

Retirement Reset: From Crisis to Confidence

These past few months have forced us all to adapt to a dramatically new dynamic that's impacting every aspect of our lives. In navigating through this challenging time, advisors have often needed to pivot to continue successfully managing their practices and serving their clients.

The Great Reset

While many refer to our current reality as the New Normal, we prefer to think of this as an opportunity for the Great Reset, which conveys an element of continuous improvement. For our industry, this presents an opportunity to both shape the future of retirement by building and developing investment strategies and portfolios that help clients plan for a successful retirement and reset the way we do business; connecting with clients in a virtual environment and from the comfort of their homes and our home offices.

Changing client sentiment

There's no doubt we're facing a multitude of uncertainties, but one thing is for sure: financial professionals have never been more essential. Client sentiment is shifting, particularly among those approaching retirement age who have been disproportionately impacted by the COVID crisis, both in terms of health implications and market volatility. Among pre-retirees, 70 percent say they are more pessimistic about the quality and security of their retirement plans now than they were before the pandemic. Nearly half are making changes to those plans ¹, often delaying retirement and continuing to work longer than they had wanted. More than anything, they need a sense of retirement security.

So, how do we turn this crisis into confidence? President of Annuities, Lincoln Financial Distributors and Lincoln Financial Network Will Fuller recently spoke on the subject at the Investment News Retirement Income Summit. He shared some practical concepts to consider as financial advisors strive to give clients confidence in their financial future:

Communicate and Listen

In the midst of this crisis, clients aren't looking to advisors strictly for financial advice. They need advisors to listen -- really listen -- and care about what they're saying. Rather than hitting on historical market performance or explaining investment theory, advisors should start by asking clients a few personal questions:

- How are you and your family doing?
- What are you doing to stay safe and healthy during this difficult time?
- What's keeping you awake at night?
- What's most important to you?
- How are you feeling?

More than ever, consumer decisions are being driven by emotions and feelings, so we want to give clients time to share what's on their minds. It can be very powerful to hear what they have to say.

Power of Protection

Clients desperately need to feel protected and it's no wonder. The S&P 500 dropped 34 percent and we experienced the first bear market in over a decade. The steady decline of interest rates culminated in a 10-year treasury decline of 84 percent over two years to a new low of 0.5 percent ². All this can be very unsettling for investors.

When it comes to investment products, clients are looking for safety, growth, and a reasonable cost for benefits. When protection is introduced to a portfolio, client satisfaction skyrockets to 90 percent. ³

Annuities have long been a solution that marries protection with growth, but over the past decade, a number of innovations have made them even more appealing:

- Greater simplicity and transparency
- More choices for protection
- An array of product options

- New low-cost options

Annuities represent a \$20 billion market and are growing fast³. Additionally, research from The Guaranteed Lifetime Income Study shows that when protection is introduced to a portfolio, client satisfaction skyrockets⁴. So, if advisors aren't talking with clients about ways to protect their retirement assets, now might be the perfect time to begin the discussion.

Whether it's the COVID pandemic, the 2008 financial crisis or the internet bubble of the 1990s, history has taught us there will always be periods of uncertainty. By facing this uncertainty head-on, embracing change and evolving to meet changing needs, advisors can take clients from crisis to confidence.

Watch what President of Annuities, Lincoln Financial Distributors and Lincoln Financial Network Will Fuller had to say on the power of protection in the video below.

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¹ Alliance for Lifetime Income, COVID Retirement Reset Report, July 2, 2020

² S&P 500 historical data

³ LIMRA Secure Retirement Institute (LIMRA SRI) Second Quarter U.S. Annuity Sales Survey.

⁴ Greenwald and Associates, "Guaranteed Lifetime Income Study," 2018.

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LCN-3233128-090820