

Biggest Financial Advice Gaps for Americans

Younger Households Struggle More; Who's More Likely to See Value in Paying for Financial Advice

(January 11, 2022, Rye, NY) – Americans¹ report their top five biggest financial advice gaps are handling market volatility emotionally, choosing appropriate investments, estimating required minimum withdrawals (RMDs), making buy/sell decisions on investments, and estate planning, according to a new research report by [Hearts & Wallets](#), the market research and benchmarking firm that specializes in consumer saving, investing and financial advice.

Pain Points & Actions: Using the Biggest Advice Gaps to Jump Start Consumer Conversations

analyzes consumer difficulty with 28 financial tasks, the behavior of seeking help and advice gaps. In this report, Hearts & Wallets defines an advice gap as an unmet need for advice on a specific task when a household finds a task difficult and has not sought help. Help includes asking a financial advisor, going online, or seeking out friends and family over the past 12 months. Advice gaps are sized in millions of households and trillions of assets in the research.

The report provides views by generation, lifestage and assets with advice gap data broken out by a range of asset levels under \$5 million as well as over \$5 million. The research includes the latest survey wave of 5,794 U.S. households in Sept. 2021 and trended data of nearly 65,000 households dating back to 2010 in the Hearts & Wallets Investor Quantitative™ Database, recognized as the largest single dataset with over 100 million data points on consumer saving, investing and advice behaviors.

Biggest Advice Gaps by Assets

In terms of assets, the biggest advice gaps are estate planning, managing finances of aging loved ones, and deciding whether to do Roth conversions, when households with \$5 million and more are included.

By lifestage, estimating required minimum withdrawals (RMDs) is the only unmet advice need to appear as a top 5 advice gap across all working “accumulator” lifestages (ages 21 to 64). The top advice gap for pre-retirees is developing a strategy to withdraw income from multiple accounts. Retirees and fully employed seniors have the lowest percentage of advice gaps of all lifestages.

“Advice gaps provide opportunities for financial services firms to start conversations with consumers,” Laura Varas, CEO and founder of Hearts & Wallets, said. “Estate planning is an unmet advice need across all asset levels and most lifestages, not just older, wealthier households. Firms should consider ways to support younger, lower-asset consumers who struggle with the estate planning advice gap.”

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¹Measured in terms of total investable household assets for U.S. households with under \$5 million.

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More Consumers Find Tasks Difficult, Especially Younger and Less Wealthy

More U.S. households over the past year report seeking help for multiple financial tasks with growth being driven by households with \$100,000 to under \$500,000 in assets. Nationally, 3 in 10 households sought help on 3+ tasks in 2021, a year-over-year increase of 4 percentage points and up 8 percentage points since 2014.

In comparison to older generations, Millennials and Gen X are more likely to seek help for multiple financial tasks, seeking help for 3-plus tasks and often as many as 7-plus. Millennials are twice as likely as Baby Boomers to seek help on multiple tasks. Millennials and Gen X consumers who say COVID-19 changed their attitudes to saving and investing are especially likely to seek help on multiple tasks.

Who's Not Seeking Help

Americans may say a financial task is very difficult, but that doesn't mean they seek help. Three in 10 U.S. households say 7 or more financial tasks are very difficult (ranked 8 to 10 on a 10-point scale) but did not seek help for a single task.

"Reasons for not seeking help vary," Amber Katris, Hearts & Wallets Subject Matter Expert, said. "Consumers may not know where to turn for help, have difficulty relating to support, be worried about affordability, overwhelmed by inertia, or their providers may not be engaging with them. Firms should build customer experiences that can handle multiple advice tasks, using individual tasks as hooks to start conversations."

Who Sees Value in Paying for Advice

Experience with advice equates to a greater likelihood of seeing value in paying for advice. Households that have experienced advice, as indicated by having sought help on 2-plus tasks, are more than twice as likely to see value in paying for professional advice than households who have not experienced advice.

Methodology

The *Pain Points & Actions: Using the Biggest Advice Gaps to Jump Start Consumer Conversations* report analyzes consumer difficulty with financial tasks, the behavior of seeking help with tasks and advice gaps between task difficulty and seeking help. The research draws upon the Hearts & Wallets Investor Quantitative™ Database (IQ Database), recognized as the largest single dataset with over 100 million data points on consumer buying patterns from 65,000 U.S. households. The latest survey wave was fielded in September 2021 and includes 5,794 participants.

About Hearts & Wallets

Hearts & Wallets is the market research and benchmarking firm that specializes in how consumers save, invest and seek financial advice. Leading firms rely upon Hearts & Wallets thought-leadership reports, software and benchmarking to make their saving, investing and advice solutions more consumer-centric. For more information visit www.heartsandwallets.com.

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