Factors Associated with Getting and Dropping Financial Advisors Among Older Adults: Evidence from Longitudinal Data

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Using the Asset and Health Dynamics among the Oldest Old (AHEAD), this study presents the first longitudinal results analyzing factors associated with getting and dropping a financial advisor. We find that quantitative as well as qualitative factors are significant when evaluating the value of professional financial advice. Getting a financial advisor was positively associated with becoming a widow(er), asking family members for assistance with financial decisions, seeking professional help for emotional problems, and experiencing increases in income and net worth. Among single and widowed respondents, experiencing significant cognitive decline also increases the likelihood of getting a financial advisor. Dropping a financial advisor was negatively associated with becoming a new widow(er), getting married, and experiencing an increase in net worth. No longer involving family members in financial decisions was strongly related to dropping a financial advisor. We discuss implications for practitioners relevant to both client acquisition and client retention.

Keywords: financial advice, financial advisor, help seeking, life events, widowhood

Our understanding about the determinants of financial help seeking has seen limited advances over the last decade. Although we know more about the correlates of having a financial advisor, we still know relatively little about factors related to beginning or ending the use of a financial advisor. We know less about the financial advice seeking behavior of older adults who may be most at risk of poor financial decisions. We seek to provide insight about when older adults decide to seek financial advice.

Many older adults hold a considerable amount of wealth. Yet Agarwal, Driscoll, Gabaix, and Laibson (2009) argue that many of these older adults may not have the ability to properly manage their resources. They also recognize the value that professional financial advisors may provide these vulnerable adults. Increasing our understanding about when older adults decide to begin using a financial advisor can help us better understand when they may need additional guidance on how to select a quality financial advisor to help manage their accumulated wealth.

This study presents the first longitudinal results showing factors associated with beginning and discontinuing the use of a financial advisor among older adults. Using the 1993 and 1995 waves of the Asset and Health Dynamics among the Oldest Old (AHEAD), we analyzed the impact that influential life events, changes in willingness to seek help, and changes in financial situation have on the likelihood of older individuals changing their use of professional financial advisors.

This study is the first of its kind to identify factors that may contribute to the initial establishment of a financial planning relationship. In other words, we identify potential reasons why an older adult may decide to begin using a professional financial advisor. This study is also the first study to describe reasons why an individual may decide to discontinue their use of a financial advisor. Conversely, we identify factors that may strengthen the decision to use a financial advisor.

The paper is organized as follows. We review the literature of using and discontinuing the use of financial advisors, followed by a review of the literature on help-seeking behavior. We next present a theoretical framework that we use to construct our hypotheses. We describe our study and our findings, followed by a discussion of the results in light of our theoretical framework. We conclude with a brief discussion of how the findings of our study have application for financial advisors.

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Literature Review

Use of a Financial Advisor

Relatively few households use a financial advisor (Bi, Montalto, & Fox, 2002; Hanna, 2011). Using the Survey of Consumer Finances (SCF), Hanna (2011) found that 21% of households used a financial planner in 1998, which increased only slightly to 25% in 2007. Factors positively associated with using professional financial advice include income (Joo & Grable, 2001; Hanna, 2011) and education (Hanna, 2011). Wealth or net worth is also associated with using financial advice (Chang, 2005; Bluethgen, Gintschel, Hackethal, & Mueller, 2008). Hanna (2011) found that the likelihood of using an advisor increases as net worth increases from zero and as net worth decreases from zero. Females are more likely than males to use financial advice (Joo & Grable, 2001; Bluethgen, et al., 2008). Evidence is mixed about the impact of risk tolerance on using a financial advisor (Joo & Grable, 2001; Bluethgen et al., 2008; Hanna, 2011).

Although many factors may impact using a financial planner, less is known about the timing of establishing a financial planning relationship. Age is associated with using financial advice (Bluethgen et al., 2008). Using cross-sectional data, Hanna (2011) found a curvilinear relation with age where the likelihood of using a planner peaks around age 42. An increase in saving during middle age, in anticipation for retirement, may impact the perceived benefit of seeking retirement planning advice. In a survey of mutual fund shareholders, receiving large lump sums (e.g., inheritance, retirement, job change) and experiencing major life events (e.g., change in marital status, birth of a child, death of a spouse) were also related to seeking financial advice (Leonard-Chambers & Bogdan, 2007).

Much of the existing research on using financial advice examined only cross-sectional data, which limits the ability to analyze the timing of decisions. Using cross-sectional data also risks finding spurious relations caused by omitted personal characteristics, for which characteristics—if stable over time—can be controlled in a longitudinal analysis. A number of studies used the Survey of Consumer Finances (SCF), a triennial survey sponsored by the Federal Reserve and the Department of the Treasury (Bi, Montalto, & Fox, 2002; Elmerick, Montalto, & Fox, 2002; Chang, 2005; Hanna, 2011). Other national datasets have also been used, including the Retirement Confidence Survey (RCS) (Joo & Grable, 2001) and a cross-sectional analysis using the National Longitudinal Survey of Youth (NLSY) (Finke, 2012). Other studies used propriety data from financial services providers (Bluethgen et al., 2008) and from surveys administered online (Finke, Huston, & Winchester, 2011).

Because no previous studies use panel data to analyze the use of professional financial advice, we know little about the impact of changes in financial situations that may lead an individual to begin using a financial advisor. For example, although we know that net worth and income are related to using a financial advisor, we do not know about the impact that changes in income or net worth may have on the decision to use professional financial advice, especially if these changes in financial situation take place within a short period of time.

Although we find no use of longitudinal data to explore the use of financial planners, the timing of establishing a financial planning relationship is identified in a qualitative study of baby boomer widows (Korb, 2010a). Of the twelve widows interviewed, ten of them did not have financial planners before their husbands passed away. Nine of the widows sought professional financial advice within a year of losing their husbands, suggesting that becoming a widow may serve as a catalyst to seeking professional financial advice. In many instances, the husband was primarily responsible for financial decisions while in other cases, he at least assisted in making decisions, suggesting that the loss of a decision partner may impact the decision to seek professional financial advice. Although Korb (2010a) focused on baby boomer widows, similar results are likely to be found in older adults, including older widows.

The concept of what determines use of a financial advisor differs depending on the dataset. The National Longitudinal Survey of Youth (NLSY) includes the following question, focusing specifically on the use of a financial advisor for retirement planning purposes: "People begin learning about and preparing for retirement at different ages and in different ways. Have you (or your spouse/partner) consulted a financial planner about how to plan your finances after retirement?" The Survey of Consumer Finances (SCF) asks two very similar questions: "What sources of information do you (and your {husband/wife/partner}) use to make decisions about borrowing or credit? Do you call around, read newspapers, magazines, material you get in the mail, use information from television, radio, the internet or advertisements? Do you get advice from a friend, relative, lawyer, accountant, banker, broker, or financial planner? Or do you do something else?" A similar question in the SCF asks, "What sources of information do you (and your family) use to make decisions about saving and investments?" The Asset and Health

Dynamics among the Oldest Old (AHEAD), used in this paper, includes this question: "Do you have a financial advisor who helps make decisions?" The question in the AHEAD has the advantage of being broader regarding the type of decisions involved while also being more specific on the source of the advice, a financial advisor.

Note that the AHEAD question uses the term, *financial advisor* rather than *financial planner*. Although many respondents may view the terms synonymously, we would like to note a distinction. The term *financial advisor* typically describes an individual who is employed to provide advice on financial decisions. Financial advisors have typically developed specialized human capital that can be beneficial in making financial decisions. The term *financial planner* is more specific, referring to a financial advisor who gives particular attention to intertemporal consumption decisions in the presence of uncertainty. Financial planners are more likely to assist individuals with decisions about saving, investing, the distribution or disposition of assets, or risk management decisions. In this light, all financial planners are financial advisors, but not all financial advisors are financial planners. Because the question asked about financial advisors, this analysis used the broader view of professional financial advice.

Discontinuing the Use of a Financial Advisor

The determinants of dropping a financial advisor have largely not been explored. Customer retention and exit has been explored in other industries, including banking and insurance, but the research focused primarily on business profitability rather than on the decision of the customer or client (Reichheld & Sasser, 1990; Harrison & Ansell, 2002; Liu & Wu, 2007). Analyzing the termination of a financial advisor may be under-researched because defining when a relationship is terminated may not be as straight forward as when a relationship is established. For example, if a financial advisor only contacts a client periodically, then the client may not consider the advisor an active participant in making financial decisions. Stewart (1998) identified a number of concerns that arise when attempting to identify the exit from a bank, and similar concerns arise when dropping a financial advisor. Depending on whether the focus of analysis is on the customer or the account, the results may be different. Whether the customer or the advisor is providing responses may also change the outcomes because they may not define the relationship in the same way, especially if the relationship was not clearly defined when it was established. Stewart (1998) also raised the question of whether dormant accounts should be considered as having exited. Including such accounts can present problems because they lack a clear delineation of when an exit took place.

Studying the decision to drop a financial advisor is also difficult because it may involve elements of the relationship not frequently captured in national surveys. Stewart (1998) described the role that relationships play in customer retention within the retail banking industry. The decision to terminate a relationship with a bank usually involves a customer experiencing a problem, exerting effort to address it but receiving unsatisfactory resolutions, experiencing negative emotions, and ultimately evaluating the relationship with the bank. Similarly, Leonard, Chambers and Bogdan (2007) found that a bad experience with a previous advisor is a main reason for no longer working with an advisor.

Terminating a relationship with one financial advisor may also represent merely switching to a different advisor. Christiansen and DeVaney (1998) found that nearly half of the financial planning clients they surveyed had worked with a different planner previous to their current planner. During an fMRI experiment, James (2012) found that participants who switched advisors were, prior to switching, more likely to use areas of the brain associated with error detection and monitoring others. Among dissatisfied customers, Panther and Farquhar (2004) found that customers stay with a financial services provider because of the perceived costs involved with switching to another provider. Osterland (2011) reported that high-net-worth clients may diversify their advisors; in other words, they may have more than one advisor. Some households may not fully terminate a relationship with an advisor, but they may choose to reduce the amount of assets overseen by a particular advisor.

Help Seeking Behavior

Research on help seeking behavior has focused considerable attention on mental health issues. Much of the research regarding help-seeking for mental health problems focuses on younger individuals, especially students (e.g., see Avanzo et al., 2012). Among Italian students, the most preferred sources of help for mental help concerns were friends and parents, who were more likely to be approached than a professional, like a psychologist or psychiatrist (Avanzo et al., 2012). Young people may be more willing to seek help from someone with whom they have a pre-established, trusting relationship. Avanzo et al. (2012) also found that students were not partial to whether help was formal or informal, suggesting that the decision to seek help is possibly a larger obstacle to overcome

than the decision about the source or type of help. As it relates to financial advice help seeking, individuals may be willing to seek help from multiple sources once the barrier to seek help has been crossed.

Phillips and Murrell (1994) focused on mental health help seeking among older adults. They found that seeking help for mental health concerns is positively related with experiencing a greater number of undesirable stressful events and having physical health issues. Individuals who reported experiencing bereavement or a new illness were more likely to seek help for mental health concerns. In a similar way, individuals who experience the loss of a significant loved one (e.g., a spouse) or who see medical help for a new illness may be more likely to seek help with financial decisions. Mental health help seeking was also negatively related with perceived level of social support (Phillips & Murrell, 1994). A similar situation may exist in help seeking for financial concerns.

We know relatively little about financial help seeking. Grable and Joo (1999, 2001, 2003; see also Joo & Grable, 2001) have done the most work on help seeking for financial decisions. They found that financial stressors and poor financial behaviors increase the likelihood of seeking financial help (Grable & Joo, 1999). They also found that older individuals are more reticent to seek financial help (Grable & Joo, 1999).

Although older individuals may be less likely to seek financial help, we know very little about the specific factors that may impact the decision to seek such help. We seek to provide insight on this important subject.

Theoretical Framework

The decision to begin using or discontinue using a financial advisor can be viewed as the result of a cost-benefit analysis. An individual can weigh the costs associated with using professional financial advice against the benefits of receiving such advice. Individuals who decide to seek professional financial advice perceive that the benefits of such advice outweigh the costs. The benefits and costs of professional financial advice include both financial and psychological costs and benefits. Changes in the financial or psychological costs or benefits may result in a change in the decision to use or discontinue the use of a financial advisor.

Financial costs are primarily the costs paid for receiving financial advice as well as the cost of searching for quality advice (Stigler, 1961). Some of these costs are used to compensate the advisor for his or her time. Because these financial costs tend to be unique to a particular financial advisor, we do not include the impact that a change in these financial costs may have on the decision to use or discontinue the use of a financial advisor. Although the cost to search for quality advice may be positively related to a change in financial situation, the benefit of such advice is similarly related to a change in financial situation. In other words, individuals who experience a change in financial situation may also experience a change in the balance of the costs and benefits of seeking professional advice, which may change their decision to seek such advice.

Hanna and Lindamood (2010) suggested that the "benefits of using a financial planner potentially include increasing wealth, protecting wealth, and smoothing consumption" (p.112). Although these financial benefits are related to quantifiable factors (e.g., net worth, income), Hanna and Lindamood (2010) recognized that these and other financial benefits may not be easy to quantify. In addition, they recognized that financial planners provide other psychological benefits (e.g., being more organized in their financial affairs) that are difficult to quantify in financial terms. However, these psychological benefits have value and are likely to be factors that are considered when deciding whether or not to begin using (or discontinue using) a financial advisor.

Psychological costs associated with beginning to use a financial advisor can be described as the willingness to seek help. Being willing to seek help and actually seeking help requires recognizing that help is needed, which can be humbling. Karabenick and Knapp (1988) suggested that help seekers may perceive themselves as incompetent or helpless. Lee (1997) suggested that seeking help is related to perceived powerlessness. Druian and DePaulo (1977) found that individuals who ask for help may view themselves as being inferior to the helper. These negative emotions associated with seeking help can become a barrier, a psychological cost, to seeking help (DePaulo & Fisher, 1980).

Only when the total benefits (i.e., financial and psychological benefits) outweigh the total costs will financial help be sought. If no changes occur to the costs or benefits of an individual, the likelihood of changing their use of help is low. However, some life events or other changes in one's circumstances may be associated with a change in the financial or psychological costs or benefits of financial advice, which in turn, may impact the decision to begin using or discontinue using a financial advisor. These changes include a change in one's financial situation. For example, a substantial increase in income may

lead an individual to reconsider the value of seeking the advice of a financial professional. If the benefits of seeking advice now outweigh the costs, this individual may decide to begin using the services of a financial advisor.

Major life events, like a change in marital status, may also represent changes that impact these financial and psychological costs and benefits, and consequently, the decision to begin using, or discontinue using, a financial advisor. For example, losing a spouse may impact the psychological benefits of seeking financial advice. In a qualitative study of boomer widows, Korb (2010a) found that many widows felt a need to address their financial situation but that "they had neither the emotional nor mental energy to deal with it" (p.50).

Some life events may impact the psychological costs and benefits of financial advice, and it might be difficult to determine which is driving the change in the decision. Regardless, the outcome may be the same. In other words, whether the benefits increase to outweigh the costs, or the costs decrease to be less than the benefits, the result of the change in the cost-benefit analysis is the same, and it may impact the decision to begin using a financial advisor. For example, deciding to begin seeing a doctor for emotional problems may reduce the psychological costs of beginning to use a financial advisor.

Individuals who first seek help from other sources may reduce the psychological costs associated specifically with seeking professional financial advice. In other words, a change in one's willingness to seek help in general may be related to his or her willingness to seek help from a financial advisor. Essentially, an individual may spread the fixed psychological costs associated with seeking help across multiple providers of help (e.g., family members). Once the barrier to seeking help is broken (i.e., the psychological costs of seeking help have been, at least in part, realized), an individual who decides to seek help from a family member may be more willing to subsequently seek help from a professional.

The psychological costs associated with seeking advice may be reduced as a result of a referral from family members. Bi, Montalto, and Fox (2002) found that sources of financial advice may serve as complements. Hung et al. (2008) found that the most common ways for an individual to find a financial advisor is through a referral from a family member, friend, or professional (e.g., attorney, accountant). Individuals may reduce psychological costs by first seeking help from a trusted family member or friend. In order to receive a referral, households may turn first to trusted sources of information, whose cost of information is low, who may then suggest a professional financial advisor who can help in their situation.

The decision to discontinue using a financial advisor may be the result of a similar analysis of the financial and psychological costs and benefits. Factors that impact the perceived benefit of financial advice are also likely to strengthen the decision to continue using a financial advisor. In other words, these factors may be negatively related with the decision to discontinue using a financial advisor.

Because psychological costs and benefits involved subjective analyses, our analysis focuses on events or changes that may shift the overall balance of the costs and benefits so that a change in the willingness to seek financial help results. First, we focus on events and changes that influence the decision to begin seeking a financial advisor. Then, we consider whether these same events and changes also impact the decision to discontinue using a financial advisor.

Hypotheses

Based on the framework of the decision to begin using or discontinue using a financial advisor, we proposed the following hypotheses regarding older adults:

- H1: Recent life events (e.g., losing a spouse, getting divorced, beginning retirement) and medical events (e.g., experiencing cancer, a stroke, heart attack) increase the likelihood of beginning to use a financial advisor.
- H2: A change in willingness to seek help from others (e.g., mental health professional, family members) increases the likelihood of beginning to use a financial advisor.
- H3: A change in financial situation (e.g., increase in net worth or income) increases the likelihood of beginning to use a financial advisor.
- H4: Recent life or medical events, a change in willingness to seek help from others, and changes in financial situation reduce the likelihood of discontinuing the use of a financial advisor.

Methods

Data

We used data from the Study of Assets and Health Dynamics Among the Oldest Old (AHEAD). The AHEAD survey is a nationally representative sample of older Americans (Karp, 2007). Although the sample focuses on individuals born in

1923 or earlier, spouses of married individuals, including spouses born after 1923, are also interviewed. When the survey was first administered in 1993, respondents (other than spouses) were age 70 and older. The AHEAD survey was administered in 1993 and 1995 before merging with the original Health and Retirement Study (HRS) beginning in 1998 (Karp, 2007). The HRS is overseen by both the National Institute on Aging (NIA) and the Institute for Social Research (ISR) at the University of Michigan. As the name suggests, the objective of the survey is to better understand the health and wealth situations of older Americans, especially the situations of those who are preparing for and living in retirement. For construction of the variables used in this analysis, the majority of the data was prepared by the RAND Center for the Study of Aging. All financial variables are reported in 1993 dollars; values for financial variables in 1995 were adjusted using the CPI-U annual inflation averages for 1993 and 1995 (BLS, 2012).

Although the data for this study was collected in 1993 and 1995, many of the adults surveyed in 1993 are still alive today and are still interviewed as part of the HRS. The decisions they made as recorded in this study also have impact throughout their life. Using the same data, Cummings and James (2013) find that using a financial advisor in 1993 had an impact on subsequent financial outcomes, even as far removed as 2008. As such, we believe that this dataset still has relevance today.

Sample

We focused on the first two waves (i.e., 1993 and 1995) of the AHEAD before it was merged with the HRS. Of the 8,222 AHEAD respondents from 1993 and 1995, 7,504 respondents had complete responses for the variables used in our analysis. During both the 1993 and 1995 waves, respondents were asked, "Do you have a financial advisor who helps make decisions?" The responses to this question in each year were used to construct the dependent variables as well as the samples for analysis. We focused on those who changed their response from 1993 to 1995 and the factors that may have influenced the decision to change their use of a financial advisor. By nature of the design of the study, we limited the sample to respondents who were alive in both years and have complete responses to the variables used in the analysis. Although the majority of the sample is over age 70, we also included all spouses under age 70 for whom we have responses to the question under consideration.

For most of the analyses, the sample of AHEAD respondents was divided according to their response to the 1993 financial advisor question. Respondents who reported not having a financial advisor in 1993 were used to assess the factors that impact the likelihood of adding an advisor by 1995 (n = 6,455). Respondents who reported having a financial advisor in 1993 were analyzed separately to assess the factors that impact the likelihood of dropping a financial advisor by 1995 (n = 961).

Each wave of the AHEAD is used to project to the national population of respondents born in 1923 or earlier, and it uses weights designed for this purpose. The use of weights for estimating national means are particularly important in the AHEAD as some groups, such as African-Americans, Hispanics, and Floridians, have been intentionally oversampled. In addition, such weighting is also important as some subgroups exhibit differential nonresponse rates. Adjusting for such differences is necessary in order to accurately project to a national population. Because the AHEAD weights are designed to project to a national non-institutionalized population over age 50, individuals residing in nursing homes are given zero weights. All means reported in the following descriptive analyses were weighted using the HRS-provided core sample weights.

In addition to the intentional oversampling of certain groups, the HRS also employed a complex sample selection process (Institute for Social Research, 1995). As is true with most national surveys, the sample was not selected as a pure random draw.

Description of Variables

Dependent variables. As mentioned previously, the main dependent variable was constructed using the response to the question, "Do you have a financial advisor who helps make decisions?" We assume that respondents report using a financial advisor if they have a financial professional who they view as playing a considerable role in their financial decisions and upon whose advice the respondent relies. As a result, we do not limit our view of using an advisor to describe only advisors who have custody of or discretion over clients' assets. Instead, we include all individuals, including those who may be implementing all their own financial decisions, after consulting with a professional advisor.

Many people who report having a financial advisor likely include many people who have casual, more episodic, interactions with a financial advisor. If considerable time has passed since a respondent has had an interaction with

their advisor, then they may say that they do not have an advisor. In other words, the likelihood of responding that they have a financial advisor may also indicate the depth of the relationship they have with their financial advisor. In this analysis, we take the response at face value and consider that the respondent answered accurately.

For the first set of analyses, the dependent variable is whether the respondent began using a financial advisor in 1995 after reporting not using a financial advisor in 1993. The dependent variable in the final set of analyses is whether the respondent reported no longer using a financial advisor in 1995 after reporting using a financial advisor in 1993.

Independent variables. The independent variables included in our analyses are variables representing changes in responses from 1993 to 1995. Most of these variables are dummy variables representing whether or not the change took place. We categorized the independent variables into three categories: recent life events, willingness to seek help, and changes in financial situation.

Recent life events: Our first set of variables included life events that may have an impact on a household's ability to make independent financial decisions. We included life events that occurred between 1993 and 1995, represented by changes in responses to identical questions between the two survey waves. These life events were primarily changes in marital status, including becoming a widow(er) and getting separated or divorced. Because only a small minority of older adults in our sample were married between 1993 and 1995 (n = 44), we did not include this variable in our analysis of getting a financial advisor. Another life event was having a spouse who no longer lived in the same home, most likely due to a recent move into a long-term care facility. Because many of these life events center on a change in marital status, we also performed analyses on married respondents separate from single and widowed respondents.

We also included the influential life event of starting retirement between 1993 and 1995. To capture whether a respondent retired, we assessed a change in employment status. In instances where information was lacking in 1993, respondents are presumed to be retired in that wave. We recognize that individuals may define retirement differently and may not retire all at once. For this analysis, if respondents reported working full-time or part-time, or they reported being disabled or unemployed in 1993, and subsequently reported being retired or partly retired in 1995, we consider these respondents as starting retirement (n = 493). Due to limited information available in the 1993 survey, a very small minority of respondents in the full sample could be identified as becoming unemployed (n = 1) or becoming disabled (n = 3) between 1993 and 1995. As such, these variables were not included in the analysis.

Respondents were asked a series of questions about whether or not they had seen a doctor for particular health conditions. We focused on instances where the respondent or spouse first reported a new medical issue, represented by a change in the response to these questions:

- Has a doctor ever told you that you have cancer or a malignant tumor, excluding minor skin cancers?
- Has a doctor ever told you that you had a stroke?
- Has a doctor ever told you that you had a heart attack, coronary heart disease, angina, congestive heart failure, or other heart problems?

Because a major health event of either spouse is likely to impact the joint decisions of the couple, we included instances where either spouse first reported experiencing one of these medical events.

Change in willingness to seek help: A change in willingness to seek help was addressed in two ways: 1) a recent decision to begin seeking help for a mental health concern; and 2) a change in the use of the help of family members. Respondents were asked, "Have you ever seen a doctor for emotional, nervous, or psychiatric problems?" Respondents who first reported seeing a doctor for emotional problems in 1995 are considered to have had a change in willingness to seek help for mental health issues.

Respondents were asked if others, other than a spouse, were involved in helping them make financial decisions. For this analysis, we focused on a change in the use of family members in helping make financial decisions (only a small number of respondents indicated exclusively receiving help from friends). If a respondent reported that others were involved, they are subsequently asked, "Are any of those other people family members?" Changes in responses to this question were used to construct additional dummy variables. One variable captures respondents who report that family was not involved in 1993 but that family members were involved in 1995. A separate dummy variable captures changes in the opposite direction, where respondents reported involving family members in 1993 but not involving family members in 1995.

Changes in financial situation: We included two variables to represent changes in financial situation. To capture changes in net worth, we first calculated the difference in net worth between 1995 and 1993, and then we calculated the natural log of the difference. For example, if an individual reports a net worth of $1 million in 1993, and a net worth of $1.25 million in 1995, the change in net worth is $250,000. The log of the change in net worth is roughly 12.43. (When net worth decreased between 1993 and 1995, we negate the natural log of the absolute value of the change in net worth. For negligible changes in net worth, we set the log of change in net worth equal to 0.) Note that we use the log of the change in net worth rather than the difference in the log transformed values of net worth. This approach allows larger absolute changes to carry more weight. Alternatively, the difference in the log transformed values of net worth for the previous example would be 14.04 - 13.82 = 0.22, which would be equivalent for any other 25% increase in net worth.

We followed a similar approach to construct the variable used to capture changes in income from 1993 to 1995. Although a change in income may be correlated with changes in other variables (e.g., losing a spouse may impact pension benefits), this variable is included to capture the impact of financial considerations involved with deciding whether or not to begin using a financial advisor. This variable also captures instances when income changes independent of other life events.

Empirical model. We used a fixed effects logistic regression model involving two time periods (Allison, 2006). This model is also described as a change model, focusing on the changes that occur between two time periods (e.g., see Palmer, Bhargava, & Hong, 2006; James, 2009). As such, time-invariant predictors (e.g., gender, race) are excluded from the model. We focused on changes in help seeking behavior regarding financial decisions. Specifically, we focused on changes that occurred in the responses between 1993 and 1995 in order to determine the changes that co-occurred with changes in the dependent variable. In this model, we focused on influential life events, changes in willingness to seek help, and changes in financial situation. We used similar fixed effects logistic regression models to assess factors that may impact the decision to discontinue the use of a financial advisor, where we assess the likelihood of dropping a financial advisor among previously advised respondents.

Although the use and value of financial advice vary considerably by wealth, income, and other demographic factors, our analysis focused on changes that co-occur with the decision to seek or discontinue financial advice. As a result, we did not include time-invariant variables related to the value of financial advice (e.g., initial net worth, initial income, level of formal education) nor did we include variables that change proportionally for all respondents (e.g., age).

Results

Descriptive Statistics

Table 1 includes descriptive statistics of the sample. Unless otherwise noted, the mean (or frequency) is reported along with the standard error of the mean. The means and estimates of the standard errors of the means reported in Table 1 incorporate the complex sample selection process described previously. The first column in Table 1 shows the descriptive statistics of respondents who completed the AHEAD survey in 1993 (n = 7,504). The first four rows show the changes in the use of financial advisors from 1993 to 1995. Roughly 80% of the sample did not report using a financial advisor in either year. The remaining 20% is split nearly in thirds among those who reported getting a financial advisor, those who reported dropping a financial advisor, and those who reported using an advisor in both 1993 and 1995. Slightly more than half of the sample was married in 1993. The largest change in marital status was becoming a widow or widower, experienced by almost 4% of the sample (although the data was not reported in the table, roughly 37% of the sample was already a widow in 1993). The common occurrence of becoming a widow(er) is not surprising in a sample of individuals over age 70 and their spouses. Slightly less than 1% of the sample reported having their spouse no longer live with them during the period of this examination, and very few reported getting married or divorced. The vast majority (87%) of the sample was retired in 1993; however, 6% of the sample retired between 1993 and 1995.

Regarding medical health events, roughly 3% reported being diagnosed with cancer, 4% experienced a stroke, and over 5% of respondents saw a doctor for a heart attack, coronary heart disease, angina, congestive heart failure, or other heart problems.

Regarding a change in willingness to seek help, almost 4% of the sample saw a doctor for emotional problems. Nearly 10% of the sample reported beginning to involve family members between 1993 and 1995. Slightly fewer respondents (6%) reported the opposite: stopping the involvement of family members. Very few respondents reported getting help from someone other than a family member or a financial advisor.

Table 1. Descriptive Statistics of the AHEAD Sample

Variable	Full Sample		No Fin. Advisor '93		Sig.	Have Fin. Advisor '93	
No Fin. Advisor	78.82%	(0.93%)	91.72%	(0.54%)		--	
Get Fin. Advisor	7.12%	(0.44%)	8.28%	(0.54%)		--	
Drop Fin. Advisor	7.40%	(0.45%)	0.00%	(0.00%)		52.66%	(1.79%)
Keep Fin. Advisor	6.66%	(0.45%)	0.00%	(0.00%)		47.34%	(1.79%)
Married '93	51.81%	(0.77%)	52.47%	(0.90%)	*	46.84%	(1.85%)
Newly Widowed	3.85%	(0.24%)	3.82%	(0.24%)		3.98%	(0.60%)
Newly Absent Spouse	0.79%	(0.14%)	0.81%	(0.15%)		0.75%	(0.43%)
Newly Married	0.36%	(0.06%)	0.30%	(0.06%)	*	0.74%	(0.21%)
Newly Divorced	0.10%	(0.06%)	0.11%	(0.07%)		0.05%	(0.05%)
Retired '93	87.71%	(0.57%)	88.10%	(0.60%)	**	85.31%	(1.26%)
Newly Retired	6.03%	(0.35%)	5.85%	(0.37%)	*	7.30%	(1.01%)
Cancer	3.02%	(0.30%)	3.15%	(0.35%)		2.40%	(0.74%)
Stroke	3.96%	(0.29%)	3.88%	(0.28%)		4.76%	(0.88%)
Heart	5.45%	(0.42%)	5.57%	(0.43%)		4.94%	(0.98%)
Help w/Emotional Prob.	3.46%	(0.30%)	3.53%	(0.30%)		3.08%	(0.51%)
Family Help '93	21.70%	(0.68%)	20.82%	(0.70%)	***	27.04%	(1.60%)
Get Family Help	9.79%	(0.55%)	9.91%	(0.59%)		9.75%	(1.21%)
Stop Family Help	6.56%	(0.33%)	6.45%	(0.35%)		7.81%	(0.78%)
Get Other Help	0.40%	(0.08%)	0.42%	(0.09%)		0.33%	(0.20%)
Household NW '93	$179,642	($8,508)	$153,892	($7,073)	***	$343,976	($27,396)
(median)	$90,945	($3,739)	$81,430	($3,490)		$184,784	($10,384)
Δ Net Worth (NW)	$84,523	($16,211)	$67,160	($17,309)	*	$191,841	($54,902)
(median)	$1,895	($571)	$1,420	($449)		$8,875	($3,353)
Household Income '93	$26,743	($992)	$24,624	($950)	***	$40,360	($3,940)
(median)	$17,082	($360)	$16,198	($343)		$24,538	($909)
Δ Income	-$75	($852)	-$53	($761)		-$334	($4,528)
(median)	-$46	($30)	-$47	($33)		-$17	($265)
Age '93							
< 50	0.03%	(0.02%)	0.03%	(0.02%)		0.00%	(0.00%)
50-59	0.79%	(0.19%)	0.92%	(0.22%)		0.06%	(0.06%)
60-69	1.00%	(0.19%)	0.96%	(0.19%)		1.27%	(0.54%)
70-79	65.73%	(0.71%)	65.78%	(0.71%)		64.91%	(1.90%)
80-89	28.60%	(0.67%)	28.53%	(0.68%)		29.47%	(1.92%)
90+	3.85%	(0.25%)	3.77%	(0.24%)		4.29%	(0.59%)
Female	60.37%	(0.50%)	59.99%	(0.49%)		62.86%	(1.42%)
n	7,504		6,455			961	

Unless otherwise noted, values reported are means (standard errors).

*T-test significance results: * p<.05, ** p<.01, *** p<.001.*

Net worth and income were positively skewed, as seen by comparing the mean and median values. The change in inflation-adjusted net worth from 1993 to 1995 and the change in inflation-adjusted income were also positively skewed. Median values of the change in net worth and income were much smaller. The increase in net worth for many individuals is likely influenced by the large increase in equity returns over the time frame, especially in 1995. The average change in

inflation-adjusted income was negative but very small.

Very few respondents in the sample were under age 60 in 1993, since only spouses of AHEAD respondents are under age 70. Not surprisingly, the vast majority of the sample was in their 70s, and almost a third of the sample was in their 80s. Less than 4% of the sample was over age 90 in 1993. Roughly 60% of the sample is female.

The other two columns of Table 1 separate the sample according to whether the respondents reported having a financial advisor in 1993. The middle column includes respondents who reported not having a financial advisor in 1993 (n = 6,455). Of these individuals, over 8% reported getting a financial advisor by 1995. The last column includes respondents who had a financial advisor in 1993 (n = 961). Of these individuals, slightly more than half (52%) no longer reported having a financial advisor in 1995.

We performed t-tests comparing the means of the group of respondents without a financial advisor in 1993 and the means of the group of respondents with a financial advisor in 1993. Significant differences in the means are indicated in Table 1. A slightly higher percentage of respondents without a financial advisor were married. Because the majority of non-married respondents were widowed rather than divorced or never married, this difference also suggests that a higher percentage of respondents with a financial advisor are widowed. A slightly higher percentage of respondents with a financial advisor were newly married, although very few respondents were recently married. A higher percentage of respondents without a financial advisor were retired, although a higher percentage of respondents with a financial advisor retired between 1993 and 1995. A higher percentage of respondents with a financial advisor also used the help of family members in making financial decisions. Mean initial net worth and initial income values were significantly higher for respondents with a financial advisor. Respondents with an advisor also experienced a significantly higher change in net worth during the period of this examination.

Table 2 separates the respondents who did not use a financial advisor in 1993 according to their use of a financial advisor in 1995. The first column includes respondents who did not have a financial advisor in either 1993 or 1995 (n = 4,962). These unadvised respondents were compared to previously unadvised respondents who started using an advisor by 1995 (n = 424). T-tests were performed on the means of the descriptive statistics of these two groups, and the significant results are reported in Table 2. Among respondents who began using a financial advisor, we find significant differences in the number of respondents who were newly widowed, newly married, and who sought help for emotional problems. The percentage of respondents who began involving family members in making financial decisions is almost twice as high for respondents who also began using a financial advisor. Although very few respondents began seeking help other than from a financial advisor or family members (e.g., a friend), no one who sought help from a financial advisor also initiated other help outside the family. We also found significant differences in average initial net worth and initial income as well as average changes in net worth and income. The average change in inflation-adjusted income for respondents who did not begin using a financial advisor is negative, while the average change in income for respondents who began using a financial advisor is positive. The age distribution of respondents who began using a financial advisor is also higher than respondents who did not begin using an advisor.

Table 3 includes respondents who used an advisor in 1993. Among this group, the first column of Table 3 includes respondents who kept using an advisor in 1995. The last column includes respondents who dropped their financial advisor by 1995. T-tests results comparing these two groups are also reported. No respondents who had a newly absent spouse also dropped their financial advisor. A higher percentage of respondents who kept their advisor were newly married. Respondents who kept their financial advisor had significantly higher average initial net worth and initial income as compared to respondents who dropped their financial advisor.

Multivariate Analyses

Beginning the use of a financial advisor. The first column in Table 4 models the likelihood of beginning the use of a financial advisor, among respondents without a financial advisor in 1993 (n = 5,945). The dependent variable for all three models is equal to 1 if the respondent has a financial advisor by 1995. The first model includes all respondents without a financial advisor in 1993. We found that becoming a new widow(er) is significantly related to getting a financial advisor. We also found that seeking help for emotional problems is also positively related to getting a financial advisor, as is beginning to involve family members in financial decisions. Positive changes in net worth and income were both related to getting a financial advisor.

Table 2. Descriptive Statistics of Respondents Without a Financial Advisor in 1993

Variable	NONE: No Fin. Advisor '95		Sig.	GET: Have Fin. Advisor '95	
Married '93	54.15%	(0.99%)		56.58%	(2.32%)
Newly Widowed	4.34%	(0.30%)	*	7.24%	(1.21%)
Newly Absent Spouse	0.94%	(0.18%)		1.10%	(0.49%)
Newly Married	0.40%	(0.07%)	***	--	
Newly Divorced	0.12%	(0.08%)		0.22%	(0.22%)
Retired '93	87.43%	(0.60%)		86.84%	(1.58%)
Newly Retired	6.98%	(0.47%)		7.46%	(1.23%)
Cancer	3.53%	(0.43%)		4.82%	(1.00%)
Stroke	4.48%	(0.37%)		6.80%	(1.18%)
Heart	6.73%	(0.51%)		6.14%	(1.13%)
Help w/Emotional Prob.	3.99%	(0.34%)	*	7.02%	(1.20%)
Family Help '93	19.39%	(0.74%)		17.54%	(1.78%)
Get Family Help	11.15%	(0.72%)	***	19.30%	(1.85%)
Stop Family Help	7.90%	(0.43%)		5.70%	(1.09%)
Get Other Help	0.54%	(0.12%)	***	--	
Household Net Worth '93	$152,602	($7,088)	***	$252,027	($15,734)
(median)	$82,904	($3,865)		$130,000	($10,179)
Δ Net Worth	$56,941	($17,154)	***	$148,251	($26,249)
(median)	$853	($385)		$18,963	($4,950)
Household Income '93	$24,562	($1,032)	***	$34,795	($1,966)
(median)	$16,597	($389)		$21,820	($973)
Δ Income	-$451	($760)	*	$3,797	($1,897)
(median)	-$55	($29)		$769	($475)
Age '93					
< 50	0.03%	(0.03%)	***	--	
50-59	0.94%	(0.25%)		1.10%	(0.49%)
60-69	1.06%	(0.23%)		7.02%	(1.20%)
70-79	68.41%	(0.75%)	*	56.14%	(2.33%)
80-89	26.62%	(0.72%)	**	31.80%	(2.18%)
90+	2.94%	(0.26%)		3.95%	(0.91%)
Female	60.46%	(0.52%)		64.04%	(2.25%)
n	4,962			424	

Unless otherwise noted, values reported are means (standard errors).

*T-test significance results: * p<.05, ** p<.01, *** p<.001.*

Because only married respondents can experience most changes in marital status, the subsequent models separated the sample according to marital status in 1993. Among married respondents, we found that being newly widowed is still significant; however, seeking help for emotional problems was no longer a significant predictor of getting a financial advisor. Getting family help and positive changes in net worth and income were all still significant. Among single and widowed respondents (82% of which identify as widows or widowers in 1993), seeking help for emotional problems was still significant, as was getting family help; however, positive changes in net worth and income were no longer significant. Because changes in income are often correlated with other changes captured in the model, we ran the models without the change in income variable. Although not reported here, the results are very similar.

Table 3. Descriptive Statistics of Respondents with a Financial Advisor in 1993

Variable	KEEP: Have Fin. Advisor '95		Sig.	DROP: No Fin. Advisor '95	
Married '93	48.13%	(2.45%)		47.42%	(3.14%)
Newly Widowed	5.89%	(1.04%)		3.52%	(1.05%)
Newly Absent Spouse	1.84%	(1.05%)	*	--	
Newly Married	1.55%	(0.49%)	*	0.24%	(0.25%)
Newly Divorced	--			0.11%	(0.11%)
Retired '93	85.77%	(1.83%)		82.64%	(2.01%)
Newly Retired	9.90%	(1.73%)		7.16%	(1.18%)
Cancer	3.33%	(1.08%)		2.32%	(1.09%)
Stroke	5.85%	(1.30%)		5.29%	(1.30%)
Heart	5.16%	(1.03%)		5.90%	(1.51%)
Help w/Emotional Prob.	3.12%	(0.67%)		4.02%	(0.84%)
Family Help '93	24.38%	(2.11%)		25.36%	(1.94%)
Get Family Help	10.92%	(1.58%)		11.78%	(1.98%)
Stop Family Help	10.32%	(1.33%)		8.02%	(1.05%)
Get Other Help	--			0.74%	(0.45%)
Household Net Worth '93	$402,715	($52,544)	*	$306,770	($30,587)
(median)	$217,757	($18,655)		$162,045	($12,018)
Δ Net Worth	$290,210	($108,965)		$104,925	($35,483)
(median)	$23,124	($5,833)		$1,159	($2,643)
Household Income '93	$49,461	($9,092)	*	$36,353	($2,418)
(median)	$27,413	($1,220)		$22,294	($1,651)
Δ Income	-$1,236	($9,141)		$463	($3,387)
(median)	$11	($538)		-$121	($347)
Age '93					
< 50	--			--	
50-59	--			0.12%	(0.12%)
60-69	0.58%	(0.44%)		2.30%	(1.08%)
70-79	68.40%	(2.44%)		66.23%	(2.48%)
80-89	28.08%	(2.45%)		27.33%	(2.62%)
90+	2.94%	(0.76%)		4.02%	(0.93%)
Female	64.15%	(1.88%)		62.78%	(2.11%)
n	383			434	

Unless otherwise noted, values reported are means (standard errors).
*T-test significance results: * p<.05, ** p<.01, *** p<.001.*

Because experiencing significant cognitive decline may also impact the decision to seek financial advice, an additional analysis was performed, with a variable to represent cognitive decline. Cognitive decline is measured in the AHEAD through a series of mental tasks, and the composite score is recorded out of a total 35 possible points. To capture those who experience an actual decline that is unlikely to be explained by random variability from one wave to the next, respondents who experience a 25% decline in their score between 1993 and 1995 are considered to have experienced cognitive decline.

Using the same cognition questions from the 1993 AHEAD survey, Langa et al. (2008) defined score-based categories

Table 4. Logistic Regressions Modeling the Likelihood of Getting Financial Advisor by 1995, Among Respondents Without a Financial Advisor in 1993

Sample	All		Married in 1993		Single/Widowed in 1993	
Parameter	**Odds Ratio**	**P-value**	**Odds Ratio**	**P-value**	**Odds Ratio**	**P-value**
Recent Life Events						
Newly Widowed	1.701	0.0074	1.857	0.0034		
Newly Absent Spouse	0.81	0.6608	0.905	0.8371		
Newly Divorced	2.819	0.3412	2.983	0.3183		
Newly Retired	1.195	0.3434	1.461	0.0763	0.677	0.362
Cancer	1.342	0.2056	1.653	0.0565	0.774	0.6263
Stroke	1.426	0.0775	1.507	0.095	1.25	0.5301
Heart	0.971	0.8871	1.162	0.5423	0.716	0.3758
Changes in Willingness to Seek Help						
Help w/Emotional Prob.	1.603	0.0187	1.343	0.2688	2.193	0.011
Get Family Help	1.911	<.0001	1.732	0.0069	2.086	<.0001
Stop Family Help	0.817	0.3381	0.695	0.303	0.905	0.711
Changes in Financial Situation						
Log Δ Net Worth	1.021	<.0001	1.028	<.0001	1.011	0.1812
Log Δ Income	1.019	0.0021	1.019	0.017	1.02	0.05
Intercept	0.066	<.0001	0.062	<.0001	0.069	<.0001
n	5,945		3,409		2,536	

* $p<.05$, ** $p<.01$, *** $p<.001$.

of normal (11-35), mild cognitive impairment (8-10), and moderate/severe cognitive impairment (0-7). These categorizations were medically justified in part because of the association with limitations in the Instrument Activities of Daily Living (IADLs). In that scale, moving from the top of the mild cognitive impairment category (10) to the top of the moderate/severe cognitive impairment category (7) reflected a 30% drop. Similarly, moving from the bottom of the normal cognition range (11) to the bottom of the mild cognitive impairment range (8) was a 27% drop. Thus, the 25% drop used in this paper reflects a substantial change in cognitive ability, one that—at least at the lower end of the scale—is associated with medically significant changes in lifestyle as measured by IADLs.

Table 5 includes a series of models very similar to Table 4, with the addition of a variable representing cognitive decline. Experiencing a cognitive decline did not largely impact the results reported in Table 4 for the full sample and for married respondents. (Note that experiencing cognitive decline may also impact the dependent variable. For example, experiencing significant cognitive decline may impact a respondent's ability to accurately recall whether or not they have a financial advisor.) However, for single and widowed respondents, experiencing significant cognitive decline was significantly related to getting a financial advisor.

Description of newly widowed respondents. Becoming a new widow(er) has a considerable impact on the decision to get a financial advisor. A natural question about this result is whether or not this is merely a female phenomenon, or if men are also likely to seek professional financial advice after losing a spouse. Another question is whether or not losing a spouse is only significant if the deceased spouse was primarily responsible for the household finances. To investigate these questions, Table 6 includes descriptive statistics about newly widowed respondents without a financial advisor in 1993. We report the gender of these respondents, if they were the financial respondent (i.e., they answered the financial questions for the household) in 1993, and if they became a new financial respondent in 1995. We also report these statistics according to whether the respondent began using a financial advisor by 1995. Among those who decided to begin using a financial advisor, we found that almost a third were male, suggesting that getting an advisor is not just a female phenomenon. We also found that although 42% became the financial respondent in 1995, more than half (57%) were already the financial respondent in 1993, suggesting that

Table 5. Logistic Regressions Modeling the Likelihood of Getting Financial Advisor by 1995, Among Respondents Without a Financial Advisor in 1993

Sample	All		Married in 1993		Single/Widowed in 1993	
Parameter	**Odds Ratio**	**P-value**	**Odds Ratio**	**P-value**	**Odds Ratio**	**P-value**
Recent Life Events						
Newly Widowed	1.687	0.0085	1.869	0.0031		
Newly Absent Spouse	0.785	0.6135	0.93	0.8815		
Newly Divorced	2.93	0.3237	2.918	0.3281		
Newly Retired	1.213	0.3053	1.442	0.0874	0.672	0.3545
Cancer	1.343	0.2051	1.648	0.058	0.735	0.5604
Stroke	1.387	0.1048	1.524	0.0871	1.079	0.8337
Heart	0.96	0.8419	1.165	0.5352	0.662	0.2761
Changes in Willingness to Seek Help						
Help w/Emotional Prob.	1.562	0.0267	1.36	0.2497	1.966	0.0306
Get Family Help	1.863	<.0001	1.769	0.0054	1.985	0.0001
Stop Family Help	0.814	0.3277	0.701	0.3134	0.911	0.7271
Changes in Financial Situation						
Log Δ Net Worth	1.022	<.0001	1.028	<.0001	1.012	0.1362
Log Δ Income	1.019	0.002	1.018	0.0176	1.02	0.0504
Cognitive Decline	1.249	0.0846	0.848	0.4036	1.869	0.0004
Intercept	0.064	<.0001	0.063	<.0001	0.062	<.0001
n	5,945		3,409		2,536	

Table 6. Descriptive Statistics of Newly Widowed Respondents with no Financial Advisor in 1993

Variable	All Newly Widowed with No-Fin. Advisor ’93		No Fin. Advisor ’95		Sig.	Have Fin. Advisor ’95	
Female	68.31%	(2.77%)	67.73%	(2.96%)		72.73%	(7.87%)
Fin. Resp. ’93	64.08%	(2.85%)	64.94%	(3.02%)		57.58%	(8.74%)
New Fin. Resp. ’95	34.15%	(2.82%)	33.07%	(2.98%)		42.42%	(8.74%)
n	284		251			33	

Values reported are means (standard errors).

*T-test significance results: * p<.05, ** p<.01, *** p<.001.*

getting an advisor may not always be motivated by becoming responsible for household finances.

Discontinuing the use of a financial advisor. Table 7 includes logistic regressions modeling the likelihood of discontinuing the use of others’ help when making financial decisions, among respondents who had a financial advisor in 1993. The first regression includes all respondents with an advisor in 1993 (n = 908). The dependent variable is equal to 1 if the respondent reported not having a financial advisor in 1995; in other words, the respondent discontinued the use of professional financial advice. We found that newly widowed and newly married respondents were less likely to discontinue the use of a financial advisor. We also found that an increase in net worth reduced the likelihood of dropping a financial advisor.

The second regression in Table 7 focuses only on married respondents with a financial advisor in 1993 (n = 485). Among this group, we found that discontinuing the involvement of family members in making financial decisions was related to discontinuing the use of a financial advisor

Table 7. Logistic Regressions Modeling the Likelihood of Dropping a Financial Advisor by 1995, Among Respondents with a Financial Advisor in 1993

Sample	All		Married in 1993		Single/Widowed in 1993	
Parameter	**Odds Ratio**	**P-value**	**Odds Ratio**	**P-value**	**Odds Ratio**	**P-value**
Recent Life Events						
Newly Widowed	0.523	0.052	0.556	0.095		
Newly Married	0.107	0.037			0.116	0.046
Newly Retired	0.638	0.058	0.581	0.06	0.733	0.486
Cancer	0.824	0.632	0.713	0.521	1.285	0.708
Stroke	0.805	0.476	0.478	0.145	1.183	0.681
Heart	1.122	0.683	1.241	0.548	0.805	0.662
Changes in Willingness to Seek Help						
Help w/Emotional Prob.	1.257	0.52	1.841	0.253	0.892	0.822
Get Family Help	1.262	0.298	0.827	0.599	1.747	0.071
Stop Family Help	1.054	0.823	3.327	0.017	0.677	0.180
Changes in Financial Situation						
Log Δ Net Worth	0.981	0.002	0.978	0.007	0.986	0.133
Log Δ Income	1.002	0.813	1.01	0.325	0.995	0.672
Intercept	1.204	0.031	1.185	0.149	1.239	0.098
n	908		485		423	

as well. The last regression in Table 7 includes only single and widowed respondents with a financial advisor in 1993 (n = 423). Among this group, only being newly married was significant and was negatively related to discontinuing the use of a financial advisor. In other words, among older adults, getting married is positively related to keeping a financial advisor.

Discussion

We find evidence to support our hypotheses that life and medical events, changes in willingness to seek help, and changes in financial situation often impact the decision to get a financial advisor. We find evidence that these experiences provide a catalyst for individuals to reevaluate the financial and psychological costs and benefits of seeking and using professional financial advice. Regarding major life events, we find that losing a spouse increases the likelihood of getting a financial advisor. The loss of a major decision partner, like a spouse, greatly impacts the psychological benefit of using a professional financial advisor. If a spouse was providing financial guidance, the loss of such guidance impacts the benefit that an outside professional can provide. Even if a spouse was merely involved with financial decisions but did not provide considerable guidance, the loss of a financial confidant also impacts the psychological benefit of using a financial advisor.

Financial advisors serving new widows ought to be aware of the unique financial situations that they face. For example, widow(er)s often face estate administration issues and retitling property. They also often have costs involving the final medical and burial expenses of their spouse. Financial advisors need to be sensitive to these financial concerns as well as to their client's emotional concerns. New widows are often faced with difficult financial and other decisions that can feel overwhelming. As Korb (2010a) notes, many widows find solace in having a decision partner to help them through this difficult transition.

Alternatively, some spouses may discourage their partner from seeking outside help, which increases the psychological costs involved with seeking such help. In other words, some couples make joint decisions that are dominated by one spouse, and a subservient spouse may be inclined to acquiesce. In such instances involving a dominant partner and a more submissive partner, the decision of a single spouse may be different than the joint decision of the couple. As a result, the loss of a spouse who detracts from seeking professional advice potentially decreases the psychological costs involved with getting a financial advisor. In this situation, a surviving spouse may feel relieved that he or she can now openly seek the advice he or she wanted to get.

Although we do not analyze the optimal time at which a household ought to begin using professional financial advice, many individuals may benefit from getting a financial advisor before significant life events occur. We attempted to differentiate between a subjective analysis of these benefits and costs and an objective value of these benefits and costs. In other words, individuals base their decisions on the perceived benefits and costs, and sometimes a major life event causes them to change their analysis of these benefits and costs. Objectively, however, many of these households may benefit from advice earlier than they seek it. For example, a financial advisor can often provide considerable value to a client during the administration of a deceased spouse's estate, but this value is difficult to realize if advice isn't sought until after a spouse's death. We recognize that spouses, while living, may provide appropriate financial management for the household, but even these households may benefit by preparing for the transition when one of the spouses passes away. In preparation for the uncertain passing of a spouse, financial advisors can provide psychological and financial benefits during significant life events. For example, advisors can have a greater impact on estate planning before an individual passes away than after they pass away. Further, financial advisors can provide additional psychological benefits during transitory times, such as when a spouse passes away. Although these benefits are difficult to quantify, they provide evidence that part of the value of an advisor is because of the trust that is placed in the advisor (Gennaioli, Shleifer, & Vishny, 2012).

Regarding a change in the willingness to seek help, we find that seeking help for emotional problems and from family members are positively related to getting a financial advisor. These results provide evidence that a help-seeking barrier must be overcome. Once that barrier is broken, the psychological cost of seeking advice from other professionals is lower. Conversely, an increase in depression is negatively related to adding a financial advisor. In a very real way, depressive thoughts may increase the psychological costs involved with seeking professional financial advice.

The impact of the decision to seek help for emotional problems and from family members is especially pronounced among single individuals, the vast majority of whom were widowed prior to the beginning of our examination. For these individuals, losing a spouse may not have changed their decision to get a financial advisor until they subsequently decided to seek help from a mental health professional or from family members.

We also find evidence that a change in financial situation is related to getting a financial advisor. Specifically, an increase in net worth or income increases the likelihood of getting a financial advisor. These results suggest that an increase in the financial benefits of professional financial advice impacts the decision to get a financial advisor. We recognize that we have limited information about the direction of effect regarding these findings. We do not determine whether the increase in net worth or income precedes getting a financial advisor or follows it. However, we consider it unlikely that getting a financial advisor would have a significant impact on net worth or income within a maximum time span of two years.

We also do not determine whether individuals who experience a change in financial situation seek the services of financial advisors, or if financial advisors seek clients who are likely to be more profitable. Because we focus on changes in financial outcome rather than the level of net worth or income, we suggest that either case (i.e., a client seeking an advisor or an advisor seeking a profitable client) requires that an individual reevaluate the costs and benefits of using a financial advisor. Due to the change in financial situation, if the financial benefits of getting a financial advisor now outweigh the costs, then the individual is more likely to engage the services of a financial advisor, regardless of who sought whom.

We also find evidence that recent life events, changes in willingness to seek help, and changes in financial situation also impact the decision to drop a financial advisor. Becoming a new widow or widower reduces the likelihood of dropping a financial advisor. Losing a spouse appears to strengthen relationships with existing advisors, likely for many of the same reasons that new widows and widowers get an advisor.

We also find that becoming newly married also reduces the likelihood of dropping a financial advisor. For these individuals, it could be that the financial advisor plays a larger role in securing their individual financial situation rather than the joint financial concerns of the newly formed couple. Prior to the new marriage, the financial advisor has most likely been the primary provider of financial advice, possibly even guiding financial decisions surrounding the marriage.

A change in willingness to seek help may also impact the decision to drop a financial advisor. Among married individuals, we find that stopping the involvement of family members in financial decisions is strongly related to dropping a financial advisor. For these individuals, it appears that there may be an element of trust that is broken, and the perceived

psychological costs of seeking advice outside the household have become greater than the perceived benefits.

Implications for Practitioners

Financial advisors provide psychological as well as financial benefits, and similarly, psychological and financial costs are considered when making the decision to get a financial advisor. Financial advisors often describe their value proposition in terms of the quantitative benefits that they aim to provide their clients. This value proposition may be framed in monetary terms or in relation to their anticipated portfolio performance relative to the market. However, framing the value one provides clients merely in quantifiable terms negates the very valuable, yet difficult to quantify, benefits of using a professional financial advisor. These qualitative benefits are more closely tied to the psychological benefits of financial advice. Our findings provide evidence that individuals are more than merely quantitatively motivated when seeking financial advice, and advisors would do well to highlight the qualitative benefits that their advice can provide.

Significant life events may also have an impact on the likelihood of seeking financial advice as individuals weigh the psychological and financial costs and benefits. Advisors looking to expand their business can consider ways to focus on individuals in these periods of life involved with major changes. For example, financial advisors may also benefit from providing pro bono services to widow support groups, frequently offered through hospice services. Financial advisors may also benefit from networking with local mental health professionals to build potential referral sources and from recognizing the role that family members may play in the financial decisions of older clients. Advisors should also be sensitive to the unique needs of individuals experiencing major changes in their lives. The value of their advice during these transitory periods can also contribute to an advisor's value proposition. Additionally, Korb (2010b) emphasizes the value of financial education for widowed clients. Clients in these transitory periods may be more willing to listen to and apply financial education and advice.

Financial advisors can also benefit from having an awareness of the factors that impact the decision to get or drop a financial advisor, keeping in mind that the qualitative, or psychological, costs and benefits are also considered by individuals. For example, James (2012) suggests that "emphasizing personal qualities and relationships may be more effective in retaining clients than consistently drawing attention to return-related numerical comparisons." (p. 14). Clients consider both quantitative and qualitative factors when evaluating the value of professional financial advice. We find evidence that these factors are important in both client acquisition and client retention.

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