

Seeking Help Is up for Difficulties with Financial Tasks, Top Advice Gaps and the Customer Loyalty Premium

No. 1 Most Difficult Task “Choosing Appropriate Investments;”
33% of U.S. Households Sought Help on 3-Plus Tasks; 89% That Sought Help
Relied on Financial Professionals to Some Degree

(Aug. 1, 2024, Rye, NY) – More Americans are seeking help for financial tasks, often with financial professionals, although advice gaps still exist, according to a new market sizing report by [Hearts & Wallets](#), the independent data and benchmarking firm that specializes in saving, investing and financial advice.

Pain Points & Actions 2024: Today’s Top Advice Gaps & the Customer Loyalty Connection

examines difficulties with financial tasks, which households have sought help over the past 12 months, and advice gaps for these tasks by asset group and lifestage. An advice gap is defined as U.S. households that found a financial task very difficult and have not sought help in the past 12 months. This report is based on a survey of 5,846 U.S. households in the latest wave of the Hearts & Wallets Investor Quantitative™ Database, recognized as the largest single dataset with over 120 million data points on saving, investing and advice behaviors from 70,000 U.S. households dating back to 2010. The findings also draw upon Hearts & Wallets’ Inside Advice® Database to provide insight into how well advice gaps are addressed by advice in the marketplace today.

Difficulties with Financial Tasks and Seeking Help

Most U.S. households (57%) find at least one financial task very difficult at the national level. Younger and lower-asset households struggle most with financial tasks. Nationally, the No. 1 most difficult task is “choosing appropriate investments,” but many tasks are close in difficulty. Most (68%) households that find one task very difficult also find 3-plus tasks very difficult. Clustering of difficulties increases with assets.

60% of U.S. households have sought help on 1-plus financial tasks in the past 12 months, up 15 percentage points from 45% a decade ago. One third (33%) of households have sought help on 3-plus tasks, up 16 percentage points from 17% in 2013. Most households that sought help for 1-plus task (89%) relied on a financial professional to some degree. The No. 1 task for seeking help nationally is “calculating and paying income tax.”

The most avid advice-seekers – those who seek help on 5-plus tasks – use combinations of financial professionals and online resources with the behavior varying by generation. Most Gen Z and Millennial avid advice seekers consult financial professionals of any type to some degree (95%), but they are equally likely to consult online resources.

“Financial services firms should expect consumers to have clusters of difficulties, rather than single tasks or questions,” Laura Varas, Hearts & Wallets CEO and founder, said. “Prepare to help with these multiple difficulties, and tell customers and prospects that you can. That’s a powerful promise.”

Financial Difficulties, Advice Gaps, Loyalty Premium/2

Biggest Advice Gaps

At the national level, the biggest advice gaps in dollar terms nationally are estate planning, “handling market volatility emotionally,” Roth conversion, buy/sell specific securities, balancing goals and RMDs. In household terms, the biggest advice gaps are “choosing appropriate investments” and “handling market volatility emotionally” – each nearly 24 million households – followed by “plan to balance my short- and long-term goals.” For retirees in the \$1-million-to-under-\$10-million segment, the No. 1 advice gap in household and asset terms is “strategy to withdraw income from multiple accounts.” The full report details advice gaps by task and includes market sizing information.

Advice gaps may be big but aren’t always covered by advice currently in the marketplace. The need for estate planning is a big gap in terms of households nationally (21.9M households), yet most advice experiences today do not address estate planning, as shown in Hearts & Wallets’ Inside Advice® Database.

Customer Loyalty Premium

Helping with multiple financial tasks yields a loyalty premium for financial services firms. High difficulty with 1 task increases seeking help by 30%. An existing relationship that offers both advice and service increases seeking help by over 100% because customer advice experiences address more tasks, and in more detail, than prospect advice experiences. Customers who are receiving help on more tasks are about twice as likely to refer family, friends or colleagues to those advice experiences.

“To improve customer experiences, close advice gaps and earn the customer loyalty premium, firms should focus on building capabilities to address the tasks that specific lifestage and asset segments find difficult,” Beth Krettecoc, Hearts & Wallets Subject Matter Expert, said.

Methodology

Pain Points & Actions 2024: Today’s Top Advice Gaps & the Customer Loyalty Connection examines difficulties with financial tasks, which households have sought help over the past 12 months, and advice gaps for these tasks by asset group and lifestage. This report is based on the Hearts & Wallets Investor Quantitative™ Database, recognized as the largest single dataset with over 120 million data points on saving, investing and advice behaviors from 70,000 U.S. households dating back to 2010. The latest wave was fielded Sept. 11 – Oct. 6, 2023, with 5,846 U.S. households.

About Hearts & Wallets

Hearts & Wallets is the data and benchmarking firm that specializes in powering growth for saving, investing and financial advice businesses. Leading firms rely upon Hearts & Wallets market intelligence reports, software and benchmarking to make strategic decisions that lead to growth by improving products, distribution, pricing, positioning and targeting. The power of 2.5x: over 70% of Hearts & Wallets subscribers experienced positive net flows in 2022 as compared to just 30% of non-subscribers. For more information, visit www.heartsandwallets.com.

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