

Financial Advisor Economic Outlook

1ST QUARTER 2026

The Financial Advisor Economic Outlook Index measures advisor sentiment across five key factors, including market expectations, inflation, and volatility. In the first quarter of 2026, **the index rose slightly to 59**. While conditions are stabilizing and growth expectations remain, advisors continue to plan for volatility and downside risk. The overall theme is **cautious optimism**, with a balanced approach to opportunity and uncertainty.

KEY FINDINGS

- **Geopolitical Risks:** Advisors identified global instability as the biggest potential threat to client portfolios, outweighing inflation and interest rate concerns.
- **Retirement planning is being shaped by healthcare cost uncertainty:** Healthcare and long-term care costs are the most difficult factors for advisors to plan around, and the most underestimated by clients.
- **Client behavior is creating new planning challenges:** Many advisors report clients are either underspending out of caution or overestimating their financial security, creating a disconnect that must be managed in retirement planning.

SCORE INSIGHTS

- **Index Score and Sentiment:** The Financial Advisor Economic Outlook Index reached 59 this quarter, showing an increase in overall confidence.
- **Market Performance:** Advisors generally expect markets to continue moving higher, supported by strong fundamentals and improving economic conditions.
- **Inflation Expectations:** Views on inflation have shifted, with more advisors expecting it to remain in a stable range over the next year.
- **Recession Probability:** Concerns around a potential recession have eased, leading to a more constructive outlook on the economy.
- **Volatility and Downturn Concerns:** Sentiment is improving, but uncertainty remains. Advisors still expect volatility and plan for downside risk.

ECONOMIC
OUTLOOK INDEX



Factors used to formulate the index:

- Expectations for the S&P 500® in twelve months
- Expectations for the rate of inflation in twelve months
- Likelihood that the economy will be in a recession in twelve months
- Expectations for market volatility over the next twelve months
- Concern over a major market downturn in the next 12 months

Source: Information gathered in February 2026 for the 1st Quarter 2026 Security Benefit RIA Economic Outlook Index, conducted by Greenwald & Associates.

Conclusion

The first quarter highlights a continued shift toward cautious optimism. Confidence is building, but uncertainty remains a defining feature of today's market environment.

Advisors are responding by taking a more intentional approach to portfolio construction, placing greater emphasis on diversification, downside protection, and flexibility. Portfolio adjustments, including shifts toward international exposure and evolving risk management strategies, reflect this mindset.

This approach is less about reacting to short-term market movements and more about building portfolios that can adapt over time. The focus is on staying positioned for growth while maintaining the ability to navigate periods of volatility and change.

Please consider this overview for strategic planning and as an early indicator of possible economic turning points.

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