

2024

Trends in Investing



CONDUCTED BY:

Journal of
Financial Planning

FPA[®]

2024 Trends in Investing

The 2024 Trends in Investing survey was conducted by the *Journal of Financial Planning* and the Financial Planning Association from March 4, 2024, to April 3, 2024. The survey received 208 responses from financial planners who provide or implement investment services or recommendations for their clients.



Executive Summary

Life insurance is a key part of clients' financial plans. However, with the rise of the FIRE movement, DIY investing, and "finfluencers" exposing consumers to financial products and strategies that may or may not be right for their situations, some consumers might need help understanding this mainstay of financial instruments.

With the 2024 Trends in Investing survey, the *Journal of Financial Planning* sought to understand how investment professionals are using life insurance products with their clients. We found there are opportunities for professionals to help clients better understand life insurance products and the role they play in their portfolios. Over a quarter of respondents said they get questions from their clients about premium costs, while 24% cited confusion over product design or benefits, and 17% indicated doubt about the need for the product or the ability of the product to solve a problem.

ETFs continue to dominate investment portfolios, both current allocations and in the future. Indeed, investment managers appear to be shuffling concentrations without making major changes as the top five vehicles in current and future allocations are largely the same.

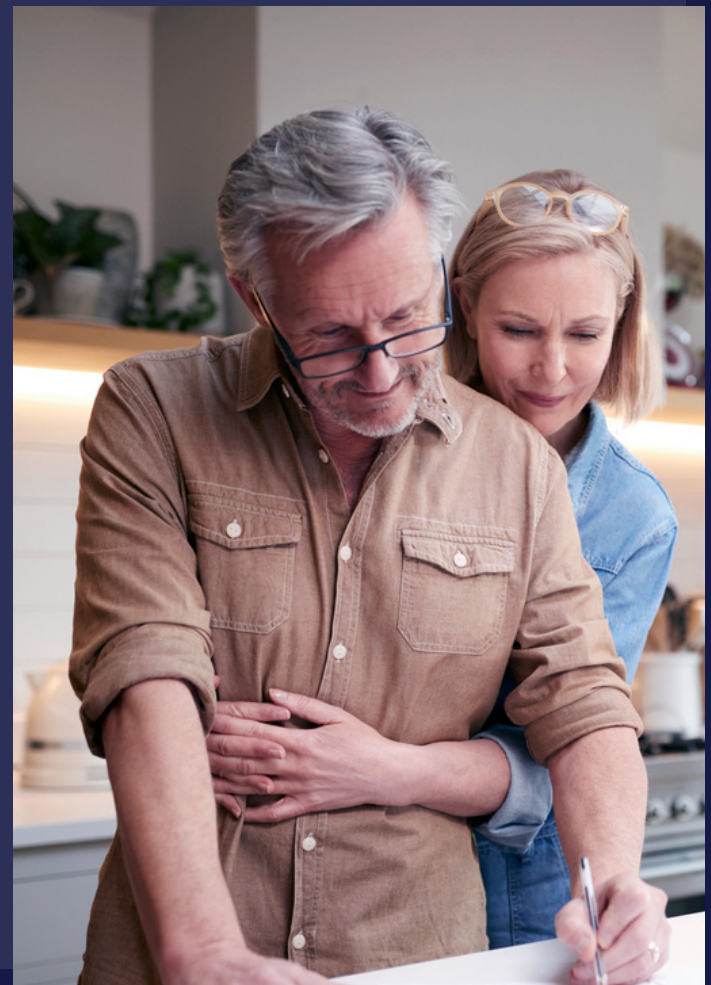
In general, investment professionals feel more bullish about the economy in the near term than they did last year, while their view gets slightly darker looking out over the next two to five years. Their clients are concerned about interest rates, inflation, and general volatility biting into their portfolios.

Life Insurance



We wanted to understand how investment professionals are integrating life insurance products into their clients' portfolios. We asked them about their priorities when selecting products to use with or recommend to their clients. Their primary objective is, of course, to provide a death benefit for clients' survivors (71%). Over a third (35%) say they are using life insurance to protect a client's business or business partner, followed by 30% who indicate one of their priorities is getting dedicated coverage for specific costs that would fall on survivors.

Term life (74%) is the most common life insurance product among respondents, but there is a strong appetite for long-term care benefits. Over 40% of professionals are using or recommending linked-benefit LTC insurance for their clients. Furthermore, of the 7% of respondents who entered their own response to their top priorities, 60% mentioned a need for long-term care coverage.



Are you using/recommending any of the following life insurance products for your clients' financial plans?
(select all that apply)



Investment professionals indicate that their clients' most common questions relate to concerns over the cost of premiums (26%), while 24% cite client confusion over product design or benefits.

Most professionals are confident about their approach when using or recommending life insurance products for their clients, but 31% say they do face challenges in educating clients about product features, and nearly 15% say identifying products with suitable coverage for their clients' needs is a challenge.

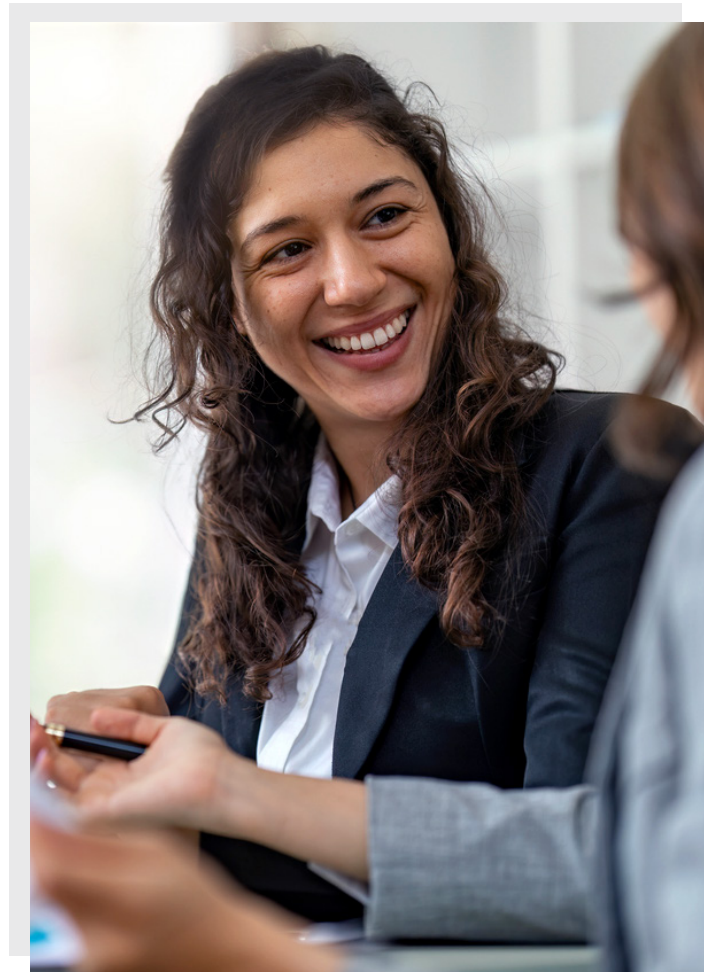
A common theme among "Other" responses relates to underwriting, while other comments suggest administrative issues like paperwork and poor servicing from life insurance agents made it perhaps more trouble than it was worth.

ETFs Still Lead Advisers' Investment Preferences



Looking at the broader landscape of investment products that comprise client portfolios, exchange-traded funds once again are the vehicle most recommended or utilized by investment professionals for their clients. Over 89% of respondents say they currently use these products in their investment recommendations, down less than 1% from last year. Over 60% of respondents say they plan to increase their use or recommendation of ETFs over the next 12 months, and less than 2% plan to decrease their use of ETFs.

A hybrid approach to active or passive management continues to significantly outpace advocates of one or the other.



Which investment vehicles do you currently use/recommend with your clients?

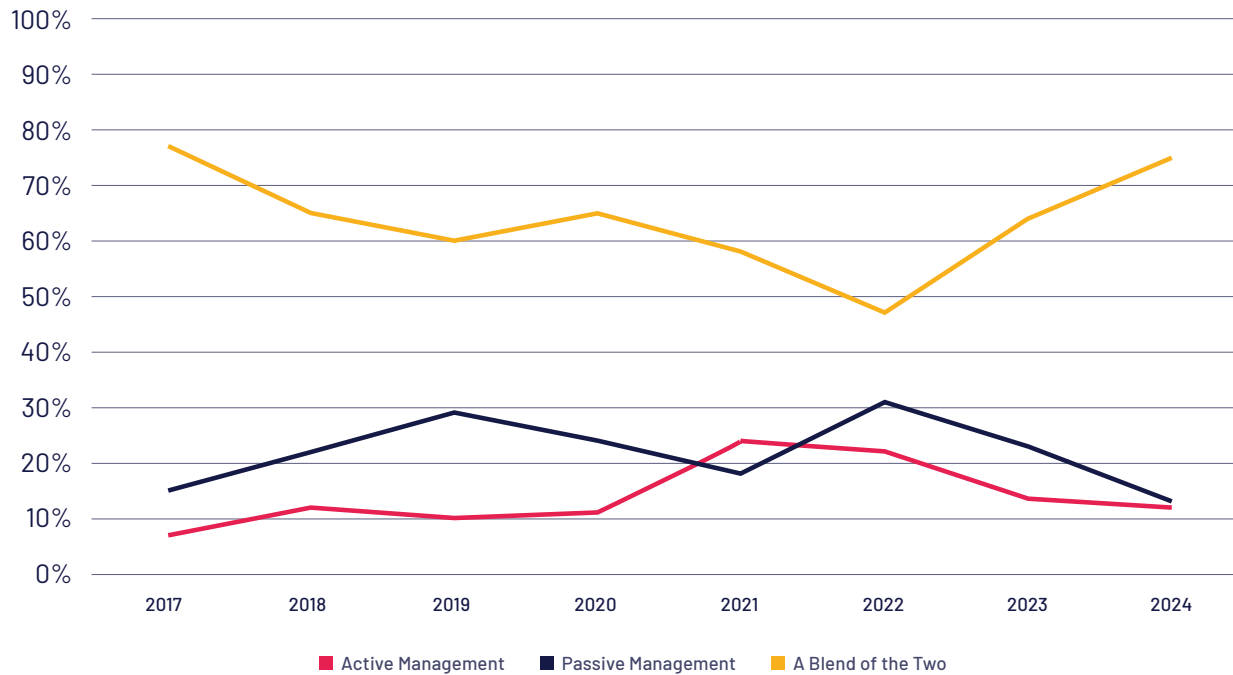
	2023	2024
Exchange-traded funds (ETFs)	90.05%	89.42% ▼
Cash and equivalents	76.44%	81.25% ▲
Mutual funds (non-wrap)	63.87%	68.27% ▲
Individual stocks	50.79%	53.37% ▲
Individual bonds	47.12%	50.00% ▲
Separately managed accounts	32.98%	36.06% ▲
ESG funds	34.55%	34.62% ▲
Variable annuities (immediate and/or deferred)	30.37%	30.77% ▲
Fixed annuities (immediate and/or deferred)	30.89%	29.81% ▼
Mutual fund wrap program(s)	26.70%	29.81% ▲
Fixed permanent life insurance products	25.65%	24.52% ▼
Variable permanent life insurance	22.51%	20.67% ▼
Indexed annuities	21.99%	20.19% ▼
Private equity funds	23.04%	16.83% ▼
Individually traded REITs (not held within a mutual fund)	16.75%	14.90% ▼
Structured products	20.94%	13.94% ▼
Other alternative investments (if bought directly, not included in other investment vehicles)	17.28%	12.98% ▼
Private debt	-	12.50%
Non-traded REITs	16.75%	9.62% ▼
Options	11.52%	8.65% ▼
Precious metals	7.85%	8.65% ▲
Cryptocurrencies	2.62%	4.81% ▲
Hedge funds (directly, not through mutual funds, etc.)	10.47%	4.33% ▼

In the menu of items currently in client portfolios, cash and equivalents hold the second spot (81%), followed by non-wrap mutual funds (68%), and individual stocks (53%), and individual bonds (50%).

Individual bonds (26%) and stocks (26%) tied for the investment product to which planners are most likely to increase their allocations, followed by cash and equivalents (19%), and separately managed accounts (18%).

Among the products falling out of favor are non-wrap mutual funds (30%), cash and equivalents (29%), individual stocks (20%), and individual bonds (13%) and variable annuities (13%).

In general, which type of management do you think provides the best overall investment performance taking into account costs associated with each management style?



Over a quarter of respondents say they currently have ESG funds in their clients' portfolios, while equal shares say they will increase (11%) or decrease (11%) those allocations over the next year.

Cryptocurrencies, which are only currently utilized by 5% of respondents, may be less appealing in the future, as only 5% indicate they will likely increase allocations while 7% indicated an expected decrease.

Which investment vehicles do you expect to increase your use/recommendation of in the next 12 months?

	2023	2024
Exchange-traded funds (ETFs)	49.7%	60.1% ▲
Individual bonds	23.6%	26.9% ▲
Individual stocks	18.3%	26.4% ▲
Cash and equivalents	24.1%	19.2% ▼
Separately managed accounts	15.2%	17.8% ▲
Mutual funds (non-wrap)	14.1%	16.4% ▲
Fixed annuities (immediate and/or deferred)	11.0%	12.5% ▲
Private equity funds	11.5%	12.5% ▲
Mutual fund wrap program(s)	10.5%	12.0% ▲
ESG funds	14.7%	11.5% ▼
Private debt	-	9.1%
Indexed annuities	10.5%	8.7% ▼
Structured products	11.5%	8.2% ▼
Variable annuities (immediate and/or deferred)	12.0%	7.2% ▼
Other alternative investments (if bought directly, not included in other investment vehicles)	11.5%	6.7% ▼
Variable permanent life insurance	5.8%	6.7% ▲
Fixed permanent life insurance products	4.2%	6.3% ▲
Cryptocurrencies	3.1%	4.8% ▲
Options	2.1%	4.3% ▲
Hedge funds (directly, not through mutual funds, etc.)	3.7%	2.4% ▼
Precious metals	2.6%	2.4% ▼
Individually traded REITs (not held within a mutual fund)	3.1%	1.9% ▼
Non-traded REITs	4.7%	1.4% ▼

Which investment vehicles do you expect to decrease your use/recommendation of in the next 12 months?

	2023	2024
Mutual funds (non-wrap)	25.7%	30.3% ▲
Cash and equivalents	13.6%	29.3% ▲
Individual stocks	15.2%	20.2% ▲
Individual bonds	10.0%	13.5% ▲
Variable annuities (immediate and/or deferred)	6.8%	13.5% ▲
Mutual fund wrap program(s)	8.9%	12.5% ▲
ESG (environmental/social/governance) funds	4.7%	11.1% ▲
Fixed annuities (immediate and/or deferred)	5.24	8.2% ▲
Cryptocurrencies	4.7%	7.2% ▲
Indexed annuities	3.1%	5.3% ▲
Non-traded REITs	3.7%	5.3% ▲
Precious metals	2.6%	5.3% ▲
Structured products	1.6%	3.9% ▲
Individually traded REITs (not held within a mutual fund)	2.1%	3.4% ▲
Fixed permanent life insurance products	3.1%	2.9% ▼
Separately managed accounts	1.6%	2.9% ▲
Options	1.0%	2.4% ▲
Variable permanent life insurance	1.6%	2.4% ▲
Exchange-traded funds (ETFs)	3.1%	1.9% ▼
Other alternative investments (if bought directly, not included in other investment vehicles)	2.6%	1.9% ▼
Private debt	-	1.9%
Hedge funds (directly, not through mutual funds, etc.)	2.1%	1.4% ▼
Private equity funds	2.6%	1.4% ▼

Economic Update



Investment professionals are feeling more optimistic about the economy over the next six to 12 months compared to last year. The weighted average for the next six months improved from 3.3 in 2023 to 2.5, indicating more bullishness. Respondents' 12-month outlook improved from 2.9 to 2.6.

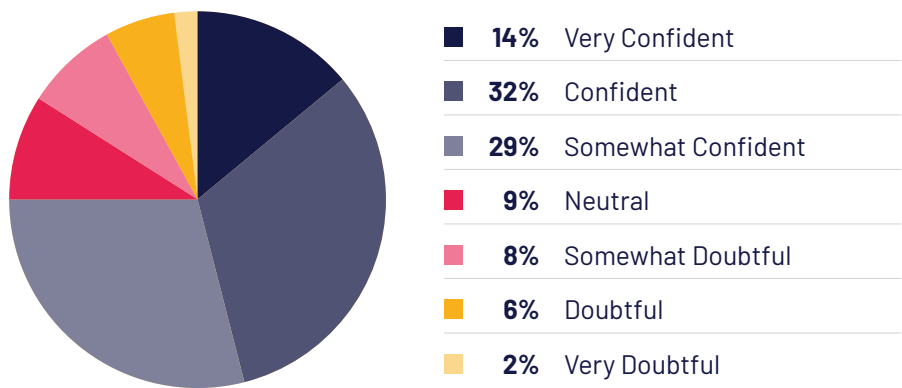
Three-quarters of respondents expressed some level of confidence in the 60/40 portfolio, up slightly from 71% last year. The share of respondents with doubts fell from 21% in 2023 to 16% in this year's survey.



What is your economic investment outlook for the... (1=Bullish; 5=Bearish)



How confident are you in the ability of the traditional 60/40 stocks and bonds portfolio to provide similar returns as it has historically?

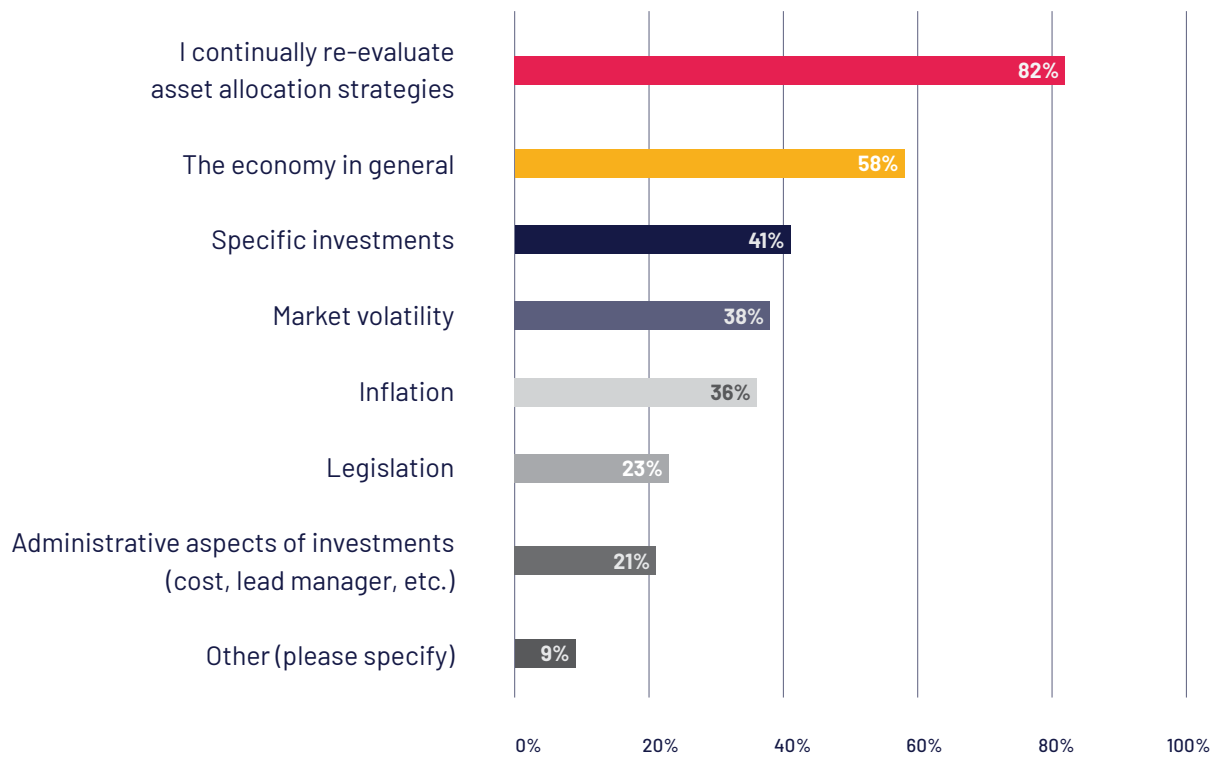


Percentages may not equal 100 due to rounding.



Over 56% of investment professionals say they have reevaluated client portfolios in the last three months, most of whom are acting on an ongoing strategy to continually reevaluate allocations. Over 58% say they are responding to the economy in general, while 41% are acting due to anticipated changes in specific investments.

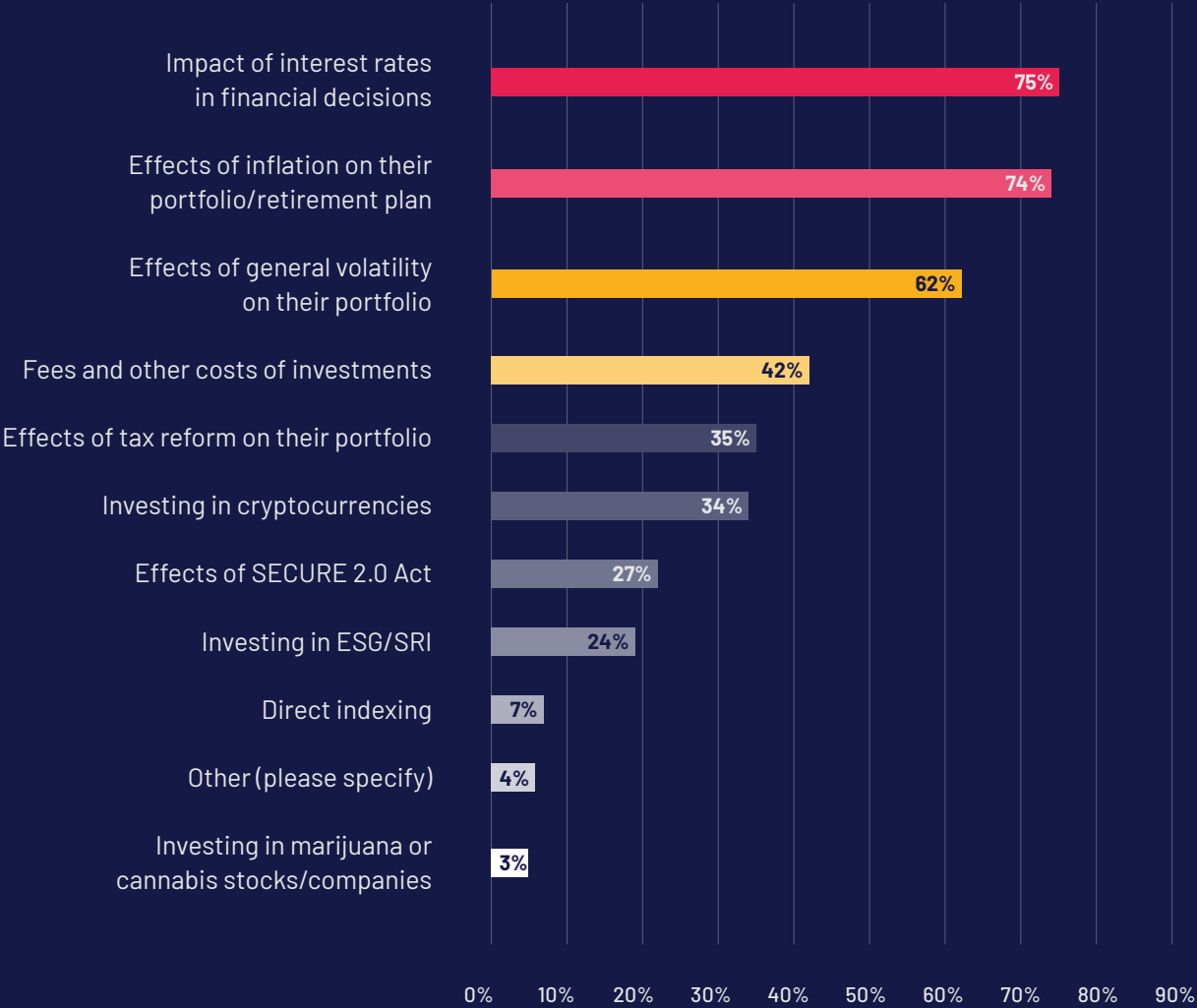
I re-evaluate the asset allocation strategy I typically recommend/implement because of anticipated/existing changes in:
(select all that apply)



Clients' concerns center on interest rates and their impact, with 75% of respondents citing this as a topic their clients have raised in the last six months, followed by inflation (73%). Concerns about general volatility are another notable concern (62%).

Of the less than 5% of respondents who entered their own response, election or political anxiety was a common theme, as well as long-term care planning and lifetime income. Just one respondent mentioned AI as a topic their clients are bringing to them.

Which topics have clients inquired about in the past 6 months? (select all that apply)



About the Respondents

How are you compensated for your services?



What is your primary practice model/registration status?

Independent IAR/RIA	55%
Registered rep, independent adviser affiliated with a B-D	16%
Dually registered adviser	15%
Unregistered planner/adviser	6%
Registered rep, employee for a B-D	2%
Registered rep working for a bank, credit union, or savings and loan	1%
Other	4%

"Other" responses included employees at trust companies.

Percentages may not sum to 100% due to rounding.

What designations do you hold?

CFP®	87%
Other (please specify)	33%
FINRA registered rep	19%
ChFC®	11%
AIF®	9%
CPA	9%
CFA	8%
Other	7%
Candidate for CFP® certification	5%
None	3%

How many years have you been in the profession?



Partners



About the *Journal of Financial Planning*

First published in 1979, the mission of the *Journal of Financial Planning* is to expand the body of knowledge in the financial planning profession. With monthly feature articles, interviews, columns, and peer-reviewed technical contributions, the *Journal's* content is dynamic, innovative, thought-provoking, and directly beneficial to financial advisers in their work. Members can read the *Journal* every month at fpajournal.org and receive peer-reviewed research in the print publication *JFP Research Quarterly*. [Learn more.](#)



About the Financial Planning Association

The Financial Planning Association® (FPA®) is the leading membership organization for CERTIFIED FINANCIAL PLANNER™ professionals and those engaged in the financial planning process. FPA is the CFP® professional's partner in planning by helping them realize their vision of professional fulfillment through practice support, learning, advocacy, and networking. Learn more about FPA at financialplanningassociation.org.

Journal *of* Financial Planning®



For all inquiries about the 2024 Trends in Investing Survey,
please contact Ben Lewis at 303-867-7190 or blewis@onefpa.org.