

# Benchmark

DATA-BASED INSIGHT FROM FINANCIAL PLANNING AND ARIZENT RESEARCH

## Retirement Advisor Confidence Outlook

# Retirement confidence keeps dropping amid global uncertainty

As wars rage abroad and the presidential campaign heats up at home, "uncertainty" is the word of the day.

By Nathan Place

In both domestic and global events, retirement advisors don't know what to expect — and it's hurting their faith in the economy.

Retirement confidence continues to sink, according to Arizent's latest Retirement Advisor Confidence Outlook (RACO) — a monthly survey that measures retirement confidence on a scale of minus-100 to 100.

In April, that score dropped to zero. In RACO's system, that's a neutral outlook — neither positive nor negative — but it continues the downward slide since February, when the score was 12, and March, when it was 6.

Why are retirement advisors losing confidence? In their open-ended survey responses, no single reason stood out as the biggest factor. But one word came up again and again: uncertainty.

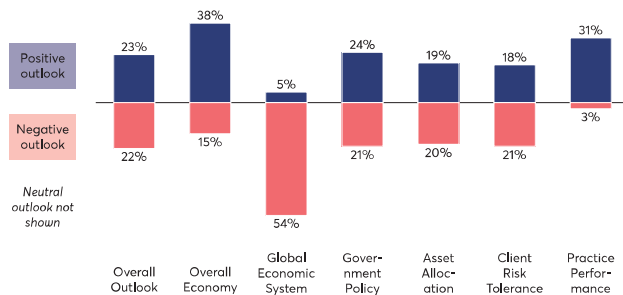
"Global events such as elections can create uncertainty in financial markets and influence client sentiment," one wealth manager said.

In April 2024, that may be an understatement. A close presidential election looms over American politics, war rages on in Israel and Ukraine, inflation remains stubborn and the Fed's long-promised interest rate cuts have yet to arrive. On every front, no one knows what the outcome will be.

Adding to this atmosphere of unpredictability, in less than two weeks Americans experienced a solar eclipse, an earthquake and the sudden collapse of a major bridge. All of this is weighing on many retirement advisors' minds.

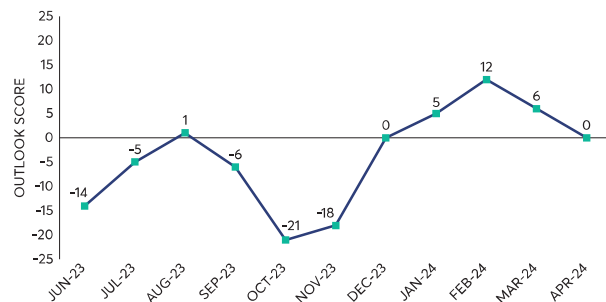
"The disruption of the supply chain due to the bridge

### APRIL OUTLOOK COMPONENTS



Source: Arizent Retirement Advisor Confidence Outlook Survey April 2024  
Base: 210 Financial Advisors

### RETIREMENT ADVISOR CONFIDENCE OUTLOOK



Source: Arizent Retirement Advisor Confidence Outlook Survey June 2023 - April 2024

collapse in Baltimore may contribute to inflationary pressures," one advisor wrote. "Also, the war in the Middle East and the Russian invasion of Ukraine has the potential of escalating and

The Retirement Advisor Confidence Outlook, published in partnership with ADP®, is created by the editors of Financial Planning and is based on a monthly survey of about 200 advisors. Visit [financial-planning.com](https://financial-planning.com) for more results.

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spreading and may have an economic impact.”

Amid all this tumult, investors are in no mood to take chances. Client risk tolerance dropped steeply, from a score of 9 in March to minus-3 in April. When asked what was impacting their business outlooks, one advisor responded simply, “Fear.”

Other measurements were down as well. Practice performance sank from 37 in March to 28 in April, and asset allocation dropped from 6 to minus-1.

Advisors also showed concern about the bigger picture. Their view of the overall economy dropped from a score of 30 in March to 22 in April, and the score for government policy fell from 7 to 3.

In a poll regarding the global economic system, 54% of respondents said they had a negative outlook, while only 5% said their outlook was positive.

Even the Federal Reserve, which usually scores high marks with retirement advisors, was a source of frustration for some.

“I’m sick of government B.S., ESG virtue signaling and the Fed holding so much sway over the market,” one planner said.

In December 2023, the Fed announced that it planned to lower interest rates three times in 2024 — something that many investors hoped would give a helpful boost to the stock market. But as inflation has remained stuck above the central bank’s 2% target, the cuts have become a dream deferred.

In the meantime, retirement advisors wait — and worry.

“The Federal Reserve’s interest rate decisions will have the greatest impact this year,” one advisor said.

In spite of all this uncertainty, many wealth managers expressed more confidence in the economy’s long-term prospects. Many said they’ve advised clients to “stay the course,” reassuring them that this, too, shall pass.

“I’m just reminding clients that markets are usually more volatile leading up to an election and tend to perform well after the uncertainty is over,” one advisor said. **FP**

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