

Retirement Planning, Estate Planning and Investing: All Struggles

The pain points in the new Hearts & Wallets survey of Americans

NEXT AVENUE BLOGGER By Richard Eisenberg, **oney & Work Editor**

Today's grim financial news: Americans, especially those nearing retirement, are struggling with retirement planning, [estate planning](#) and making investment decisions.

Those are key findings in the new [Pain Points and Actions report](#) from [Hearts & Wallets](#), a noted data and consulting firm focused on understanding the drivers behind investor decision-making. In its annual survey, Hearts & Wallets polled 5,216 adults, oversampling for wealthier Americans, those they dub "late-career" (age 53 to 64) and pre-retirees who say they're likely to retire within five years.

Big Difficulties With Retirement Planning

More than half of the late-career (52 percent) and mid-career respondents (59 percent; age 40 to 52) said they are having difficulties with retirement planning.

Of all the financial tasks Hearts & Wallets listed, estate planning was the only one that a higher percentage said was harder in 2016 than last year.

Why?

"A lot of the retirement planning solutions today are very focused on the math of 'providing income' and I think life is a lot more complicated than that," said Laura Varas, Hearts & Wallet's founder and CEO. "There are hopes and dreams. For boomers, the list of things they want to accomplish is very salient for them and the hyper-rational solutions miss some of the emotional complexity of real life."

Estate Planning Is Tough, Too

Estate planning was a particular problem for a big chunk of both the pre-retirees and the retirees surveyed this year as well. In fact, of all the financial tasks Hearts & Wallets listed, estate planning was the only one a higher percentage of these groups said was harder in 2016 than last year: 26 percent said estate planning was somewhat or very difficult for them, up from 24 percent in 2015.

Yet only 8 percent of pre-retirees and retirees said they sought help for estate planning in the past 12 to 18 months. Varas believes that most aren't looking for help from an estate-planning attorney because they're not yet "exceedingly uncomfortable" about the topic. Also, she added, "Estate planning is not something you need to work on every day or something you need to update more than once a year, at most."

The Pain of Choosing Appropriate Investments

Another winner of our discontent: 54 percent of late-career respondents and 47 percent of pre-retirees told Hearts & Wallets they found it "difficult" or "very difficult" to choose appropriate investments.

"Choosing investments has always been a difficult task," said Varas. "That's why there's an entire industry built around it." But, she added, the current low-interest rate environment has something to do with this, too.

"In focus groups, I hear increasing exasperation with people having to be farther out on the yield curve and taking on more risk than they want," said Varas. Translation: They're buying long-term bonds and CDs, rather than short-term bonds and short-term CDs, to get higher returns. But in doing so, they're taking on the risk that if interest rates go up, the prices of their bonds will fall or they'd owe early-withdrawal penalties on CDs to replace their certificates with ones offering loftier rates.

Free Advice: Worth the Price?

One more nugget from this report: Late-career people tend to favor getting free financial advice rather than paying financial advisers, and that's an increasing trend.

In 2016, only 43 percent of late-career respondents said they paid financial professionals for advice. But 71 percent sought advice from all kinds of free sources — from mutual fund and brokerage phone reps to employers to family, friends and media — up 8 percentage points from 2015.

"They're confused about the difference between calling a phone rep at, say, Fidelity, versus consulting with a financial adviser at, say, Wells Fargo Advisers," said Varas. "They're clear that an adviser is more expensive, but not clear whether what he or she does is better, and if so how."

Varas said she believes paid advisers are, in general, better for serious retirement planning. "It's not the same thing to call up a phone rep periodically, compared to having an ongoing 15-year relationship with a professional who is invested in your success," she said.

© Twin Cities Public Television - 2016. All rights reserved.

<http://www.nextavenue.org/retirement-planning-estate-planning-investing-struggles/>