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**Guaranteed Lifetime Income Seen as Increasingly Important to Address
Concerns About Long-Term Health Care Needs & Running Out of Money in
Later Stages of Retirement**

**Fourth Annual Guaranteed Lifetime Income Study (GLIS) by
Greenwald & Associates and CANEX Reveals:**

**Consumers Confident about Maintaining Lifestyle in Retirement to Projected Longevity
Expectation That Advisors Will Discuss Retirement Income Strategies
Mixed Perceptions About Annuities, But Strong Satisfaction Among Those Who Own Them**

WASHINGTON, DC – March 21, 2018: The perceived value of guaranteed lifetime income in retirement continues to grow according to the fourth annual Guaranteed Lifetime Income Study from Greenwald & Associates and CANEX. The study shows that 73% of respondents now consider guaranteed income as a highly-valuable addition to Social Security, compared to 61% a year ago. The survey of 1,003 pre-retirees and retirees aged 55-75 with more than \$100,000 in household assets was fielded in February 2018.

The interest in guaranteed lifetime income (GLI) reflects consumers' concerns about health care costs and running out of money in the later stages of retirement. More than half express concern about being able to afford long-term health care or nursing home expenses (54%) and losing some of their retirement savings in a market downturn (52%), and 46% are worried about outliving retirement savings.

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“The perceived need for guaranteed lifetime income products continues to rise with fewer retirees being able to count on pension plans,” says study director Doug Kincaid of Greenwald & Associates. “In this year’s data we found many respondents confident they’ll be able to maintain their lifestyle through their own projection of their life expectancy, but the less affluent and women, in particular, are concerned about their ability to meet their needs if they live beyond this. Other research has shown that more than half will wind up living longer than they expect.”

The findings reveal 43% of respondents with assets between \$100,000-\$249,000 are highly concerned about meeting their financial needs in retirement, compared to just 17% of those with more than \$1,000,000 in assets. Similarly, individuals without pension income are more likely to be highly concerned about outliving their retirement savings (38%) compared to those with pension income (25%). This is important because each year the proportion of people who retire with a pension income is decreasing. In addition, women report being much more concerned about outliving their assets (37% highly concerned) than men (22%).

Despite these concerns, the study shows almost 8 in 10 have some degree of confidence in their ability to maintain their lifestyle in retirement until their self-reported longevity expectation of 85, with around half of respondents (53%) expressing a high degree of confidence. For those in the lower asset group (\$100,000-\$249,000) only 43% have this high level of confidence, but for those with assets in excess of \$1 million this rises to 74%. Overall, respondents’ confidence in being able to maintain their lifestyle throughout retirement drops significantly (to 38%) if they live five years longer than their expected longevity, and only 31% are highly confident in their ability to maintain their lifestyle after an additional 10 years.

The survey found respondents expect a substantial cut in income when they retire, but don’t anticipate the income they will receive will change significantly during their retirement. Around 4 in 10 pre-retirees said they expect to receive annual income of less than \$50,000, 23% anticipate income of \$50,000-\$75,000 and 16% expect to receive \$75,000-\$99,000. Less than 20% expect to receive more than \$100,000 in retirement income.

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When it comes to the cost of living, more expect their highest expenses in late retirement (38%) compared to the 25% who believe they will be higher in early retirement, and 15% in the second 10 years of retirement. Around one in five were not sure when costs would be highest.

Underpinning confidence that income in retirement will be relatively stable, most have bullish expectations of asset growth during this period when they will start to draw down their savings. More than half (53%) of respondents aged 65-69 believe the value of their assets will be higher in 10 years, as do 48% of those between ages 70-75. Only 19% and 13% respectively believe their assets will be lower in value.

“Respondents are optimistic that market growth in their savings, along with a lower level of expenses, will enable them to maintain their quality of life in retirement,” said Gary Baker, president of CANNEX USA. “Given limited savings and rising costs, drawing down assets will be a necessity for most retirees, making the risk of running out of funds a question of time without lifetime income strategies.”

In their evaluation of guaranteed lifetime income products, two thirds of respondents rated the benefit of protection against longevity risk, peace of mind, and making it easier to budget, as positives.

Understandability, access and too many terms & conditions were the top negatives. The evaluation of the positives of these products rose year-over-year, while negative evaluations remained the same.

Consistent with data from prior years, financial advisors are the most common source of information about annuities with 39% of respondents saying they heard about the product from advisors. This is followed by financial institutions at 23%.

The study reveals that 70% of respondents believe financial advisors have a responsibility to discuss guaranteed lifetime income to meet their retirement needs, and if they do not, that this would be a reason for many to consider changing advisor relationships. Furthermore, two thirds of the advised are highly satisfied with the financial advice they receive, yet when retirement income strategies have been discussed clients express an even higher level of satisfaction. Despite this, only half currently working with an advisor said they'd had a conversation about retirement income strategies.

Although clients have mostly heard positive commentary about guaranteed lifetime income products and annuities from advisors and financial institutions, the messages they are receiving are mixed. Although perspective from 62% of advisors was reported to have been positive, 37% were either neutral or negative. Respondents indicate that the majority of coverage from media, media personalities and online sources they read was either neutral or negative. It is notable that interest in guaranteed lifetime income is growing despite these obstacles.

It may be no surprise then that despite client interest in guaranteed lifetime income products, when the word “annuity” is used a third express lower interest in the same product. When guaranteed income products are framed in the context of covering essential expenses, their perceived importance rises, particularly among women.

“There are significant operational challenges the financial services industry still needs to overcome to broaden access to annuities, in addition to addressing negative perceptions around them,” added Baker. “Although some may argue that annuities get a bad rap – the study shows that the conversation really starts and ends with advisor discussions. Clients clearly value the peace of mind guaranteed income brings, but the study shows annuities are often not part of the planning conversation.”

In fact, among those who report owning a guaranteed lifetime income product, 63% reported being highly satisfied with the purchase. Peace of mind was the most cited benefit. Three-quarters (73%) said the product is highly important to their financial security.

The study reveals that those who purchased these products tend to be more risk averse than their counterparts. And, women rate the importance of having guaranteed lifetime income significantly higher than men at all stages of retirement.

“As with most aspects of retirement planning, one of the takeaways from the study is there is no ‘one-size-fits-all’ or consensus when it comes to guaranteed lifetime income product discussions,” added Kincaid. “What the study shows is that talking about these products in the context of what works for each individual client is a key to client satisfaction with the advice they get.”

Supporting materials for the 4th Annual *Guaranteed Lifetime Income Study* are available at <http://greenwaldresearch.com/2018/03/21/2018-GLIS-Release>

About Greenwald & Associates

Greenwald & Associates is a market research firm that has focused its research on retirement. The firm has partnered with the Employee Benefit Research Institute (EBRI) since 1991 to conduct annual Retirement Confidence Surveys of Americans and has conducted the Risk and Process of Retirement Survey for the Society of Actuaries biennially since 2001. Founded in 1985, Greenwald & Associates has conducted research for well over 100 of the nation’s largest financial services companies. For more information on the firm, visit <http://www.greenwaldresearch.com>.

About CANNEX

CANNEX Financial Exchanges Ltd. supports the exchange of pricing information for annuity and bank products in North America. The firm provides financial institutions with the ability to evaluate and compare various guarantees associated with retirement savings and retirement income products. In the U.S. this includes the evaluation of annuity guarantees (Income Annuities, Variable Annuities, Indexed Annuities, and Fixed Rate Annuities) and consulting services supporting the optimization and allocation of retirement income portfolios. For more information about CANNEX, visit www.cannex.com.

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