ebri.org
Employee Benefit Research Institute

May 20, 2013, #229

FAST Facts

Contact: Stephen Blakely, EBRI, (202) 775-6341, blakely@ebri.org

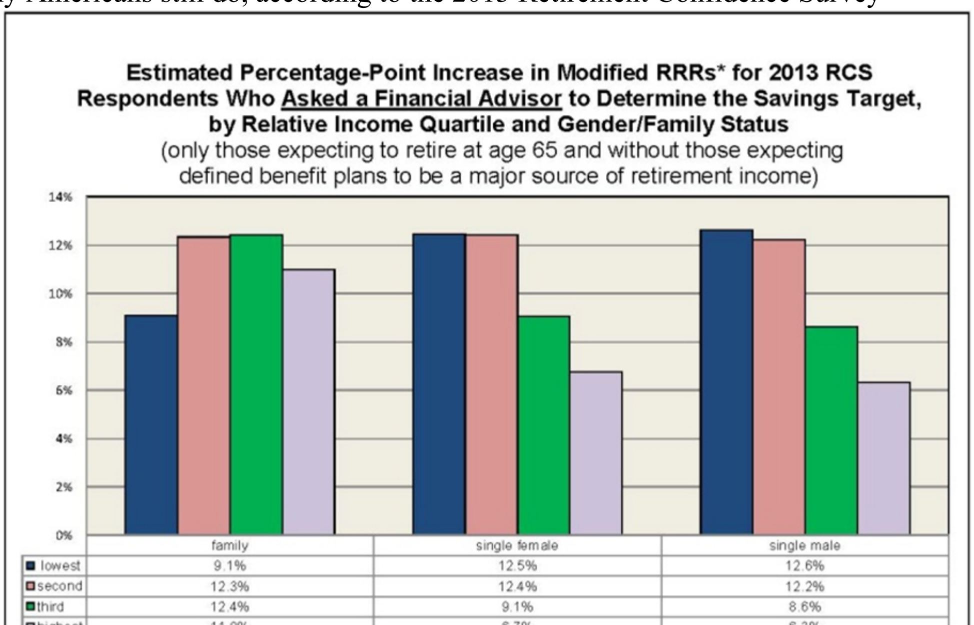
The Impact of an Advisor

The counsel of a trusted advisor has long been thought to be a valued addition to the process of retirement planning—and, according to an analysis by the nonpartisan Employee Benefit Research Institute (EBRI), that guidance can, in fact, be beneficial.

Using data from the 2013 Retirement Confidence Survey (RCS) along with a modified version of the EBRI Retirement Security Projection Model® (RSPM), EBRI found that the savings targets set by those in the lowest-income quartile who had sought the input of a financial advisor were associated with a lower risk of running short of money in retirement by anywhere from 9 to nearly 13 percentage points, depending on family status and gender.

The analysis assessed the probability that respondent households would not run short of money in retirement if they did, in fact, accumulate the amount they said would be required in the 2013 RCS.

As for those who "guessed" at those retirement savings targets, the analysis also finds that for all four income quartiles, those who did so—as many Americans still do, according to the 2013 Retirement Confidence Survey—were less likely to choose an adequate target.



	family	single female	single male
lowest	9.1%	12.5%	12.6%
second	12.3%	12.4%	12.2%
third	12.4%	9.1%	8.6%
highest	11.0%	6.7%	6.3%

Source: EBRI Retirement Security Projection Model® version 1685.
* The modified Retirement Readiness Rating is simulated given the 2013 RCS respondents' age, income, gender, and family status and their response to: "amount you think you (and your spouse) will need to accumulate in total by the time you retire so that you can live comfortably in retirement."

More information about the EBRI analysis is available in the *EBRI Notes* article, "A Little Help: The Impact of On-line Calculators and Financial Advisors on Setting Adequate Retirement-Savings Targets: Evidence from the 2013 Retirement Confidence Survey" at http://bit.ly/10VRGnz

The Employee Benefit Research Institute is a private, nonpartisan, nonprofit research institute based in Washington, DC, that focuses on health, savings, retirement, and economic security issues. EBRI does not lobby and does not take policy positions. The work of EBRI is made possible by funding from its members and sponsors, which includes a broad range of public, private, for-profit and nonprofit organizations. For more information go to www.ebri.org or www.asec.org