

Seventh Annual
Advisor Authority
Study

Powered by the Nationwide Retirement Institute®

Confronting the Impact of Compounding Financial Crises

Investors still struggle with financial fallout from pandemic—but say 2008 Crisis hit them hardest—while financial professionals become more confident after confronting multiple crises



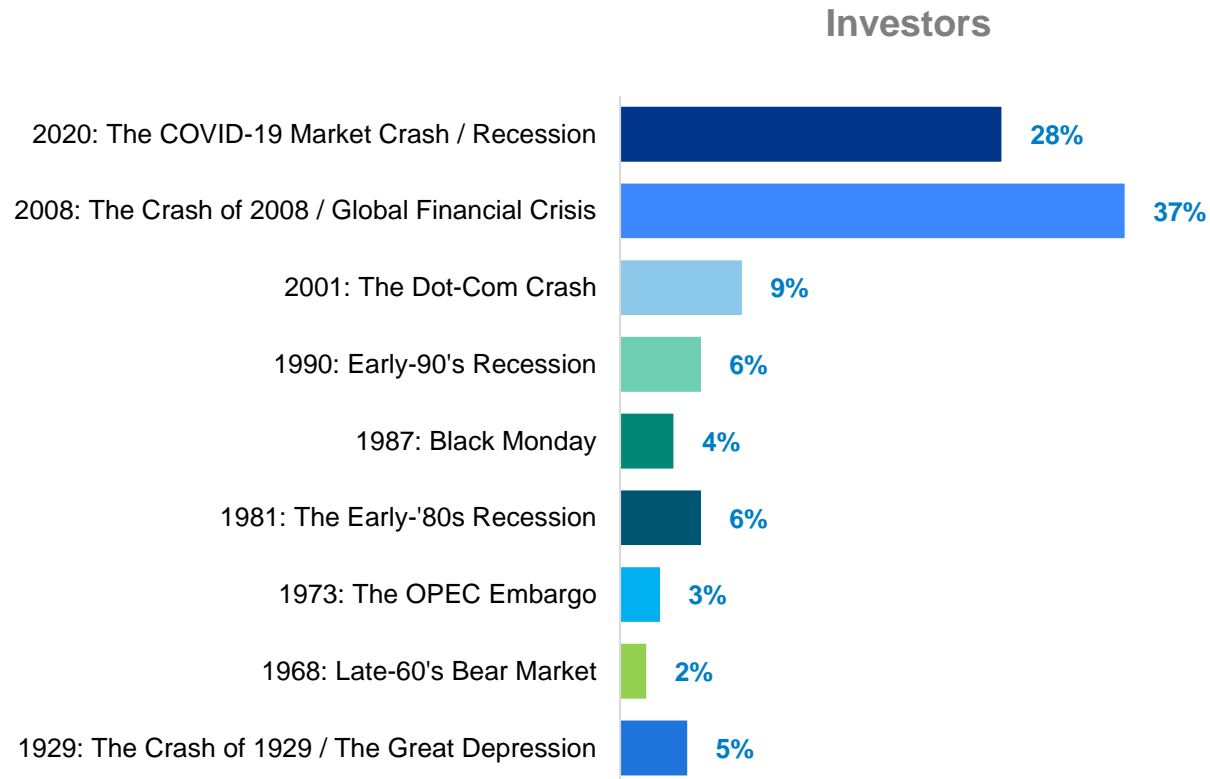
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Key Findings
October 2021

“Once-in-a-lifetime” financial crises have been accelerating.

The Global Financial Crisis of 2008 had the most profound impact on investors—but they continue to struggle with the financial fallout of the COVID-19 Pandemic—driving their desire for guided advice and need for comprehensive financial planning

Which financial crisis had the most profound impact on investors’ approach to finances and investments



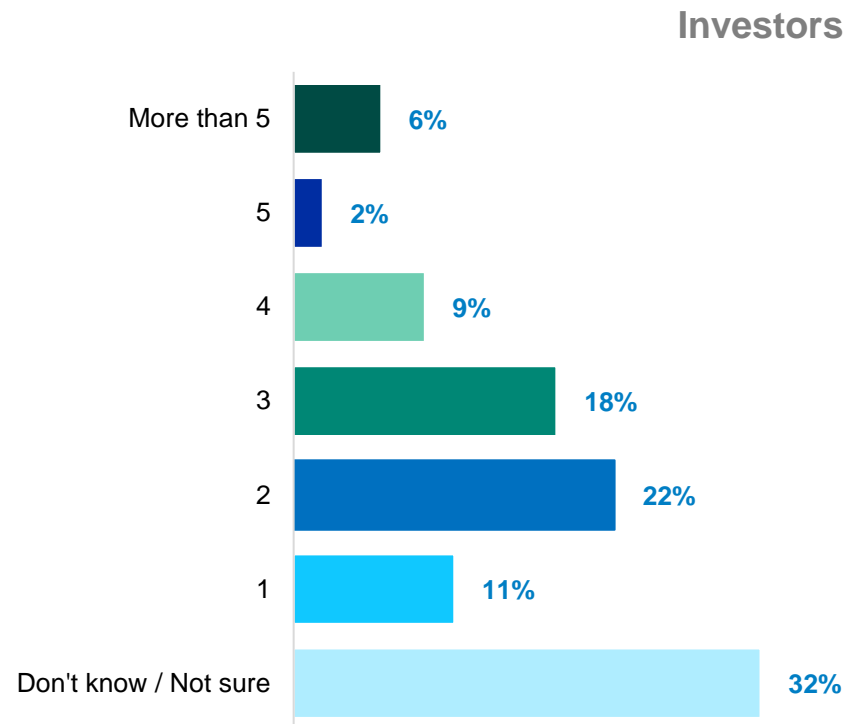
Q8365 Even if you did not personally live through it, of the financial crises below, which one had the most profound impact on how you approach your finances and investments? Please choose one.

Base: Qualified Investors n=839

Investors expect to live through more financial crises

More than two-thirds of investors (68%) expect to live through more financial crises. Nearly one-third (32%) say they don't know or are unsure how many more crises to expect

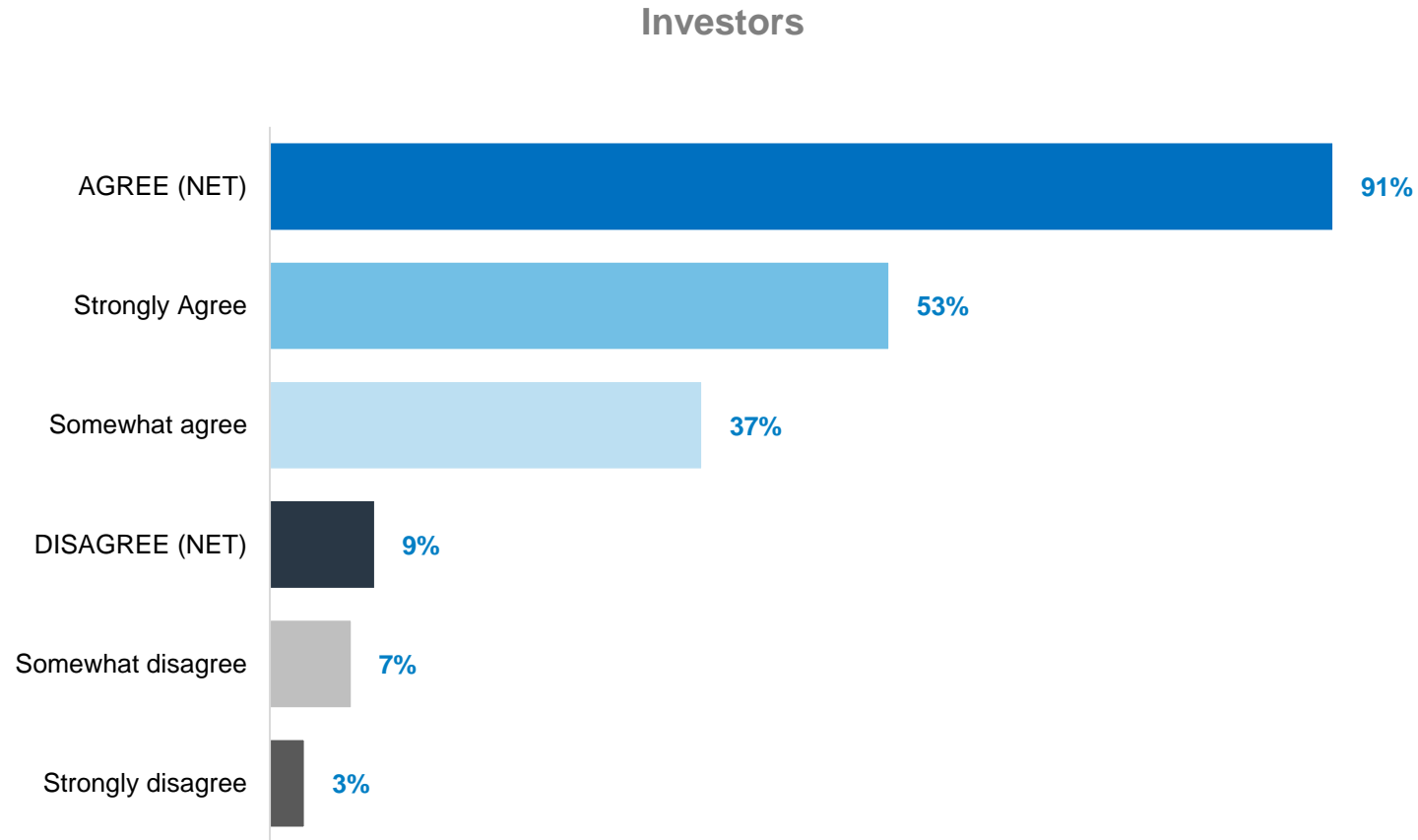
The number of additional financial crises investors expect to live through



Working with an advisor of financial professional gives investors more confidence

91% of investors who have an advisor or financial professional say that working with their advisor or financial professional helps them feel more confident that they can make the right investment decisions—even during an extreme financial crisis

Working with a financial professional helps me feel more confident I can make the right investment decisions—even during an extreme financial crisis



Q8235 How much do you agree or disagree with the following statements?

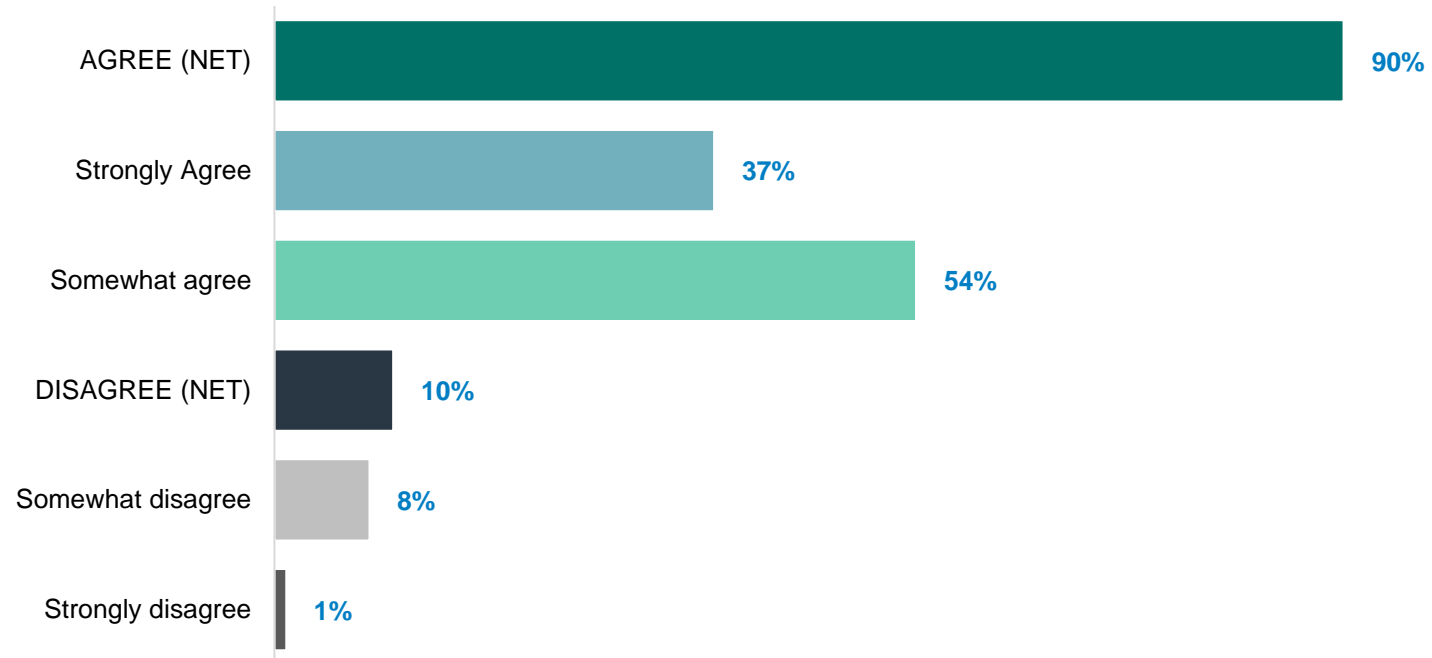
Base: Has an advisor n=551

Having a plan also helps investors feel more confident

90% of investors say that having a plan for their investments helps them feel more confident they can make the right investment decisions—even during an extreme financial crisis

Having a plan for my investments helps me feel more confident I can make the right investment decisions—even during an extreme financial crisis

Investors



Q8235 How much do you agree or disagree with the following statements?

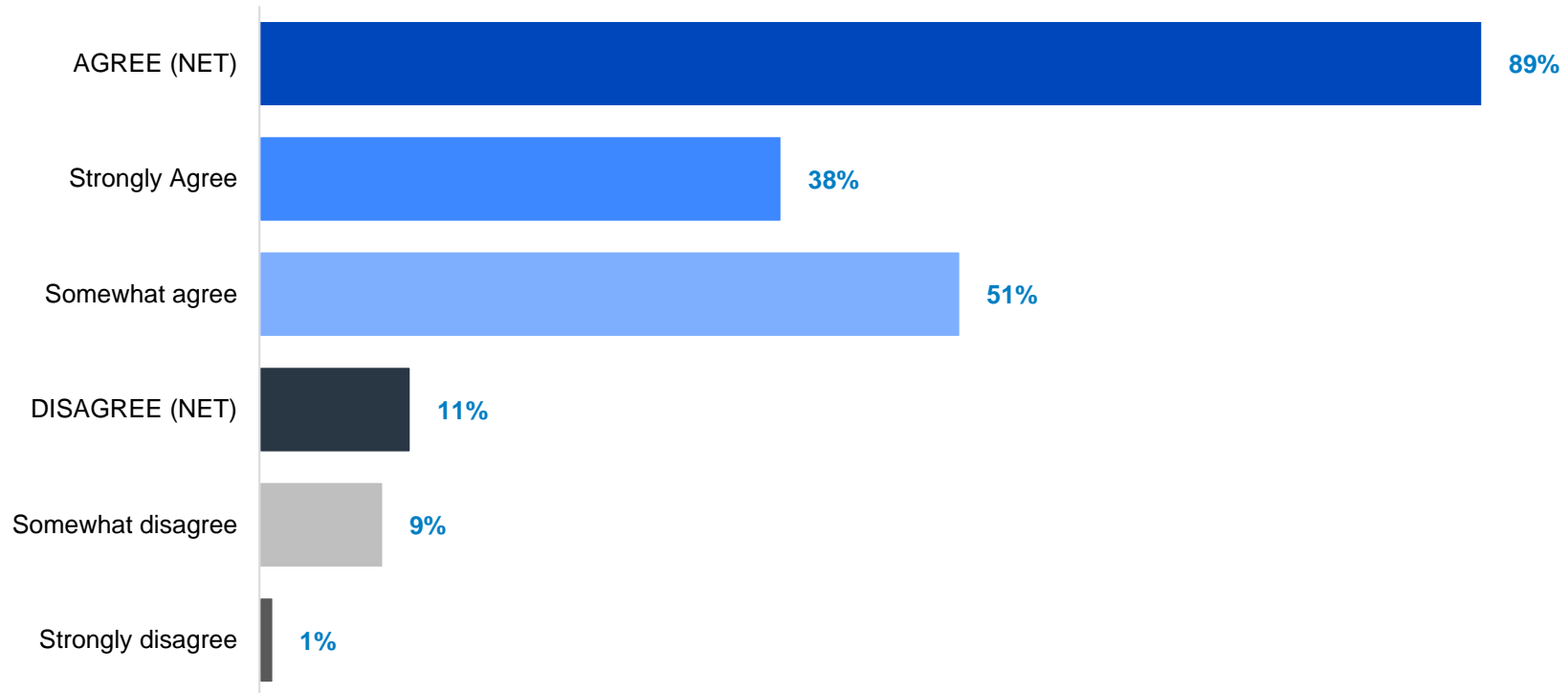
Base: Qualified Investors n=839

And having a plan helps investors feel in control

89% of investors say that having a plan for their investments helps them feel more in control—even if they can't plan for everything

Having a plan for my investments helps me feel more confident I can make the right investment decisions—even during an extreme financial crisis

Investors



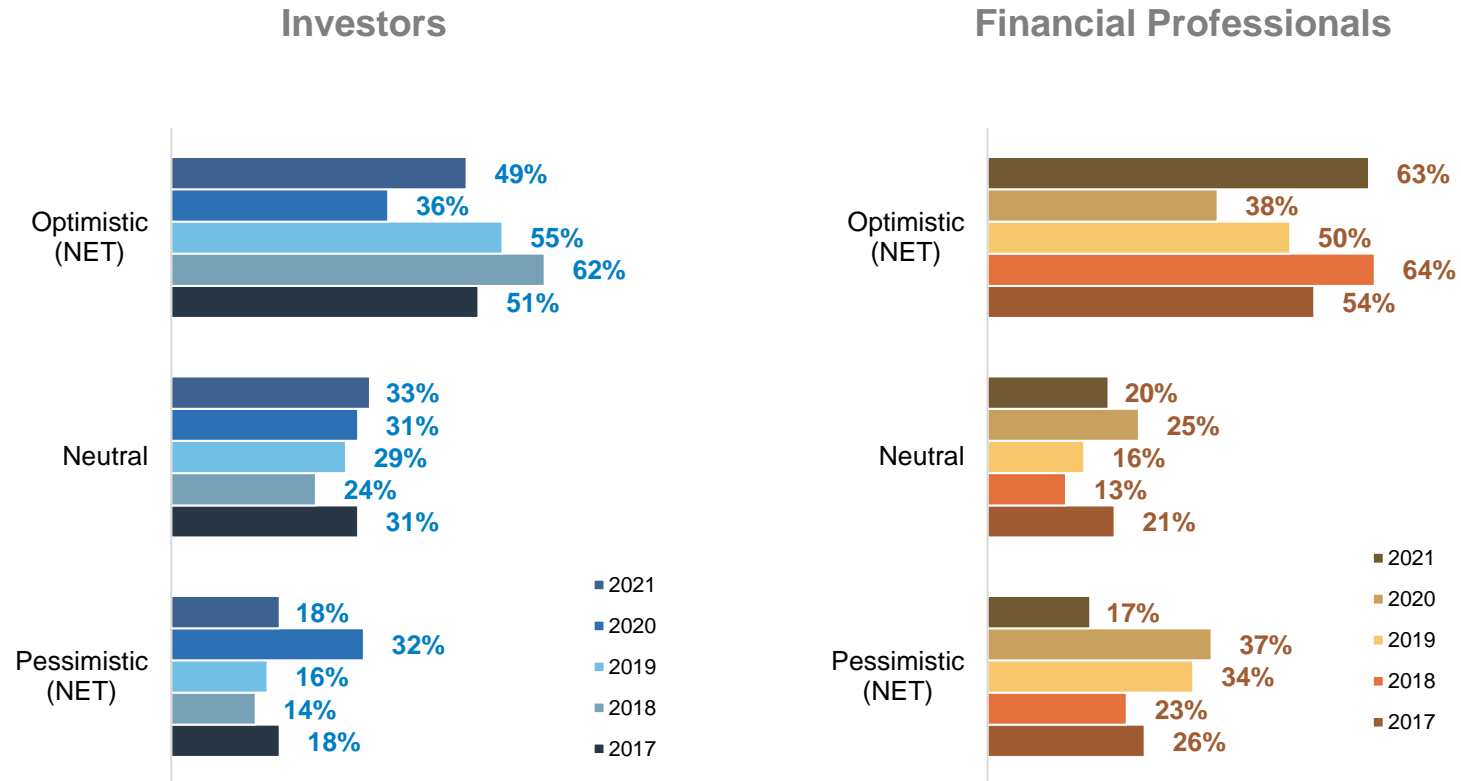
Q8235 How much do you agree or disagree with the following statements?

Base: Qualified Investors n=839

Optimism is on the rise again—and financial professionals bounce back faster

Investors with an optimistic financial outlook increased 13 points from last year—while advisors and financial professionals with an optimistic financial outlook increased 25 points

Financial outlook for next 12 months



Q1065 How would you describe your financial outlook for the next 12 months?

Base: Qualified Investors n=839, Qualified Financial Professionals n=1,632

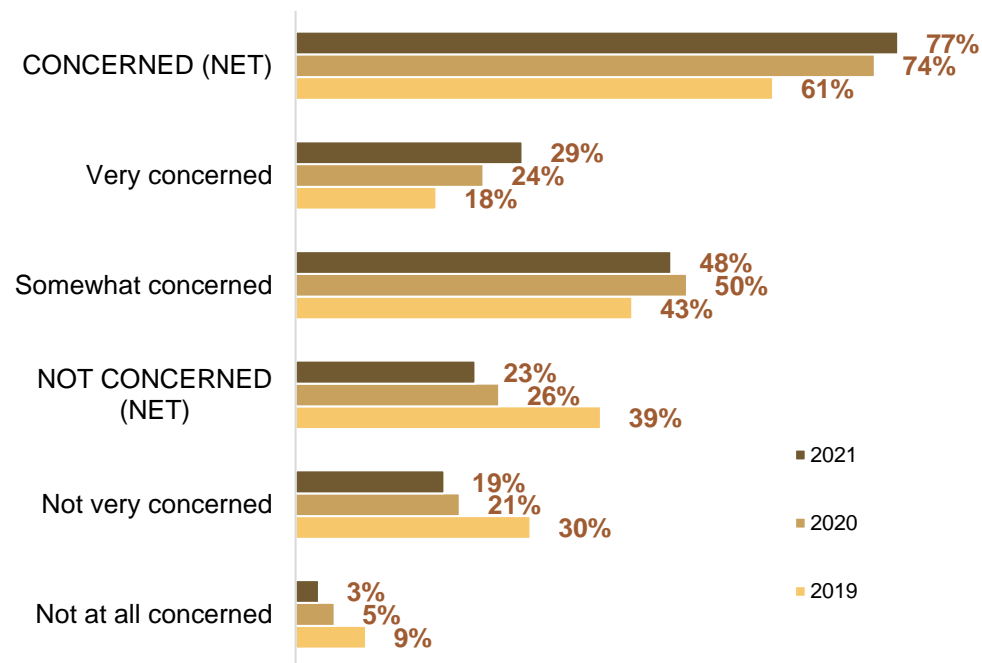
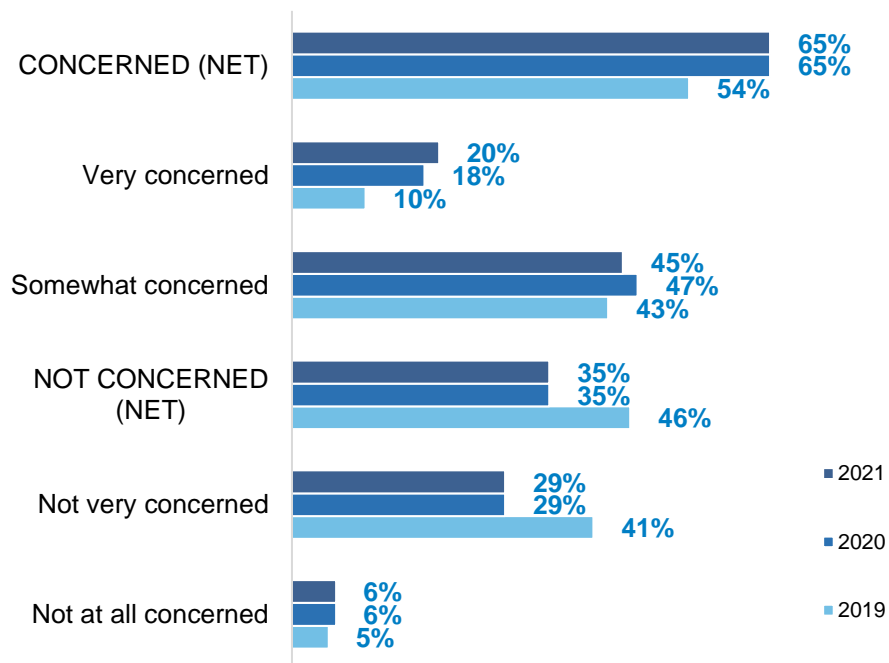
But there are still concerns about a bear market

Roughly two-thirds of investors and more than three-fourths of financial professionals remain concerned about a bear market

Concern about an ongoing US Bear Market over next 12 months

Investors

Financial Professionals



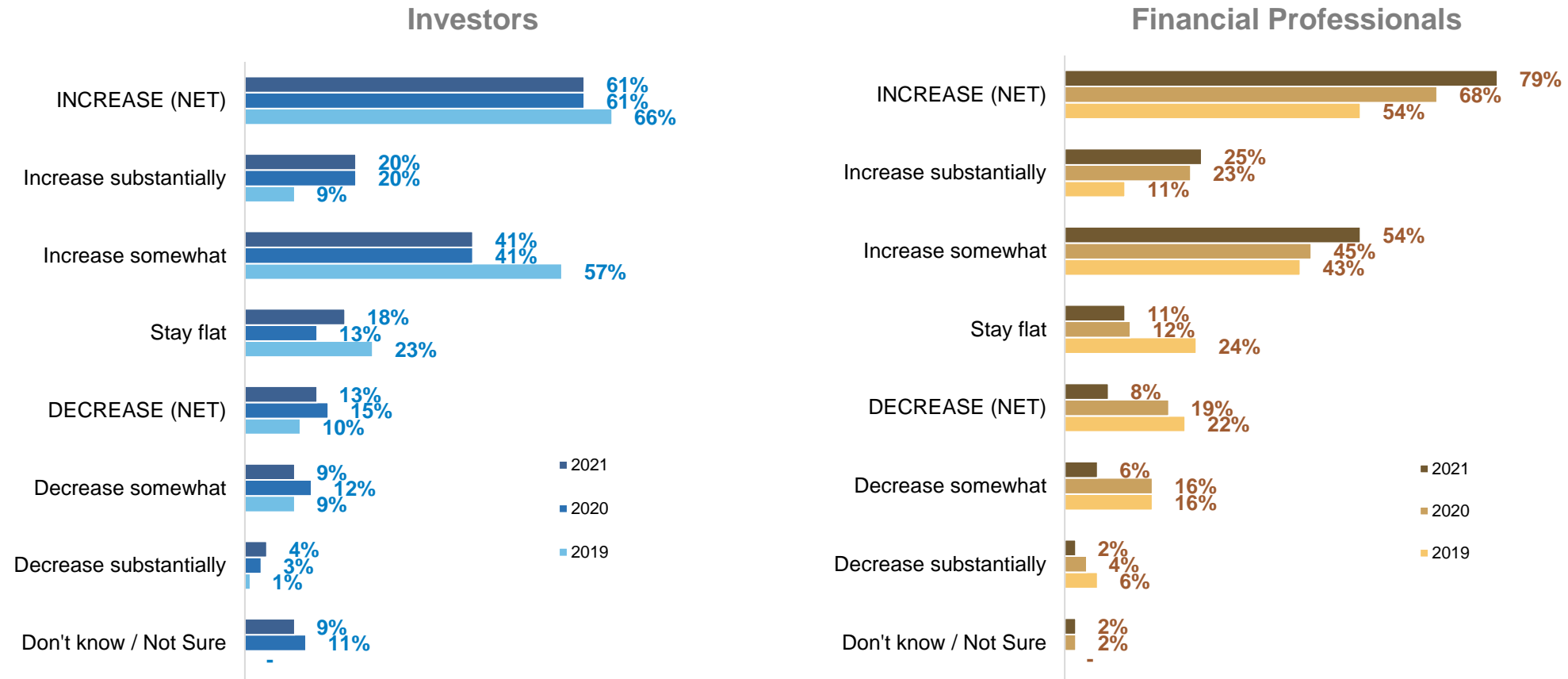
Q1240 How concerned are you about an ongoing US Bear Market over the next 12 months?

Base: Qualified Investors n=839, Qualified Financial Professionals n=1,632

Concerns about volatility run high

Nearly two-thirds of investors and nearly four in five financial professionals believe volatility will increase

Degree market volatility will fluctuate over the next 12 months



Q1230 To what degree do you anticipate market volatility will fluctuate over the next 12 months?

Base: Qualified Investors n=839, Qualified Financial Professionals n=1,632

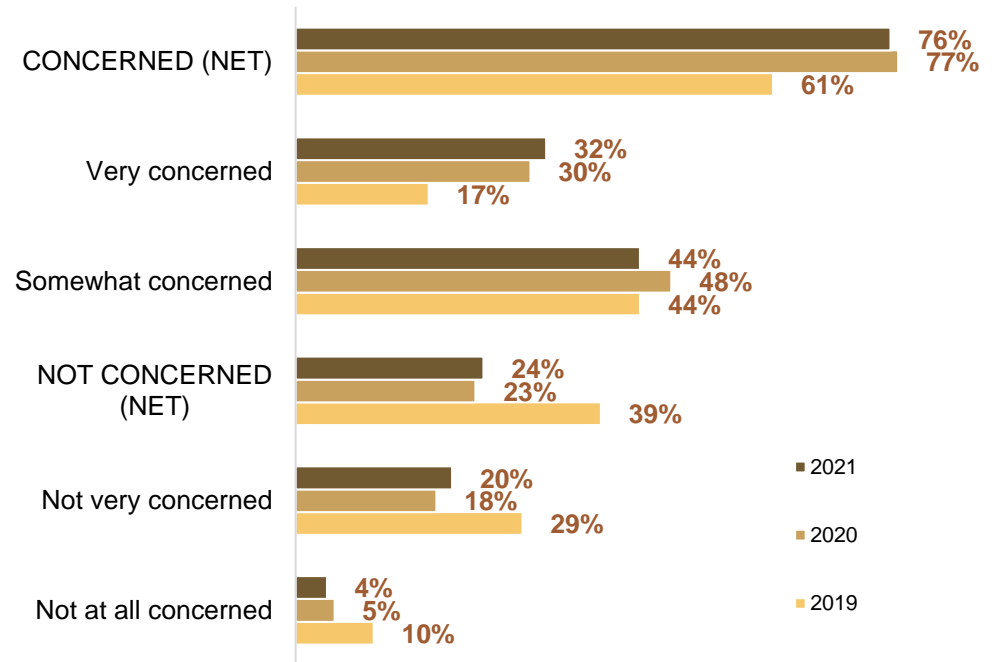
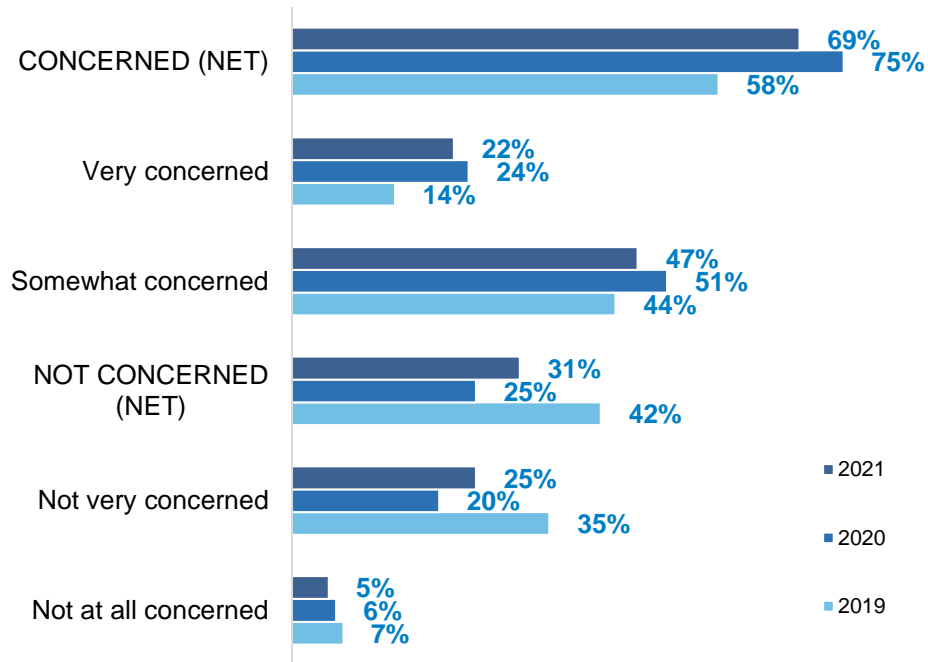
And the threat of recession remains a concern

More than two-thirds of investors and more than three-fourths of financial professionals are concerned about a recession

Concern about US economic recession over the next 12 months

Investors

Financial Professionals



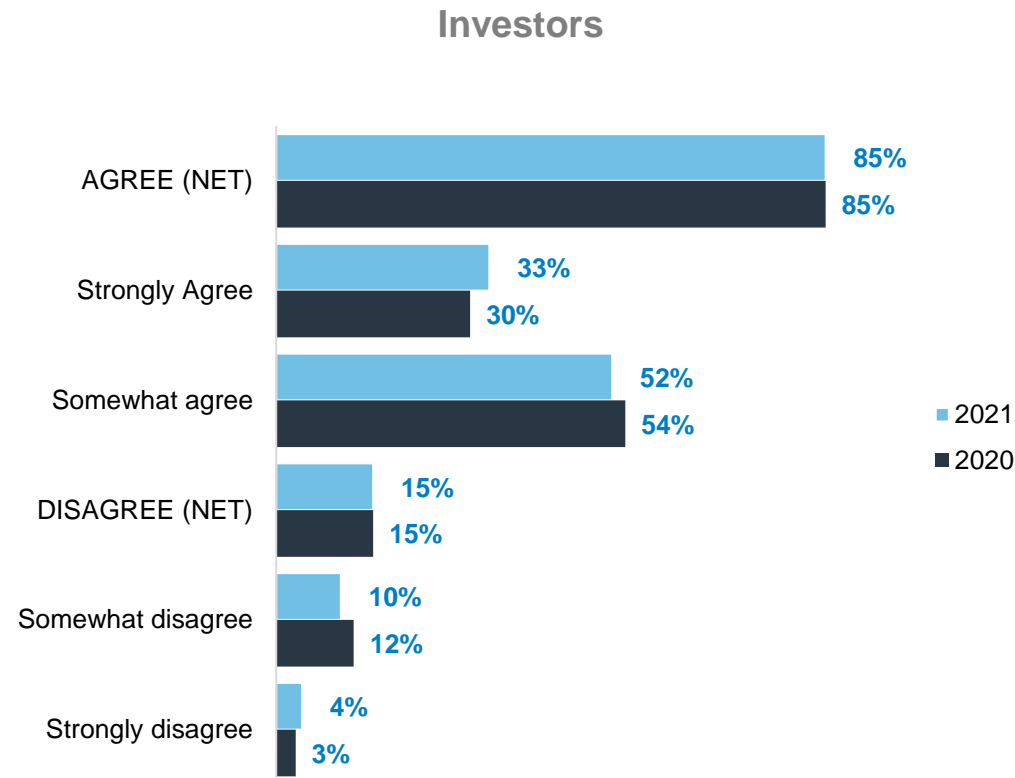
Q1220 How concerned are you about a US economic recession (two successive quarters of decline in GDP) over the next 12 months?

Base: Qualified Investors n=839, Qualified Financial Professionals n=1,632

It's clear that financial pressures from the pandemic are not over yet

It is also sobering to learn that just like last year, during the height of the pandemic, 85% of investors continue to say they can do all the right things to manage their finances and still be blindsided by outside events

I can do all the right things to manage my finances and still be blindsided by outside events



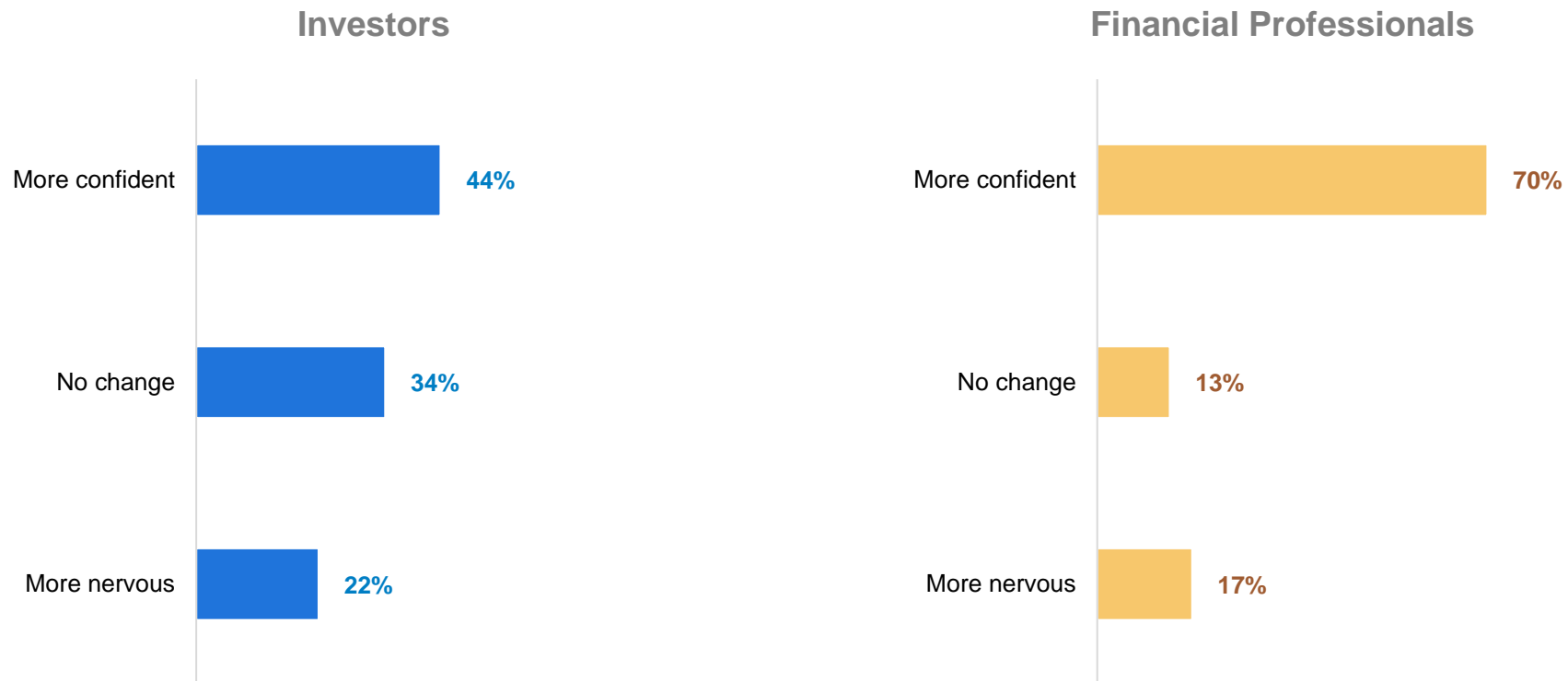
Q8235 How much do you agree or disagree with the following statements?

Base: Qualified Investors n=839

Financial professionals have gained confidence after confronting multiple crises

Investors are less likely to gain confidence in their ability to protect finances and investments if another crisis arises

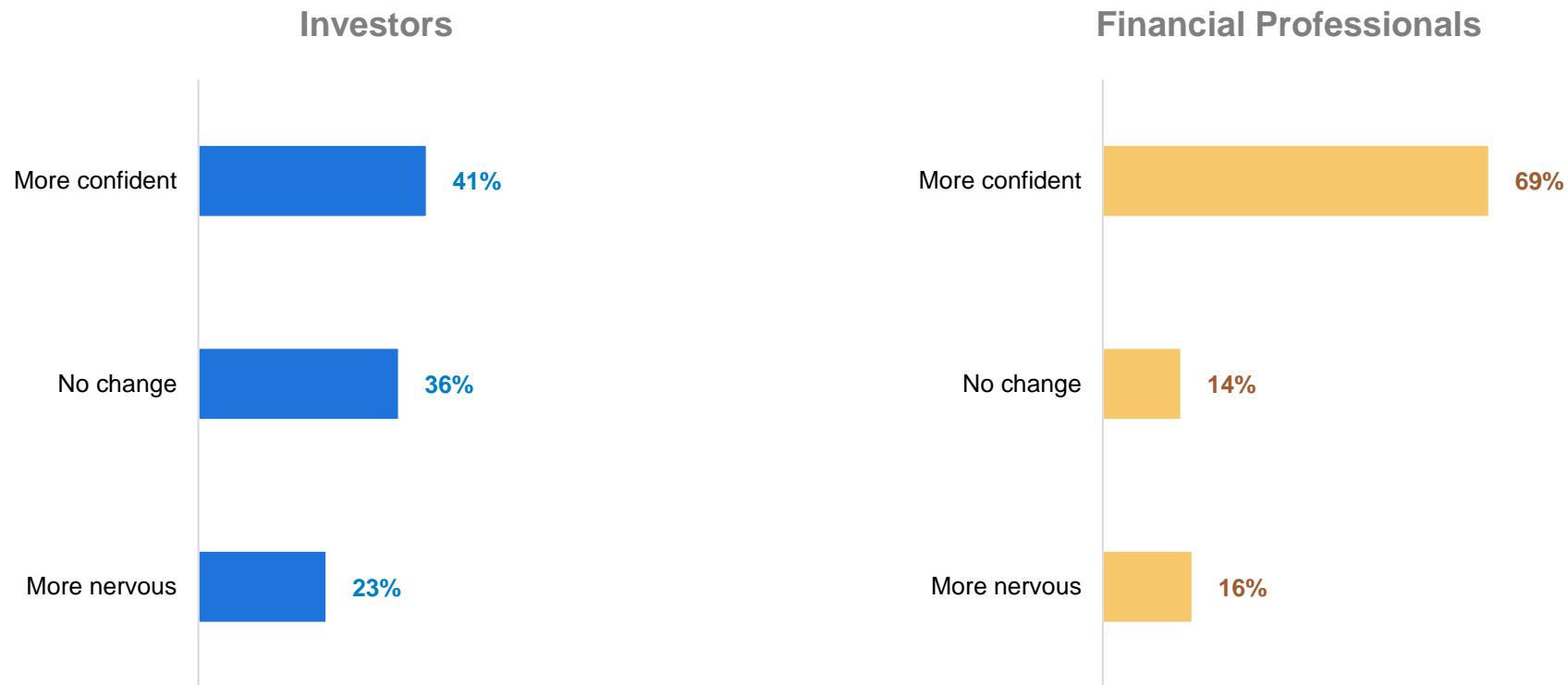
How did living through financial crises impact confidence in ability to protect finances and investments if another crisis arises



Financial professionals now feel more confident about helping clients with their retirement

Investors are less likely than financial professionals to gain confidence in their ability to prepare for and live in retirement

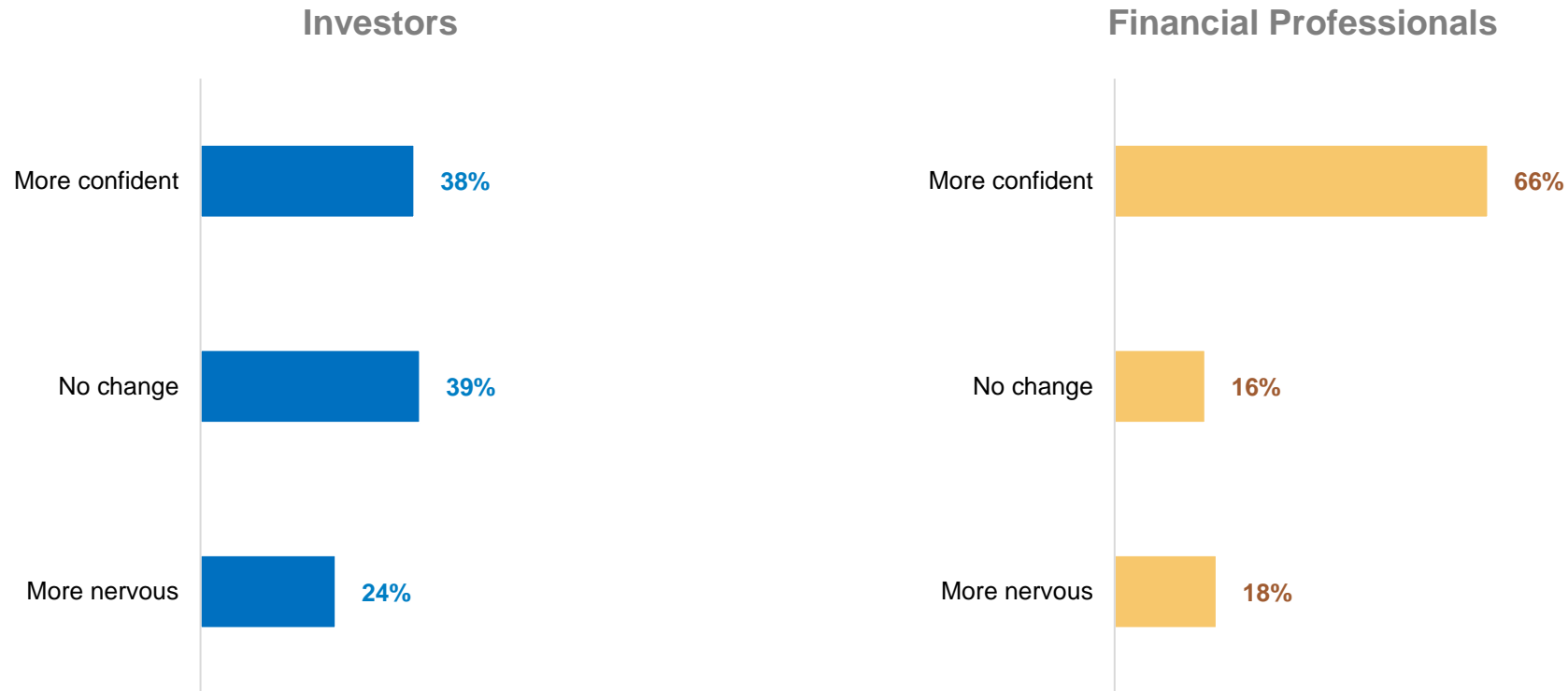
How did living through financial crises impact confidence in ability to prepare for and live in retirement



Financial professionals also feel more confident about helping clients invest in the stock market

Investors are less likely than financial professionals to gain confidence in their ability to invest in the stock market after living through financial crises

How did living through financial crises impact confidence in ability to invest assets in the stock market



Q8400 How did living through prior financial crises make you feel about investing your/your clients' assets in the stock market?

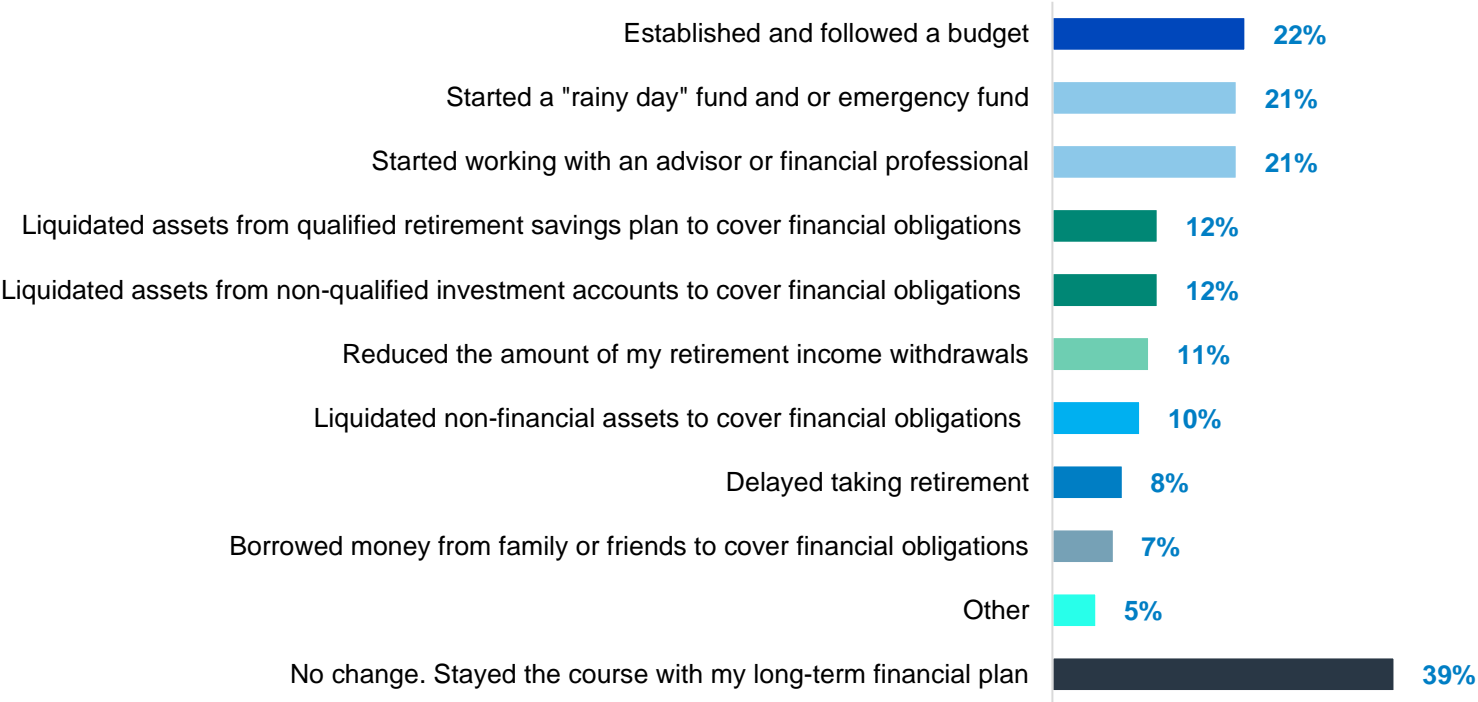
Base: Qualified Investors n=839, Qualified Financial Professionals n=1,632

Many investors changed their approach to their personal finances in response to financial crises

Their top three changes to their personal finances were proactive and practical—including establishing and following a budget (22%), starting to work with an advisor or financial professional (21%) and starting a “rainy day” fund and/or “emergency fund” (21%)

Changes in approach to personal finances in response to financial crisis with most profound impact

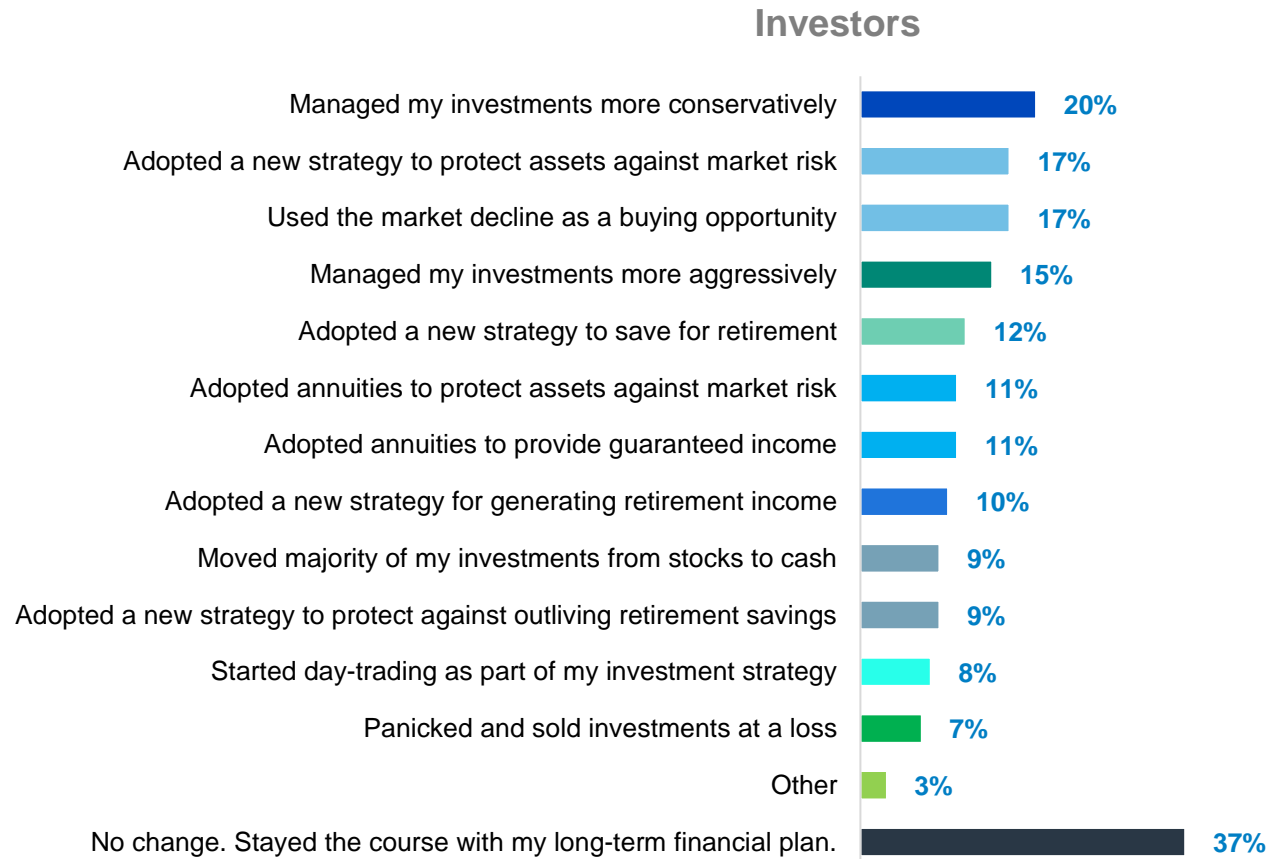
Investors



Many investors also changed their approach to investing

Their top choices showed a sense of caution, as well as a sense of opportunity—including managing investments more conservatively (20%) and adopting a new strategy to protect assets against market risk (17%) while at the same time using the market decline as a buying opportunity (17%)

Changes in approach to investing in response to financial crisis with most profound impact



Q8375 How did you change your approach to investing in response to the financial crises that had the most profound impact on you?

Please select all that apply.

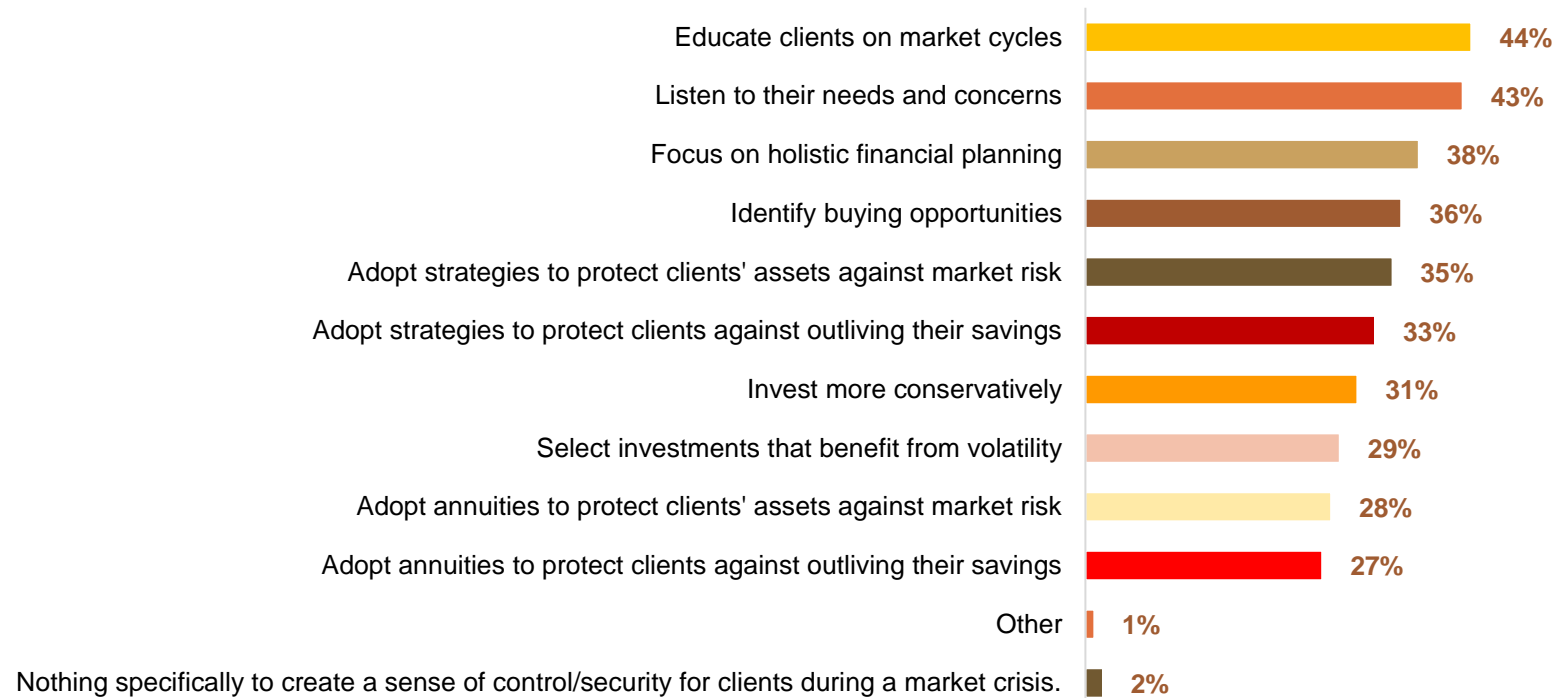
Base: Qualified Investors n=839

Advisors and financial professionals take action to help clients feel secure and in control

To create a sense of control and security for clients during recent market crises, advisors and financial professionals were most likely to educate clients on market cycles (44%), listen to their needs and concerns (43%), focus on holistic financial planning (38%) and identify buying opportunities (36%)

How financial professionals create a sense of control and security for clients during a market crisis

Financial Professionals



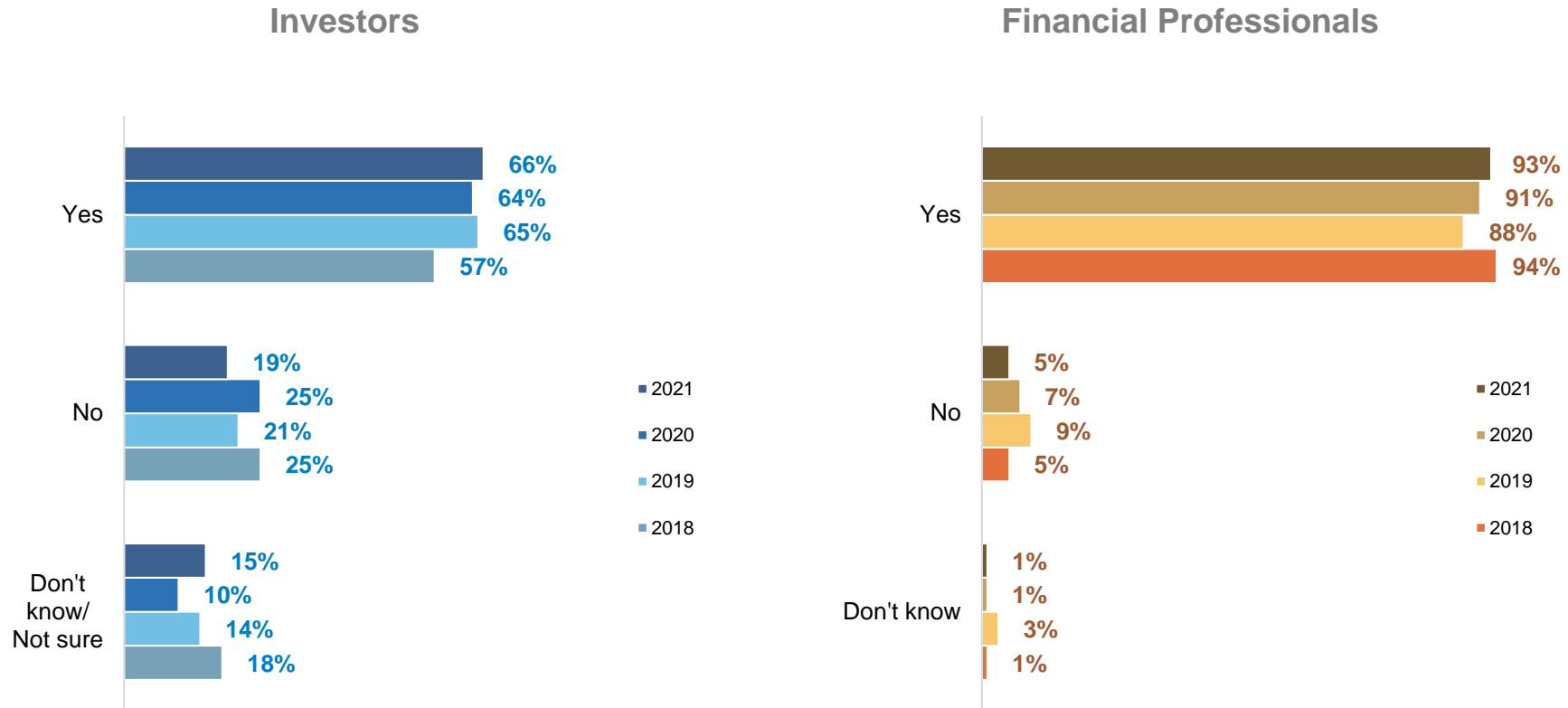
Q8415 How do you create a sense of control and security for clients during a market crisis? Please select all that apply.

Base: Qualified Financial Professionals n=1,632

Investors need help protecting assets—nearly 30-point preparation gap

When it comes to protecting assets, 93% of advisors and financial professionals have a strategy in place to protect their clients while only 66% of investors have a strategy—an almost 30-point preparation gap

Have strategy to help protect assets against market risk



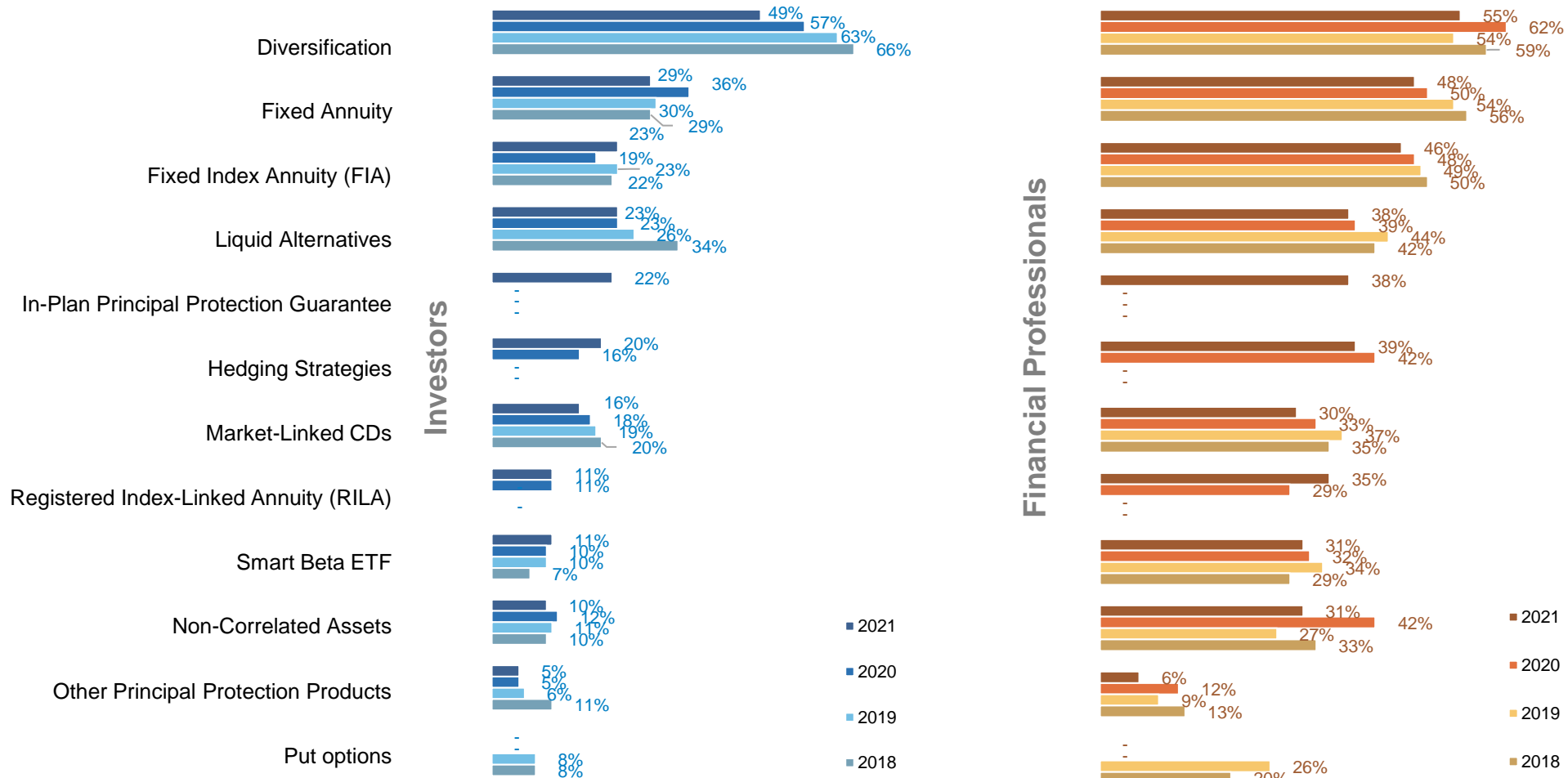
Q8010 Do you currently have a strategy in place to help/help your clients protect your/their assets against market risk?

Base: Qualified Investors n=839, Qualified Financial Professionals n=1,632

Investors are less adept at managing market risk

Advisors and financial professionals are much more likely than investors to use a broad range of risk management solutions and annuities

Solutions used to help protect assets against market risks



NOTE: Other responses excluded

Q8015 Which of the following solutions do you use to help yourself/your clients protect your/their assets against market risks? Please select all that apply.

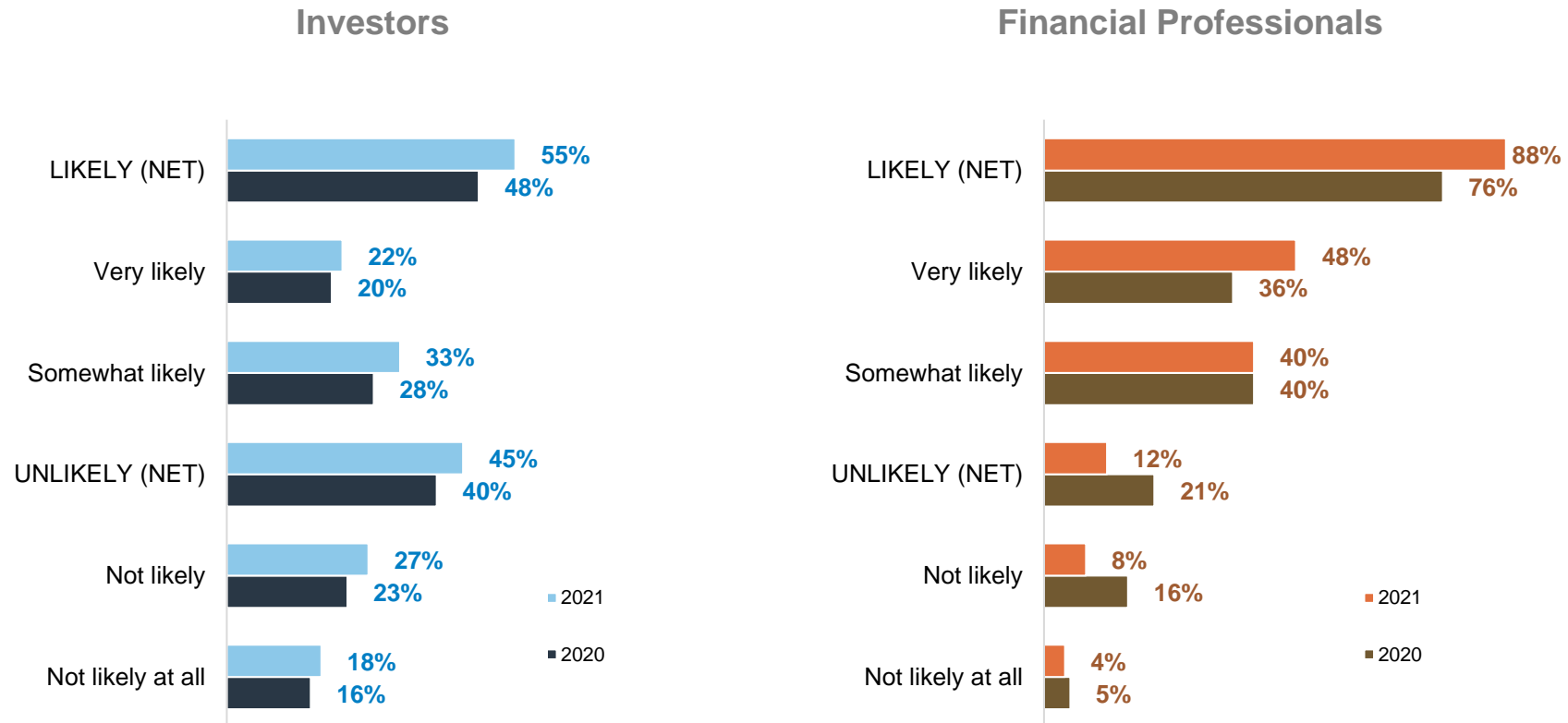
Base: Have A Strategy To Protect Assets Against Market Risks, Investors n= 577, Financial Professionals n=1,525



Annuities are key to holistic plan for managing risk

Advisors and financial professionals are more likely than investors to use an annuity to protect against market risk as part of a holistic financial plan in the next 12 months

Likelihood to choose annuity to protect against market risk as part of holistic plan in next 12 months



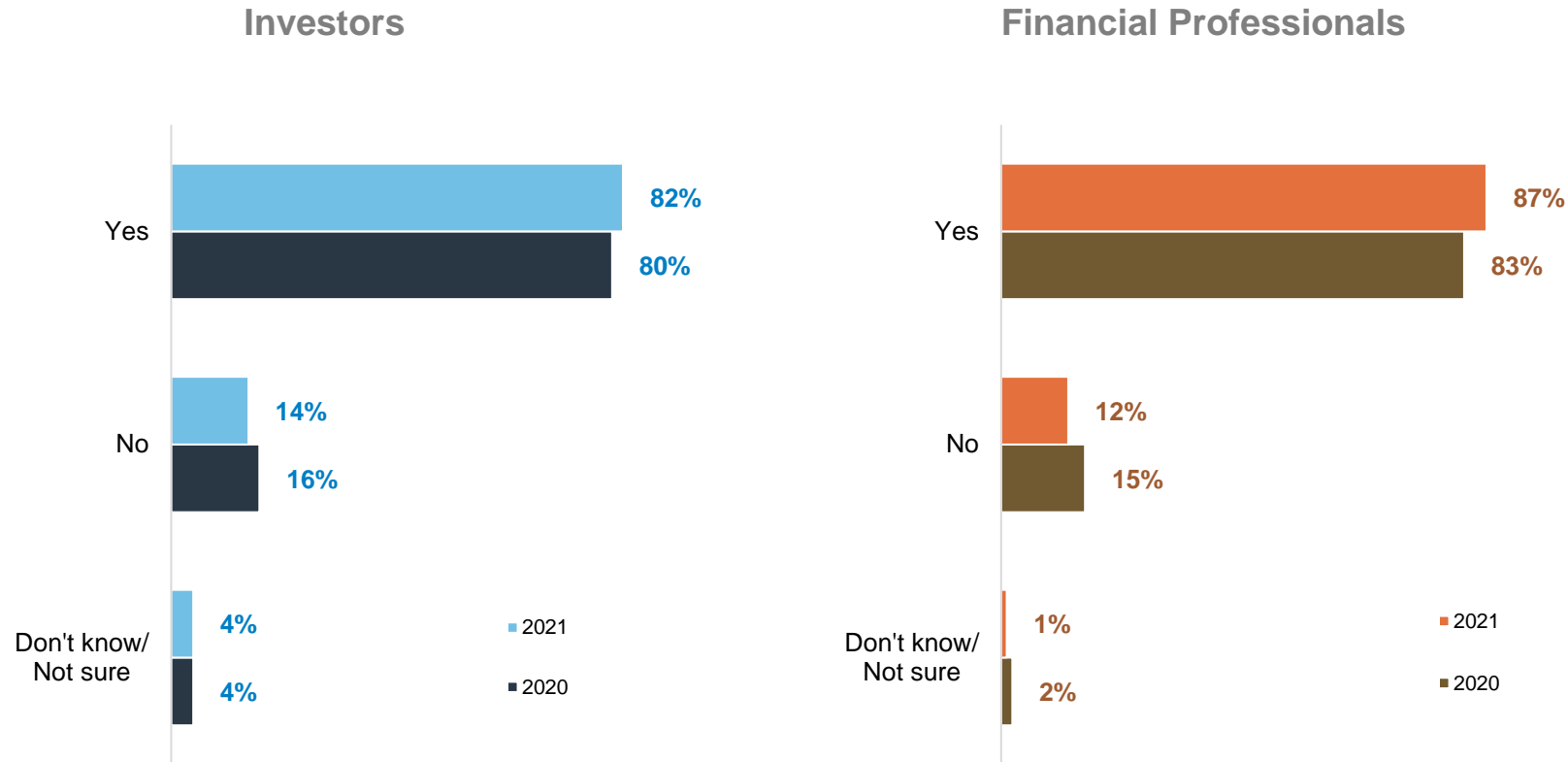
Q8218 How likely are you to choose an annuity to protect against market loss as part of your/your clients' holistic financial plans, in the next 12 months?

Base: Qualified Investors n=839, Qualified Financial Professionals n=1,632

Investors have a strategy to generate income in retirement—but is it enough?

It's encouraging that investors are almost as likely as advisors and financial professionals to say they have a strategy to generate guaranteed income in retirement

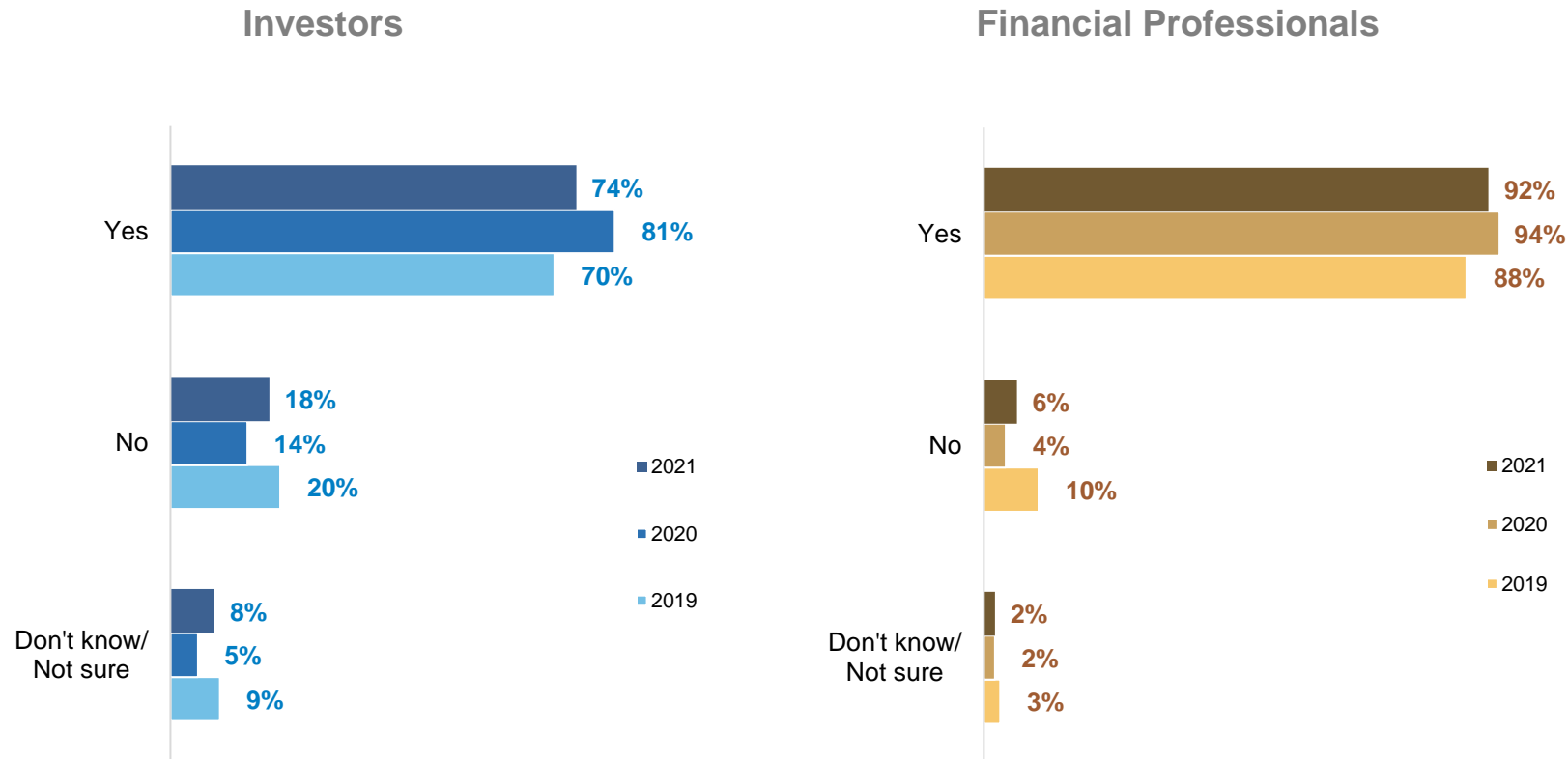
Have strategy to generate guaranteed income in retirement



But investors need help to protect against outliving savings

This nearly 20-point preparation gap reflects the fact that investors are more reliant on Social Security and less adept at leveraging other solutions at a time when pensions plans are disappearing, the safety net is under threat, and people are living longer

Have strategy to protect against outliving savings



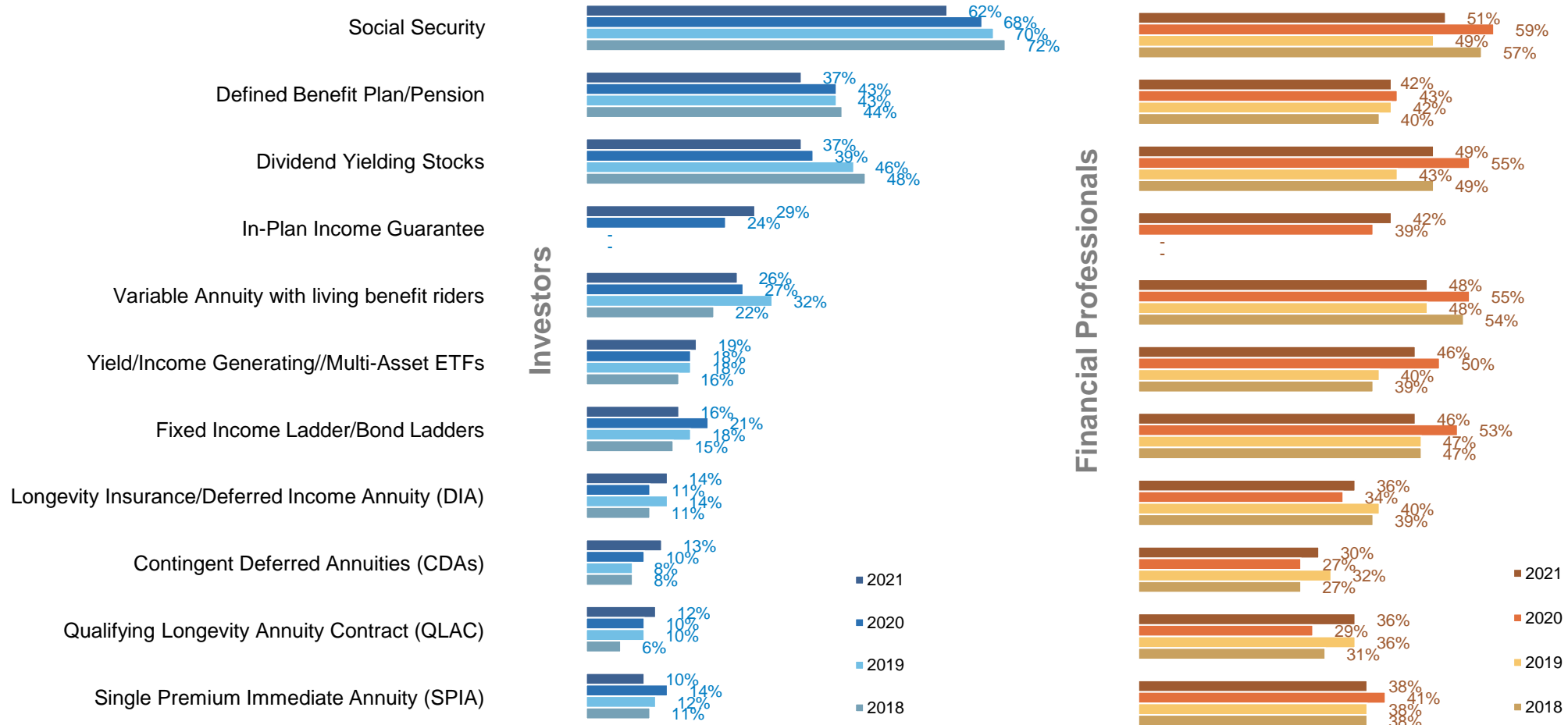
Q8006B Do you currently have a strategy in place to do the following?

Base: Qualified Investors n=839, Qualified Financial Professionals n=1,632

Investors are less adept at protecting against outliving savings

Advisors and financial professionals are more likely than investors to use more solutions—including a range of annuities which can guarantee income for life that will never run out

Solutions used to protect against outliving savings



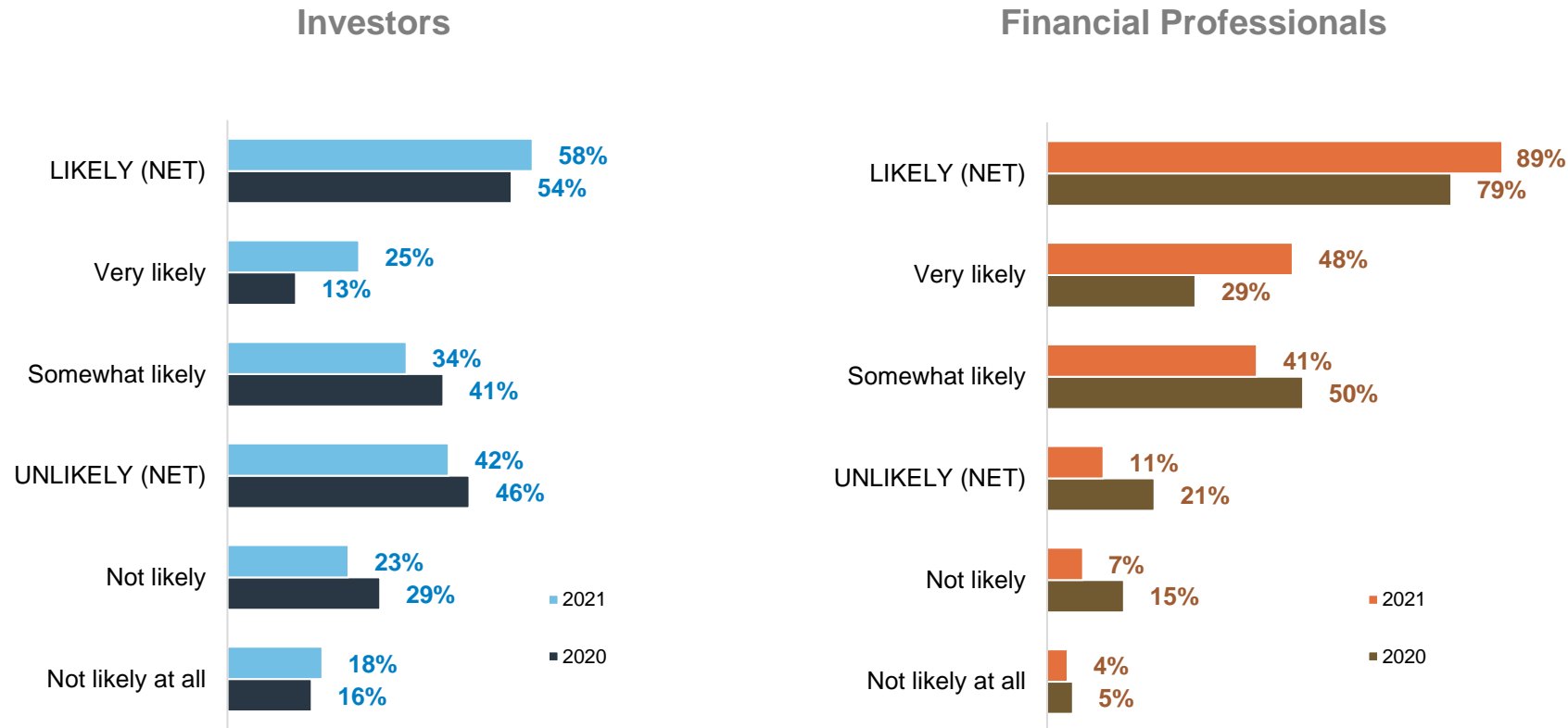
Q8007 Which of the following do you use to help protect yourself/your clients against outliving your/their savings? Select all that apply.

Base: Have a strategy in place to protect against outliving savings, Investors n= 649, Financial Professionals n=1,500

Annuities are key to holistic plan for protecting against outliving savings

Advisors and financial professionals are more likely than investors to use an annuity to protect against outliving savings as part of a holistic financial plan in the next 12 months

Likelihood to choose annuity to protect against outliving savings as part of holistic plan in next 12 months





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