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BARNUM
FINANCIAL GROUP

Behavioral Drivers for Financial Services



Preferences, priorities, and challenges that working Americans, across generations, face when seeking financial advice.



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About the Study

Barnum Financial Group is dedicated to empowering Americans in the workplace to achieve their financial goals. We understand the complexities of navigating today's financial landscape, and we're committed to providing the guidance and resources needed for success.

This comprehensive study dives into the evolving financial behaviors of working Americans across a variety of factors, including generational, household income, gender, and employment status and more!

We explore emerging financial needs and discuss what products and services will be most relevant to Americans in the next 1-3 years, while considering changing economic realities.

We also recognize that understanding client pain points is crucial. The study identifies:

- **Client Frustrations and Fears:** What specific anxieties and unmet needs do Americans in the workplace face when navigating their finances?
- **Causes of Client Dissatisfaction:** We analyze products, tools, and features that lead to frustration, often causing a switch to another advisor. By understanding these challenges, Barnum can develop solutions that:
 - Address client anxieties and build confidence in financial decisions.
 - Simplify financial planning with user-friendly tools and clear communication.

National Research Study Methodology

The research study included a total of 1,000 U.S. participants ages 18 to 70 weighted to the 2020 U.S. Census for age, region, gender, and ethnicity. All participants were currently employed full-time or part-time with a minimum total annual household income of \$75,000. The research study was conducted online from March 27, 2024, to April 12, 2024. The margin of error is +/-3.1 percentage points.

Executive Summary

This is a comprehensive analysis of the factors influencing working Americans' decisions when selecting a financial advisor. By understanding the preferences, priorities, and challenges of different generations, financial advisors can tailor their strategies to build stronger relationships and attract new clients.

Understanding Client Needs and Expectations

Individuals are increasingly seeking financial advice to address a variety of needs, including retirement planning, debt management, and estate planning. However, emotional barriers often hinder individuals from taking action, finding the process intimidating or believe they lack the necessary financial resources.

Key Factors Influencing Advisor Selection

- **Trust and Relationships:** Personal recommendations and referrals from trusted sources remain a primary driver for selecting a financial advisor.
- **Expertise and Knowledge:** Clients value advisors who are knowledgeable, experienced, and able to provide personalized advice.
- **Accessibility and Communication:** Effective communication and timely responses are crucial in building strong client relationships.
- **Fee Transparency:** Clear and transparent fee structures are essential for building trust and avoiding misunderstandings.
- **Personalized Service:** Tailored advice and a focus on individual needs are highly valued by clients.

Addressing Client Concerns and Tailoring Services

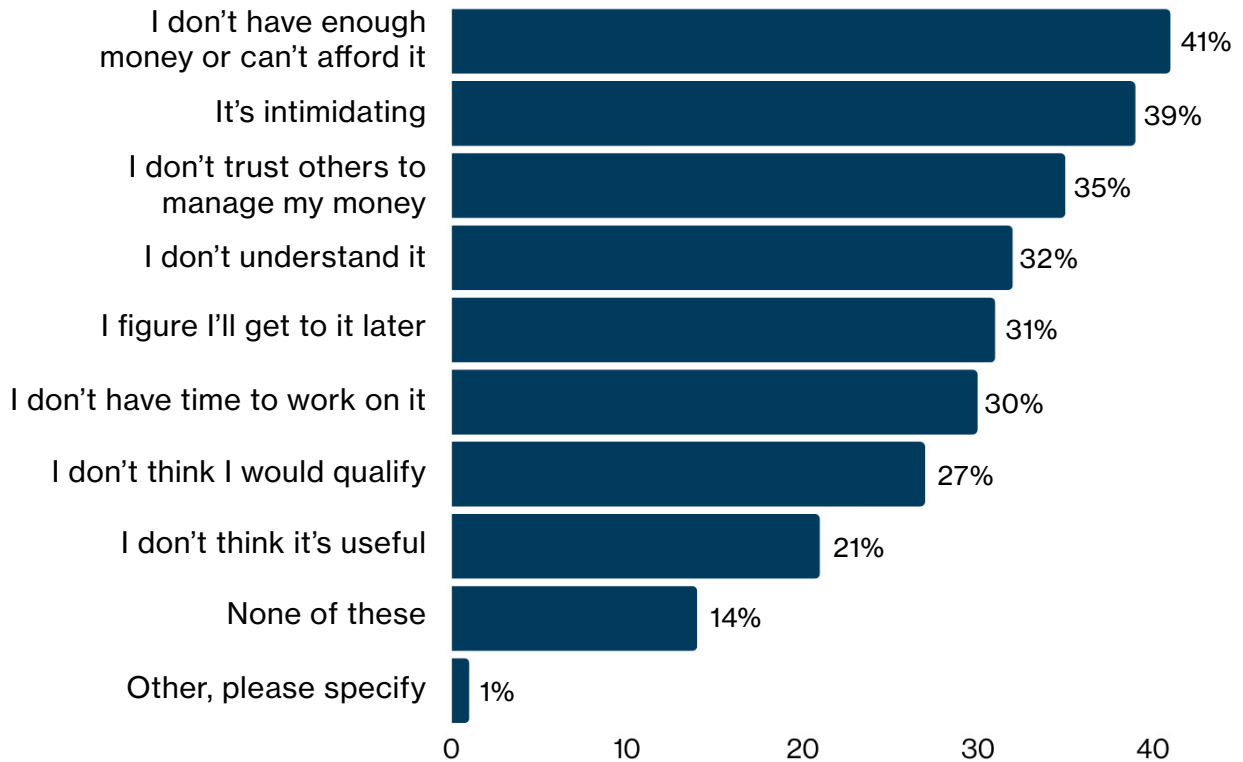
To effectively address client needs and build lasting relationships, financial advisors should:

- **Build Trust:** Foster open and honest communication, prioritize client interests, and demonstrate empathy.
- **Provide Clear and Concise Explanations:** Simplify complex financial concepts and tailor explanations to individual clients' understanding.
- **Offer Personalized Advice:** Develop customized financial plans that align with clients' unique goals and risk tolerance.
- **Leverage Technology:** Utilize digital tools to enhance communication, streamline processes, and provide convenient access to information.
- **Continuously Educate Clients:** Provide ongoing education and resources to help clients make informed financial decisions.
- **Adapt to Evolving Client Needs:** Stay abreast of industry trends and adjust services to meet changing expectations.

By understanding the factors that influence client behavior and implementing these strategies, financial advisors can position themselves as trusted partners and help clients achieve their financial goals.

The Emotional Challenges of Working Americans

**What most prevents you from considering working with a financial advisor or insurance professional?
(BY TOTAL)**



Despite knowing that seeking advice from a financial advisor is important, working Americans struggle with various concerns that prevent them taking action. Some respondents find it intimidating (39%), while others believe they don't have enough money or can't afford it (41%).*

Financial advisors operate in a rapidly changing landscape, facing challenges such as evolving client expectations, intense competition, technological advancements, and regulatory changes. 34% of working Americans think that finding and trusting the right people is the most frustrating aspect of dealing with financial services. Cutting through those concerns and more (30% of respondents don't know where to start) is something a financial advisor should consider.*

To thrive in this environment, advisors need to adapt their approach and focus on building strong relationships, leveraging technology, tailoring services, and staying informed about industry trends.

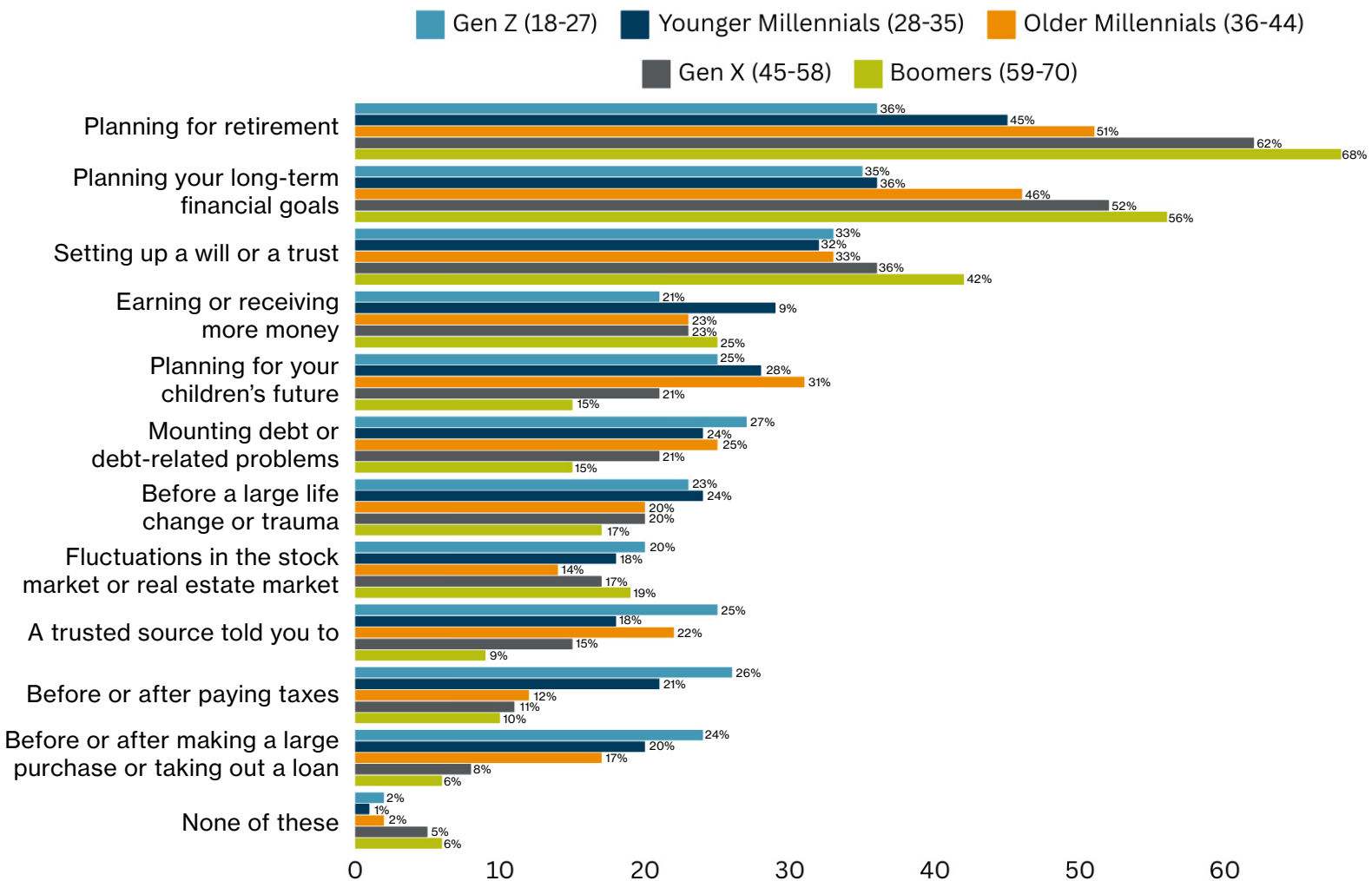
Strategies for Success

To overcome these challenges and achieve long-term success, financial advisors should:

- Prioritize understanding clients' unique needs and goals to provide personalized advice and build trust.
- Embrace digital tools and platforms to enhance communication, streamline processes, and offer innovative services.
- Recognize the diverse needs of different generations and tailor their offerings accordingly.
- Continuously update their knowledge and skills to stay ahead of industry trends and regulatory changes.
- Develop a unique value proposition that sets them apart from competitors.

Drivers for Financial Advice

WHAT EVENTS IN YOUR LIFE WOULD MOST INFLUENCE YOU TO SEEK OUT A FINANCIAL ADVISOR? (BY GENERATION; RANKED #1/#2/#3)



The study reveals a range of life events that influence individuals' decisions to seek financial advice. While retirement planning (53%) consistently emerges as a top motivator, it's not the only driver for financial advice.

- Long-Term Goals:** Establishing long-term financial goals, such as saving for a child's education or purchasing a home, is another motivator, with 46% of respondents citing it. Another example would be estate planning with 35% of individuals seeking financial advice to help set up a will or trust. Again, older generations are motivated more than their younger counterparts, as long-term care could be an upcoming concern for them.
- Financial Milestones:** Life events, such as earning or receiving more money (24%), planning for children's futures (24%), or experiencing mounting debt (22%), can trigger the need for professional guidance, especially for younger generations who may be establishing their financial foundations.

- **Life Transitions:** Major life changes, such as marriage, divorce, or the birth of a child (21%), often necessitate adjustments to financial plans. It's no surprise that Younger Millennials (28%) and Older Millennials (31%) are most concerned with planning for their children's future.
- **Market Fluctuations:** Economic downturns or volatility in the stock market or real estate market (18%) can prompt individuals to seek financial advice to mitigate risks and protect their investments. Fluctuations in the stock market or real estate market would most influence Executives (26%) to seek out a financial advisor.
- **Recommendations:** Trusted sources, such as friends, family, or colleagues, can play a role in influencing the decision to seek financial advice (18%). Executives (26%) are more likely than managers (19%) or employees (12%) to say that a trusted source told them to.*

Generational Differences

- **Older Generations:** Boomers and Gen X are more likely to be influenced by retirement planning and long-term financial goals, reflecting their proximity to these life stages, as these are their top two concerns, followed closely by 'Setting up a will or a trust.'
- **Younger Generations:** Conversely, Gen Z and Younger Millennials are more influenced by tax-related events and major life changes, reflecting their evolving financial needs and responsibilities. But the young generations have a healthy concern for the same long-term goals as those who have come before them.

Understanding These Drivers

By identifying these key events, financial advisors can proactively reach out to clients at critical junctures in their lives. It's not only about communicating, but tailoring communication preferences to the desired advice.

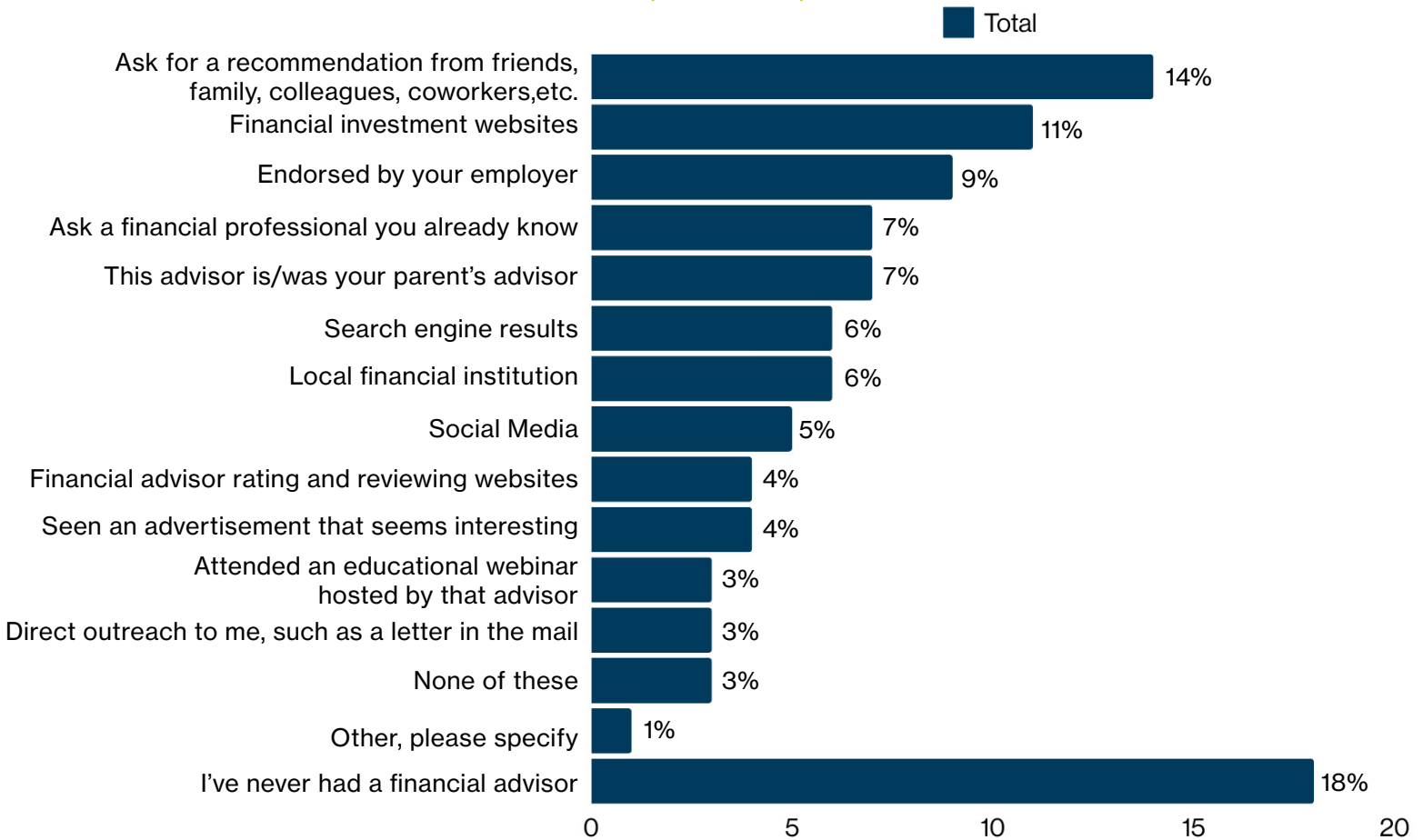
For example, for a review of a portfolio's financial performance, 33% of respondents prefer an in-person meeting, but getting a basic question answered finds the top two results with a phone call (23%) or through email (21%).

Consider the generational divide when communicating with clients. While 37% of Boomers prefer to meet quarterly, Gen Z believes weekly communication (34%) is the best avenue to financial success.* Understanding these generational differences is crucial for financial advisors to tailor their communication and services effectively. This support can help clients navigate these life changes with confidence and achieve their financial goals. More important, being present and there for clients, catering to their expectations, will build a meaningful relationship between advisor and client.



Selecting the Right Financial Advisor

HOW DID YOU FIND YOUR CURRENT OR LAST FINANCIAL ADVISOR? (BY TOTAL)



One of the more surprising findings is that 18% of respondents have never had a financial advisor. For those working Americans who have a financial advisor, the study highlights the importance of recommendations, online resources, and personal connections.

Trusted Recommendations: Across all generations, recommendations from friends, family, colleagues, or other trusted sources remain the primary factor in selecting a financial advisor (58%). This reflects the importance of personal relationships and word-of-mouth referrals.

Financial Professional Referrals: Seeking advice from a known financial professional, such as a CPA or banker, is another coveted factor for many (53%). This indicates a preference for individuals with established credibility and expertise.

Online Research: Financial investment websites and online reviews are valuable resources for researching potential advisors (52% and 48%, respectively). Clearly, there is a growing influence of digital platforms in the financial services industry.

Local Institutions: Local financial institutions, such as banks or credit unions, continue to be a trusted source for financial advice (46%). This highlights the importance of building relationships with local financial professionals.

Direct Outreach: While less common (29%), direct outreach through letters or advertisements can be effective in reaching potential clients, particularly for financial advisors who have a strong online presence or a targeted marketing strategy.*

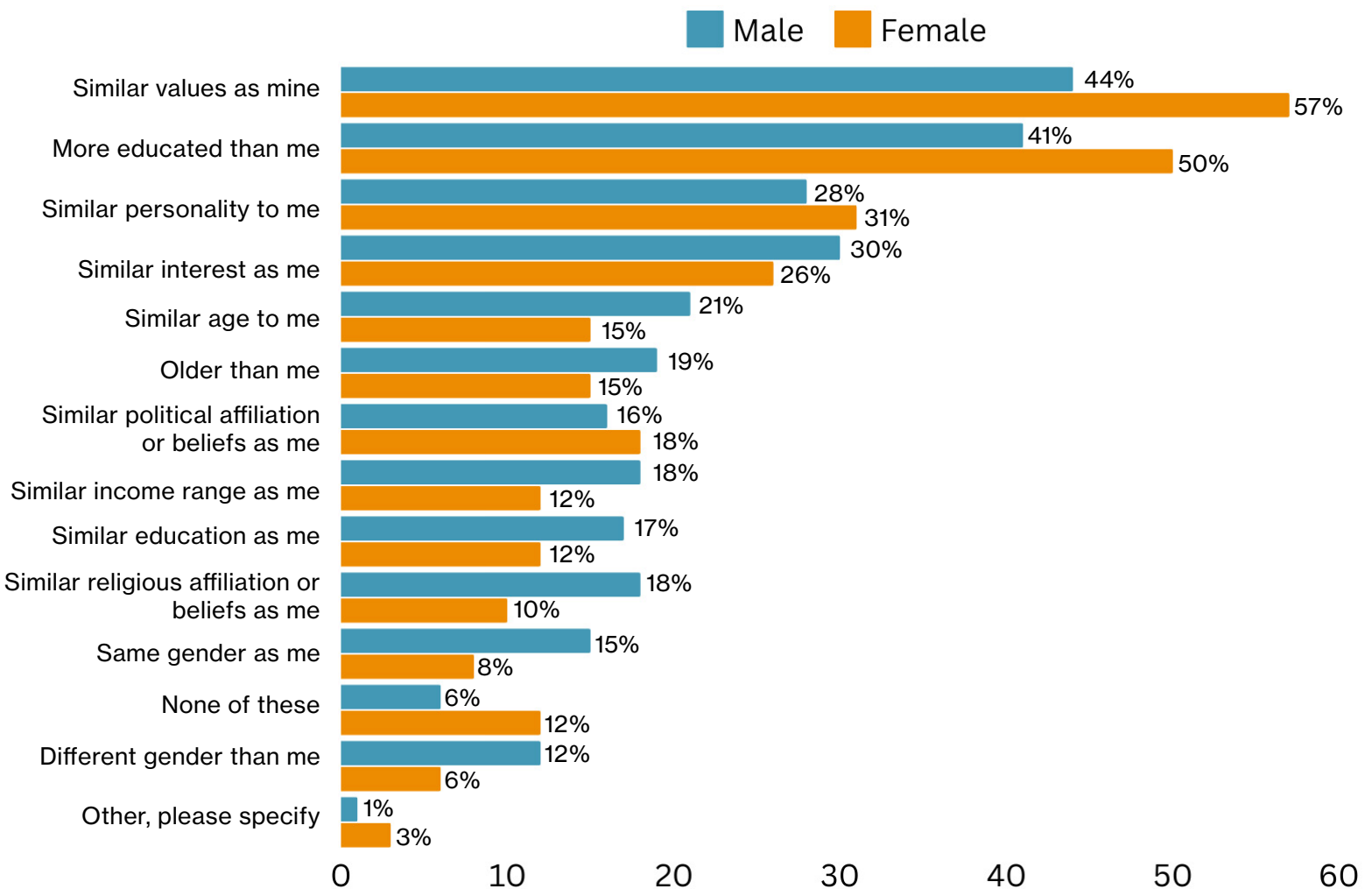
Client Preferences

Working Americans prioritize personal qualities and attributes in their financial advisors, beyond just professional expertise. A majority (51%) of respondents seek financial advisors who share their values, suggesting a desire for advisors who understand their clients' priorities and can provide guidance aligned with their beliefs. This holds true across the generational spectrum as well, ranking #1 from Boomers to Gen Z.

Similar to previous findings, more education than the client is a highly valued attribute (46%), reflecting a want for advisors with a strong foundation in financial planning. Boomers (48%) and Gen X (49%) agree, as they prefer an advisor who is more educated than they are.

Many individuals (29%) prefer financial advisors with similar personalities, interests, or ages, suggesting a desire for a personal connection with their advisor. While less prevalent, some respondents (17%) prioritize advisors with a similar income range or gender, reflecting a preference for advisors who can relate to their personal circumstances.*

WHAT PERSONAL QUALITIES OR ATTRIBUTES WOULD YOU MOST WANT IN A FINANCIAL ADVISOR? (BY GENDER; RANKED #1/#2/#3)



The Gender Divide

Women are highly more likely than men to decide on a new financial advisor by asking for a recommendation from friends, family, colleagues, coworkers, or any other trusted source (Women: 65%, Men: 50%), asking a financial professional they already know (CPA, banker, etc.) (Women: 56%, Men: 50%), and local financial institutions (bank, credit union, local fidelity office) (Women: 49%, Men: 42%).

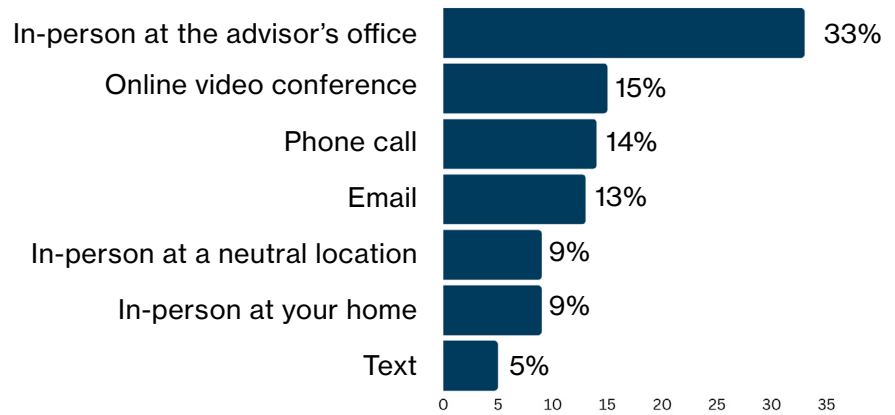
Women also prefer advisors with similar values as they're own (57%) when compared to Men (44%), who place more emphasis on advisors who have similar interests as their own (30%) when compared to women (26%).

Men are more likely than women to decide on a new financial advisor through direct outreach to them, such as a letter in the mail (Men: 32%, Women: 25%), social media (ask friends on Instagram, watch videos on YouTube, etc.) (Men: 32%, Women: 23%), and seeing an advertisement that seems interesting (billboard, online, TV, radio, etc.) (Men: 30%, Women: 16%).*

IF YOU HAD A FINANCIAL ADVISOR ASSISTING YOU WITH YOUR FINANCES, HOW WOULD YOU PREFER TO COMMUNICATE WITH THEM IN EACH SITUATION?

(BY TOTAL)

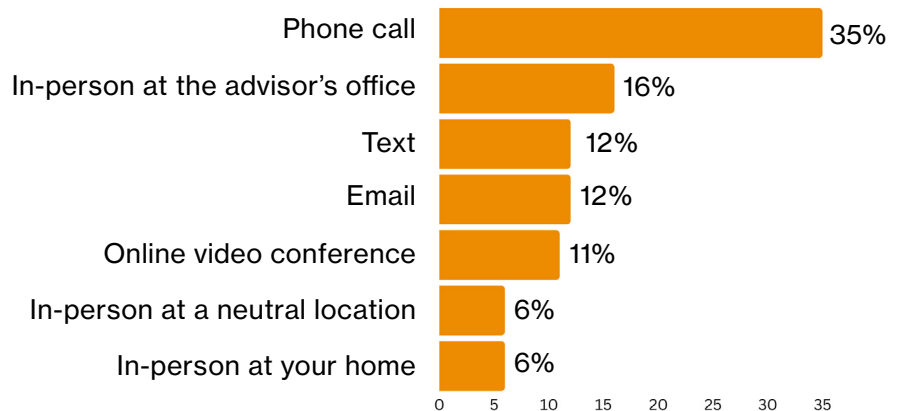
REVIEWING YOUR FINANCIAL PERFORMANCE OR POLICIES



GETTING BASIC QUESTIONS ANSWERED



GETTING A TIME-SENSITIVE QUESTION ANSWERED



Respondents also shared their preference when speaking with their financial advisor in regard to the seriousness of the matter.

In-Person Meetings

For in-depth discussions, such as reviewing financial performance or policies, a large number of respondents (33%) prefer in-person meetings at the advisor's office. This reflects a desire for personal attention, the ability to discuss complex topics in detail, and the potential for building stronger relationships.

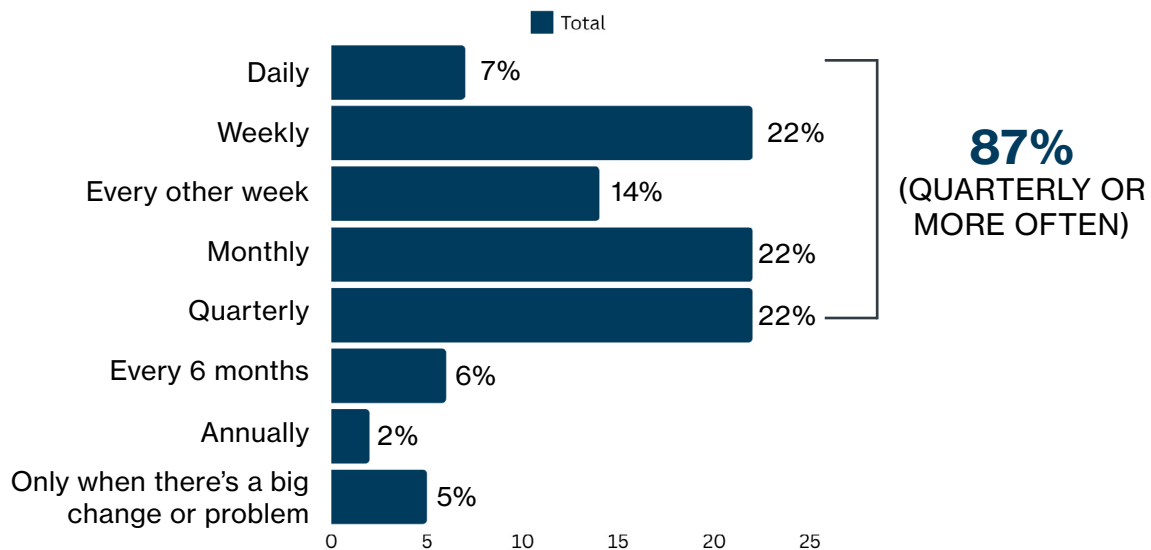
Digital Communication

Online video conferencing (15%), phone calls (14%), and email (13%) are popular options for various types of interactions, indicating a growing preference for digital communication. No doubt, this comes about from the increase adoption of technology in financial services and the convenience it offers clients.

Time-Sensitive Matters

For urgent or time-sensitive questions, phone calls are the preferred method (35%), emphasizing the importance of quick responses and real-time communication, but it's not a valued communication method if the advisor is looking to handle a quick review of policies or financial performance.*

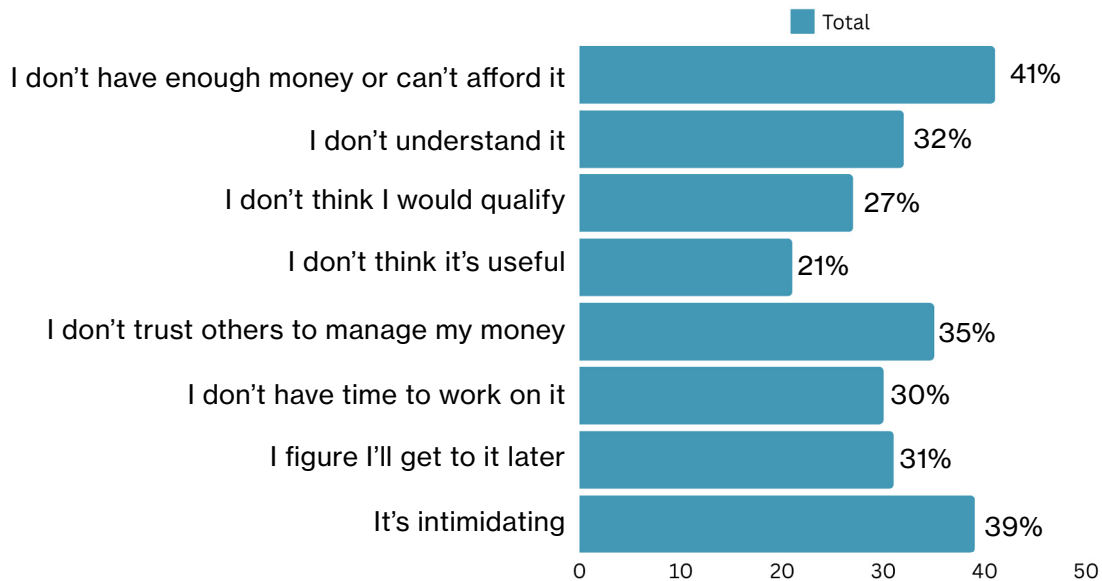
IF YOU HAD A FINANCIAL ADVISOR ASSISTING YOU WITH YOUR FINANCES, HOW OFTEN WOULD YOU LIKE TO COMMUNICATE WITH THEM? (BY TOTAL)



It wouldn't be a surprise to know that clients want to hear from their advisors, but at what frequency? 87% of working Americans want to communicate with their advisors quarterly or more often.*

Why Clients Might Leave

WHAT MOST PREVENTS YOU FROM CONSIDERING WORKING WITH A FINANCIAL ADVISOR OR INSURANCE PROFESSIONAL? (BY RANK; #1/#2/#3)



Ultimately, it's about making clients feel at ease. When asked about the most frustrating aspects of dealing with financial products and services, 34% of respondents claim it's finding and trusting the right people and 30% are unsure of how and when to start. Ignoring these fears and frustrations cause clients to leave advisors and seek guidance from other sources.*

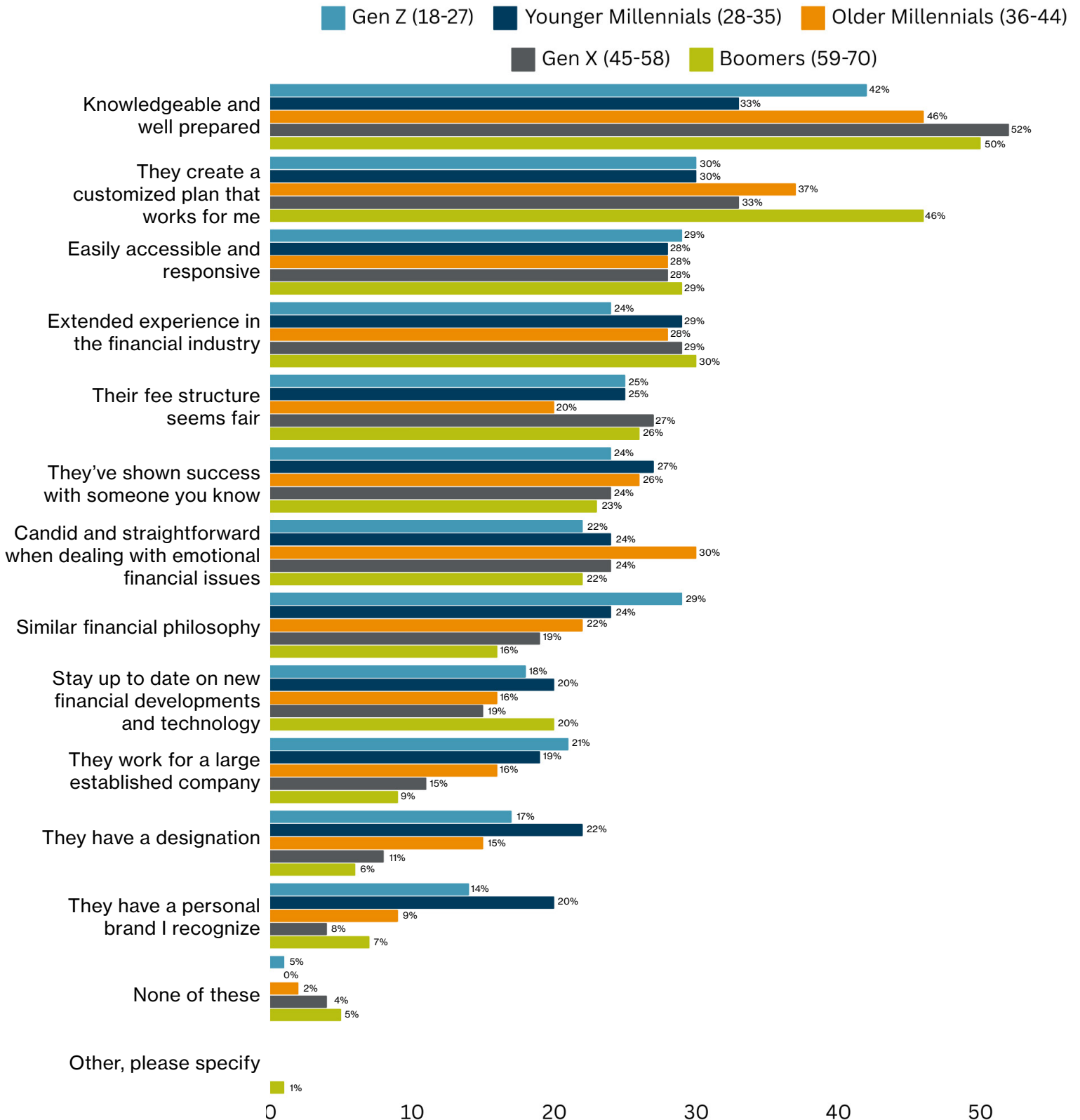
It's up to the advisor to change that perception.

By implementing the strategies for success and focusing on communication – perhaps utilizing a client relationship management tool (CRM) – financial advisors can position themselves as trusted experts, navigate the challenges of the modern financial landscape, and attract new clients.



A Generational Perspective of an Ideal Financial Advisor

WHAT PROFESSIONAL QUALITIES OR ATTRIBUTES WOULD YOU MOST WANT IN A FINANCIAL ADVISOR? (BY GENERATION; #1/#2/#3)



The study reveals distinct preferences among working Americans when seeking financial advice, highlighting the importance of specific qualities and attributes in a financial advisor.

- **Knowledge and Expertise:** Across all generations, knowledge and preparedness are consistently valued as the most essential qualities in a financial advisor, with 45% of respondents ranking it as a top priority. This reflects a desire for advisors who are well-informed about financial markets, products, and strategies.
- **Personalized Approach:** The ability to create customized financial plans tailored to individual needs is highly appreciated, particularly among Boomers (46%), perhaps highlighting the influence of life experience. The younger generations lay in the 30 percentiles on their desire for a personalized approach to their financial plans.
- **Accessibility and Responsiveness:** Ease of communication and accessibility are important factors for all generations, especially for those who prefer in-person or online interactions (29%). This reflects a desire for advisors who are readily available and responsive to client needs.
- **Experience and Expertise:** While extended experience in the financial industry is valued, it's not the sole determining factor. A combination of experience and knowledge is crucial (28%). A blend of practical experience and up-to-date expertise is essential for building trust and credibility.
- **Fee Transparency:** A fair and transparent fee structure is essential for building trust and confidence but ranked lowest amongst Older Millennials as an attribute most valued. (20%).
- **Referrals and Recommendations:** Recommendations from trusted sources can influence the decision to seek financial advice (25%), highlighting the importance of building a strong reputation and network within the community.
- **Emotional Intelligence:** The ability to address emotional financial issues candidly and empathetically is highly valued, especially when dealing with sensitive topics (24%). It's crucial for advisors to understand the emotional aspects of financial planning and can provide support and guidance.
- **Industry Knowledge:** Staying informed about on new financial developments and technology is important for advisors to provide relevant and effective guidance (19%). This reflects the rapidly changing financial landscape and the need for advisors to stay in the know about emerging trends and opportunities.
- **Company Reputation:** While not the primary factor, working for a large, established company can provide a sense of security and credibility (16%). This may be particularly important for clients who value stability and reputation.
- **Professional Credentials:** While designations can be valuable, they're not the sole determinant of a financial advisor's qualifications especially with Boomers who value it the least among all generations. (6%) However, certifications and designations can demonstrate a commitment to professional development and specialized knowledge.*

More Generational Differences

Younger Generations:

Younger individuals (Gen Z and Millennials) prioritize **accessibility** (29% and 28%, respectively), **personalized plans** (Both at 30%), and being well-prepared. (42% and 33%, respectively). This reflects their desire for convenience and tailored solutions.

Older Generations: Gen X and Boomers place a higher emphasis on **experience** (29% and 30%, respectively), **industry knowledge** (52% and 50%, respectively), and a **solid reputation** (24% and 23%, respectively). This suggests a preference for advisors with a proven track record and a deep understanding of financial markets.*



To effectively meet the needs of clients across generations, financial advisors should focus on developing expertise, building strong relationships, and providing personalized, accessible services. By demonstrating knowledge, empathy, and a commitment to client success, advisors can establish themselves as trusted partners in their clients' financial journeys.

What Does This Mean For the Advisor?

These are valuable insights into how working Americans select financial advisors, highlighting the importance of building relationships, leveraging digital platforms, understanding preferred communication methods, and tailoring outreach strategies to different demographics.

If you prioritize referrals you can cultivate strong relationships with clients and encourage them to refer you to their friends and family. A positive reputation and strong network are essential for attracting new clients. Just as enhancing your online presence can help showcase your expertise to your current and potential clients. Being active online, through a professional website and your social media profiles, can go a long way with your brand and reputation. Speaking of branding, be sure to leverage your digital marketing skills. Utilize targeted advertising and content marketing to reach your ideal clients and generate leads.

Listen to the data. Don't simply market yourself, but tailor your outreach strategy. Recognize the gender-based differences highlighted in the study. Women may be more likely to rely on personal recommendations, while men may be more receptive to direct outreach. This should affect how you market yourself to each group.

Be Responsive. Promptly respond to client inquiries, regardless of the communication channel used. This demonstrates a commitment to excellent service and builds trust with your clients. Make sure to personalize the communication to the client's preference. Some clients may like in-person for serious matters, but an update to policies may only require a phone call or an email by the advisor.

Key Findings

- **Trusted Recommendations:** Across all generations, recommendations from friends, family, colleagues, or other trusted sources remain the primary factor in selecting a financial advisor (58%). This reflects the influence of personal relationships and word-of-mouth referrals.
- **Financial Professional Referrals:** Seeking advice from a known financial professional, such as a CPA or banker, is another key factor (53%). This indicates a preference for individuals with established credibility and expertise.
- **Online Research:** Financial investment websites and online reviews are valuable resources for researching potential advisors (52% and 48%, respectively). This demonstrates the growing influence of digital platforms in the financial services industry.
- **Local Institutions:** Local financial institutions, such as banks or credit unions, continue to be a trusted source for financial advice (46%). This highlights the importance of building relationships with local financial professionals.
- **Direct Outreach:** While less common (29%), direct outreach through letters or advertisements can be effective in reaching out to potential clients, particularly for financial advisors who have a strong online presence or a targeted marketing strategy.*

Gender Differences

Women

Women are more likely to rely on personal recommendations (65% vs. 50%) and seek advice from known financial professionals (56% vs. 50%).

Men

Men are more likely to discover financial advisors through direct outreach (32% vs. 25%), social media (32% vs. 23%), or advertisements (30% vs. 16%).*

Implications for Financial Advisors

- **Leverage Referrals:** Cultivate strong relationships with clients and encourage them to refer you to their network.
- **Partner with Trusted Institutions:** Collaborate with local financial institutions to establish credibility and reach a wider audience.
- **Enhance Online Presence:** Maintain an active online presence, including a professional website and social media profiles, to attract potential clients through digital channels.
- **Tailor Outreach Strategies:** Recognize the gender-based differences in client preferences and adjust your outreach methods accordingly.

By understanding these key trends, financial advisors can effectively attract new clients, build strong relationships, and position themselves as trusted experts in their field.

Beyond the Case Study

Our commitment to your success goes beyond the data. Barnum advisors are equipped with the latest financial tools and resources, keeping you informed about market trends and potential opportunities. We also offer ongoing communication and support, so you're never left in the dark about your financial situation.

Don't let financial worries hold you back. At Barnum Financial Group, we empower all working Americans to achieve their financial goals with clarity, confidence, and a trusted partner by your side. Let's discuss your unique situation and create a personalized plan for your financial future.

Partnering for Your Financial Future:

This study also represents our commitment to continuous improvement at Barnum Financial Group. By understanding the evolving financial landscape and client needs, we empower our advisors to create personalized strategies for your success. Together, we'll navigate the path to your financial goals.

Interactive Tools and Resources

Barnum Financial Group recognizes the need for a multi-faceted approach to bridge the insurance knowledge gap. In addition to the expertise from our financial professionals, we offer:

- **Interactive educational tools:** Engaging online tools and explainer videos that simplify complex insurance concepts in a user-friendly format.
- **Personalized needs assessments:** Interactive questionnaires that assess individual risk factors and recommend appropriate insurance coverage.
- **Ongoing educational resources:** A library of articles and webinars that provide ongoing learning opportunities for clients at their own pace.

By combining clear communication from our financial professionals with interactive tools and resources, Barnum empowers clients to not only understand insurance products but also feel engaged and confident in their insurance choices.

* Taken from Barnum's 2024 Study of Americans in the Workplace. June 2024