

Builder Plus IUL[®] 3

Expanded client profile

Understanding the Affluent Consumer

A growing class

The life insurance strategy to help supplement retirement income is fairly straightforward. The life insurance policy provides your clients with death benefit protection during their working years, all the while potentially accumulating cash value. North American's indexed universal life insurance product, Builder Plus IUL 3, can be structured as a self-completing, tax-advantaged policy, providing the opportunity to help supplement your client's retirement income.

Read on to gain insight about the affluent market segment, a group of consumers that is generally a good fit for Builder Plus IUL 3.

According to US Census data, 10.3% of the population has an income over \$200,000 in 2019 dollars. Using constant 2019 dollars to strip out the effect of inflation, this is the highest percentage of Americans to obtain this level of wealth over the past 52 years.

There's further evidence in the census data of a growing affluent class: **There is a 143% difference between the median and mean US household income. This difference has never been higher in the available data.**



Affluence Definitions

The US Census, Gartner, Nielsen, and others have similar, but not identical definitions of affluence. North American's Life Division uses the following parameters.

The Emerging Affluent

- H.E.N.R.Y. – High Earnings, Not Yet Rich
- \$250k+ annual income – and/or –
- \$250k+ income producing assets

The Established Affluent

\$1 million+ income producing assets
(Income producing assets do not include personal residence)

Consumer sentiment in 2021

As society begins to exit the COVID era, it's important to get an understanding of consumer sentiment. **The following are the top consumer values for the affluent market segment going into the year 2021, as found in a Gartner survey.**



Honesty, loyalty, health, courtesy, and family round out the top ten consumer values for the affluent market segment. Three other values to pay attention to are **practicality, simplicity and reality**. These three have risen up the ranking rapidly comparing 2010 surveys to 2020.

➔ TIP: Align your marketing efforts with consumer values.

Spending – down, then back up

During the course of the pandemic, affluent spending was down more than all other market segments, at one point reaching –38%, according to TrackTheRecovery.org. This was mostly due to travel restrictions and lock-downs. As of May 2021, spending by the affluent segment is now 4% higher than pre-pandemic. In comparison, spending for lower income segments has risen 11-20% higher than pre-pandemic, correlating highly with government stimulus efforts.

A study by Gartner found that much of the affluent class still categorizes themselves as “middle class.” After all, they’re not purchasing super yachts. In fact, **conspicuous spending has fallen out of favor** with the affluent consumer. So when thinking of the affluent, don’t picture “living in the lap of luxury.” Instead, it’s more accurate to think **pragmatic, reliable, and stable**.

 **TIP: Review your marketing tactics. Ensure they emphasize value and quality.**

Coaching is key with the emerging affluent

The emerging affluent share many characteristics with the established affluent. However, there is a significant difference that could be the key to reaching them. The emerging affluent **desire financial literacy through financial coaching**. According to Gartner, the selection criteria for a financial services firm are virtually identical between the emerging and established affluent, except that the emerging affluent seek guidance, whereas the established affluent seek customer service.

Financial Services Selection Criteria		
Rank	Emerging Affluent	Established Affluent
1	Trustworthiness	Trustworthiness
2	Security	Security
3	Cost	Cost
4	Guidance	Customer Service
5	Convenience/Ease of Use	Convenience/Ease of Use

 **TIP: Emphasize coaching over selling in your newsletters or social media posts. Don’t provide more “info.” Make it engaging and actionable.**

Life Insurance – Coach for the right asset balance

A **Builder Plus IUL 3** policy can provide death benefit protection during the working years, and provide a tax-advantaged way to help supplement retirement income during retirement years. The way your clients combine the use of their financial vehicles can have a significant impact on the amount of taxes they will pay in retirement, or viewed a little differently, **how much they get to keep**.

 **TIP: North American has Builder Plus IUL 3 resources available for you to help you coach your clients.**

Who do you know that fits the affluent consumer profile?

Builder Plus IUL 3 structured as a self-completing, tax-advantaged policy may be a good fit.

US Census Bureau, Census Bureau Table A-2, accessed May 2021. Tracktherecovery.org, accessed May 2021. Gartner, Consumer Outlook: Affluent Consumers in 2021, G00729164. (2020).

Gartner, Optimizing Wealth Management Marketing for the Emerging Affluent Consumer, G00716171. (2020). Nielsen, Finding Opportunity Online with the Mass Affluent. (2014).

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