

# Is There Magic in the Middle Market?

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Over 850 financial services companies in more than 70 countries turn to LIMRA first to help them build their businesses and improve their performance.

by Cheryl D. Retzloff

It's a market that encompasses an estimated 52 million U.S. households, ages 25 to 64 with incomes between \$35,000 and \$124,999. Members of the middle market have houses, cars, children and many financial responsibilities. And even during a global economic crisis, they still need to protect their families against premature death, disability and health problems, as well as save for their children's college education and their own retirement.

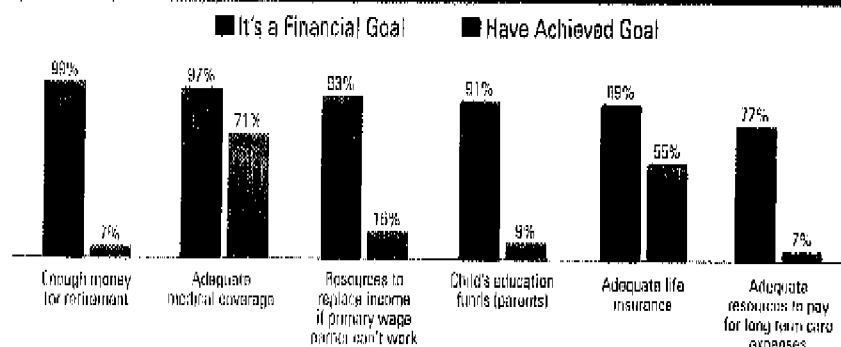
So can this vast market help you grow your sales? Well, the definite answer is – maybe!

Middle-market consumers have many other expenses competing for their dollars, and companies need to understand the competition for this market's limited financial resources. In addition to spending on necessities, they also spend on immediate pleasures – a family vacation, opportunities for children to play sports or a musical instrument, purchasing a new car or electronic device.

LIMRA wanted to better understand the competing priorities of middle-market households and how life insurance and other products fit into the picture. To do this, we conducted an Internet survey of 2,174 household financial decision makers in early 2008. Financial protection and accumulation goals include:

- Enough money for a comfortable retirement and adequate resources to pay long-term care expenses
- Adequate hospital/medical coverage
- Adequate resources to replace income if a primary wage earner can't work
- Adequate life insurance coverage
- Adequate savings for their children's education costs

## Achievement of Protection and Accumulation Goals



Most of those surveyed had made little progress toward these goals. The two they had been most successful in achieving – adequate medical coverage and adequate life insurance coverage – are generally related to workplace benefits.

So why haven't middle-market consumers achieved their financial security goals? Chiefly because they have competing priorities for their discretionary dollars – those left over after paying the essential bills and the unique "extras" that are highly important to middle-market parents.

These priorities ranked much higher than having adequate life insurance coverage or adequate replacement income in the event of an illness or a disability. People see these as goals that are important but of lower current priority than more pressing issues of everyday life.

The magic of the middle market is not simply in its large numbers, but also in the fact that members of the middle market understand the importance of financial security products. Here are three things for companies and producers to keep in mind about the middle market:

They need your help to identify financial goals. They believe they need protection against loss due to death, disability, illness and accident while also saving for

retirement or education. But 26 percent say they don't know how to reach their financial goals, which is where companies and producers can step in and help.

They want information about financial products. And 72 percent say they want to speak with a professional about at least one financial product or service. Four in 10 say they most want to talk with a financial professional about a lifetime income or retirement savings plan. Parents (28 percent) want professional advice about a child's education savings.

Many consumers say they prefer to buy without meeting face to face. While most still want to meet someone, a growing number – about four in ten – say they would prefer to buy life insurance without a face-to-face meeting. Those under 35 prefer the Internet, while those 55-64 prefer direct mail or telephone. For most, complex planning activities still require professional involvement. **FINN**

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