

THE IMPACT OF FINANCIAL ADVISORS SINCE THE UPTICK IN POLICY RISK

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Introduction

Planning for retirement has always been hard, because people face numerous risks – including outliving their money (longevity risk), investment losses (market risk), unexpected health expenses (health risk), and the erosive impact of rapidly rising prices (inflation risk). Further complicating such planning are possible shifts in the public policy environment: changes to social insurance programs can undermine the foundations of a retirement plan; changes to the tax system can scramble a household's finances; and a ballooning government debt can increase interest rates and slow the economy. The level of policy risk seems to have increased dramatically since the start of 2025, so the question is how the recent uptick may be affecting the decisions and behavior of near-retirees and retirees.

This *brief* is the second of two drawn from a recent study on the potential impact of policy risk on planning for retirement.¹ The first addressed that question by combining a summary of the academic literature on the nature and effects of policy risk with a new survey of the changes in the views and actions of near-retiree and retiree investors since the start of 2025. This

second *brief* adds the results of a companion survey of financial advisors, which provides information about what advisors are thinking regarding the uptick of policy risk in 2025 and what advice they are providing their older clients.

The discussion proceeds as follows. For background, the first section provides the major findings from the first *brief*. The literature review establishes that increased policy risk both harms the economy and burdens individuals. And the survey of near-retirees and retirees indicates that older Americans are keenly aware of the increase in policy uncertainty and are taking defensive responses. The second section describes the 2025 Survey of Financial Advisors and presents the results. The final section concludes that, while older investors are worried and taking steps, financial advisors are ambivalent. This group retains a generally positive view of the economy despite recent developments, yet harbors some specific concerns. This ambivalence may explain why advisors have no impact on their clients' views on the financial future or on investment decisions.

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Policy Uncertainty and Response of Households

To be clear, “policy risk” is not about policy change, per se, but rather about the *unpredictability of future policy*. Even without any change to current policy, for example, a tight and polarized election forces households to consider a wider range of policies than if the election outcome were certain or the policy positions of the candidates were similar.

Major Findings from the Literature

Researchers have used an array of techniques to measure the level of policy risk and its impact. The most common approach is textual analysis of media coverage for terms associated with policy risk.² But other approaches include looking at the impact of actual variability in policy parameters, estimating the impact of tight elections, and using surveys to gauge household perceptions of policy uncertainty and their likely responses.

The effects of policy uncertainty on the economy are broadly negative. In terms of the macroeconomy, uncertainty depresses economic activity, increases stock-market volatility, and reduces returns.³ Similarly, unemployment is found to rise in the face of greater uncertainty, while consumption and investment tend to fall.⁴

For those approaching retirement and retirees, the most salient risks are related to Social Security, Medicare, and fiscal policy (e.g., the federal debt and tariffs). In terms of Social Security, the big question is how policymakers will address the projected exhaustion of assets in the retirement trust fund in 2033 – raise payroll taxes by 4 percent, cut benefits by 23 percent, or some combination of the two. With regard to Medicare, while its finances are generally structurally sound, the issue is whether policymakers will continue to tolerate the program’s growing costs, which create an ever-increasing drain on federal revenues, or cut the program by raising either premiums or copayments. In terms of the ballooning federal debt, the risks are rapidly rising interest rates on Treasury securities, which cascade through to other forms of borrowing, and/or a major increase in taxes or a decline in spending.

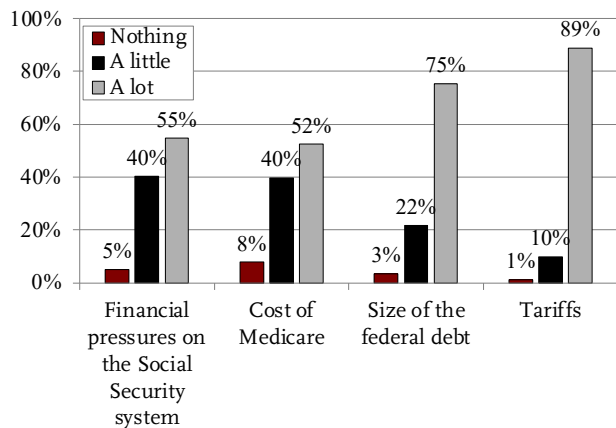
As individuals take precautionary steps to protect themselves against policy risks, studies have shown that scaring people to take actions that they would not have taken in a stable environment has real costs. In the context of fixing Social Security, for example, researchers have found that individuals would be willing to forgo as much as 6 percent of expected benefits or 2.5 months of earnings to resolve the uncertainty.⁵

Results from the 2025 Retirement Investor Survey

The survey of near-retirees and retirees was conducted by Greenwald Research between July 7 and July 31, 2025. The sample consisted of 1,443 individuals ages 45-79 with over \$100,000 in investable assets.

Throughout 2025, policy changed in drastic ways, and long-term trends in Medicare and Social Security financing have become more concerning. New deficits added to the already huge federal debt, and tariffs became a major source of anxiety. Not surprisingly, survey respondents have dramatically increased their consumption of media on these issues (see Figure 1).

FIGURE 1. INVESTOR CONSUMPTION OF PRESS COVERAGE ON VARIOUS TOPICS SINCE START OF 2025

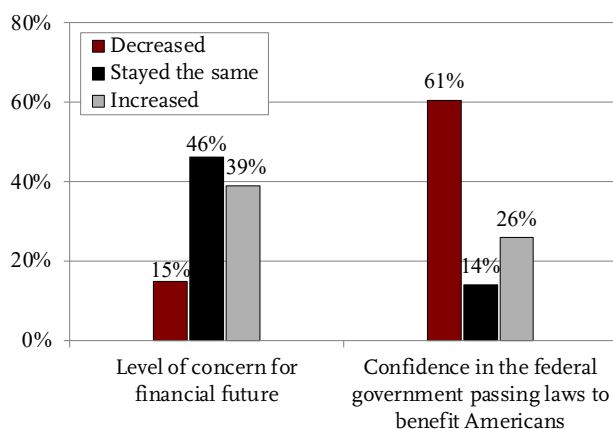


Source: Authors’ calculations based on the 2025 Greenwald Research Investor Survey.

It should therefore come as no surprise that near-retirees and retirees in the 2025 survey expressed concern about the direction and unpredictability of federal policy. Investors’ concerns for their financial future mounted (39 percent say concern increased versus 15 percent who say it decreased), while their

confidence that federal policy will benefit Americans declined (61 percent decreased versus 26 percent increased, see Figure 2).

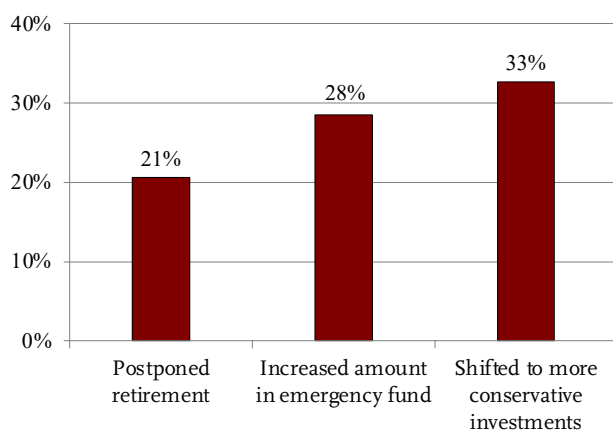
FIGURE 2. CHANGES IN INVESTORS' OUTLOOK FOR THEIR WELL-BEING SINCE START OF 2025



Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

These older investors have already reacted to this unpredictability in several ways (see Figure 3). For example, 21 percent of the unretired respondents in the

FIGURE 3. ACTIONS TAKEN BY INVESTORS SINCE START OF 2025



Notes: The question on postponing retirement was only asked of non-retired investors. The other two questions were asked of all survey respondents.

Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

sample have decided to postpone their retirements. And, on the financial side, 28 percent of the entire group have increased the amount in their emergency fund, and 33 percent have shifted to more conservative investments.

In short, the evidence shows that older Americans are keenly aware of the increase in policy uncertainty and are taking defensive responses.

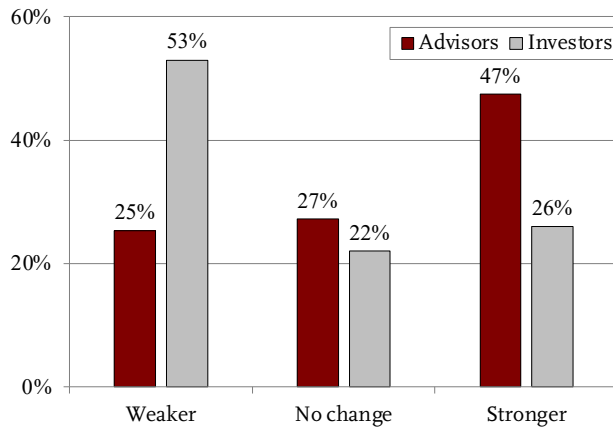
How Do Financial Advisors Differ from Investors and What Role Can They Play?

One group that could help older Americans cope with the heightened level of policy uncertainty is their financial advisors. To find out what advisors are thinking and what advice they are offering, the second survey interviewed 400 financial professionals. Each professional was required to have at least 75 clients, at least three years of experience at their current firm, and to manage over \$30 million in assets. Furthermore, at least 40 percent of their clients must be 50 or older, and at least half their income must be derived from financial products or planning. These advisors represented a cross section of firms, including broker-dealers, registered investment advisors, insurance companies, banks, and full-service financial services firms.

The advisor survey reveals a different view of the retirement landscape and its susceptibility to policy risk than the investor survey, but also a nuanced one. On the one hand, advisors have a much rosier view of the economy in general. In particular, while 53 percent of near-retirees and retirees say the economy deteriorated between 2024 and early 2025 and only 26 percent say it improved, the numbers for advisors are nearly flipped, with 47 percent saying the state of the economy improved and only 25 percent saying it weakened (see Figure 4 on the next page).

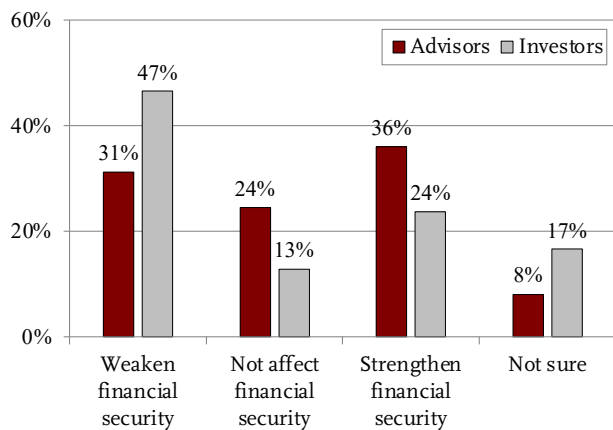
And while investors say the government's future actions will weaken their financial security by a nearly two-to-one margin (47 percent versus 24 percent, see Figure 5 on the next page), the views of advisors are again very different. Only 31 percent of advisors believe the government will weaken their clients' finances, while 36 percent believe government actions will be positive.

FIGURE 4. CHANGES IN ADVISORS' AND INVESTORS' ASSESSMENTS OF THE ECONOMY SINCE START OF 2025



Source: Authors' calculations based on the 2025 Greenwald Research Advisor and Investor Surveys.

FIGURE 5. CHANGES IN ADVISORS' AND INVESTORS' ASSESSMENT OF HOW GOVERNMENT ACTIONS WOULD AFFECT THEIR FINANCIAL SECURITY SINCE START OF 2025

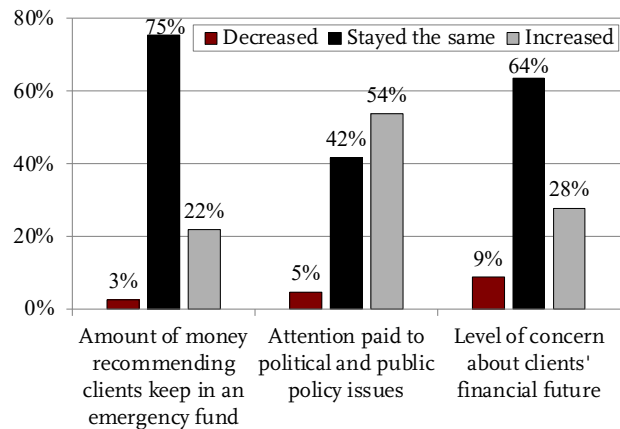


Source: Authors' calculations based on the 2025 Greenwald Research Advisor and Investor Surveys.

On the other hand, even advisors seem to be recommending greater caution in response to the turbulent environment in 2025. In particular, 22 percent have recommended that their clients increase emergency savings since the beginning of 2025, as

opposed to 3 percent recommending a decrease (75 percent recommend no change, see Figure 6). And the amount of attention advisors pay to political and policy issues has also increased since 2024 – 54 percent say they pay more attention to these topics than last year, as compared with 5 percent saying the opposite. Advisors' level of concern about their own clients' financial future also reveals their general unease: 28 percent say they are more concerned about their clients' financial future in 2025 versus 2024, while only 9 percent say they are less concerned.

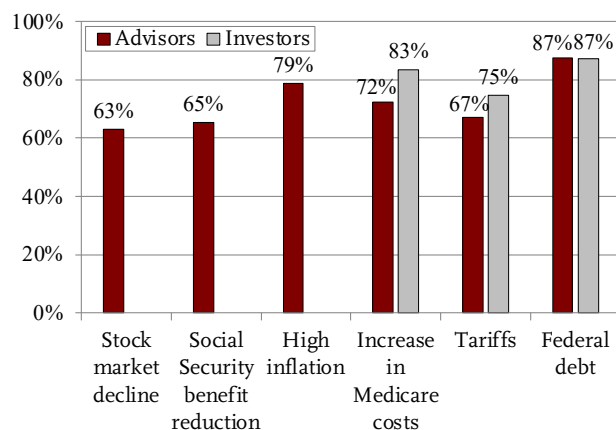
FIGURE 6. CHANGES IN ADVISORS' VIEWS SINCE START OF 2025



Source: Authors' calculations based on the 2025 Greenwald Research Advisor Survey.

The advisors' positive outlook for retirement is also somewhat contradicted by their concern regarding specific policy risks. Figure 7 (on the next page) shows that advisors are worried or very worried about a variety of risks. In fact, 63 percent report being worried about a major decline in the stock market, 65 percent are worried about a cut in Social Security benefits, and 79 percent about high inflation. Figure 7 also shows investor responses where the questions were similar to those for advisors. Notably, clients rank these risks quite similarly, but are almost uniformly more worried in absolute levels. Interestingly, both investors and advisors consider the federal debt to be the most concerning of the different topics.

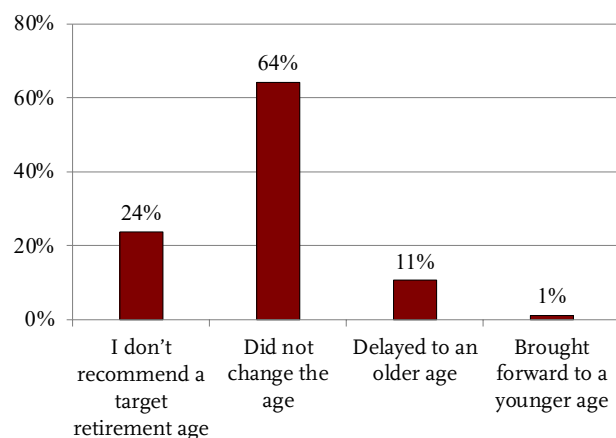
FIGURE 7. PERCENTAGE OF ADVISORS AND INVESTORS WORRIED ABOUT VARIOUS RISKS



Source: Authors' calculations based on the 2025 Greenwald Research Advisor and Investor Surveys.

The underlying pessimism of advisors beneath their overall positive sheen has some specific implications. While the vast majority of advisors either do not recommend a retirement age to their clients or did not change their recommendations between 2024 and 2025, 11 percent advised a later retirement age. Only 1 percent shifted in favor of earlier retirement (see Figure 8).

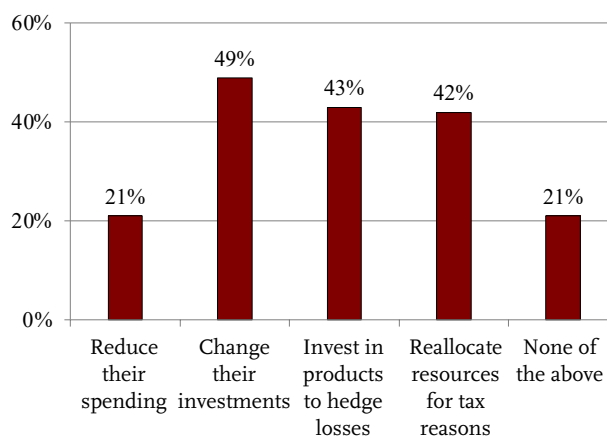
FIGURE 8. CHANGES IN ADVISORS' SUGGESTED RETIREMENT AGE SINCE START OF 2025



Source: Authors' calculations based on the 2025 Greenwald Research Advisor Survey.

Moreover, the vast majority of advisors have recommended that their clients take precautionary actions in light of anticipated policy changes (see Figure 9). In particular, 21 percent have suggested cutting back spending; 49 percent have suggested changes to investments; 43 percent have suggested acquiring financial products to hedge investment losses; and 42 percent have suggested reallocation of resources, such as Roth conversions, based on the projection of higher future taxes. Only 21 percent have not recommended any of the above actions.

FIGURE 9. PERCENTAGE OF ADVISORS RECOMMENDING EACH ACTION SINCE START OF 2025

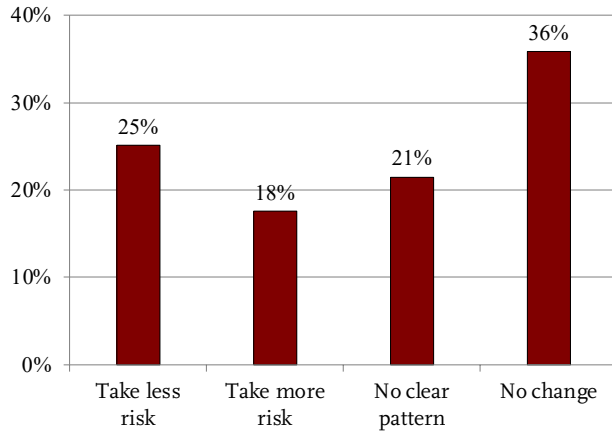


Source: Authors' calculations based on the 2025 Greenwald Research Advisor Survey.

Of those advisors who recommended changes in investment strategies in 2025 relative to 2024, most suggested a more conservative allocation. Twenty-five percent chose that option, relative to 18 percent who recommended a more aggressive strategy (with 21 percent suggesting a mix and 36 percent suggesting no change; see Figure 10 on the next page).

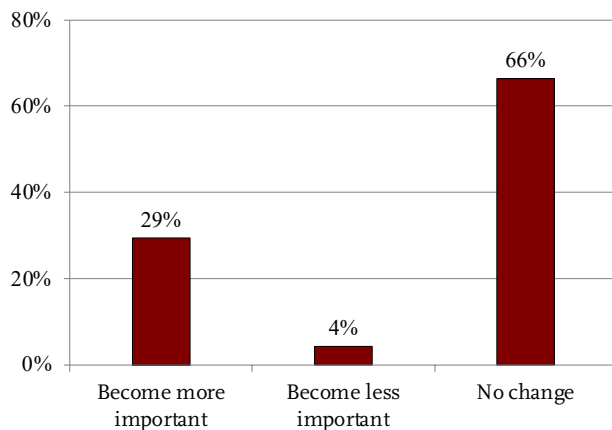
When asked about their personal investments, 29 percent of advisors say that the importance of protecting their assets has increased since 2024, while only 4 percent say that the need to protect assets has become less important, with 66 percent saying their views have not changed (see Figure 11 on the next page).

FIGURE 10. PERCENTAGE OF ADVISORS RECOMMENDING CHANGING INVESTMENT STRATEGIES SINCE START OF 2025



Source: Authors' calculations based on the 2025 Greenwald Research Advisor Survey.

FIGURE 11. PERCENTAGE OF ADVISORS SAYING THAT PROTECTING THEIR OWN INVESTMENTS HAS CHANGED IN IMPORTANCE SINCE START OF 2025



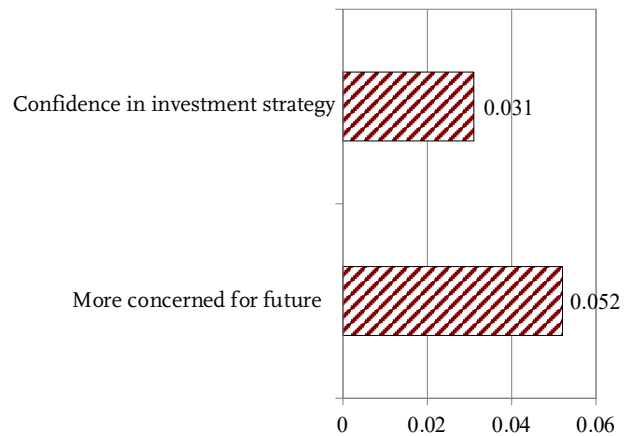
Source: Authors' calculations based on the 2025 Greenwald Research Advisor Survey.

Overall, the pattern of responses from advisors paints a picture of frothy optimism at a high level, coupled with fundamental concern about the implications of policy on financial security. When asked in any great detail about specific policies or about the appropriate posture to strike between conservative and aggressive investment behavior, the advisors generally display an increased preference for safety as opposed

to chasing returns. Putting on a brave face despite underlying concerns may be a response to clients' need for reassurance.

The ambivalence in advisors' views may help explain why they do not appear to have much impact on their clients. Regression results show that the correlations between having a financial advisor, on the one hand, and the change in investors' concern for either their investments or their financial future, on the other, are statistically insignificant in both cases (see Figure 12).

FIGURE 12. RELATIONSHIP BETWEEN HAVING A FINANCIAL ADVISOR AND INVESTORS' CHANGE IN VIEWS SINCE START OF 2025



Note: Neither result is statistically significant.

Source: Authors' calculations based on the 2025 Greenwald Research Investor Survey.

Conclusion

While policy uncertainty has been much studied, big questions remain about the impact of the apparent dramatic uptick in policy risk. Our first *brief* on this topic showed that near-retiree and retiree investors have grown significantly more concerned about their financial well-being since the start of 2025. Even for this sample of relatively wealthy households, the potential for substantial cuts in Social Security was the major concern. In response to these risks, a meaningful share of these groups have taken steps to protect themselves, such as increasing their emergency fund and moving to more conservative investments, and those still working have delayed their retirement date.

One resource that could help older Americans cope with the heightened level of policy uncertainty is their financial advisors. Advisors, however, seem conflicted. They are generally optimistic about the economy overall, with 47 percent saying they think that the economy is stronger since the start of 2025, and only 25 percent reporting they think it is weaker. On the other hand, advisors express concern about a broad array of developments, and most of those recommending changes for their clients suggest cautious actions, such as delaying retirement or moving to more conservative investments. The ambivalence in advisors' views may help explain why they do not appear to have much impact on their clients' confidence. The correlations between having a financial advisor, on the one hand, and the change in investors' concern for either their investments or their financial future, on the other, are statistically insignificant in both cases.

Endnotes

- 1 Munnell and Wettstein (2026).
- 2 For example, Boudoukh et al. (2013) and Alexopoulos and Cohen (2015).
- 3 Boudoukh et al. (2013); Alexopoulos and Cohen (2015); Fernandez et al. (2015); and Baker, Bloom, and Davis (2016).
- 4 Leduc and Liu (2016).
- 5 Luttmer and Samwick (2018) and Shoven, Slavov, and Watson (2021).

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