



**CENTER FOR CAPITAL MARKETS**  
**COMPETITIVENESS**

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September 5, 2018

Mr. Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: Regulation Best Interest (Securities Exchange Act Release No. 83062 (Apr. 18, 2018)) (File No. S7-07-18); Form CRS Relationship Summary (Securities Exchange Act Release No. 83063 (Apr. 18, 2018)) (File No. S7-08-18); Proposed Commission Interpretation Regarding Standard of Conduct of Investment Advisers; Request for Comment on Enhancing Investment Adviser Regulation (Investment Advisers Act Release No. 4889 (Apr. 18, 2018)) (File No. S7-09-18)

Dear Mr. Fields:

The U.S. Chamber of Commerce<sup>1</sup> (“Chamber”) created the Center for Capital Markets Competitiveness (“CCMC”) to advance the United States’ global leadership in capital formation.

This correspondence supplements our comment letter of August 7, 2018 regarding SEC’s proposals regarding the standards of conduct for investment advisers and broker-dealers: Regulation Best Interest (“Reg. BI Proposal”); Form CRS Relationship Summary (“Form CRS Proposal”); and Proposed Commission Interpretation Regarding Standard of Conduct of Investment Advisers; Request for Comment on Enhancing Investment Adviser Regulation (“IA Proposal”) (collectively, the “Proposals”).

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<sup>1</sup> The Chamber is the world’s largest business federation, representing the interests of more than three million businesses of all sizes, sectors, and regions.

In general, these supplemental comments reinforce our belief that regulation should promote investor protection, choice, clarity, and opportunity.

### **Investor Polling**

CCMC commissioned a poll of more than 800 investors to examine their perspectives on working with financial professionals, and to gauge their priorities regarding new regulatory requirements.<sup>2</sup> In general, investors are happy with their financial professionals. However, there is room for improvement, particularly relating to communication, and the Proposals have the potential to increase clarity and protection while preserving opportunity and choice. Other key findings include:

- 96% of U.S. investors report that they trust their financial professional and 97% believe their financial professional has their best interest in mind.
  - Investors said this trust helps them achieve peace of mind as well as better returns, and allows them to navigate an increasingly complex investing environment.
- There is solid alignment between what matters to investors and how financial professionals currently communicate with their clients, but there is room for improvement.
- When the SEC's proposed Form CRS was described, 72% of investors said they believe the form will improve transparency.

### **Member Survey**

CCMC commissioned a survey of 15 financial services companies, including broker-dealers and firms dual-registered as broker-dealers and investment advisers<sup>3</sup>. The firms surveyed are responsible for managing over 78.5 million investment accounts representing nearly \$23 trillion in assets. We intended for this survey to

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<sup>2</sup> "Working with Financial Professionals: Opinions of American Investors," available at [https://www.centerforcapitalmarkets.com/wp-content/uploads/2018/04/CCMC\\_InvestorPolling\\_v5-1.pdf](https://www.centerforcapitalmarkets.com/wp-content/uploads/2018/04/CCMC_InvestorPolling_v5-1.pdf).

<sup>3</sup> "SEC Regulation Best Interest Rule Proposals: Request for Information Analysis," available at [https://www.centerforcapitalmarkets.com/wp-content/uploads/2018/08/Reg-BI-Rule-Proposal-Research\\_8.7.18\\_FTI-Updated\\_final.pdf](https://www.centerforcapitalmarkets.com/wp-content/uploads/2018/08/Reg-BI-Rule-Proposal-Research_8.7.18_FTI-Updated_final.pdf)

provide the SEC with data points and market insights regarding the Proposals' potential impacts on investors, the financial services industry, and the marketplace.

Firms believe that while there are opportunities for streamlining, clarifying, and improving certain aspects, the Proposals will positively affect investors. We list additional findings below.

- **Investors will be better served, but there is room for improvement with the SEC's proposals.** Many of the firms interviewed expect the rule proposals to improve investor protection, choice, and clarity. However, some thought that some aspects of the proposal would create a higher standard for broker-dealers than investment advisers and would like to see more of a level playing field. Many firms see an opportunity to improve Form CRS to present information to investors in a clear and concise manner.
- **Investor access to the brokerage model must be maintained.** Given the high standard of conduct for broker-dealers in the rule proposals, some firms were concerned that increased regulation and the associated costs may affect their ability to serve smaller investors. Investors must have access to the brokerage model, since the advisory model may not be suitable for everyone, particularly small investors.
- **Implementation costs may be higher at first, but will lessen over time.** Most firms feel SEC is underestimating the costs to implement the proposals. However, many feel that these costs will be slightly offset because of the investments already made implementing the Department Of Labor's fiduciary rule. Most agree that costs will lessen over time. Firms also feel that the benefits to investors will likely outweigh the cost of compliance.
  - 79% agree that the costs may be higher at first, but will likely lessen over time.
  - More than 40% of firms anticipate having to spend a moderate or substantial amount to implement the requirements in Reg. BI and Form CRS.
  - The anticipated costs to implement the IA Proposal were less severe. Firms responding were dual-registered firms, and more than half of firms surveyed anticipate spending only a small amount.

- **Despite the costs, few firms anticipate changing their registration, products, or services as a result of the proposals.** With appropriate modifications, about 60% of firms indicated that it would be unlikely that they would reassess the products or services they offer to retail customers.

### **Investor Profiles**

Investor choice is critical to successful investing and securing a stable financial future. To explain some of the different types of business models and services available to investors, CCMC developed a video and infographics<sup>4</sup> highlighting profiles of different investors and sharing the stories of how they invest. The profiles highlight the differences between brokerage accounts, advisory accounts, and robo-advisors and show how and why each investor benefits from a different type of account, or combination of accounts. Each investor has different needs based on their goals, age, the amount they are able to save, how much advice they need, and other factors. Investors need access to different choices because what is best for one investor may not work for another. We are encouraged by the SEC's efforts to maintain access to various business models.

Thank you for the opportunity to comment and we look forward to the SEC's continued work on these issues.

Sincerely,

A handwritten signature in black ink, appearing to read 'TK' followed by a long horizontal stroke.

Tom Quadman

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<sup>4</sup> "Saving for Your Future: Get Advice the Way You Need It," available at <https://www.uschamber.com/learn-save-retire>



# **Working with Financial Professionals:** Opinions of American Investors



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# Goals



**Understand American investors' views on their relationships with financial professionals\***



**Gauge priorities when it comes to potential new requirements imposed by the SEC's proposed best interest standard rules**



**Measure perceptions of and openness to new best-interest standard rules**

# Methodology

## Who we surveyed

American Investors: Those with investments outside of a work sponsored 401k, pension, or personal real estate

## How many people we surveyed

801

## How we surveyed them

Online Survey

## Survey timing

May 15-16, 2018

\* Unless noted separately, the term "financial professional" used in this report includes both broker-dealers and investment advisers.

## Investor Archetypes

Throughout this report, we distinguish between four main “investor archetypes” – pre-established segments of the US investing population in various life stages in order to understand how one’s relationship with their financial professional evolves.

### Early Investor

18-29  
No Children at Home  
Single  
Renting

### Young Family

30-50  
Children at Home  
Married  
Home Owner

### Empty Nester

51-65  
No Children at Home  
Married / Single/ Widowed  
Home Owner

### Retirement Manager

66+  
No Children at home  
Married / Single/ Widowed  
Own or Rent

## Key Conclusion

In general, investors are happy with their financial professionals, but there is room for improvement and the SEC's proposed best interest rules have the potential to increase investor clarity and protection and preserve their opportunities and choices.



## Key Findings



Investors trust their financial professional



There is solid communication between financial professionals and investors, but room for improvement



Investors say more disclosure would boost transparency



## Key Finding 1

**Trusted Financial Professionals:** Not only do 96% of U.S. investors report that they trust their financial professional today, but 97% believe their financial professional has the investor's best interest in mind already. This trust generates several benefits, including peace of mind, achieving better returns, and the ability to navigate an increasingly complex investing environment.



## Key Finding 2

**Solid communication:** There is solid alignment between what matters to investors and financial professionals' current communication, but there is room for improvement.

- When it comes to communicating about fees, 89% of investors believe their financial professional is currently explaining fees and costs well.
- For conflicts of interest, 77% of investors say their financial professional is explaining them well.
- For compensation, 79% of investors say their financial professional is explaining this well.



## Key Finding 3

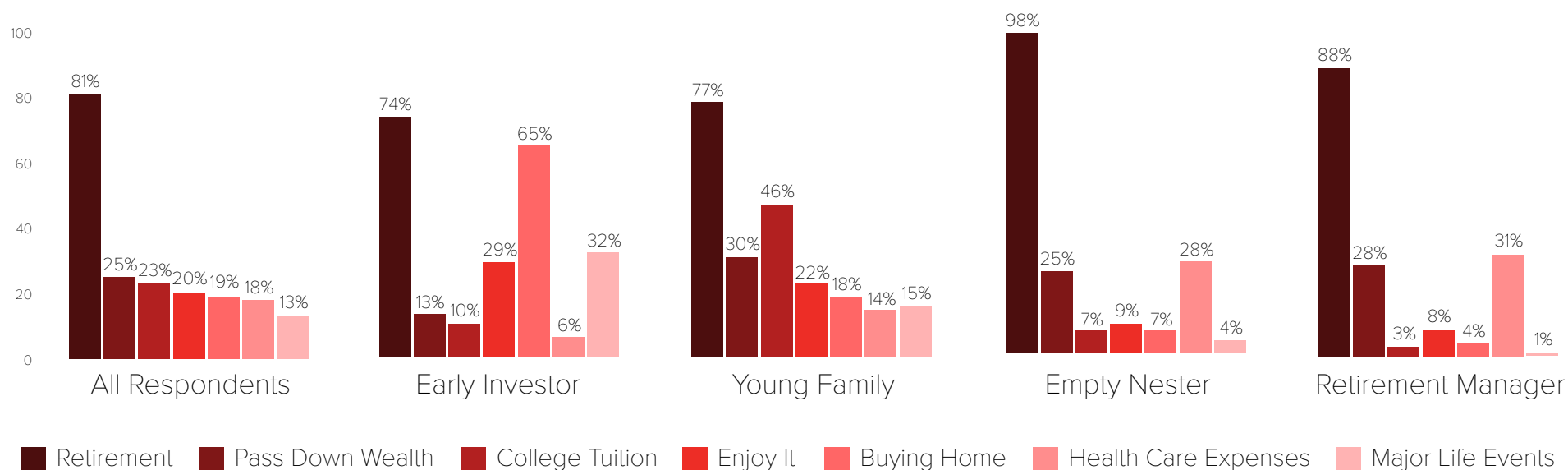
**Additional disclosures:** There is interest in reading the SEC's proposed four-page disclosure document, however investors who have been with their financial professional for many years are less inclined to see the benefits of the document. Those interested in reading the document say it will boost transparency, but do not necessarily think it will have an impact on how much they trust their financial professional.

- 62% of investors would be interested in reading this document
- 72% of investors believe this will improve transparency
- 56% of investors say it won't have any impact on how much they trust their own financial professional

# **Investors trust their financial professional**

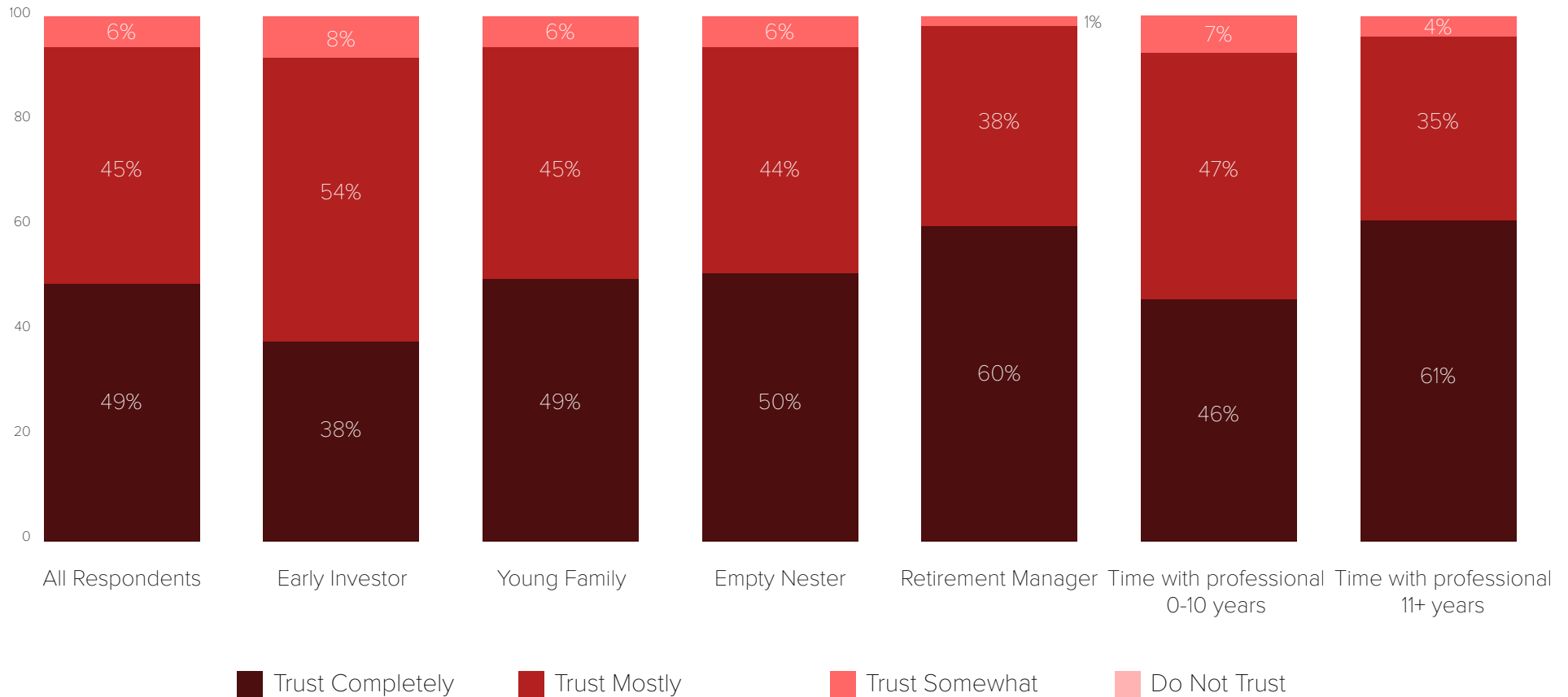
## Saving for retirement is the number one goal of American investors.

While all American investors are clearly focused on their retirement goals, priorities shift over the course of an investor's life; early investors are focused on buying a home, while older investors are also focused on health costs and passing down their wealth.



Q: Which of the following are your major objectives for investing? (please select up to three)

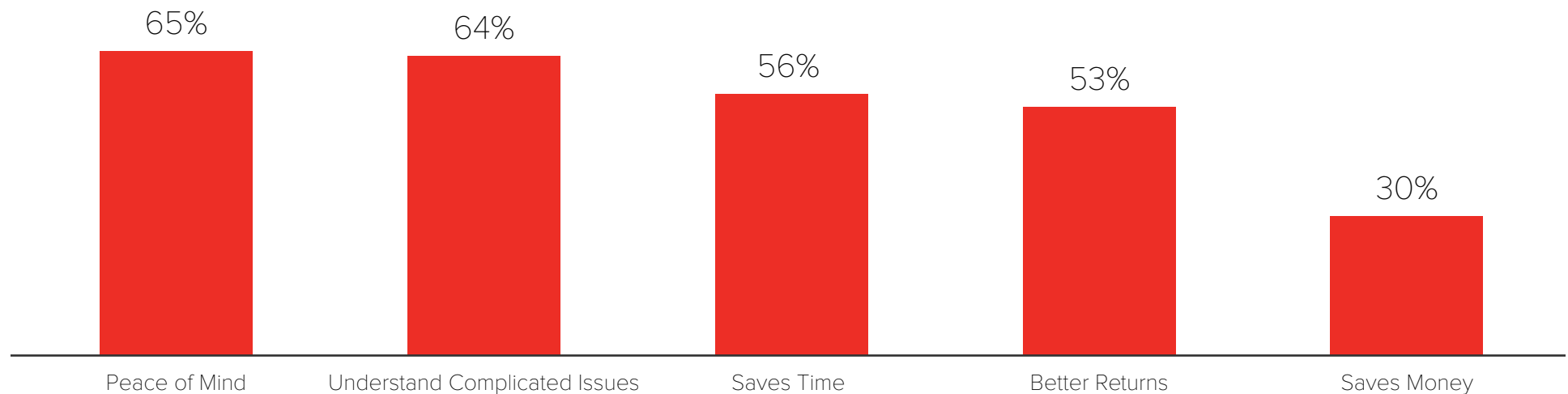
# American investors place a strong amount of trust in their own financial professional and that level of trust continues to grow over time.



Q: How much do you trust your current broker-dealer / investment adviser?

## Feeling secure in their relationship with their financial professional is key to investors.

Having peace of mind and being able to understand complicated issues are the top benefits American investors see to working with an financial professional; just a third say their financial professional saves them money.



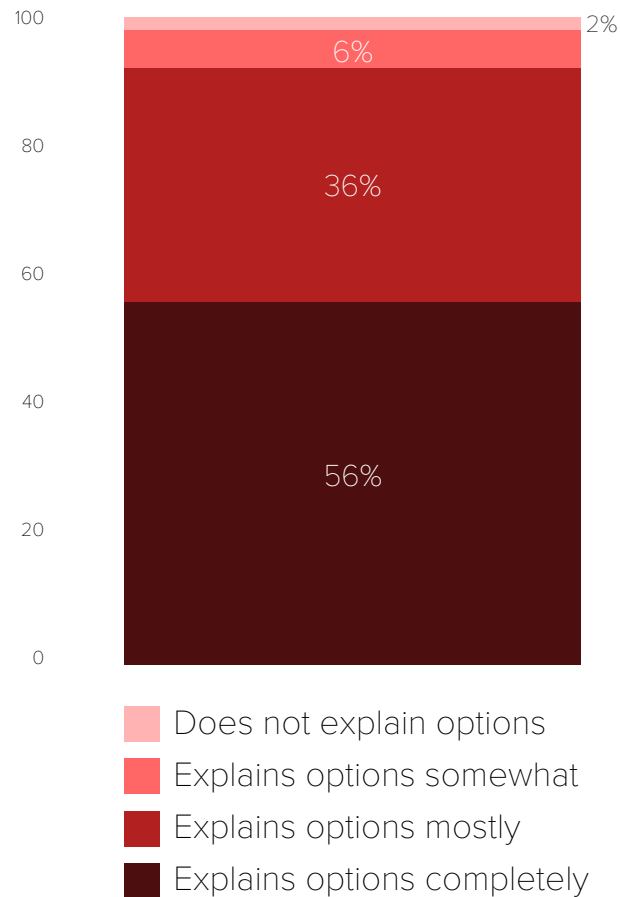
Q: What benefits do you get from working with a financial professional?



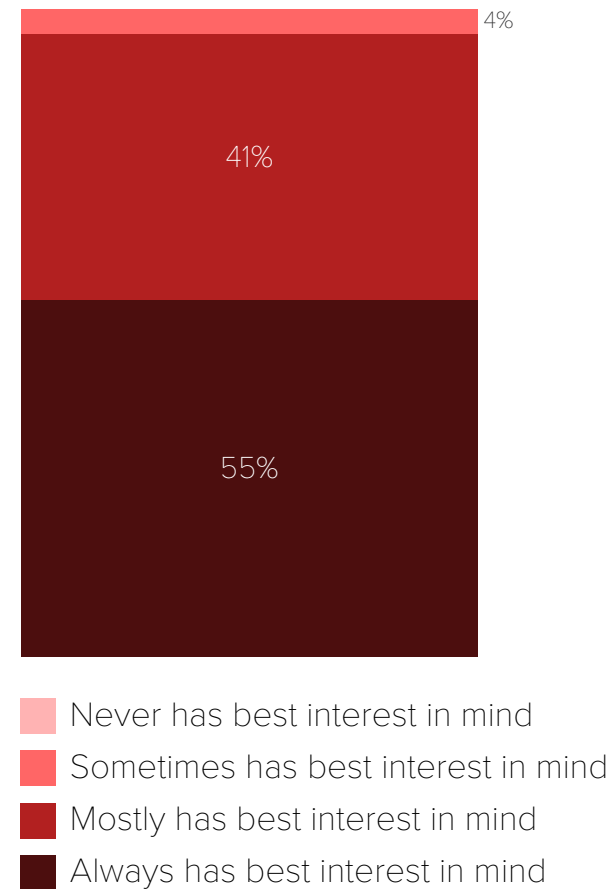
**There is solid communication between  
financial professionals and investors,  
but room for improvement**

# Most investors feel their financial professional is explaining investment options to them well and has their best interest in mind, but there is room for improvement.

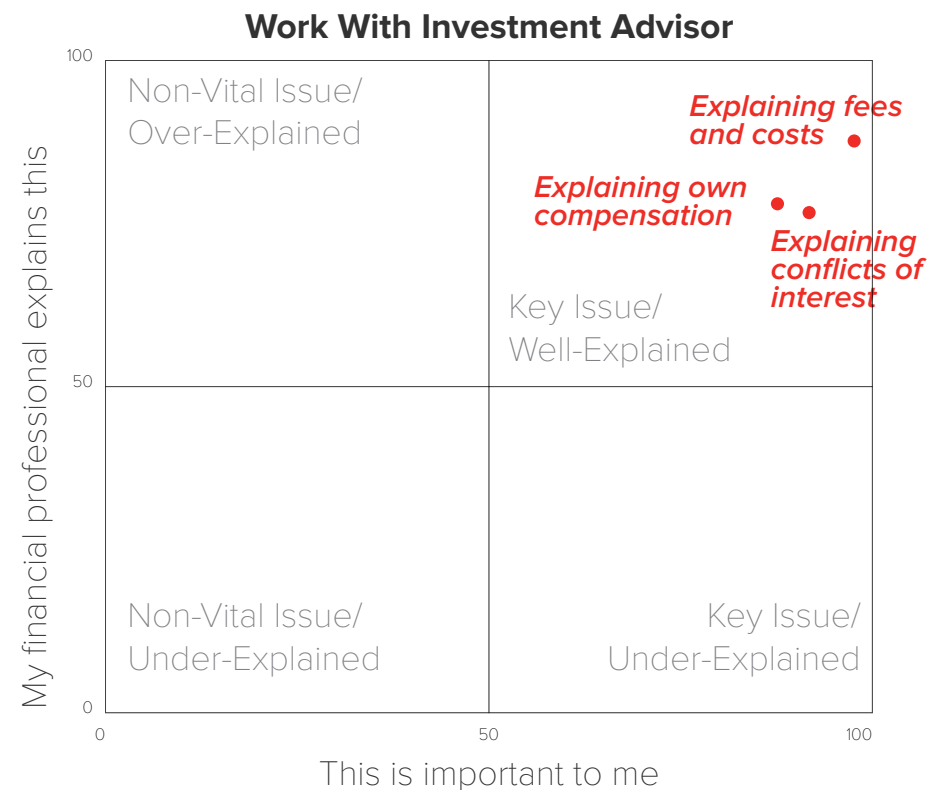
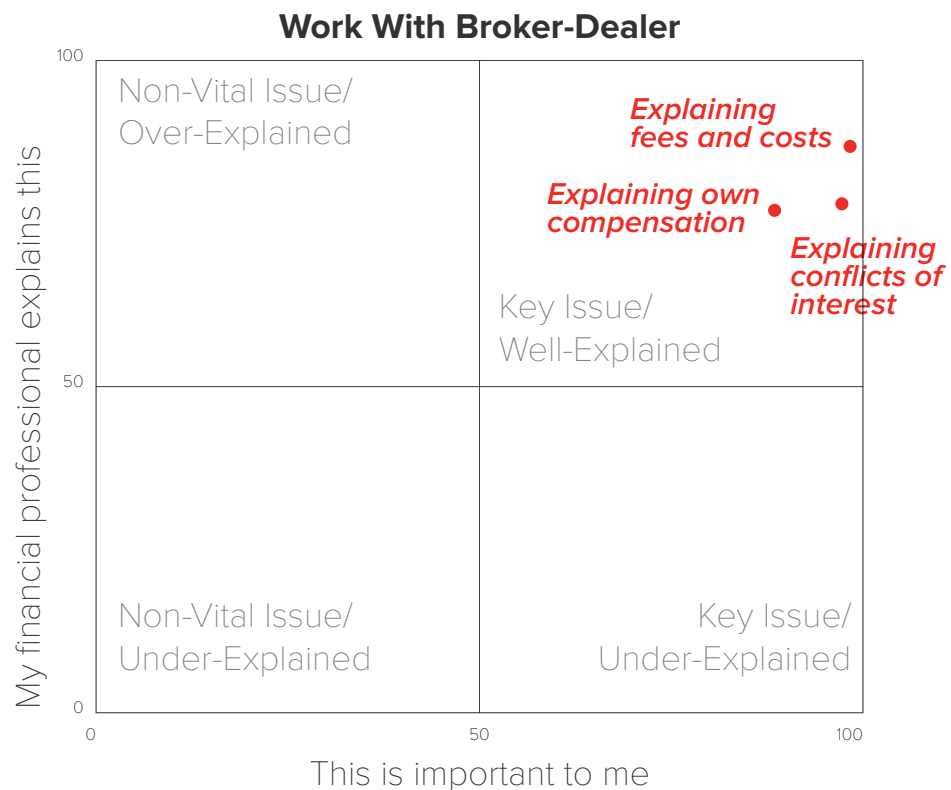
How well does your current broker-dealer / investment adviser explain your investment options to you?



How much do you believe your current broker-dealer / investment adviser has your best interest in mind when making investment recommendations?



# On the issues that matter most, most investors see their adviser/broker explaining these topics well.



# **Investors say more disclosure would boost transparency**

*“A government agency is considering new rules for financial professionals that would require them to provide all new clients with a standardized, four-page, document that explains the relationship between the financial professional and clients, what obligation the financial professionals have to clients, what fees and costs are associated with their services, how various services and account types differ, conflicts of interest, additional information, and what questions clients should ask their investment adviser.”*

## Many investors are interested in the disclosure document and believe it will boost transparency. However, investors do not think it will impact how much they trust their financial professional.

“

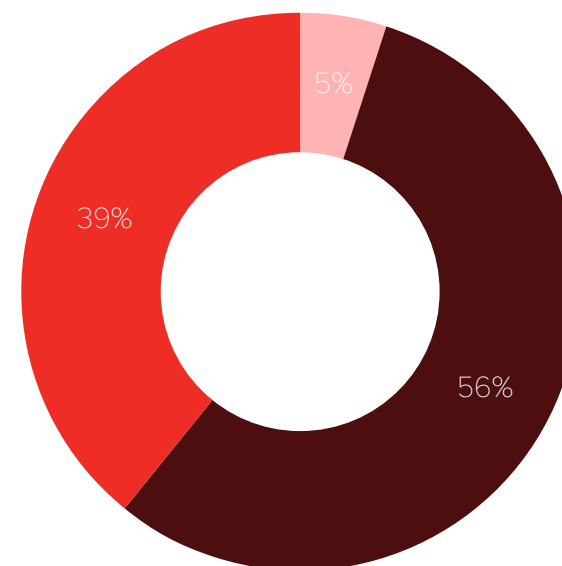
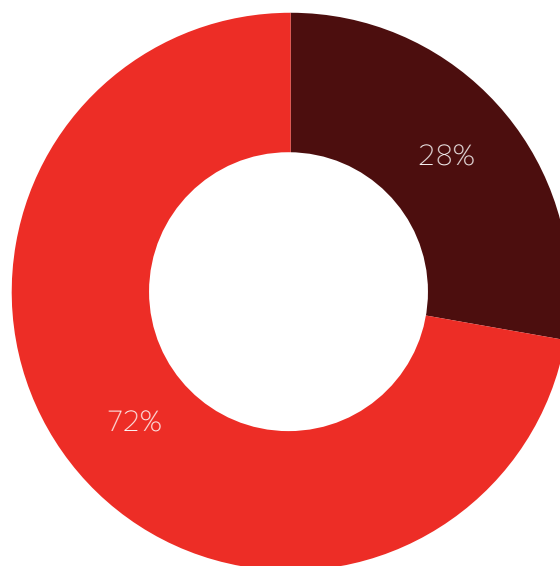
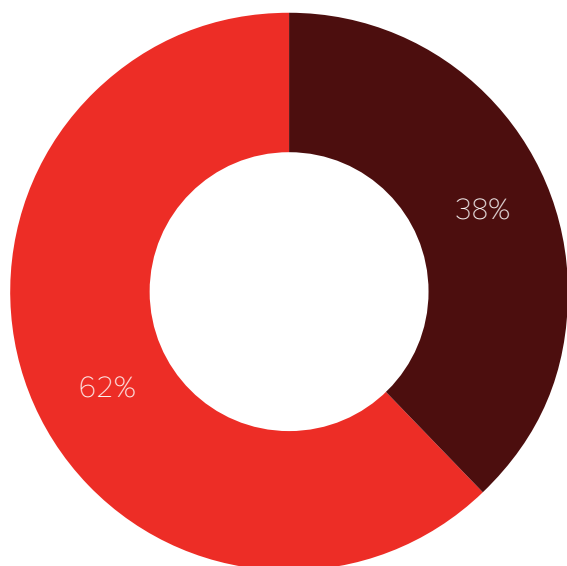
I am **very interested in reading** this new four-page document, it will help me better understand my investments

“

This new four-page form **will boost transparency** and help build stronger relationships between me and my financial professional

“

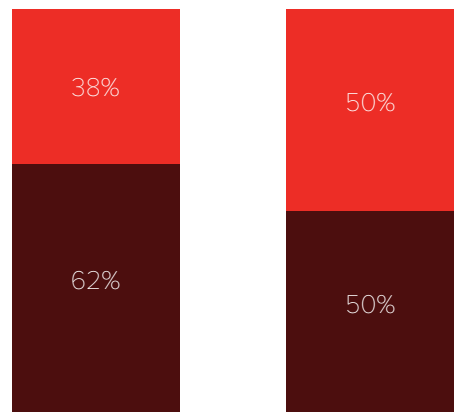
This new four-page form would make me **trust my financial professional more**



Q: The following are statements that some people have made about this potential requirement. Please indicate which statement is closer to your own view.

**While there is broad interest among investors in reading the SEC’s proposed four-page disclosure document, it will likely help newer or early investors the most. Those who have been with their financial professional for many years are less inclined to see the benefits of the document.**

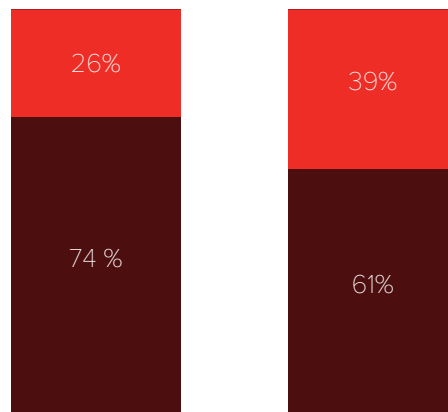
Interest in Reading Document



10 Years or Less      11 Years or More

- I am not too interested in reading this new four-page document, I already understand my investments.
- I am very interested in reading this new four-page documents, it will help me better understand my investments.

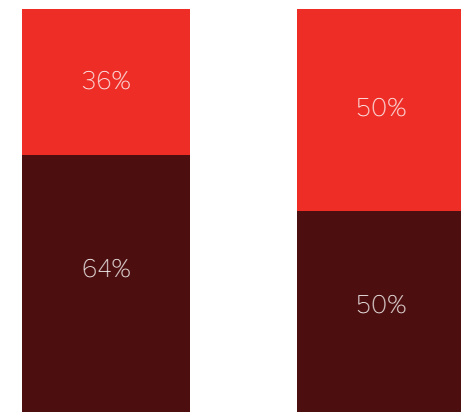
Transparency vs Paperwork



10 Years or Less      11 Years or More

- This new four-page form will create unnecessary paperwork and be a barrier to building stronger relationships between me and my financial professional
- This new four-page form will boost transparency and help build stronger relationships between me and my financial professional

Help Me Understand How My Financial Professional Operates



10 Years or Less      11 Years or More

- While this new four-page form may be helpful to some investors, I already understand how my personal financial professional operates.
- This new four-page form would better help me with the things I don't currently understand about how my financial professional operates.

# Conclusions

In general, **investors are happy** with their financial professionals, **trust them**, and appreciate the **peace of mind** their financial professionals provide.

Most investors feel their financial professionals are explaining fees and conflicts of interest, but not everyone. **We want to close that information gap.**

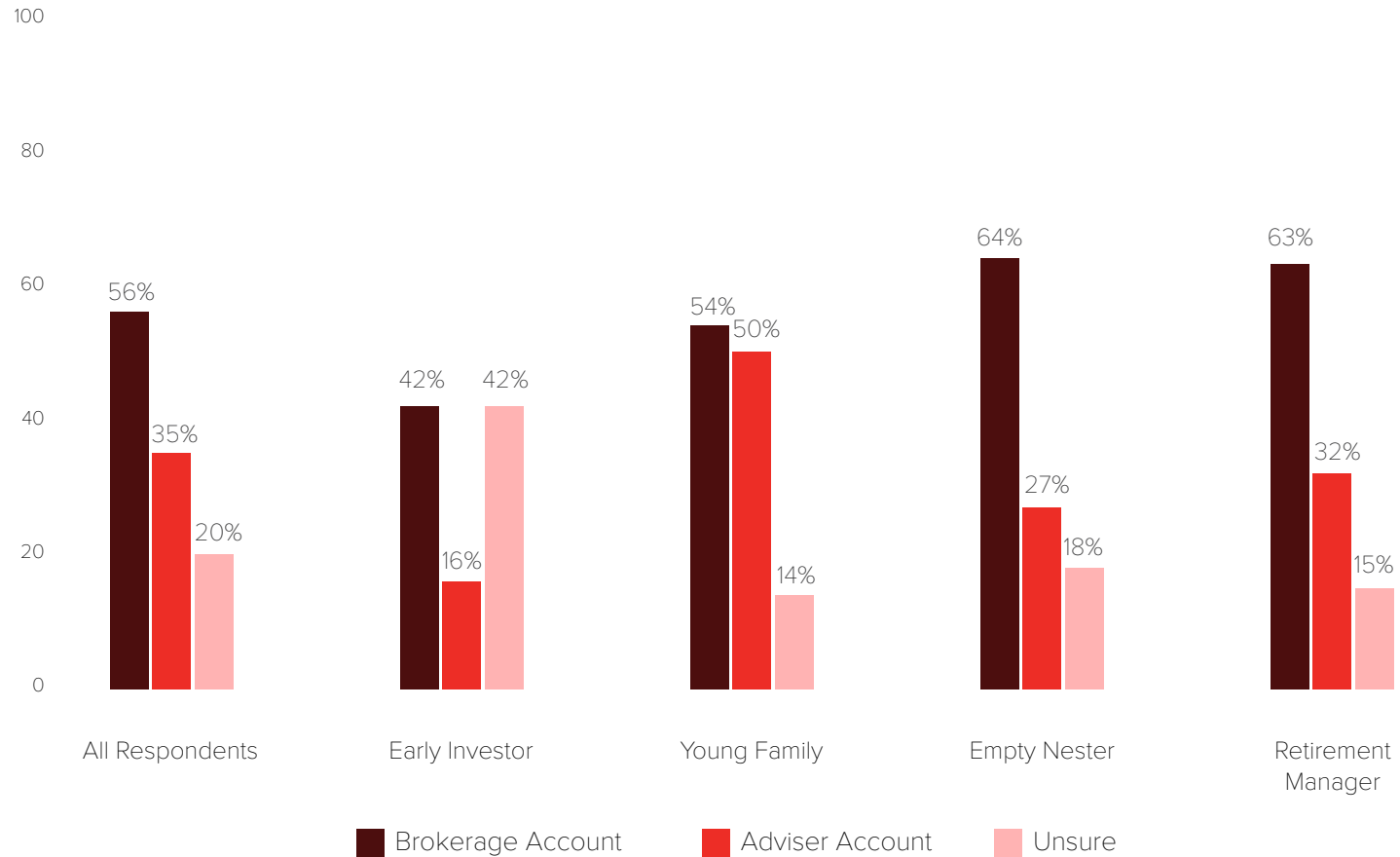
However, there is **room for improvement**, especially with early investors to **ensure they understand their options** and have the tools they need to start saving for their futures.

The SEC's proposed **Form CRS could be a good way to start a conversation** with investors. We just need to **make sure it doesn't get too complicated** and create more confusion.

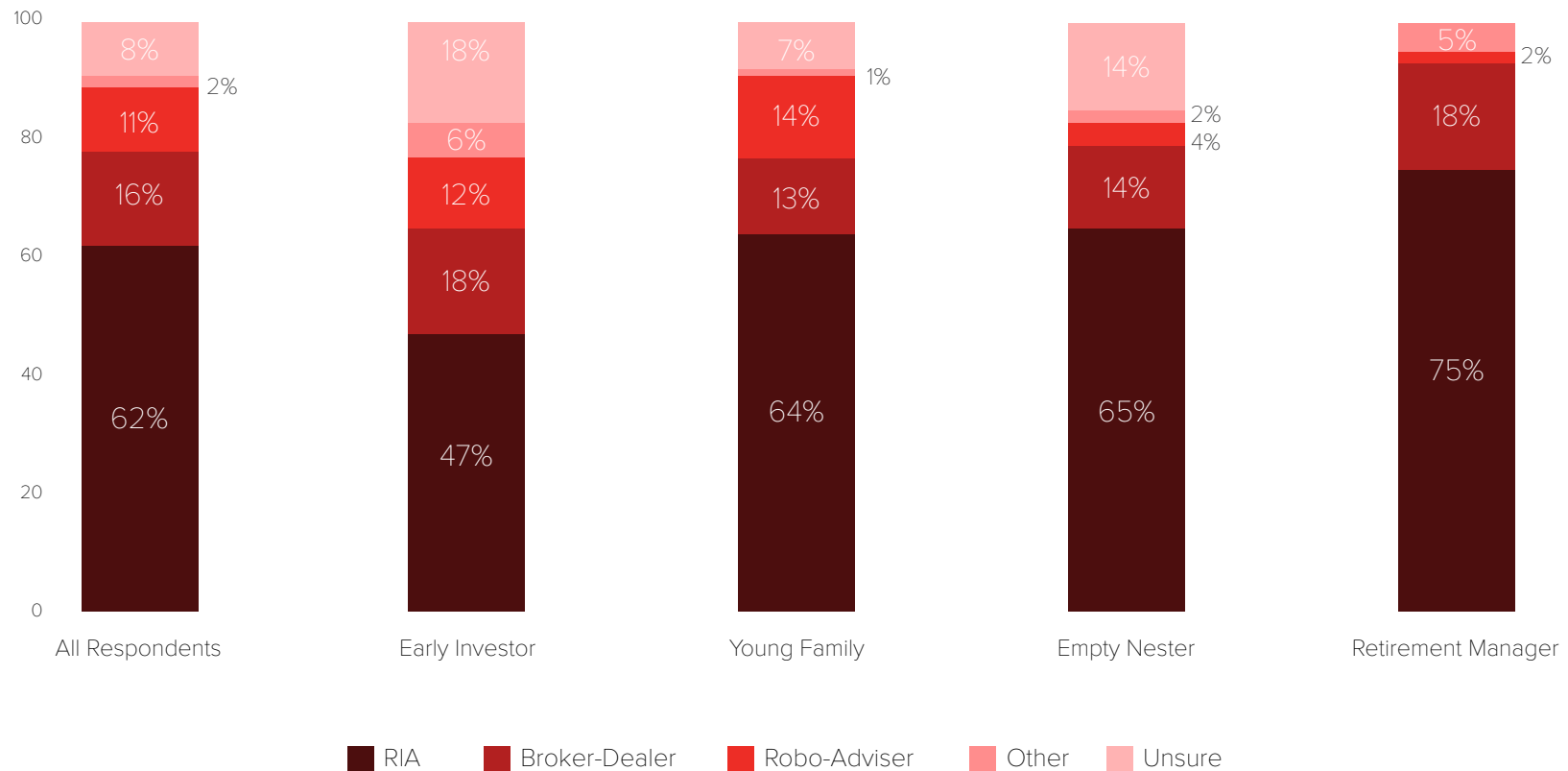


# Appendix

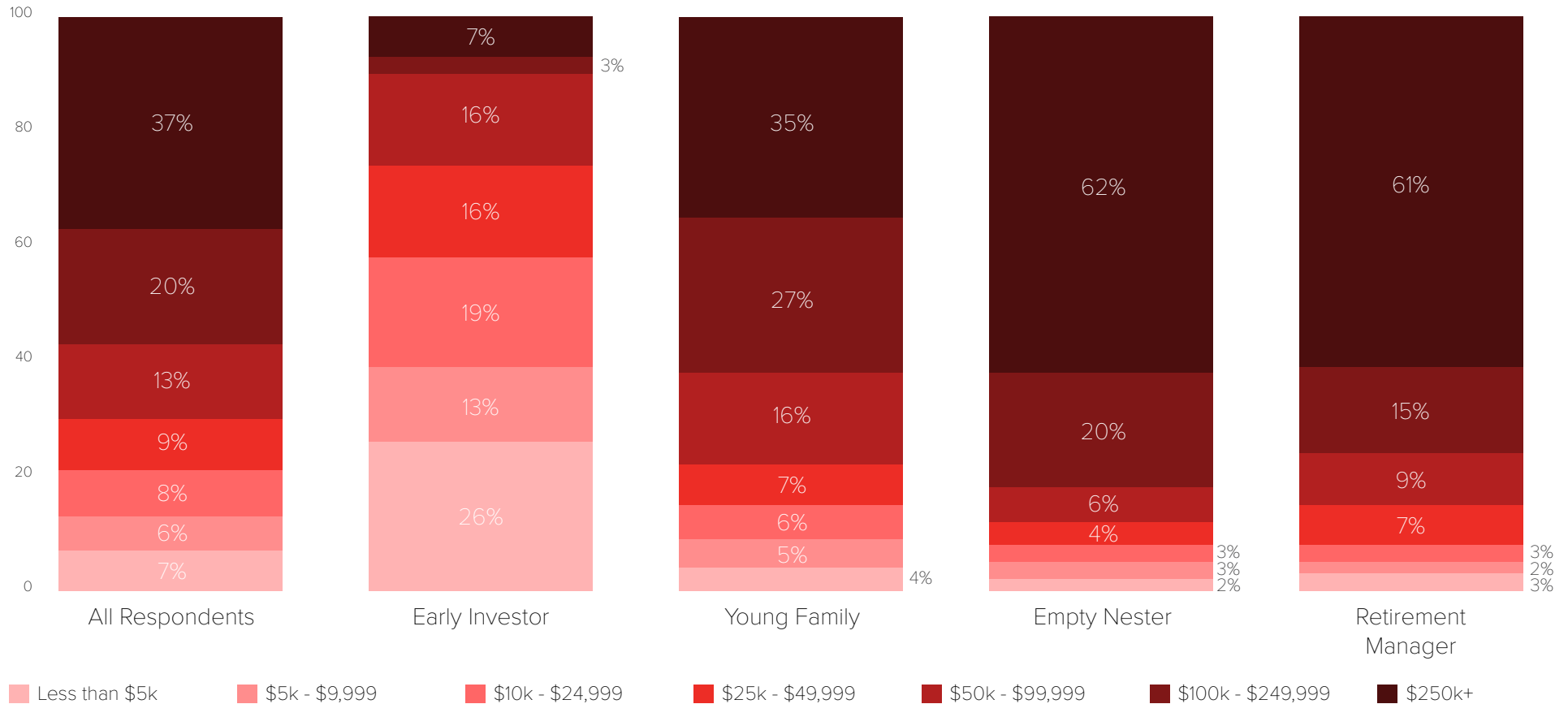
## What type of investment accounts do you currently have?



## What type of financial professional are you currently working with to manage your investments?



**When including investments in retirement accounts,** a 401k, stocks, bonds, mutual funds, ETFs, and separately managed accounts, what is the approximate total value of your investments?





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# SEC Regulation Best Interest Rule Proposals: *Request for Information Analysis*

*July 25, 2018*

*Presented To:*



# Study Objectives and Methodology



## Gathering Information on the Rule Proposal Impacts

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In proposing the standards of conduct in the Regulation Best Interest Rule Proposals, the SEC readily admits it lacks data and its analysis of the economic impacts of these proposals is therefore inadequate and imprecise. The SEC is specifically encouraging commenters to provide data and information to assist them in quantifying the benefits, costs, and potential impacts of the rule proposals.

As part of this effort, the U.S. Chamber of Commerce conducted in-depth interviews with approximately 30 individuals at **15 companies providing financial advisory services and products, including broker-dealers and firms that are dually-registered as broker-dealers and investment advisors**. Collectively, these companies represent a significant portion of the financial advisory market in the U.S., responsible for nearly \$23.1 trillion in assets under management and administration (AUM/AUA), and they guide the financial future of nearly 78.54 million investment accounts.

This research is intended to provide data points and market insights for the SEC, informing whether the SEC's assumptions about the proposed rules' impacts on the industry and marketplace are accurate. The results outlined in this report represent industry perspective on the Regulation Best Interest Rule Proposals\*, illustrate potential impacts on firms and investors, the cost of implementation of the proposed, and areas of confusion to be further clarified.

*\*Regulation Best Interest Rule Proposals refers to all three of the SEC's proposals: Reg BI, proposed Form CRS and other disclosures, and the proposed interpretation on Registered Investment Advisers.*



# Executive Summary

# While there are opportunities for optimization, the SEC Regulation Best Interest Rule Proposals are expected to positively impact investors



## Investors will be better served

Many of the firms interviewed expect the rule proposals to improve protection, choice, and clarity for investors.



## There is potential for improvements to the proposals

The rule proposals are generally considered positive and enacted by the appropriate governing body. However, most see opportunity to improve upon the standard of conduct for Broker-Dealers and Form CRS. Firms think the SEC should provide needed protections while continuing to allow diversity of products and services to smaller investors. Some surveyed thought that some aspects of the proposal would create a higher standard for Broker-Dealers than Investment Advisers and would like to see more of a level playing field. Additionally, many firms see an opportunity to improve Form CRS to present information to investors in a clear and concise manner.



## Investor access to the brokerage model must be maintained

Given the high standard of conduct for Broker-Dealers in the rule proposals, some surveyed had concerns that this increased regulation and the associated costs may impact the ability to serve smaller investors. Investors must have access to the brokerage model, since the advisory model may not be suitable for everyone, particularly small investors.



## Implementation costs may be higher at first, but will lessen over time

Most firms feel that the cost estimates offered by the SEC associated with implementing Form CRS, new systems, and retraining programs are too low. However, many feel that these costs will be slightly offset by the investment that was already made in the DOL Fiduciary Rule and most agree that costs will lessen over time. Firms also feel that the benefits to investors will likely outweigh the cost of compliance.

# Impact of the Regulation Best Interest Rule Proposals

## Nearly all firms suggest that the good aspects of the rule proposals outweigh the potential costs

**With the proposals seen as generally positive and the SEC regarded as the right governing body to oversee such regulation, firms are largely pleased with the proposed.**

*“We would say the good outweighs the bad. We think the SEC is the right agency with the right expertise to move this forward. And we certainly applaud the SEC for their more principle-based approach. We think it’s important to have a standard that applies across both retirement accounts as well as taxable accounts.”*

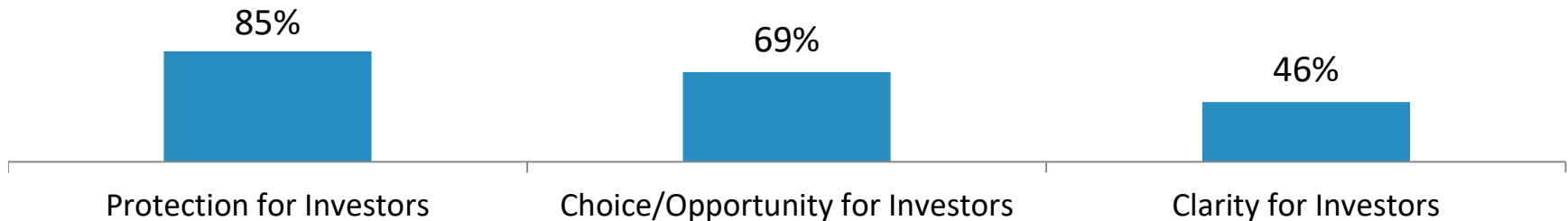
*“We believe this rule is heading in the direction, as opposed to the one-off DOL rule, which we’ve gotten past. This framework is probably a better place than where we were, but we still obviously want to work to make it better.”*

*“We are relatively pleased with the rule proposals compared to where we could have been and compared to where we were. In a vacuum there are some challenges to be addressed but generally speaking we are relatively pleased.”*

## The rule proposals will largely benefit investors

Firms (85%) see “protection for investors” as the most likely benefit. 100% of those with \$500 billion or more in AUM/AUA are of this view.

Showing % Rule Proposals Definitely + Largely Promote Characteristics



*“The rules would be helpful to investors in that they help clarify, especially the CRS requirement, the services that a broker-dealer provides and that an IA provides, give them clarity on the standards that they can expect, clearly raise the standard of conduct on brokerage, even though we say we’re already acting that way in brokerage. So I think that’s a positive.”*

*“I’d say the proposals promote protection for investors. I’m also hopeful that the disclosure requirement will provide clarity for investors. And if advice is made in investors’ best interest, it should create greater opportunity for success, so the rule promotes opportunity as well.”*

It is important to preserve access to the brokerage model, since some smaller investors are best served by this model

## Firms highlighted that as regulatory costs increases, it may become harder to serve small investors.

*"I do think as you impose additional costs, requirements and risk on business, they're going to be less inclined to deal with smaller accounts. Smaller investors are going to find it harder for people to engage with them and help them save, invest, and plan for retirement."*

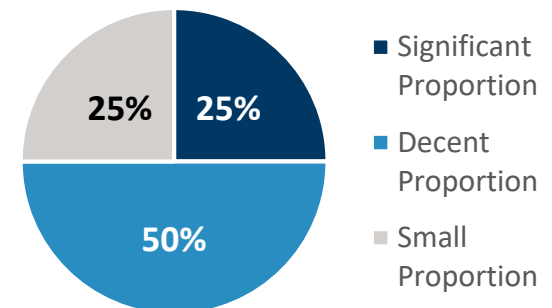
*"If they make it too difficult for broker-dealers to give advice without risking suit even for totally ordinary types of conflicts, there's a danger that broker-dealers will pull back from offering advice and it will only be an advisory service which typically are more expensive."*

*"I think there are certain provisions of Reg BI that put pressure on brokerage."*

Half of small to medium sized firms with less than \$1 trillion in AUM/AUA say a decent proportion of their clients would be unable to afford an advisory account or an advisory account would not be suitable for their clients if the Broker-Dealer model did not exist.

*"A significant proportion would be unable, hovering at around just over half. Less than half and I would say a decent proportion."*

*"We would say small proportion. We have fairly low account minimums on our advisory programs and can reach most of our clients this way."*



# Firms point to opportunities for improvement in both Reg BI and Form CRS

Firms stressed that the SEC must strike the right balance of regulation among Broker-Dealers and Investment Advisers to create a level playing field with equally strong investor protections. Additionally, many think Form CRS can be improved to make it more investor-friendly.

## Standard for Broker-Dealers

*“The way the rule is set up, a broker-dealer ends up having a higher standard of conduct than the investment advisor with respect to financial incentive optics. I don’t think it was intentional, but that’s how it ended up, the way they wrote it.”*

*“All of a sudden, the standard of conduct for broker-dealers will be higher than the standard of conduct for investor advisors in the sense that disclosure of conflicts is not enough.”*

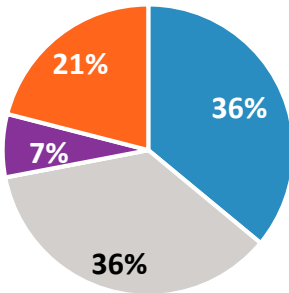
## Form CRS

*“The Form CRS is well-intentioned but it’s too long, the delivery is difficult, and it has to be delivered to prospects who call you once and you never speak to again. It could be skimmed down substantially and the delivery could be easier.”*

*“I think the goal is to clarify the obligations for a broker-dealer versus an investment advisor. But the more you say, the more people could get lost in the trees and lose the forest. And the more you focus on the forest, the more you run the risk that people aren’t adequately informed.”*

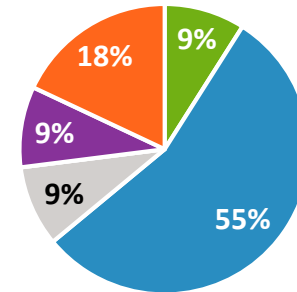
Firms stated the SEC's estimates are low, however while implementation costs may be high at first, they will lessen over time.

### Standard for Broker-Dealers and Form CRS



- Nothing
- Small Amount (less than 1% of annual profits)
- Moderate Amount (more than 1% but less than 5% of annual profits)
- Substantial Amount (unable to relate to annual profits)
- Unsure

### Standard of Conduct for Registered Investment Advisers



*“Those all seem very low to me. I don’t think the SEC really understands what’s involved in actually implementing these changes. It involves thousands of people who have to be retrained, the massive systems that have to be reviewed.”*

*“The costs are pretty significant when you multiply two to three odd times 16,000 and per year. So, I wouldn’t actually consider those to be modest numbers. But they will likely lessen or stabilize over time.”*

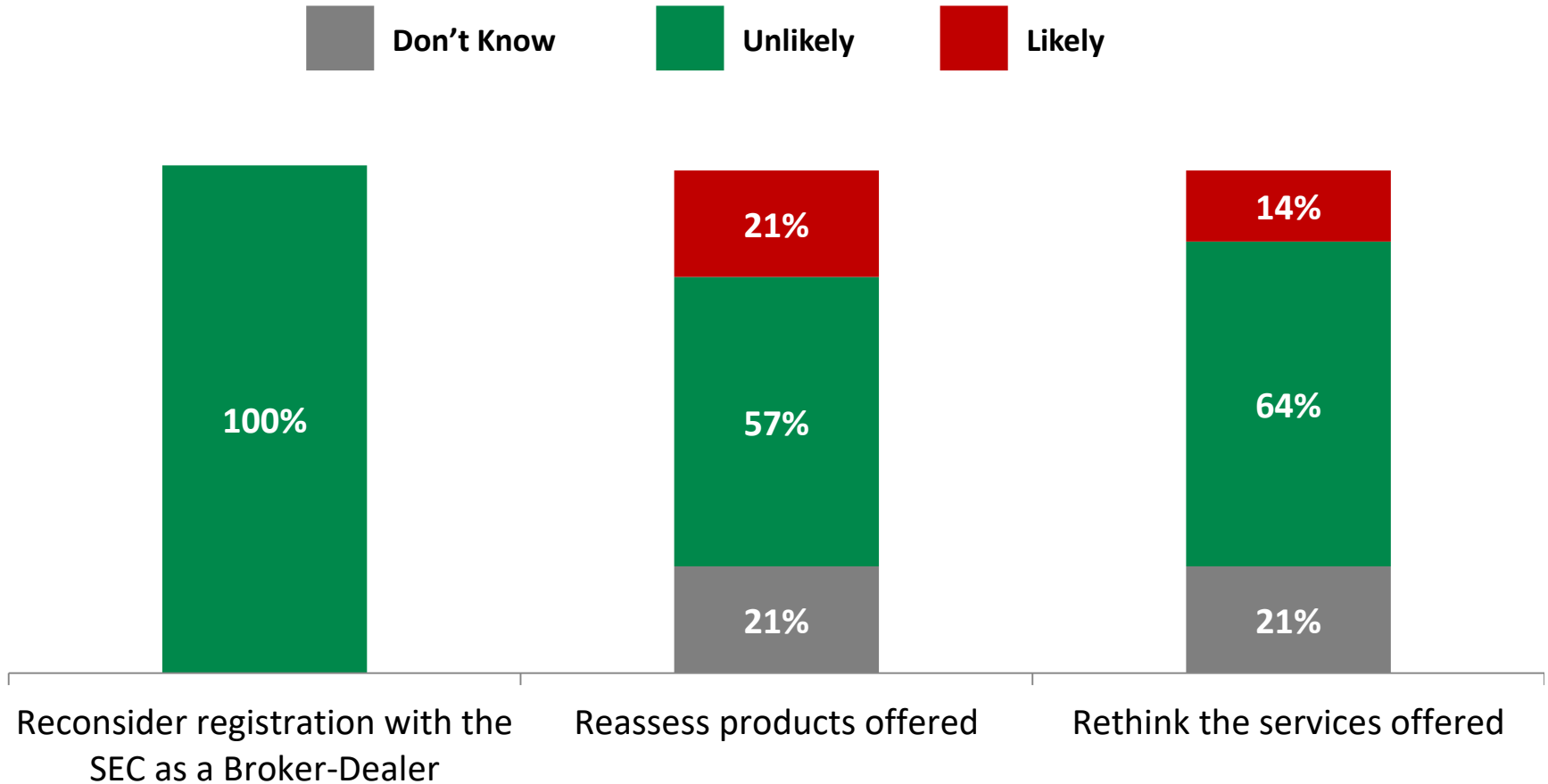
*“In general, this looks like an underestimate. If they’re closer here, it’s probably because we’ve already spent so much money on getting ready for DOL and that can be repurposed. But, they’re probably undershooting it.”*

79% agree that the costs may be higher at first but will likely lessen over time and many firms agree that the costs may be higher than expected by the SEC, but the benefits to investors will outweigh the likely costs.



Despite the costs, few anticipate changing their registration, products, or services as a result of the rule proposals, which shows investor choice will largely be preserved

*Showing Likelihood to Rethink Registration, Products, or Services Due to Proposals*





*Learn.Save.Retire.com*



# Saving for Your Future: Get Advice the Way You Need It

*Choice. Protection. Clarity. Opportunity.*

We all have different needs based on our goals, our age, the amount we are able to save, and other factors, including how much advice we need to help make investment decisions. Whether you are ready to make investment decisions yourself, are comfortable getting online advice, or need someone to help you take the right steps, there are different options available for every type of investor. Investors need access to these different choices because what is best for one investor may not work for another.

**Brokerage accounts:** Investors only pay for services when they need them. These are also called commission-based accounts.

**Advisory accounts:** Investors typically pay an investment adviser a fee based on the assets held in the account and/or the type of service provided. These are also called asset-based or fee-based accounts.

**Robo-advisors:** An online service that provides automated investment management services based on a computer algorithm.

Many investors maintain several different types of accounts because of the different types of benefits they provide.

*The following investor profiles are based on a compilation of different investors in various stages of the investment life cycle.*

**All investors win with  
clear choices and  
strong protections.**



# MEET DEBBIE

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## Who is she?

- **Early 20s**
- **Recently graduated college and started her career**
- **Earns a modest salary**

## What does she need?

- Despite her modest salary, she has been saving \$25 from each paycheck into her bank savings account, but now she wants to expand her savings potential and invest more wisely.
- Debbie needs to better understand what her options are, she has limited financial resources, and she only wants to pay a one-time fee for her first investment.

## What is right for her?

A **brokerage account** likely makes the most sense because:

- She wants to make one investment decision to start out with. It would not make sense to pay an ongoing fee.
- She will probably buy and hold for a longer period of time, since she is young.
- She has limited financial resources right now and may not be able to afford an ongoing fee.

## How does she benefit?

- Her broker-dealer provides education on basic investing concepts, like how mutual funds operate, the importance of diversifying investments, and the benefits of tax-advantaged savings. Her broker-dealer also discusses long-term investment options such as IRAs and mutual funds.
- She studies her options and decides to open an IRA through a brokerage account.
- Because of the education provided by the broker-dealer, she has the confidence to invest in her future, increases her monthly contributions to her IRA over time, and may decide later to pursue additional investment options.

# MEET TIM & CHRISTINA



## Who are they?

- **Early 30s**
- **Young, married couple**
- **Renting an apartment**
- **Have one baby and another on the way**

## What do they need?

- They have some debt, they keep savings accounts, and they both have small 401(k)s provided by their employers.
- They want to buy a house, save for their children's education, and retire on time.
- Tim has a finance background and a "do-it-yourself" attitude.
- They are already saving, but want to make additional investments toward specific, longer term goals.

## What is right for them?

A **brokerage account** likely makes the most sense because:

- Most of their goals are long term, so they will be buying and holding for a longer period of time.
- Since Tim has some knowledge on investing, he doesn't need ongoing advisory services.
- Since they are buying and holding longer and have limited financial resources due to their new baby and recent wedding, paying an ongoing fee is not the best choice for them at this time.

## How do they benefit?

- Their broker-dealer takes into account their goals, completes a retirement calculation, and discusses their options.
- This education empowers them to make several changes. They opt to open a 529 college savings plan and move some of their savings into mutual funds through a brokerage account.
- The couple goes on to buy a home, they build savings for their children's education, and they are on track to retire at 67.

# MEET BRAD

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## Who is he?

- **Mid-20s (millennial)**
- **Single**
- **Tech-savvy**

## What does he need?

- He has a 401(k) through his employer.
- He wants to invest to help build some assets to help pay off his student loans and have a down payment for a home.
- He can only afford to make a small initial investment and build slowly over time.
- He is comfortable with a technology-based solution.

## What is right for him?

A **robo-advisor** likely makes the most sense because:

- He can answer a few questions online about his investment objectives and get started with a small investment.
- He wants the benefit of portfolio diversification with low fees and without having to spend too much time and effort managing his investments.

## How does he benefit?

- The automated service chooses investments for Brad, based on his risk tolerance.
- Brad can manage the process quickly and easily from the comfort of his computer.

# MEET PHIL AND TAMMY



## Who are they?

- **Mid-40s**
- **Married with three children**
- **Both employed full time**
- **Homeowners**

## What do they need?

- They have savings accounts, as well as 401(k)s through their employers.
- They have expensive mortgage payments; three kids involved in sports, theater, and music; and they assist with their aging parents' healthcare costs.
- They need to save for short-term expenses, emergencies, and family vacations.
- They want to make additional investments to fund their everyday lives.
- They also want flexibility to change investment strategies as necessary.

## What is right for them?

An **advisory account** likely makes the most sense because:

- The couple's investment needs and goals will change as their family expands and the years go by.
- The couple does not have the time to manage their investments themselves and want the advantage of someone who can manage and update their portfolio for them.
- Paying an ongoing fee for an adviser to manage these varying and ongoing demands is the most efficient and effective option.

## How do they benefit?

- Their investment adviser recommends a mix of short- and long-term investments and sets a schedule of upcoming transactions and investment options. Once the couple signs off on the investment strategy, the adviser executes the transactions on behalf of the couple while they lead their busy lives.
- Their adviser helps to update their investments over time, including rebalancing asset allocations, and provides advice through the various stages of their lives.
- Because of the investments managed in their advisory account, they comfortably pay their family's expenses, go on vacations, pay off their mortgage, and establish a financially-secure future for their family.

# MEET CHRIS AND REBECCA



## Who are they?

- **Early-60s**
- **Married**
- **Preparing to retire**
- **Two adult children who have begun their careers**

## What do they need?

- They want to make sure they have enough income throughout retirement, that they have healthcare coverage, and that they leave money to their children.
- They've had an advisory account with their investment adviser for 30 years.
- They want to be sure they are financially secure throughout retirement and want to see different plans showing how their income will stretch out over the years.

## What is right for them?

An **advisory account** likely makes the most sense because:

- They have various investments to manage and want help with continuous planning.

## How do they benefit?

- Their investment adviser creates a financial plan showing the couple's cash flow throughout retirement under different scenarios. The adviser takes into account the full financial picture of the couple and provides comprehensive planning services including pension options, social security, Medicare decisions, tax and estate planning, and other life developments.
- They invest in annuities, a financial product designed to provide lifetime income. Annuities address the risks of market downturns and the possibility of outliving one's savings, allowing retirement savers to protect and potentially grow their assets for as long as they live.
- Everything is customized to them as they plan for retirement.



# MEET DAVE AND SARAH



## Who are they?

- **Late-60s**
- **Married**
- **Recently retired**
- **Two children and three grandchildren**

## What do they need?

- They want to make sure they have steady income and money to spare throughout retirement.
- They've had a brokerage account and advisory account for more than 30 years.
- They want to collect on investments they've made throughout their lives and continue to generate extra income.

## What is right for them?

This couple benefits from a **brokerage account** and an **advisory account** because:

- They set up a brokerage account many years ago to make certain investments focused on retirement. They are now in the distribution phase of those investments.
- As they progressed through the life and investment stages, they also opened an advisory account to supplement their income.

## How do they benefit?

- Through their brokerage account, they opened IRAs when they were young and have purchased bonds with different maturities closer to retirement. These investments have generated predictable income throughout retirement.
- They invest in annuities, a financial product designed to provide lifetime income. Annuities address the risks of market downturns and the possibility of outliving one's savings, allowing retirement savers to protect and potentially grow their assets for as long as they live.
- Throughout retirement, they also maintain an advisory account with an adjustable risk profile to preserve their assets. With the additional income these activities generate, they are able to protect against emergencies, visit their family, and enjoy their golden years.



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