



NAIFA | **Members**

THE 2020 NAIFA EXPERIENCE SURVEY

EXECUTIVE SUMMARY

The 2020 NAIFA Experience Survey is an online survey of 1,071 insurance and financial professionals, approximately 90% of whom are current NAIFA members. The respondents who are not members engaged with members via the NAIFA web presence, social media, NAIFA webinars or other communications channels. The responses were collected during June and July of 2020.

The survey provides insights into respondents' professional experience, client characteristics, products and services, compensation models, social media usage and group demographics. A series of survey questions also explored how the COVID-19 pandemic has affected these financial professionals and their interactions with clients.

NAIFA members and their colleagues fill the insurance and financial services needs of Americans from every economic demographic and all income levels, with an emphasis on middle-income families and small businesses. The survey results confirm these financial professionals' grounding in what NAIFA has termed "Main Street USA."

They are the source of crucial products, services and guidance for these families and small businesses. The specific products and services the survey indicates NAIFA members and their colleagues commonly provide – such as life insurance, long-term care and disability insurance, retirement accounts or planning, annuity products and investments – help Americans improve their financial literacy, reduce financial risks, prepare for retirement and leave a financial legacy.

The survey confirms that NAIFA members build relationships with clients that they nurture with regular communications. Not surprisingly, the COVID-19 pandemic has impacted the ways they communicate with clients and connect with prospective clients. Prior to March of this year, when COVID-19 restrictions and work-from-home orders became widespread, face-to-face meetings with clients and prospects were common. They were among the business practices of 73% of insurance and financial advisors and, along with telephone calls, the most common means of communicating with clients and prospects.

In light of COVID-19 health concerns and restrictions, face-to-face meetings have fallen off dramatically, with 84% they are meeting with clients in-person less frequently. Communications via telephone, email and video conferencing have increased significantly. Insurance and financial professionals have been an important source of information and reassurance during the pandemic. A majority of those surveyed have helped clients with questions and concerns about insurance coverage, retirement planning and investments. They have also heard from clients facing a loss of employment or reduced income. Other issues agents and advisors have helped clients with include the federal Paycheck Protection Program, long-term care insurance and health insurance.

2020 NAIFA EXPERIENCE SURVEY RESULTS

I. PROFESSIONAL PROFILE

More than two-thirds of survey respondents are part of an agency with 10 or fewer producers on staff. They are spread fairly evenly among independent practices (25.8%), broker-dealer agencies (22.4%) and carrier agencies (21.7%), with 13.9% saying they are broker general agents or wholesalers.

The professional titles most commonly used in marketing materials and client communications are: Agent (48.8%), Registered Representative (24%), Financial Advisor (24%), Broker (17.8%), Owner (17.5%) and Financial Services Representative (17.1%). Ninety-one percent of respondents receive sales commissions, with 73.2% saying it is their primary form of compensation. One-third (33.3%) received assets-under-management fees from at least some clients, with 11% saying these were their primary form of compensation. Other commonly received forms of compensation are salaries (15.5% of respondents) and cash bonuses (16.1% of respondents). Only 3.9% said they receive non-cash bonuses, such as trips, as compensation.

Experience in the insurance and financial services industry runs the gamut from 0-5 years to more than 45 years, with respondents spread consistently throughout the range. Nearly six out of ten (58%) have been at their current firm for at least ten years. The data do show some movement between firms, as 28.6% have been with their current firm for five or fewer years, and only 11.1% have been in the industry for that tenure.

How many years have you been with your current agency?

0-5	28.64%	297
6-10	13.40%	139
11-15	12.05%	125
16-20	9.55%	99
21-25	6.94%	72
26-30	7.14%	74
31-35	7.04%	73
36-40	6.36%	66
41-45	4.63%	48
More than 45	4.24%	44

Answered 1037

How many years of experience, in total, do you have in the insurance and financial services industry?

0-5	11.11%	116
6-10	8.91%	93
11-15	11.02%	115
16-20	9.67%	101
21-25	10.25%	107
26-30	9.29%	97
31-35	10.44%	109
36-40	11.49%	120
41-45	8.62%	90
More than 45	9.20%	96
	Answered	1044

In what type of organization do you practice or channel do work through?

Broker General Agent/Wholesaler	13.89%	145
Broker-Dealer	22.41%	234
IMO/FMO	5.84%	61
Carrier Agency	21.74%	227
I Own My Own Independent Practice	25.77%	269
Other (please specify)	10.34%	108
	Answered	1044

How many producers work in your agency?

1-10	65.15%	673
11-50	10.84%	112
51-200	11.91%	123
201-500	3.78%	39
501-1,000	1.94%	20
1,001-2,500	1.26%	13

2,501-5,000	1.45%	15
5,001-10,000	1.06%	11
More than 10,000	2.61%	27
	Answered	1033

Which job titles do you use in your marketing or professional-identification materials (website, business cards, social media accounts, advertisements, etc.)? Select all that apply.

Financial Advisor	23.95%	244
Financial Adviser	4.81%	49
Financial Consultant	7.95%	81
Financial Planner	11.29%	115
Financial Services Representative	24.04%	245
Wealth Manager	3.24%	33
Financial Manager	0.88%	9
Investment Advisor Representative	10.99%	112
Agent	48.77%	497
Broker	17.76%	118
Vice President or President	10.11%	103
Founder	3.83%	39
Owner	17.47%	178
Partner	4.42%	45
Financial Coach	2.94%	30
Wealth Planner	0.98%	10
Benefits Manager	1.86%	19
Managing Director	2.55%	26
Sales Director/Director of Sales	3.53%	36
Marketing Title (Head/CMO/VP Marketing, Director of Marketing, Marketing Manager)	2.06%	21
Other (please specify)	19.92%	203
	Answered	1019

What forms of compensation do you receive? Select all that apply.

Sales commissions	91.00%	880
Salary	15.51%	150
Assets Under Management Fees	33.30%	332
Hourly or other non-commission, non-AUM fees	7.45%	72
Cash bonuses	16.13%	156
Wealth Manager	3.24%	33
Non-cash bonuses	3.93%	38
Other (please specify)	6.00%	58
	Answered	967

What is your primary form of compensation? Select only one.

Sales commissions	73.19%	707
Salary	11.80%	114
Hourly or other non-commission fees	2.48%	24
Assets Under Management Fees	10.97%	106
Other (please specify)	1.55%	15
	Answered	966

II. CLIENTS AND CLIENTSERVICES

NAIFA members and their colleagues represented by the survey overwhelmingly (83.8%) provide insurance and financial products, services and guidance to Main Street Americans who are middle-income individuals and families. Six out of ten (60%) work with small businesses to fulfill their business insurance and employee benefit needs.

Clients also include affluent individuals and families (39% of respondents) and mid-sized and large businesses (28%). Lower-income individuals and families are served by 22% of the financial professionals who responded to the poll. From volunteered comments, it appears that some lower-income clients include young individuals and families, often the children of higher-income clients. More than half of the respondents (52%) said they face no barriers making it difficult for them to serve lower-income individuals and families, but others reported significant barriers. Nearly one-fifth (19.6%) said people with lower incomes are not seeking their products or services, and a similar number (17.3%) said that serving lower-income clients would not be profitable. Government regulations create barriers for 13.8% of financial professionals that discourage them from serving lower-income individuals and families.

Three-quarters (75%) of the financial professionals who responded to the NAIFA survey said that their typical client has a combined household annual income of \$150,000 or less. Similarly, 65.4% said their typical client has liquid financial assets of \$250,000 or less, with nearly half (43.2%) reporting a typical client with liquid assets of \$100,000 or less and 17.4% reporting typical liquid assets of \$50,000 or less. The results make it clear that American individuals and families do not have to be wealthy to receive personalized, professional financial products, services and guidance.

Services offered by the survey respondents cover a broad range of financial planning topics, including retirement planning (73.6% of respondents), long-term care or disability planning (72.8%), financial risk management (53.8%), higher education funding (53.2%), and inheritance or succession planning (53%). During the past 12 months, 90% have recommended term life insurance products to clients. Other products frequently recommended over the past 12 months include: whole life insurance policies (75.8%), long-term care insurance (traditional and hybrid) (63.8%), universal life insurance policies (61.1%), disability income insurance (59.5%), fixed annuities (57.8%), and individual retirement accounts (Roth or traditional IRAs) (56.3%).

Which of the following services do you provide for clients? (Choose all that apply)

Retirement planning	73.57%	746
College savings/planning	53.16%	539
Financial risk management	53.75%	545
Financial literacy education	37.87%	384
Health care planning	35.70%	362
Long-term care or disability planning	72.78%	738
Wealth management	41.12%	417
Inheritance or succession planning	52.96%	537
Other (please specify)	24.26%	246

Answered 1014

Which of the following is the service you provide that you feel is most important to the majority of your clients? (Choose only one)

Retirement planning	40.18%	407
College savings/planning	0.59%	6
Financial risk management	16.88%	171
Financial literacy education	5.03%	51
Health care planning	8.98%	91

Long-term care or disability planning	6.12%	62
Wealth management	4.54%	46
Inheritance or succession planning	4.84%	49
Other (please specify)	12.83%	130

Answered 1013

What products and services have you recommended during the past 12 months? Select all that apply.

Whole life	75.78%	757
Term Life	89.99%	899
Universal Life	61.06%	610
Group Life	21.42%	214
Indexed Universal Life	34.73%	347
Supplemental Life	9.51%	95
Health Insurance	32.53%	325
Group Health	21.12%	211
Individual Health	25.93%	259
Medicare Supplements	37.64%	376
Long-term Care (Traditional & Hybrid Products)	63.76%	637
Disability Income Insurance	59.46%	594
Critical Illness Insurance	15.42%	154
Health Savings Accounts	18.42%	184
Dental	25.93%	259
Vision	22.72%	227
International Medical	6.11%	61
Retirement	51.65%	516
Fixed Annuities	57.76%	577
Variable Annuities	39.14%	391
401(k) or 403(b)	28.03%	280
IRA (Roth or Traditional)	56.26%	562
Investment/Other	27.33%	273

Bonds	9.91%	99
Stocks	13.71%	137
Mutual Funds	44.94%	449
Group Benefits	13.41%	134
529 Plan	29.13%	291
P/C Products	14.01%	140
Voluntary and Work-site Benefits	17.72%	177
Other (please specify)	5.71%	57
	Answered	999

What populations currently are among your clientele? Select all that apply.

Affluent individuals and families	39.08%	390
Middle-income individuals and families	83.77%	836
Lower-income individuals and families	22.24%	223
Small businesses	60.02%	599
Mid-sized businesses	22.34%	245
Large businesses	5.71%	57
Senior Market	43.59%	435
Baby Boomers	45.89%	458
Millennials	24.95%	249
Veterans	13.73%	137
Minority/Multi-Cultural	14.23%	142
Other (please specify)	5.01%	50
	Answered	998

What is the typical annual household income of family or individual clients you serve? (I.e., in which income range do most of your clients fall?)

Less than \$50,000	2.69%	26
\$50,000 - \$100,000	35.16%	340
\$100,000 - \$150,000	37.13%	359
\$150,000 - \$200,000	12.51%	121

\$200,000 - \$250,000	3.93%	38
More than \$250,000	6.20%	68
No individual or family clients	2.38%	23
	Answered	967

What is your typical family or individual client's level of liquid financial assets (includes cash, stocks, bonds, and mutual funds; does not include real estate, vehicles, and other fixed assets)?

Less than \$50,000	17.38%	167
\$50,000 - \$100,000	25.81%	248
\$100,000 - \$250,000	22.16%	213
\$250,000 - \$500,000	17.69%	170
\$500,000 - \$2 million	12.28%	118
More than \$2 million	1.66%	16
No individual or family clients	3.02%	29
	Answered	961

What percentage of your family or individual clients have annual household incomes of \$100,000 or less?

I have no individual or family clients	3.32%	32
0 - 25%	41.29%	398
26 - 50%	31.22%	301
51 - 75%	17.32%	167
76 - 99%	5.91%	57
100%	0.93%	9
	Answered	964

Are there any barriers that discourage you as an advisor from serving more clients with lower or moderate household incomes? Select all that apply.

No barriers	52.47%	509
Lack of suitable products for lower and moderate income clients	13.81%	134
Lack of knowing how to enter the market	6.08%	59

Lack of having the right conversation introductions & referrals	10.72%	104
Lower and moderate income clients are not seeking advice	19.59%	190
Lower and moderate income clients are not profitable for my practice	17.32%	168
Government regulations and restrictions make it difficult to serve lower and moderate income clients	15.36%	49
Other (please specify)	8.76%	85
	Answered	970

III. MOVE TO FEE-BASED MODELS

While most of the financial professionals surveyed (73.2%) continue to receive the majority of their compensation from commissions, a significant number (28.1%) seen a shift over the past five years towards seeing more of their compensation in the form of fees. Of those who have transitioned towards a fee-based business model, nearly half (45.6%) say they now serve a more affluent clientele than they did prior to the transition.

Media sources and industry research report a trend in the financial services industry of advisors moving from commission-based compensation models to fee-based models. Over the past five years, has your practice seen such a shift, receiving less commission-based compensation and more fee-based compensation?

Yes	28.11%	271
No	64.00%	617
Have not been in business five years	7.88%	76
	Answered	964

Do you currently serve a greater proportion of affluent clients than you did before the shift from commission-based to fee-based compensation?

Yes	45.59%	124
No	54.41%	148
	Answered	272

IV.COVID-19

The COVID-19 pandemic has impacted the ways that financial professionals interact and communicate with clients and prospects. Prior to March of 2020, when widespread lockdown and work-from-home orders went into effect, a strong majority of respondents (72.8%) held face-to-face meetings with clients and prospects very frequently. Very few used video conferencing technology for client and prospect meetings very frequently (4.4%) or somewhat frequently (8.7%). After COVID-19 restrictions, 47.7% said they have client and prospect meetings using video conferencing technology much more frequently, and 27.8% have them somewhat more frequently. More than six out of ten (61.3%) are engaging in face-to-face meetings much less frequently, while 22.8% are doing so somewhat less frequently.

COVID-19 concerns and restrictions have also resulted in financial professionals increasing their use of telephone calls (63.6% of respondents), emails (59%), text messages (42%) and social media (31.8%) to communicate with clients and prospects.

Communications with clients have addressed a wide range of concerns about the health and financial impacts of the COVID-19 pandemic. Nearly two-thirds (63.3%) of insurance and financial professionals have helped their clients with questions about their life insurance coverage. More than half of the financial professionals have also helped clients with concerns about the pandemic’s impact on their investments (56.1%) and retirement planning (55.4%). Nearly half addressed clients’ worries about reduced income (48.6%) and job loss (46.9%).

Before March 2020, prior to the COVID-19 outbreak, how often did you use the following methods to communicate with clients and prospects?													
	Very frequently		Somewhat frequently		Somewhat infrequently		Very infrequently		Never		Total	Weighted Average	
Face-to-face meetings	72.77%	676	18.95%	176	4.74%	44	2.58%	24	0.97%	9	929	4.52	
Telephone calls	73.11%	677	22.14%	205	3.13%	29	0.97%	9	0.65%	6	926	4.61	
Email	59.87%	549	27.15%	249	7.09%	65	3.71%	34	2.18%	20	917	4.26	
Postal (snail) mail	13.58%	123	25.39%	230	26.16%	237	27.59%	250	7.28%	66	906	2.49	
Video conferencing (via Zoom, FaceTime, Skype, etc.)	4.40%	40	8.69%	79	12.43%	113	28.93%	263	45.54%	414	909	1.11	
Text messages	18.38%	168	23.85%	218	17.72%	162	21.88%	200	18.16%	166	914	2.45	
Social media	11.92%	108	20.20%	183	19.21%	174	22.30%	202	26.38%	293	906	2.01	
											Answered	936	

How has the COVID-19 outbreak affected the ways you communicate with clients and prospects?														
	Use much more frequently		Use some what more frequently		Use about the same		Use somewhat less frequently		Use much less frequently		Have never used		Total	Weighted Average
Face-to-face meetings	1.32%	12	0.88%	8	8.00%	73	22.81%	208	61.29%	559	5.70%	52	912	1.41
Telephone calls	39.72%	367	23.92%	221	33.98%	314	1.52%	14	0.54%	5	0.32%	3	924	4
Email	33.91%	312	25.11%	231	38.26%	352	0.98%	9	0.22%	2	1.52%	14	920	3.87
Postal (snail) mail	8.33%	75	15.22%	137	51.00%	459	7.89%	71	11.22%	101	6.33%	57	900	2.83
Video conferencing (via Zoom, FaceTime, Skype, etc.)	47.71%	437	27.84%	255	6.99%	64	0.76%	7	2.18%	20	14.52%	133	916	3.75
Text messages	19.67%	180	22.30%	204	37.60%	344	2.30%	21	2.51%	23	15.63%	143	915	3.07
Social media	13.32%	122	18.45%	169	37.12%	340	2.84%	26	3.28%	30	25.00%	229	916	2.61
Other methods (please specify)													11	
													Answered	936

During the COVID-19 outbreak, what concerns have you helped clients address?

Impact on retirement planning	55.42%	516
Impact on investments	56.07%	522
Loss of employment	46.94%	437
Reduced income	48.55%	452
Questions about life insurance coverage or claims	63.27%	589
Questions about health insurance coverage or claims	32.33%	301
Questions about disability insurance coverage or claims	25.13%	234

Impact on retirement planning	26.10%	243
Impact on investments	35.23%	328
Loss of employment	38.24%	356
Reduced income	23.20%	216
Questions about life insurance coverage or claims	6.12%	57

Answered 931

V. SOCIAL MEDIA USAGE

Financial professionals are more likely than not to use LinkedIn for business purposes, nearly a third (31.6%) saying they use it frequently. A similar number say they use the platform rarely or never (29.8%) for business, with the rest falling in the middle of this range. Nearly a quarter (23.3%) frequently use Facebook for professional purposes, but 44.3% rarely or never do. The majority of survey respondents rarely or never use other social media platforms for professional purposes.

Facebook is the most popular social media platform for personal use, with 39.1% saying they use it frequently and only 28.9% saying they rarely or never use it. Other social media platforms showing frequent personal use include YouTube (17.7%), Instagram (13.6%), LinkedIn (12.8%) and Twitter (9.5%).

How has the COVID-19 outbreak affected the ways you communicate with clients and prospects?														
	Frequently5		2		3		4		Rarely1		Never		Total	Weighted Average
Facebook	23.28%	203	13.19%	115	12.04%	105	7.22%	63	9.63%	84	34.63%	302	872	2.49
Twitter	4.83%	41	4.25%	36	6.37%	54	4.01%	34	9.08%	77	71.46%	606	848	3.29
LinkedIn	31.62%	276	16.15%	141	14.32%	125	8.13%	71	10.77%	94	19.01%	166	873	2.39
YouTube	5.84%	50	5.49%	47	10.51%	90	8.53%	73	11.57%	99	58.06%	597	856	3.35
Instagram	23.28%	203	1.99%	17	5.15%	44	3.40%	29	8.78%	75	76.00%	649	854	3.4
WhatsApp	1.87%	16	1.40%	12	2.11%	18	2.11%	18	6.55%	56	85.96%	735	855	3.72
Tumblr	0.00%	0	0.24%	2	0.47%	4	0.35%	3	2.82%	24	96.12%	817	850	4.48
Reddit	0.23%	2	0.23%	2	1.05%	9	0.23%	2	4.80%	41	93.44%	798	854	4.39

Chartered Financial Consultant (ChFC)	20.00%	149
Chartered Life Underwriter (CLU)	26.71%	199
Chartered Mutual Fund Counselor (CMFC)	0.40%	3
Chartered Property Casualty Underwriter (CPCU)	2.01%	15
Chartered Retirement Planning Counselor (CRPC)	1.48%	11
Fellow Life Management Institute (FLMI)	1.48%	11
Financial Risk Manager (FRM)	0.27%	2
Financial Services Specialists (FSS)	2.82%	21
Fraternal Insurance Counselor Fellow (FICF)	2.95%	22
Fraternal Insurance Counselor (FIC)	4.70%	35
Retirement Income Certified Professional (RICP)	8.05%	60
Others (please specify) or if none, type "None"	38.12%	284

Answered 745

How valuable do you feel professional designations and certifications are to insurance and financial professionals?												
	Not valuable ¹		2		3		4		Very valuable ⁵		Total	Weighted Average
1	3.85%	32	6.13%	51	22.00%	183	24.88%	207	43.15%	359	832	3.97
Why do you feel they are or are not valuable (optional)											253	
											Answerd	832

How interested are you in obtaining new/additional certifications or designations?												
	Not interested		2		3		4		Very interested		Total	Weighted Average
1	23.36%	192	14.84%	122	20.68%	170	14.60%	120	26.52%	218	822	3.06
											Answerd	822

VII. VOLUNTEER WORK

Insurance and financial advisors have a tendency to be closely involved in their communities, often volunteering their time to civic, religious, professional or nonprofit organizations. More than half of the respondents volunteer for churches, synagogues or other religious organizations (56%) and civic or community organizations (53.9%). Nearly half (47.7%) volunteer for professional associations. They frequently have leadership roles, with 38.7% sitting on nonprofit boards of directors.

What types of organizations do you do volunteer work for?

Professional association	47.66%	377
Business organization	26.30%	208
Church, synagogue, or religious organization	56.01%	443
Civic or community organization	53.86%	426
Political involvement	20.35%	161
Youth organization (e.g., scouting or youth sports)	23.89%	189
Schools or educational organizations	22.76%	180
Nonprofit Boards of Directors	38.69%	306
Corporate Boards of Directors	2.40%	19
Mentoring programs	17.57%	139
Others (please specify) or if none, write "none"		64

Answered 791

VIII. GENERAL DEMOGRAPHICS

NAIFA and the insurance and financial services firms have previously identified a pressing need to recruit and nurture a new generation of diverse agents and advisors to provide financial products, services, and guidance to an increasingly diverse American population. NAIFA’s survey results support this need. The professionals who responded to the survey were overwhelmingly white (83.6%), male (72.8%), and over the age of 55 (59.1%).

To serve increasingly diverse markets, the industry must diversify its own ranks of agents and advisors who are the face of the industry and the main constituents of NAIFA’s membership. NAIFA’s Diversity, Equity and Inclusion Task Force works with industry partners toward this goal. NAIFA’s annual Diversity Symposium draws leadership from insurance and financial services firms and companies. NAIFA is also working closely with The American College and the American Council of Life Insurers, as well as major carrier companies, of efforts to promote diversity in the industry and ensure that all Americans have access to the products, services and guidance they need to increase their financial literacy, reduce financial risks, prepare for retirement and leave financial legacies.

What is your gender?

Female	26.89%	288
Male	72.83%	780
Preferred Term to Identify Yourself	0.28%	3
	Answered	1071

What is your race or ethnicity?

Asian	2.84%	30
Black or African American	4.63%	49
Hispanic or Latino	5.29%	56
Middle Eastern or North African	0.47%	5
Multiracial or Multiethnic	0.85%	9
Native American or Alaska Native	0.38%	4
Native Hawaiian or other Pacific Islander	0.38%	4
White	83.55%	884
Another race or ethnicity, please describe below	1.61%	17
Self-describe below:		42
	Answered	1058

What is your age?

18 to 24	0.84%	9
25 to 34	6.37%	68
35 to 44	14.81%	158
45 to 54	18.46%	197
55 to 64	29.24%	312
65 to 74	22.40%	239
75 or older	7.87%	84

Answered 1067