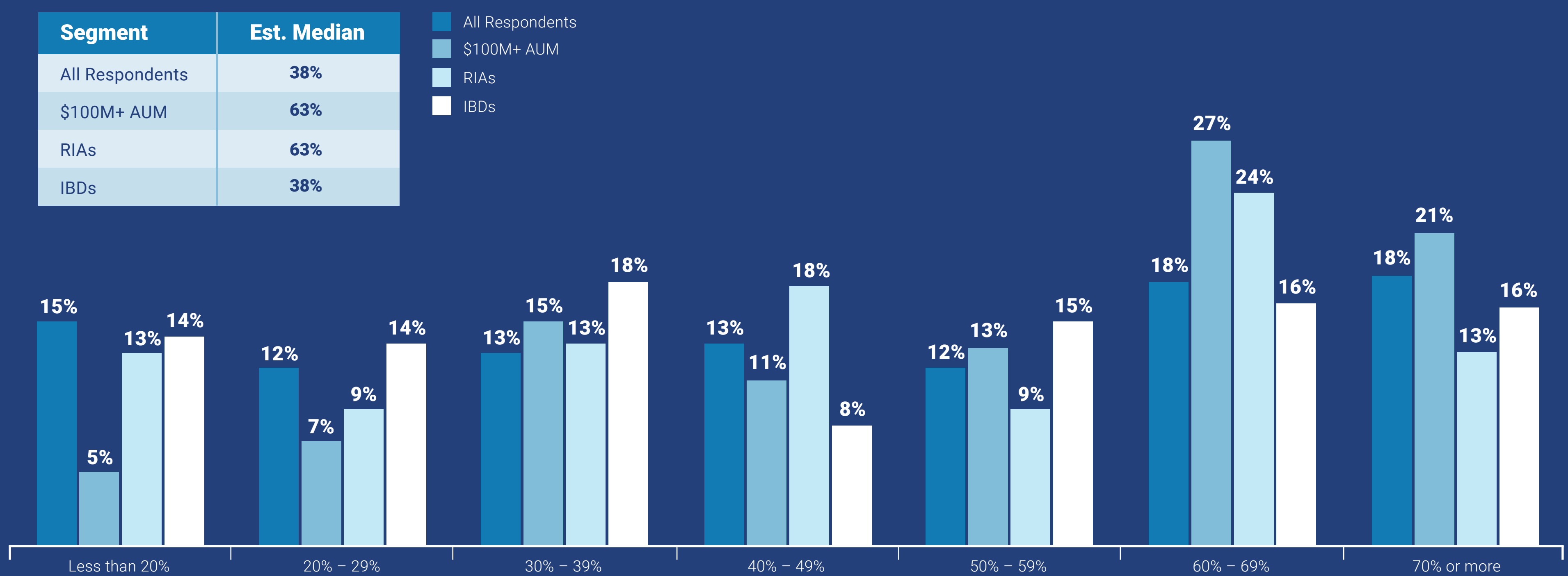
While parsing the responses can be confusing, when asked about the composition of their client base, about half of all respondents said that retirees constitute about half their clientele. Advisors at RIA firms and those whose client base skews wealthier, report higher levels of retirees among their clients.

Percentage of Client Base Currently Retired

The typical respondent reports an estimated median 38% of their client base is currently retired. Respondents with $100M+ in AUM and RIAs report much higher incidence of retired clients (estimated median 63%).

Question: What percentage of your client base is currently retired?

Segment	Est. Median
All Respondents	38%
$100M+ AUM	63%
RIAs	63%
IBDs	38%

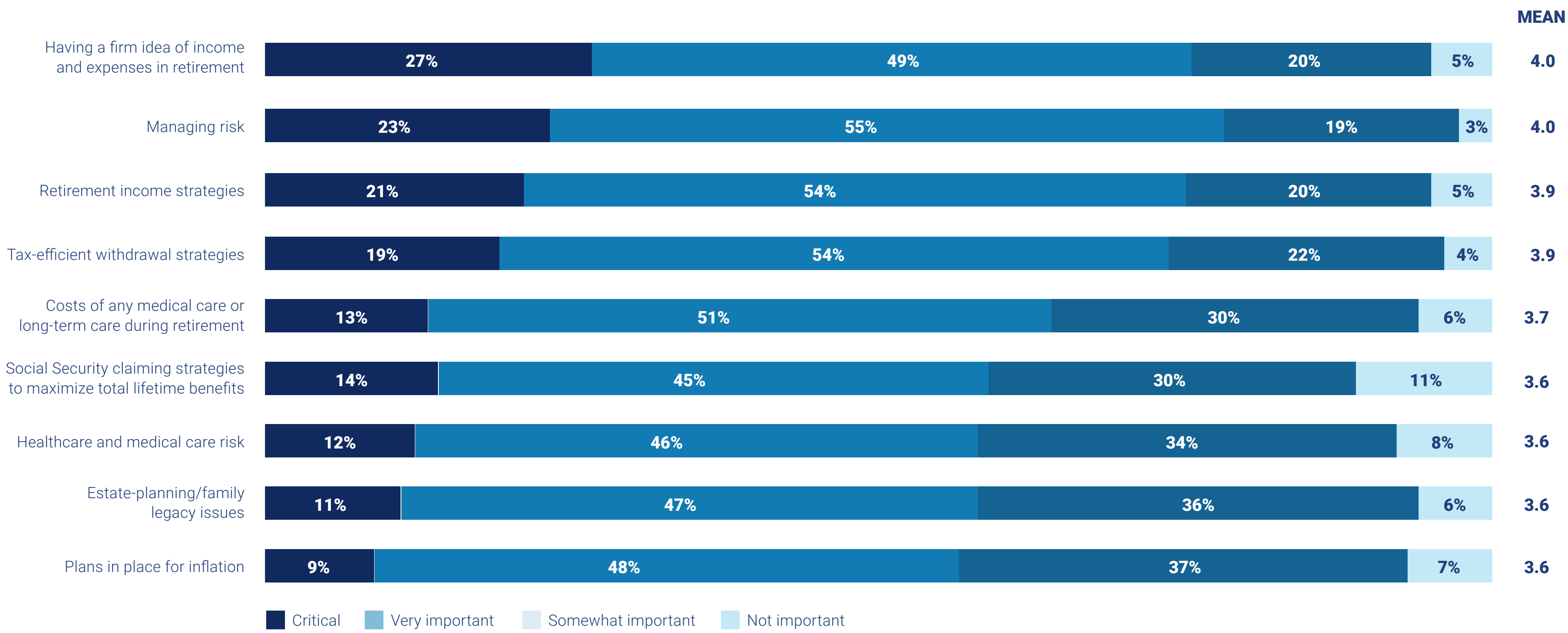


Among advisors in all channels, the most important criteria in developing a retirement plan for clients were similar. These included having a firm idea of income and expenses in retirement, managing risk, retirement income strategies and tax-efficient withdrawal strategies.

Important Criteria in Developing a Retirement Plan for Clients

The most important criteria in developing a retirement plan for clients include having a firm idea of income and expenses in retirement, managing risk, retirement income strategies and tax-efficient withdrawal strategies.

Question: How important are the following criteria when you are developing a retirement plan for your clients?



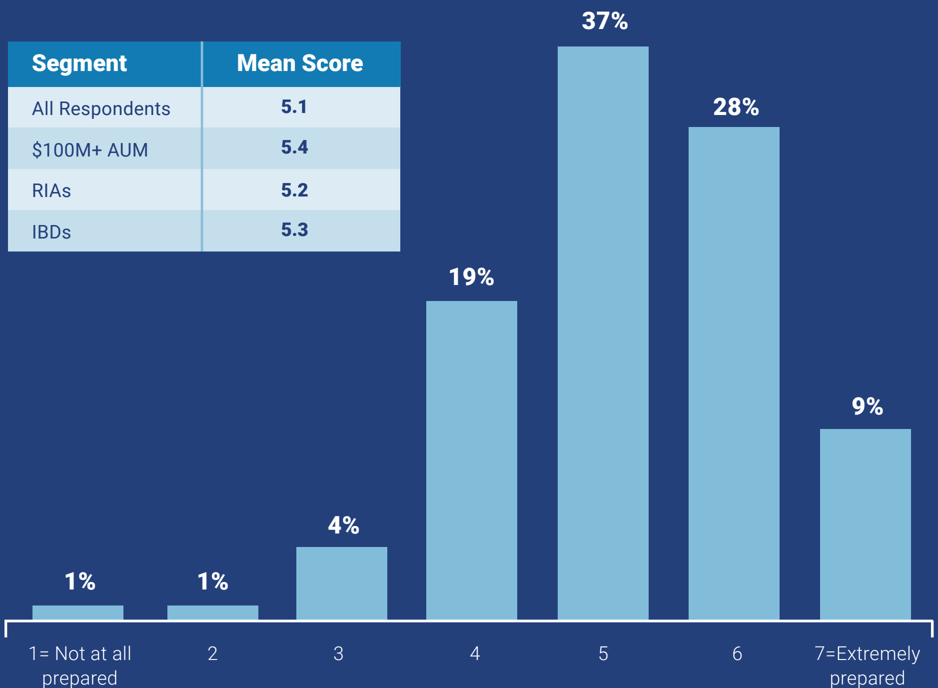
WHAT'S IMPORTANT IN RETIREMENT PLANNING

The most important criteria in developing a retirement plan for clients include having a firm idea of income and expenses in retirement, managing risk, retirement income strategies and tax-efficient withdrawal strategies. These criteria are logical as decades of work-related income, spending habits and saving and investment patterns come to an end. In their place come a new set of conditions: income derived from one's own investments, Social Security and perhaps an employer-provided pension or some type of work; perhaps new living arrangements and different spending patterns; and the shift from accumulating assets to decumulation. Financially and emotionally, the change to living in retirement can be challenging, and advisors have identified the key criteria in making the transition as smooth as possible for their clients.

Retirement Preparedness Perceptions: Overall

Interestingly, respondent and client perception of client preparedness for retirement is very well aligned.

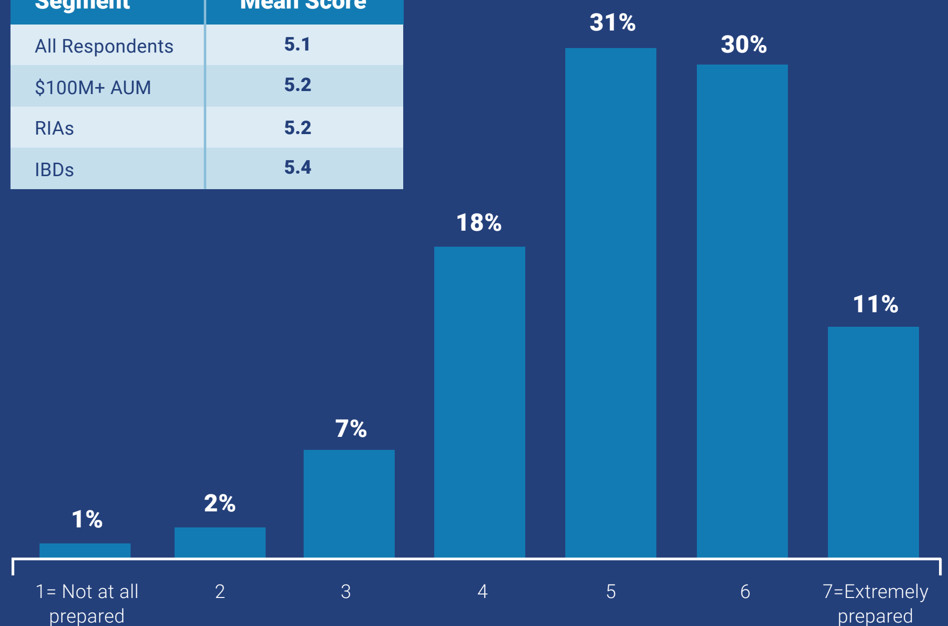
Segment	Mean Score
All Respondents	5.1
$100M+ AUM	5.4
RIAs	5.2
IBDs	5.3



Respondent Perception of Client Preparedness

Question: How well prepared do you believe your clients are for retirement?

Segment	Mean Score
All Respondents	5.1
$100M+ AUM	5.2
RIAs	5.2
IBDs	5.4



Client Self-Perception of Preparedness

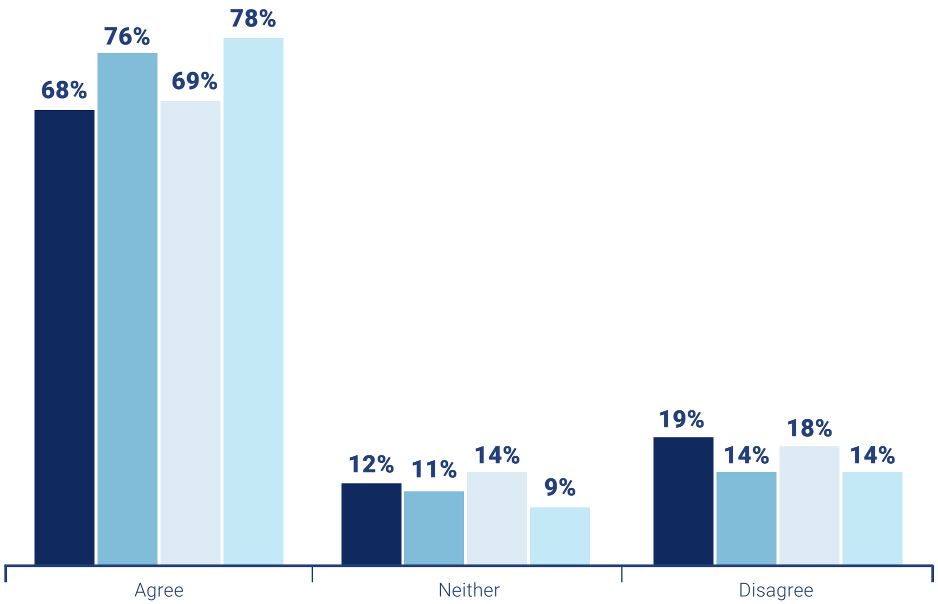
Question: How well prepared do your clients believe themselves to be?

Are advisory clients ready for the transition to retirement?

Overall, advisors' perception of client preparedness for retirement is very well aligned with how they believe their clients feel about retirement-preparedness. On a scale of one to seven, with seven being "extremely prepared," 38% of advisors felt their clients ranked a five in preparedness, with 37% ranking preparedness at six and above. In comparison, when asked how clients view their retirement preparedness, 31% gave a rating of 5 while 41% ranked six and above.

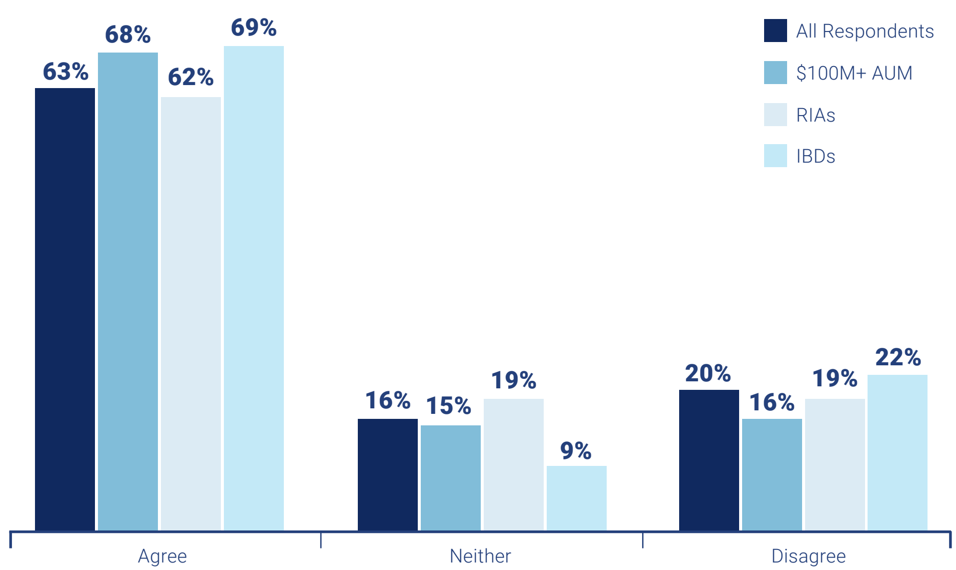
Retirement Preparedness Perceptions: "The majority of my clients have saved enough or are on track to save enough for retirement"

Respondents are somewhat more likely to agree their clients have saved enough, or are on track to save enough for retirement, than are clients themselves. This trend is more pronounced for respondents with $100M+ AUM and IBDs.



Respondent Perception of Client Preparedness

Question: Do you agree or disagree with the following statements? The majority of my clients have saved enough or are on track to save enough for retirement.

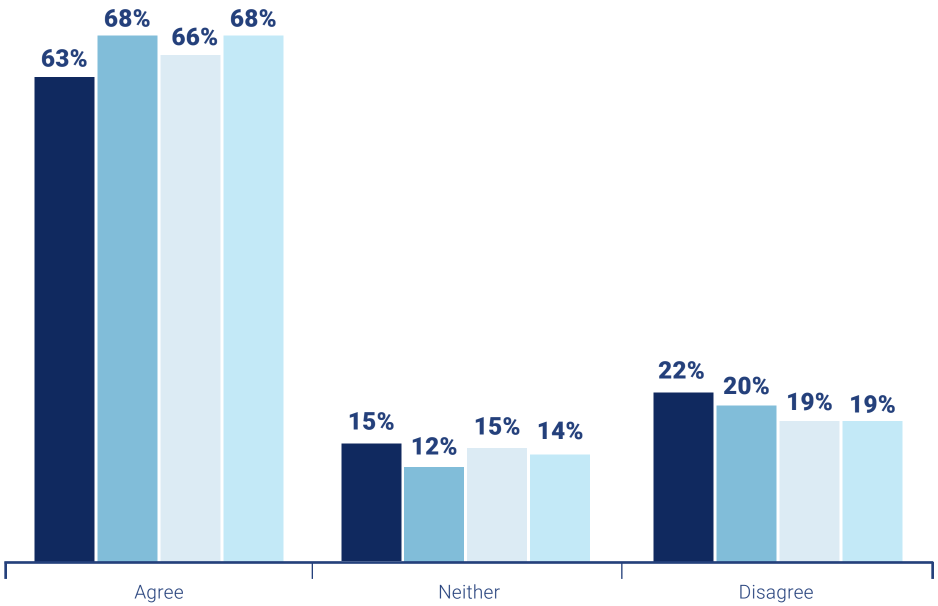


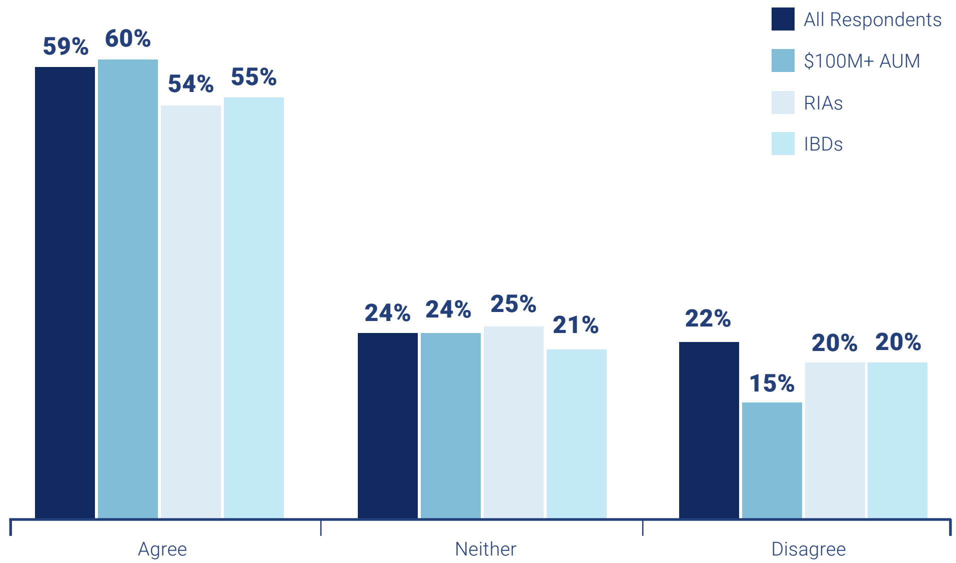
Client Self-Perception of Preparedness

Question: Do you agree or disagree with the following statements? The majority of my clients believe they have saved enough or are on track to save enough for retirement.

Retirement Preparedness Perceptions: “The majority of my clients will not outlive their retirement savings once retired”

Similarly, respondents are somewhat more likely to agree that their clients will not outlive their savings once retired.



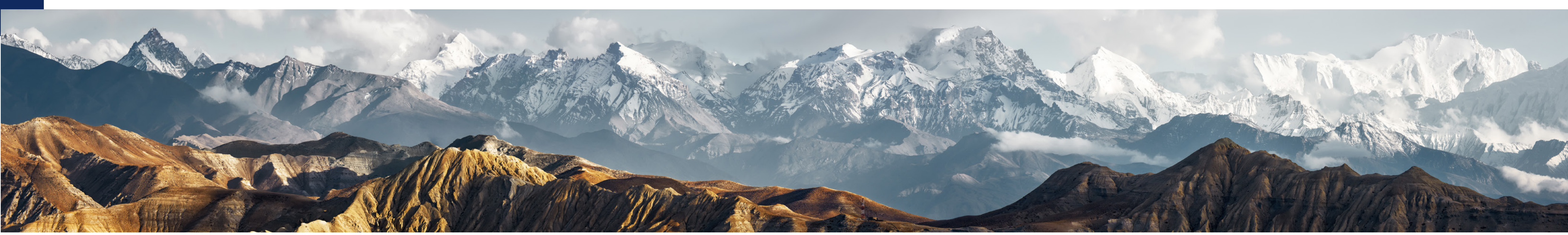


Respondent Perception of Client Preparedness

Question: Do you agree or disagree with the following statements? The majority of my clients will not outlive their retirement savings once retired.

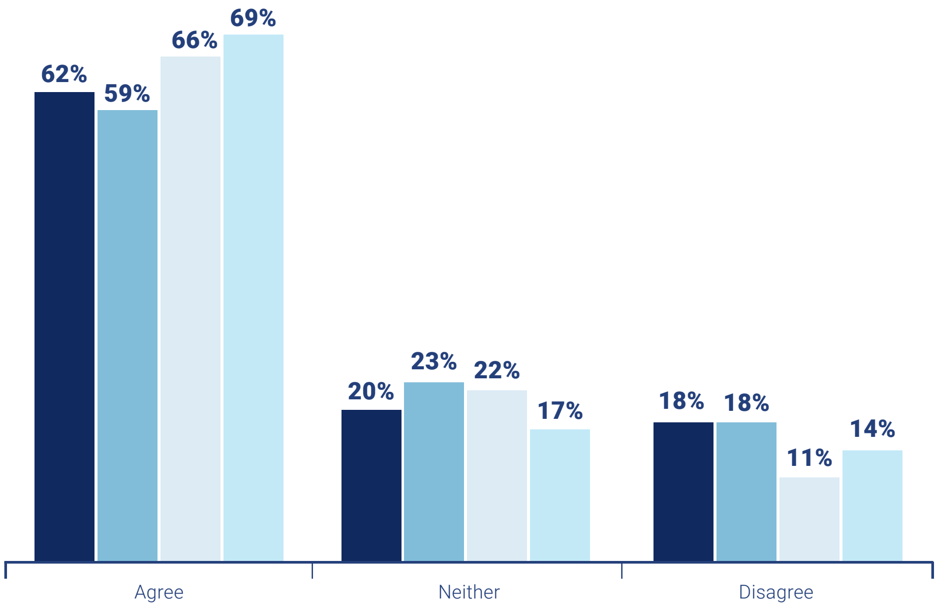
Client Self-Perception of Preparedness

Question: Do you agree or disagree with the following statements? The majority of my clients believe they will not outlive their retirement savings once retired.



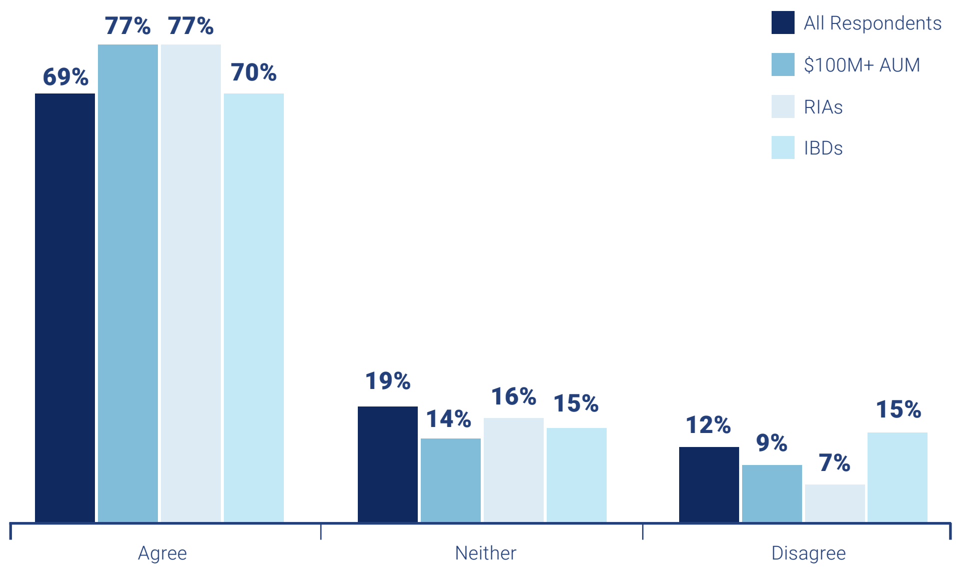
Retirement Preparedness Perceptions: "The majority of my clients have saved enough for retirement, but still face significant risks"

The trend for slightly greater positivity expressed by respondents than clients continues, with respondents believing their clients are more likely to agree that despite their savings, they still face significant risks that can impact their retirement income sources.



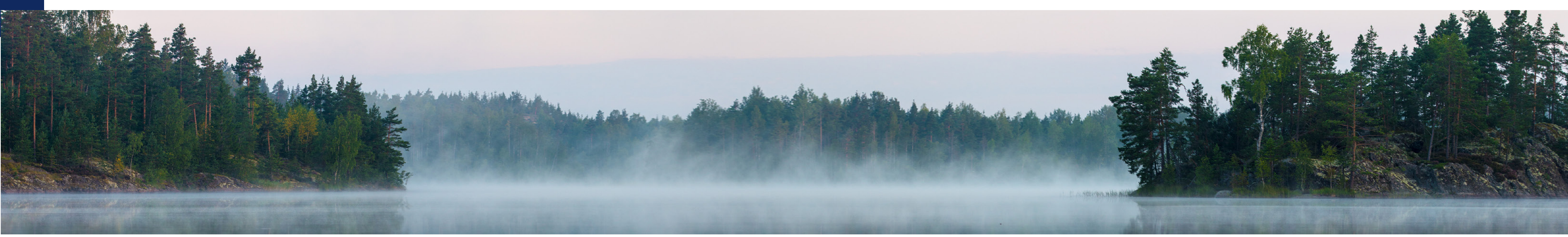
Respondent Perception of Client Preparedness

Question: Do you agree or disagree with the following statements? The majority of my clients have saved enough for retirement, but still face significant risks that can impact their sources of retirement income.



Client Self-Perception of Preparedness

Question: Do you agree or disagree with the following statements? The majority of my clients believe they have saved enough for retirement, but understand they still face significant risks that can impact their sources of retirement income.



CLIENTS ARE CONFIDENT, BUT LESS SO THAN ADVISORS

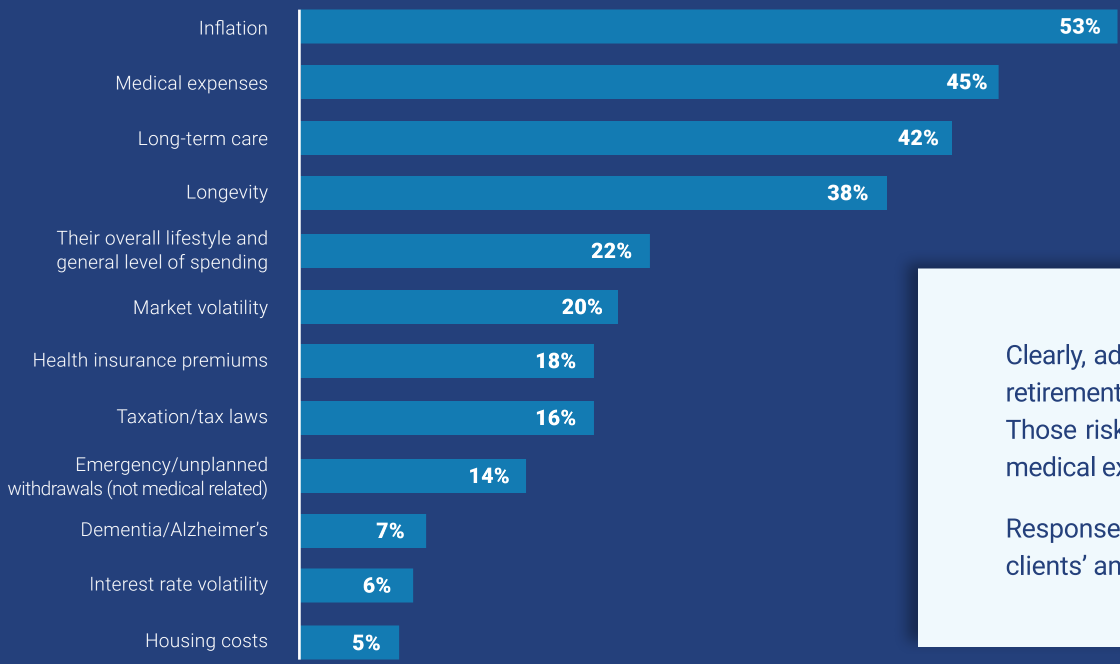
This pattern of advisor confidence being slightly higher than the confidence advisors assess among their clients was evident in responses to similar questions. When asked if the majority of their clients have saved enough or are on track to save enough for retirement, 68% of advisors agreed, while a slightly lower 63% felt their clients would agree they had saved enough. When asked to respond to the statement, "The majority of my clients have saved enough for retirement, but still face significant risks," 62% of advisors agreed — but their perception was that a greater percentage of their clients, 69%, would agree.

An even larger discrepancy was seen when advisors were asked to respond to the statement, "The majority of my clients will not outlive their retirement savings once retired." There, 63% of advisors agreed, but only 54% felt their clients would agree.

Primary Risks to Client Retirement Income Plans

Inflation is considered the primary risk to client retirement income plans, followed by medical expenses, long-term care and longevity.

Question: Which of the following do you think pose the biggest risks to your clients' retirement income plan? (Select up to three.)



Clearly, advisors sense that while clients are basically confident in their ability to fund retirement, they also are somewhat more anxious about possible risks than are advisors. Those risks to client retirement income plans, say advisors, are inflation, followed by medical expenses, long-term care, longevity and a client's general level of spending.

Responses from advisors regarding questions concerning withdrawal rates and their clients' anticipated years in retirement raise some potentially challenging issues.

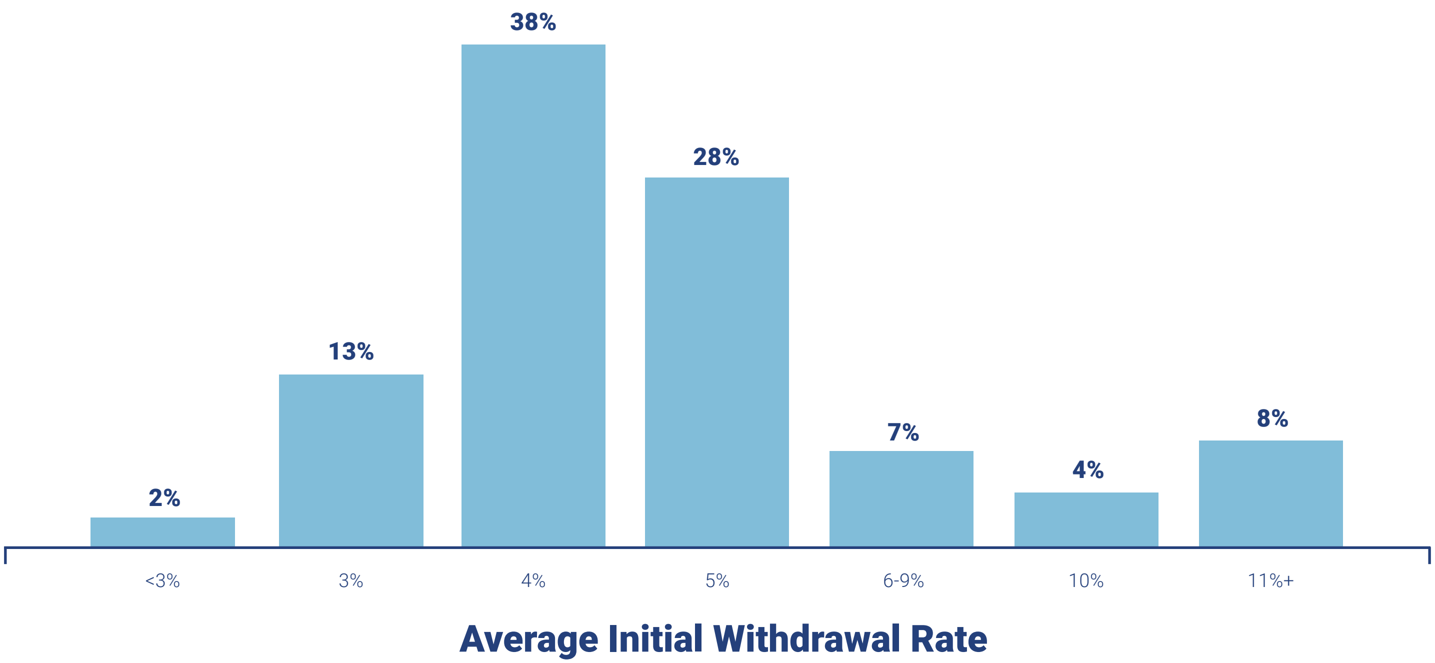
WITHDRAWAL CHALLENGES...

When asked what withdrawal rate they would apply initially as their clients enter retirement, the typical respondent reports applying a mean 7.3% rate. Just under half of respondents expect that rate to increase in the next five years; very few expect it to decrease. That withdrawal rate is far above the 4% level long considered a “safe” rate for a 50-50 stock-bond portfolio. That level of drawdown historically has shown that it allows retirement assets to last for 30 years of retirement. While many advisors have increased their suggested withdrawal rates during bull markets, many planners and academics now consider that even a 4% withdrawal rate may be too high considering the historically low interest levels that currently prevail in fixed-income markets and are likely to prevail even if rates rise.

Average Initial Withdrawal Rate & Expected Changes in 5 Years

The typical respondent reports applying a mean 7.3% initial withdrawal rate to clients who are retired.
Just under half of respondents expect that rate to increase in the next five years; very few expect it to decrease.

Question: What is the average initial withdrawal rate (%) you most frequently apply to a client who is retired?



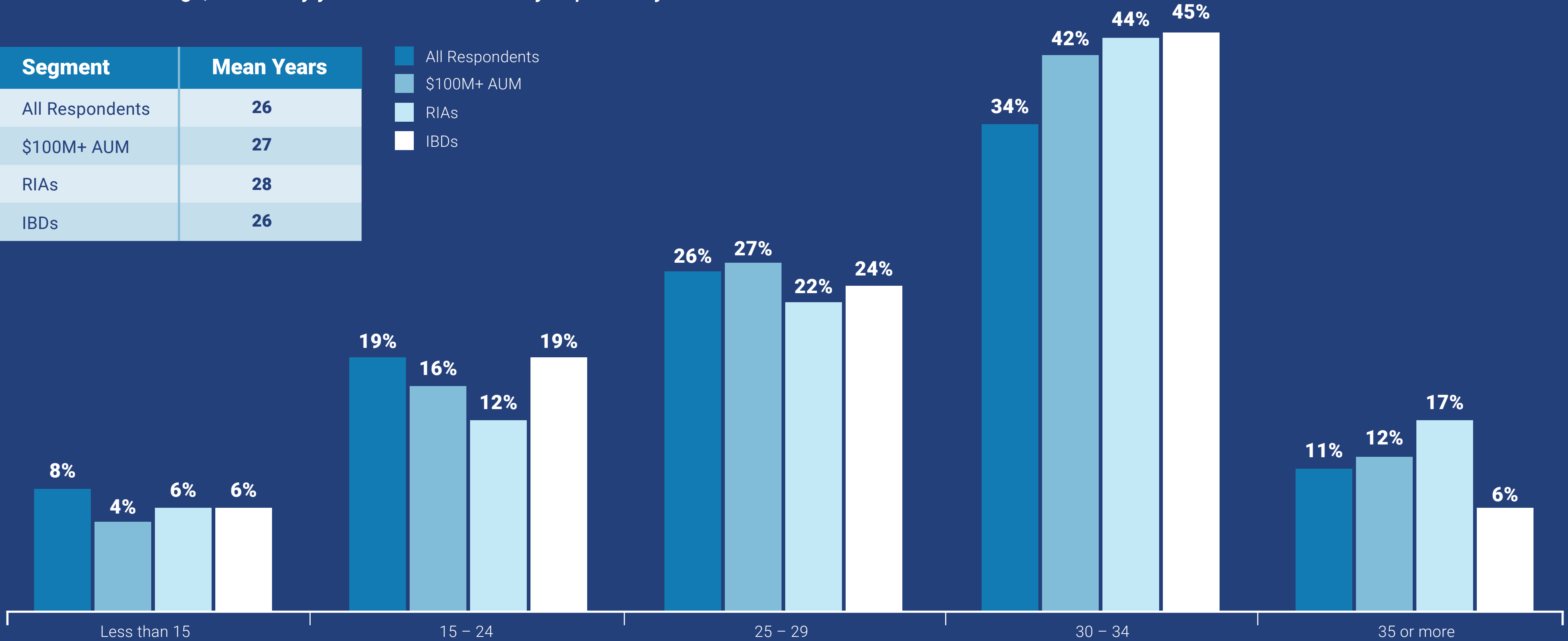
Segment	Mean %
All Respondents	7.3
$100M+ AUM	5.3
RIAs	5.7
IBDs	8.7

Retirement Years Planned for on Behalf of Clients

While the typical respondent plans for an average 26 years of retirement for clients, 45% plan for 30+ years.

Question: On average, how many years of retirement do you plan for your clients?

Segment	Mean Years
All Respondents	26
$100M+ AUM	27
RIAs	28
IBDs	26



Equally problematic is that while the typical respondent plans for an average 26 years of retirement for clients, 45% plan for 30 and more years of retirement. At a withdrawal rate of 7%, even a $1 million portfolio would provide retirement income for only about 17 years depending on a variety of factors including inflation and an individual's or couple's tax rate.

Since reaching for yield in fixed-income markets and higher returns in equity markets typically means assuming greater risk, investors near and in retirement need other approaches to generate the income they are likely to need in retirement.

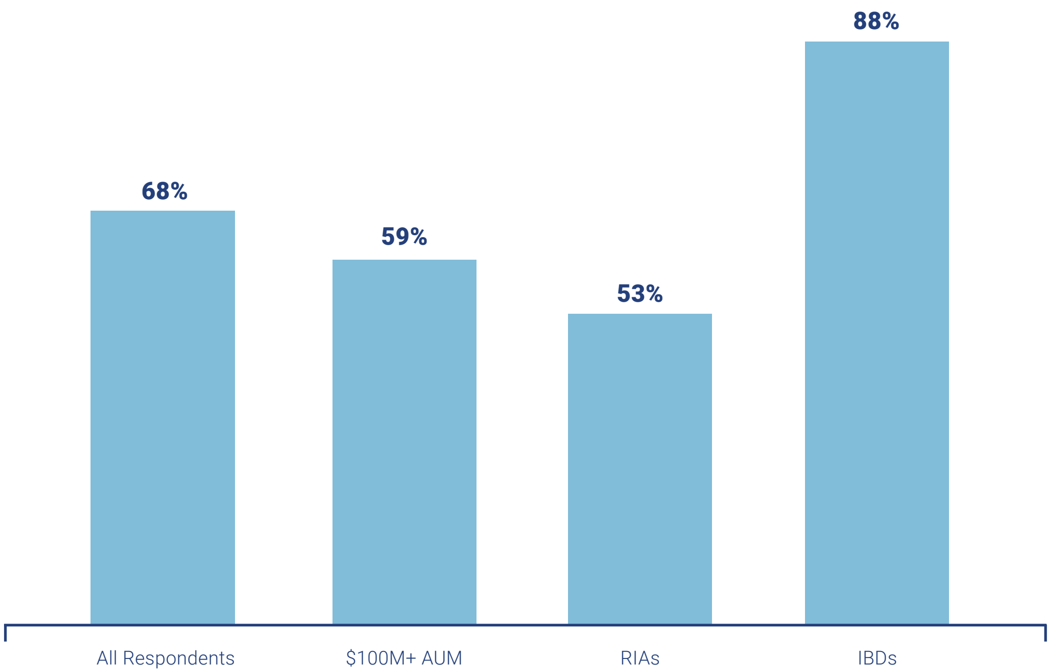
…AND OPPORTUNITIES

Annuities can provide the income enhancement opportunities clients seek. In fact, a majority of respondents in all channels report including annuity products in their clients' retirement income plans. And the typical respondent reports that an estimated mean of 31% of their client base has retirement income plans that include annuity products.

Inclusion of Annuity Products in Client Retirement Income Plans

A majority of respondents report including annuity products in their clients' retirement income plans. IBDs are particularly likely to do so.

Question: Do you include annuity products in your clients' retirement income plans?

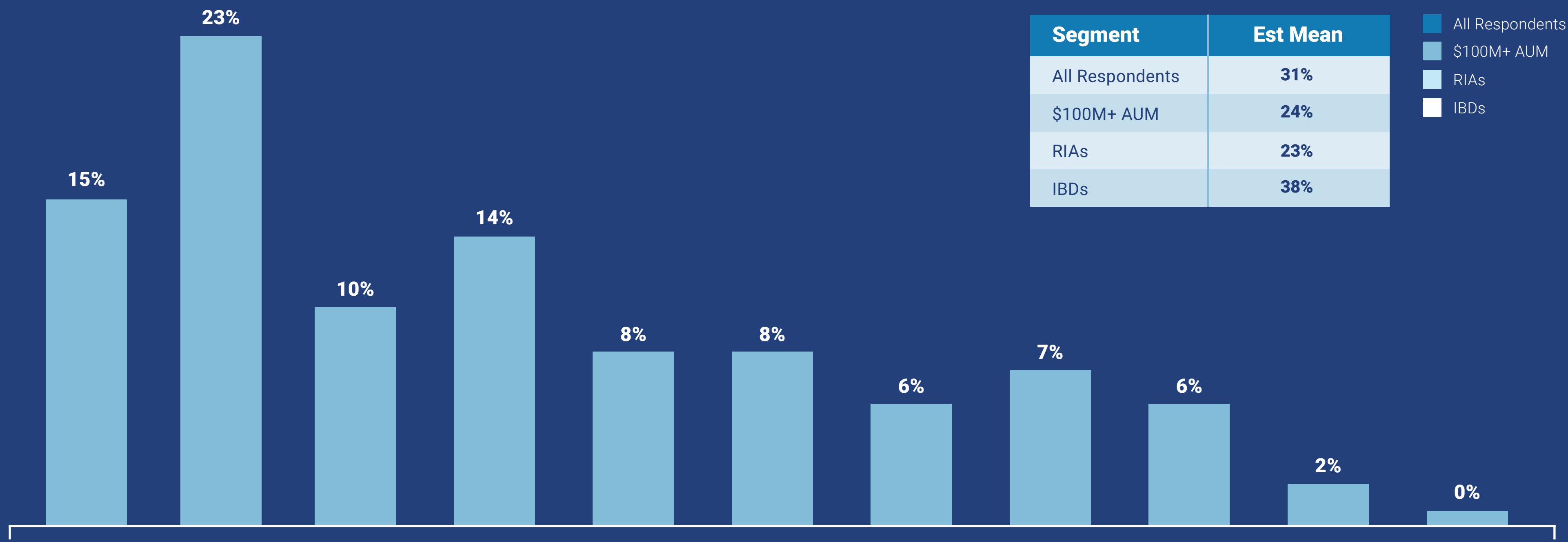


% Including Annuity Products

Percent of Clients with Retirement Plans Including Annuity Products

The typical respondent reports an estimated mean 31% of their client base have retirement income plans which include annuity products.

Question: Approximately what percentage of your client base has an annuity product in its retirement income plan?



Segment	Est Mean
All Respondents	31%
$100M+ AUM	24%
RIAs	23%
IBDs	38%

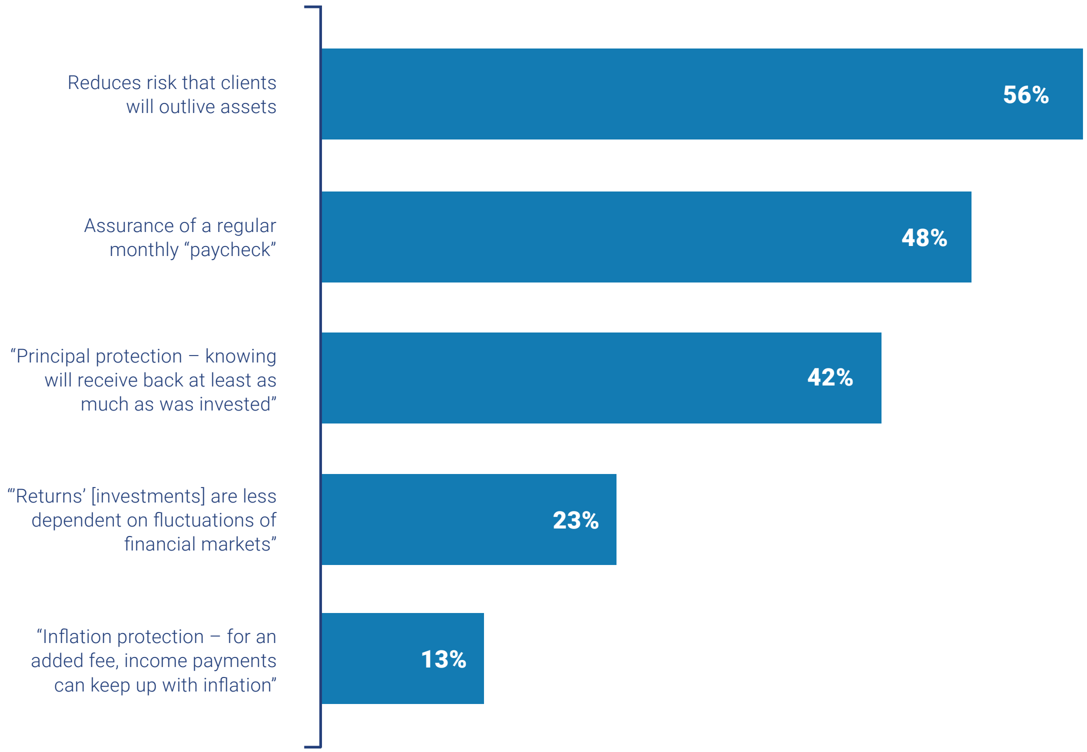
The benefits of an annuity that most resonate with clients are that they reduce risk the client will outlive assets and the assurance of a regular monthly income stream. To achieve those benefits, the typical respondent reports an estimated mean 28% allocation to annuities.

Respondents expressed the greatest agreement that annuities help mitigate worry around maintaining lifestyle in retirement, make it easier to create a simple, manageable retirement plan, offer desirable diversification and serve as a value risk management vehicle.

Client Perception: Most Resonant Benefits of an Annuity

The benefits of an annuity that most resonate with clients are that they reduce risk the client will outlive assets and the assurance of a regular monthly "paycheck."

Question: Which two benefits of an annuity resonate most with your clients? (Select up to two.)



TOP-3	<$100 AUM
Reduces risk that clients will outlive assets	52%
Principal protection	44%
Assurance of a regular monthly "paycheck"	39%

TOP-3	RIAs
Assurance of a regular monthly "paycheck"	56%
Reduces risk that clients will outlive assets	56%
Principal protection	36%

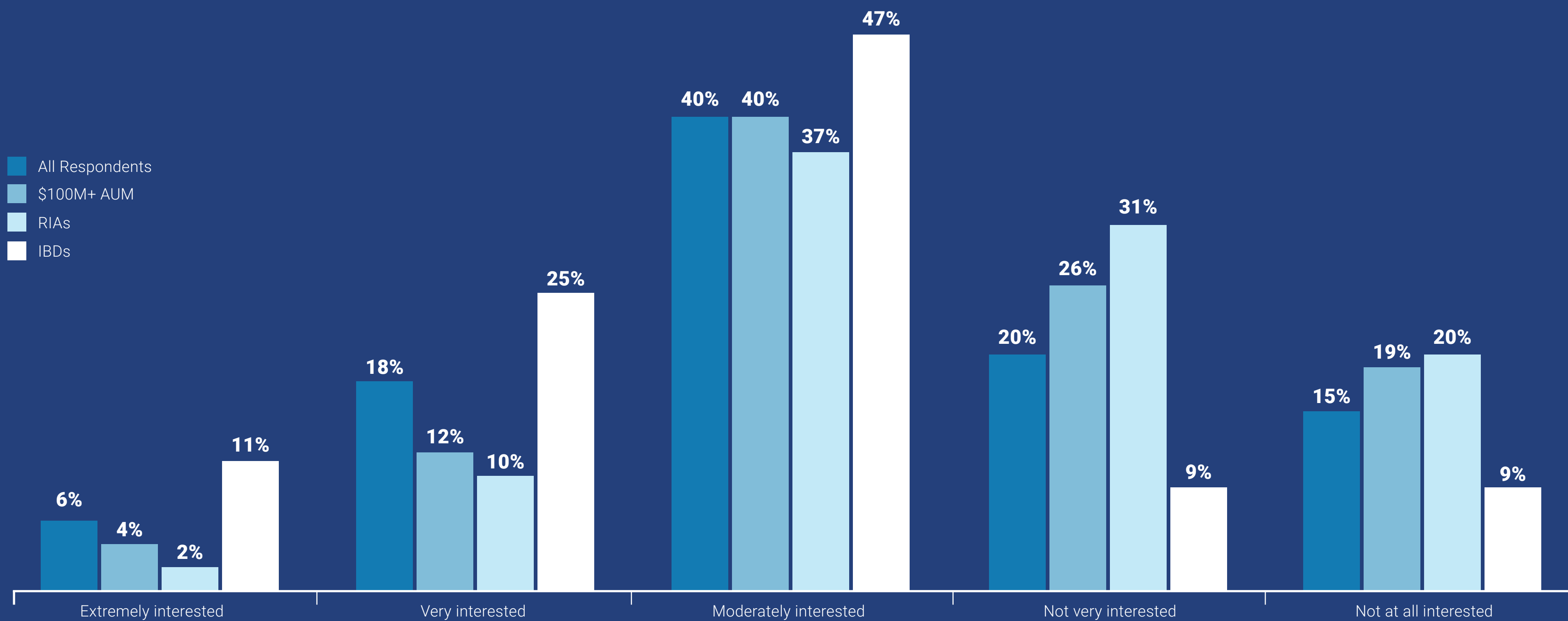
TOP-3	IBDs
Reduces risk that clients will outlive assets	61%
Principal protection	49%
Assurance of a regular monthly "paycheck"	47%

Despite the positives, respondents report a lukewarm level of client interest in annuity products, with 35% not interested, and 40% only moderately interested. Similarly, respondents report tepid client interest in guaranteed lifetime income products, with 33% not interested, and 36% only moderately interested.

Client Interest in Annuity Products

Respondents report a lukewarm level of client interest in annuity products, with 35% not interested, and 40% only moderately interested.

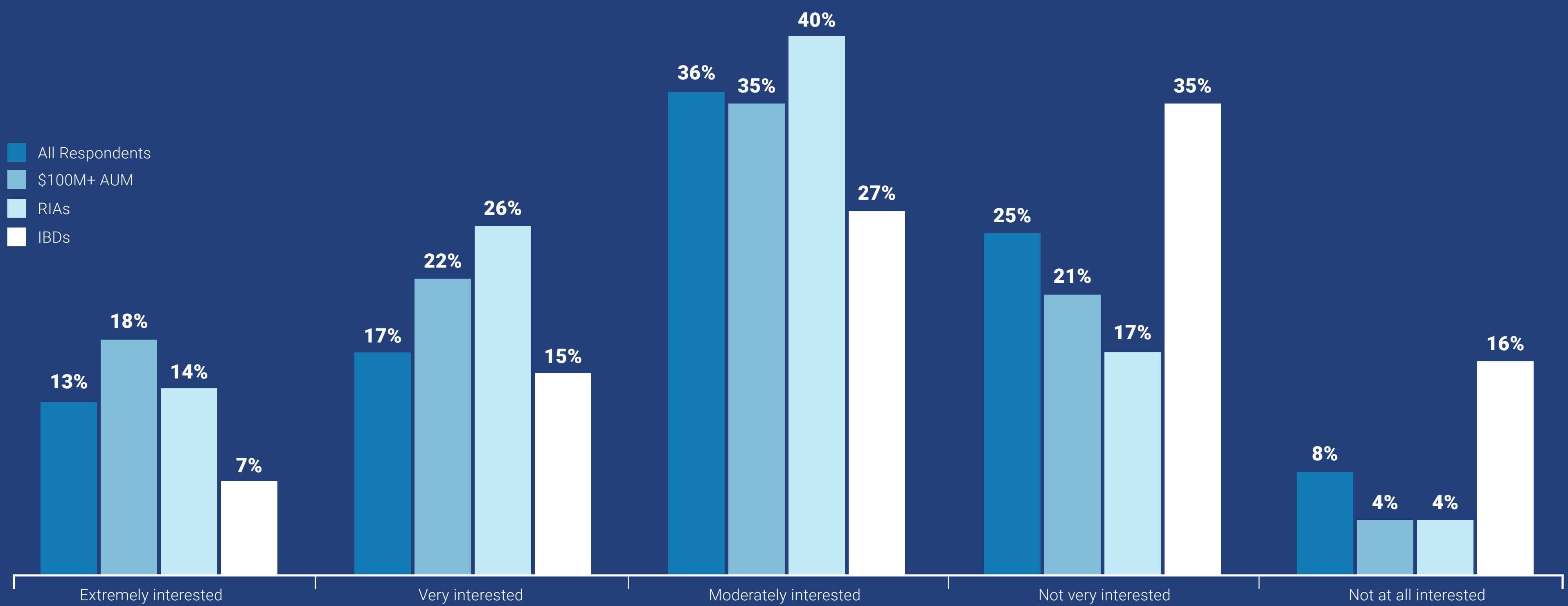
Question: How interested are your clients in annuity products?



Client Interest in Guaranteed Lifetime Income Products

Similarly, respondents report a lukewarm level of client interest in guaranteed lifetime income products, with 33% not interested, and 36% only moderately interested.

Question: How interested are your clients in guaranteed lifetime income products?



Those results confirm the persistence of what academics call the annuity puzzle. The puzzle is that while most people like what annuities provide — lifetime guaranteed income — they don't particularly like buying an annuity. Some believe the reluctance stems from the sense of loss that comes from giving up control of an asset. Behavioral economics see it as a framing issue where, for some people, the pain of perceived loss is greater than the gain of greater income. Those who choose to buy an annuity typically see it the other way: The income security they receive outweighs any downside.

For advisers, the answer may lie in framing annuity discussions as longevity insurance and discussing the benefits of a guaranteed income source, rather than looking at an annuity through an investment prism.

TAKEAWAYS AND SUGGESTIONS

The comprehensive data in this survey offers a wide-ranging view of the retirement-planning issues facing advisors and their clients. With most advised clients approaching or in retirement, the results touch on points central to most advisors' business strategy.

Based on the survey data, the following are some takeaways framed as suggestions. They are designed to help advisors develop successful retirement income plans for their clients.

- **Focus more on risk, less on performance.** While clients may not always articulate their concerns, survey results indicate clients probably are somewhat more anxious than advisors about the risks they face in retirement — inflation, medical expenses, long-term care and longevity chief among them. Couple their concerns with the current unsettled economic and geopolitical environment and it's likely that discussions and recommendations connected with risk mitigation and risk reduction will resonate with clients more than discussions about performance. A desire for stability, safety and protection are likely to be recurrent themes among clients in coming years.

- **Specificity about retirement income/expenses can reduce anxiety.** Advisors and clients spend so many years focused on accumulating assets they often tend to devote less attention to the specifics of decumulation. The survey's evidence of advisor and client plans for relatively high withdrawal rates indicates that clients may need more advice from advisors in understanding and planning for the retirement income factors they can control in order to make their assets last. These include spending/withdrawal trade-offs, saving more during remaining working years, possibly delaying retirement and/or receiving Social Security benefits, and perhaps working part-time in retirement.

- **Approach retirement income/expenses differently.** During their working years, most people tend to spend what they earn, minus what they save and invest and allocate to charity. In retirement, sources of income vary, often being drawdowns from various accounts, Social Security, possibly a pension and sometimes work. Expenses, at least at the start of retirement when discretionary spending may be high, often may be difficult to calculate since many people do not have a solid idea of what they spend. Using a technique that behavioral economists have developed, advisors may be able to assist and guide clients in getting a better handle on retirement expenses and income by discussing those categories in terms of buckets or asset/liability matching. Expenses, for example, may be grouped in fixed and variable categories. Clients are likely to feel more secure if they understand they can cut back on variable expenses if investment returns are lower than expected. Similar security can come from knowing that fixed expenses, which are more like liabilities, are covered by guaranteed income sources such as Social Security benefits and annuity payouts.

- **Tackle the annuity puzzle a new way.** Many people think of the guaranteed lifetime income payments they receive from an annuity as a personal pension — and most people view defined benefit pensions as being very desirable and want one. At the same time, and as the survey data confirm, most respondents report a lukewarm level of client interest in guaranteed lifetime income products. By focusing on the insurance and guaranteed income properties of annuities, advisors can help clients feel more secure about retirement and enable them to spend more in retirement than they might otherwise. Without delving too far into the insurance weeds, advisors can explain that because insurers pool the longevity risk of a large customer base, annuity buyers who live longer receive income they likely would not otherwise be able to generate from their assets.

- **Decumulation requires a broader approach.** Advisors often continue to employ the asset management strategies they used in a client's accumulation phase when the client moves to decumulation. When asked about the importance of factors in developing a retirement plan for clients, 44% of respondents said that having an inflation plan in place was only somewhat important or not important, followed by estate planning and legacy issues (42%), healthcare and medical care risk (42%), and Social Security claiming strategies aimed at increasing retirement income (41%). Clearly, with clients concerned about risk and income, a greater focus on these and other services, especially in the area of liability management, are what is needed to provide true wealth management as clients move into their decumulation phase.

METHODOLOGY AND PROFILE OF SURVEY RESPONDENTS

Beginning February 1, 2022, WealthManagement.com emailed to active users an invitation to participate in an online survey. By February 18, 2022, Informa Engage had received 381 completed surveys.

Survey respondents represented a cross-section of firm types, with 29% at independent registered investment advisory (RIA) firms, 21% affiliated with an independent broker-dealer (IBD), 12% with an insurance company, and the remainder with banking institutions, regional and national brokerage firms and hybrid organizations.

The largest share of respondents, 31%, identified themselves as an Investment Adviser Representative. This was followed by registered representative at 19%, financial planner (16%), insurance agent or broker (8%) and principal of an independent advisory firm. A variety of other affiliations and none accounted for the remainder.

While the typical respondent reported an estimated median $38 million in assets that are personally managed or advised, the range of assets under management (AUM) was broad and almost evenly distributed. The 18% of advisers who manage $50 million to $99.9 million in assets constitute the largest single AUM segment, while the share of advisors managing $500 million to $999.9 million and those managing more than $1 billion, at 3% and 5%, respectively, were the smallest.

Overall, respondents are most likely to serve mass affluent clients (those with $300,000 to $999,000 in assets) and high-net-worth clients (those with $1 million to $2.9 million), followed by mass affluent clients ($100,000 to $299,000).

Among respondents, 41% say they serve high-net-worth clients ($3 million to $4.9 million) and 29% say they serve very high-net-worth clients — those with between $5 million and $29.0 million in assets.

An overwhelming majority of respondents report their clients pay for advisory services through fees based on a percentage of assets. Just over half of IBD clients pay via commissions.