



## **Fourth Annual 2018 GUARANTEED LIFETIME INCOME STUDY (GLIS)**

### **Summary Findings & Charts**

This report presents the summary results of the 2018 Guaranteed Lifetime Income Study (GLIS), conducted by Greenwald & Associates and CANNEX. The study explores attitudes about the value of guaranteed lifetime income and annuities that guarantee income for life.

The 2018 study marks the 4th annual edition of the study. A parallel study was conducted in Canada in 2015 and 2018 which will be released in the coming months.

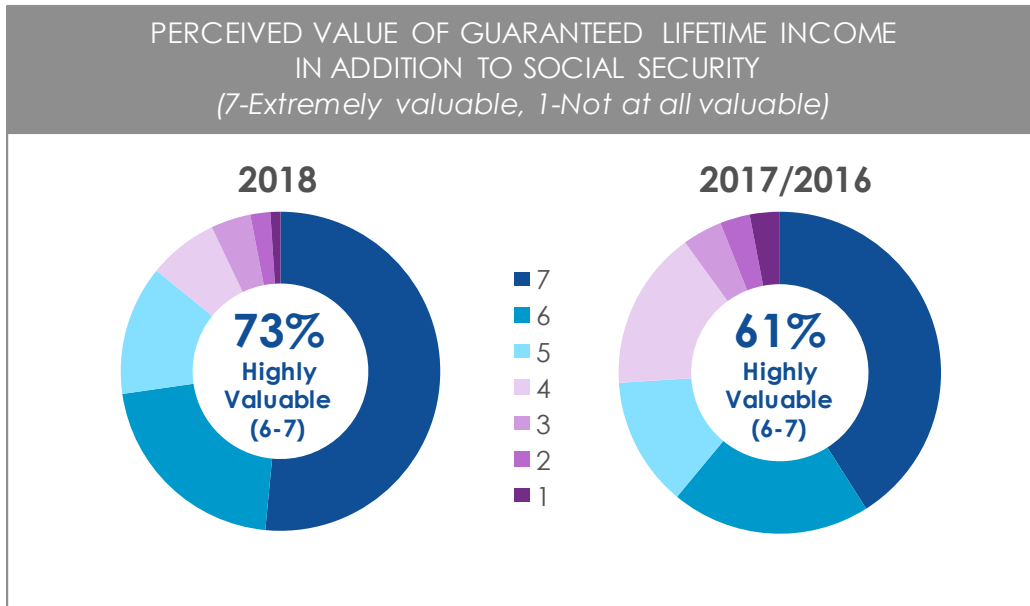
#### **Methodology**

Information for this study was gathered through 19-minute online interviews with a total of 1,003 consumers ages 55-75 with household assets of at least \$100,000, using the Lucid online panel. Interviewing took place in February 2018.

The final data set was weighted by age, gender, education, and household assets to reflect the distribution of American consumers in these age ranges.

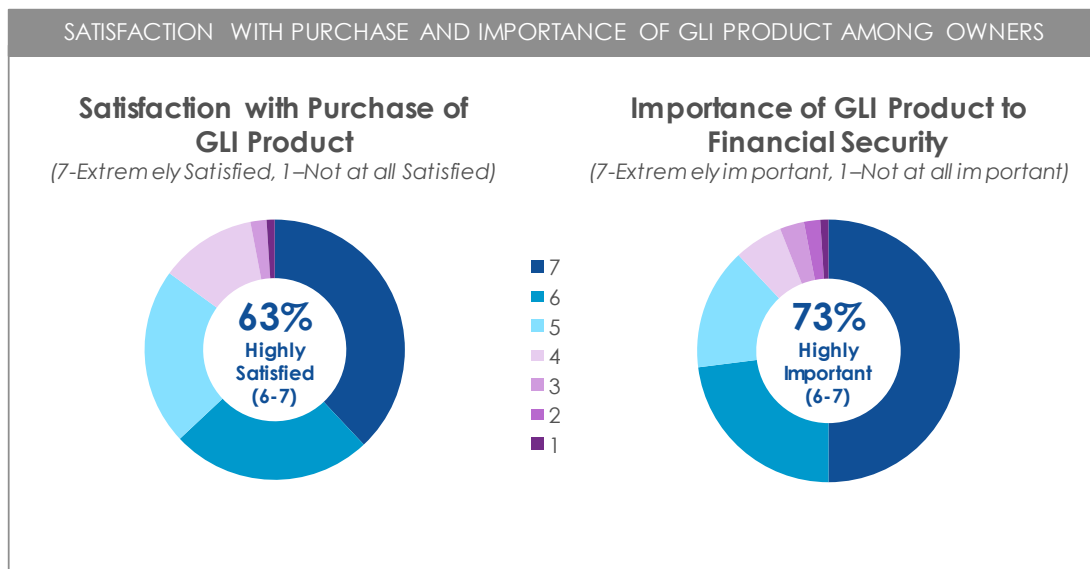
## The Value of Guaranteed Lifetime Income Continues to Rise

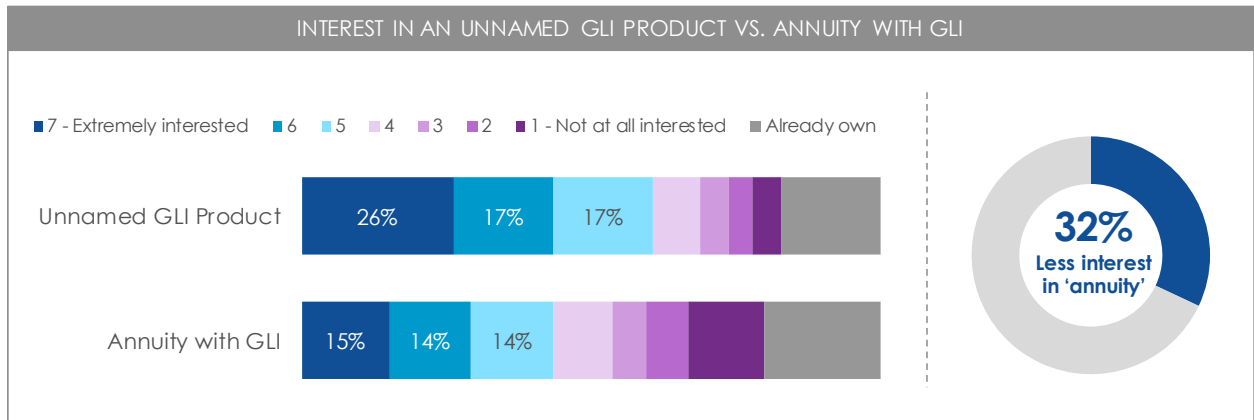
According to the 4<sup>th</sup> Annual *Guaranteed Lifetime Income Study*, the perceived value of guaranteed lifetime income in retirement continues to grow. The study shows that 73% of respondents now consider guaranteed income as a highly-valuable addition to Social Security, compared to 61% a year ago.



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.

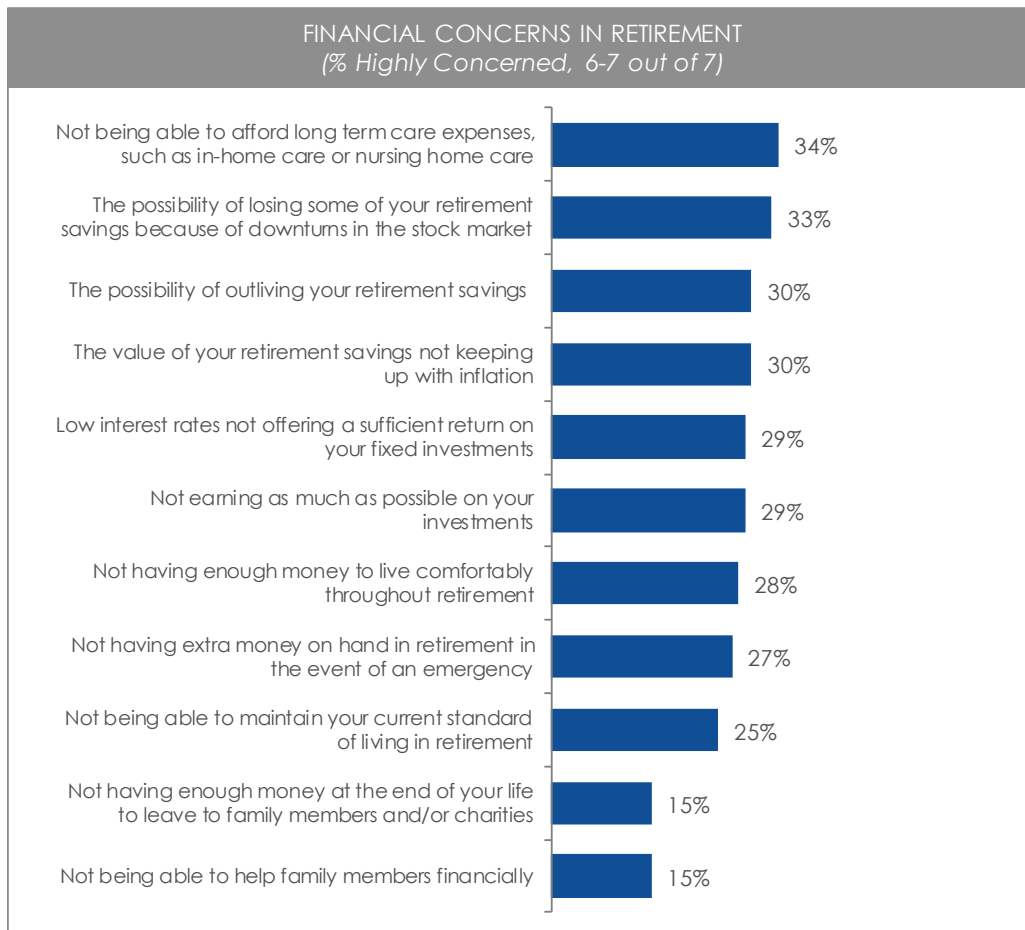
However, despite client interest in guaranteed lifetime income products, when the word “annuity” is used a third express lower interest in the same product. When guaranteed income products are framed in the context of covering essential expenses, their perceived importance rises, particularly among women.





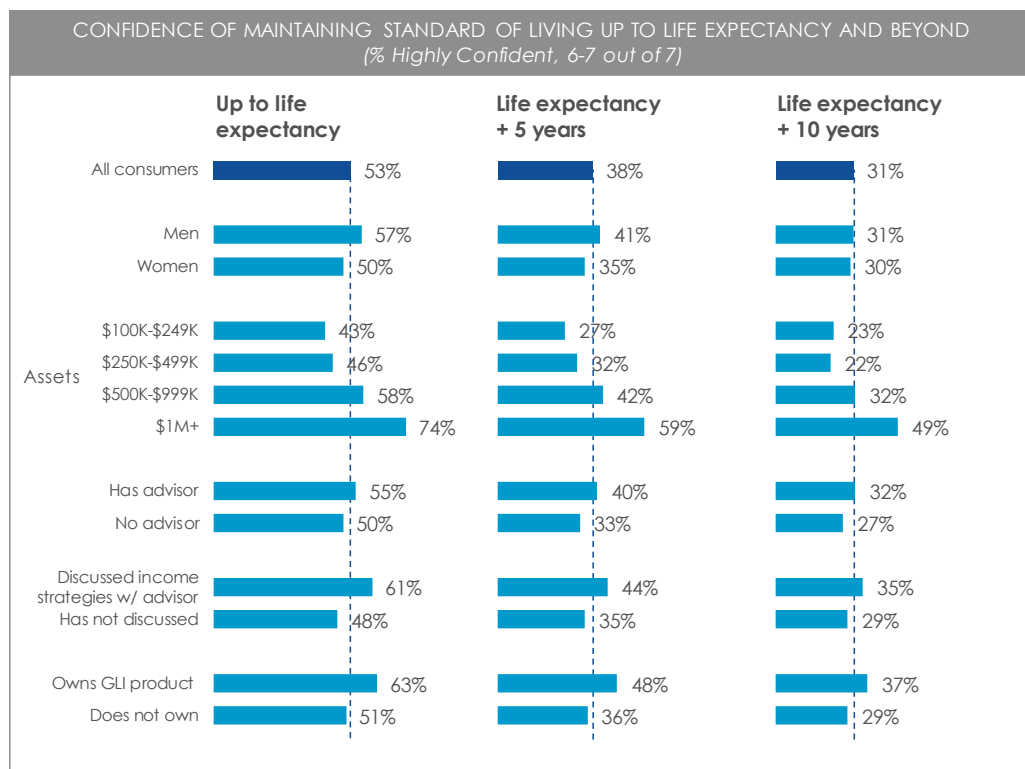
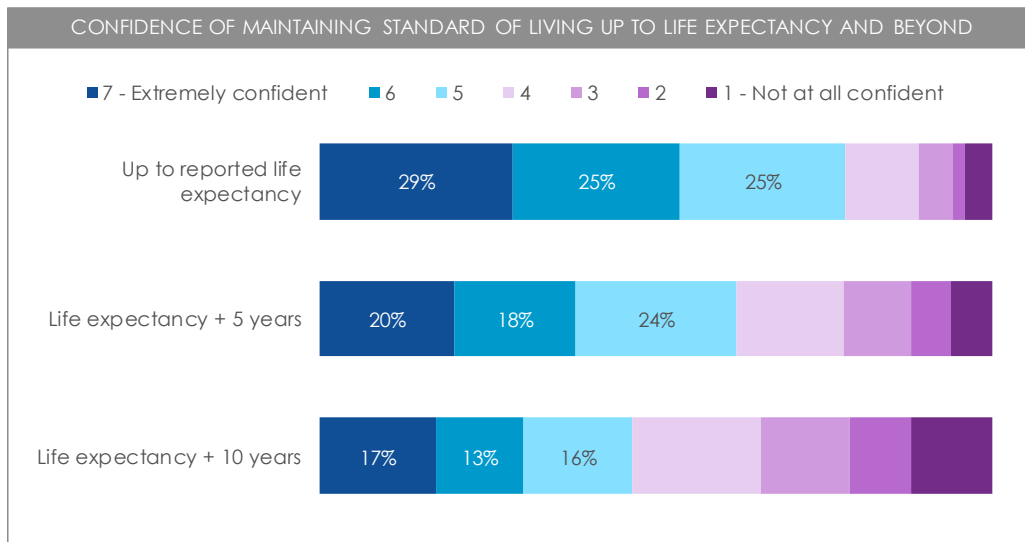
## Consumer Concerns Drive Interest in Guaranteed Lifetime Income

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. A third of consumers are highly concerned with affording long-term care and the possibility of losing savings in a market downturn.



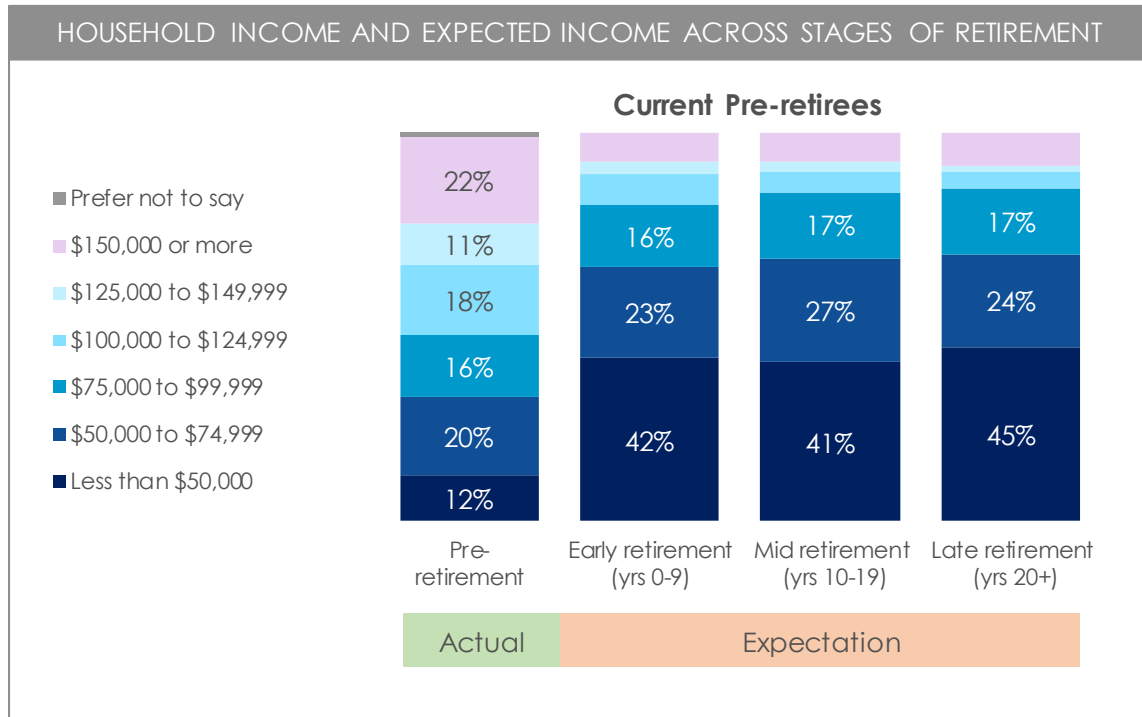
## Belief in Affording Lifestyle Up to Life Expectancy and Beyond

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.



## Projecting Income and Expenses through Retirement

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.

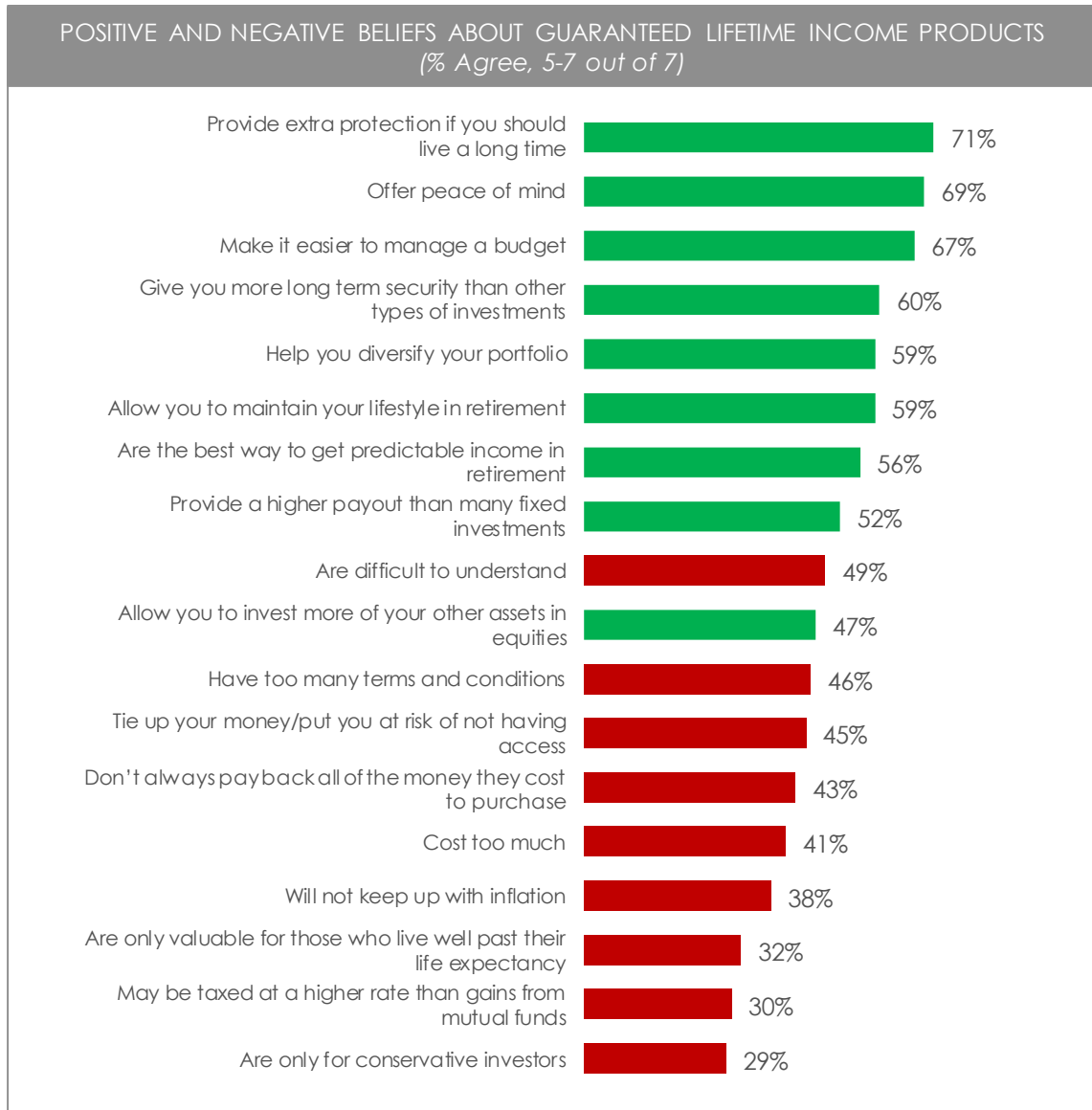


When it comes to the cost of living, more expect their highest expenses in late retirement (38%) compared to the 25% who believe they will be higher in early retirement, and 15% in the second 10 years of retirement. Around one in five were not sure when costs would be highest.

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.

## Advantages and Disadvantages of Guaranteed Lifetime Income Products

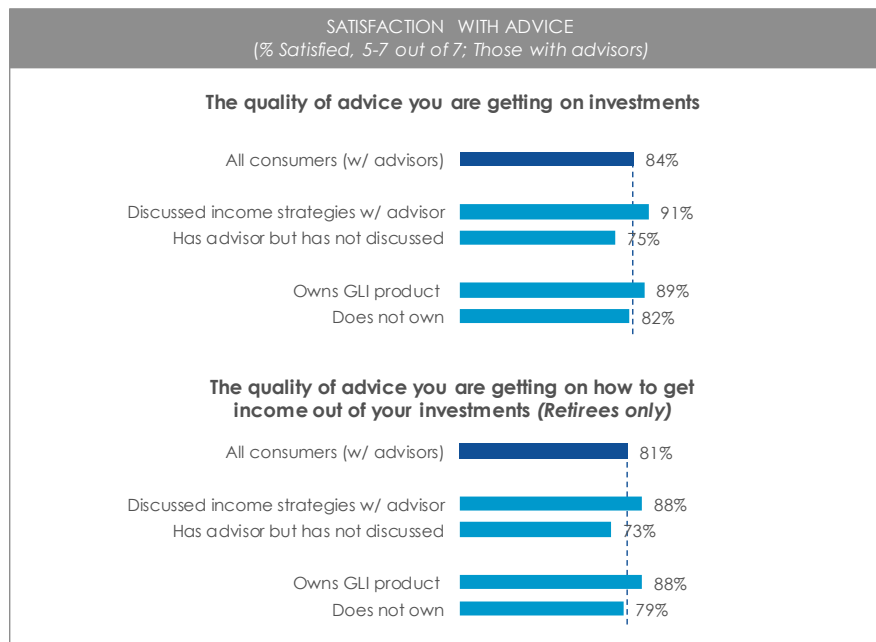
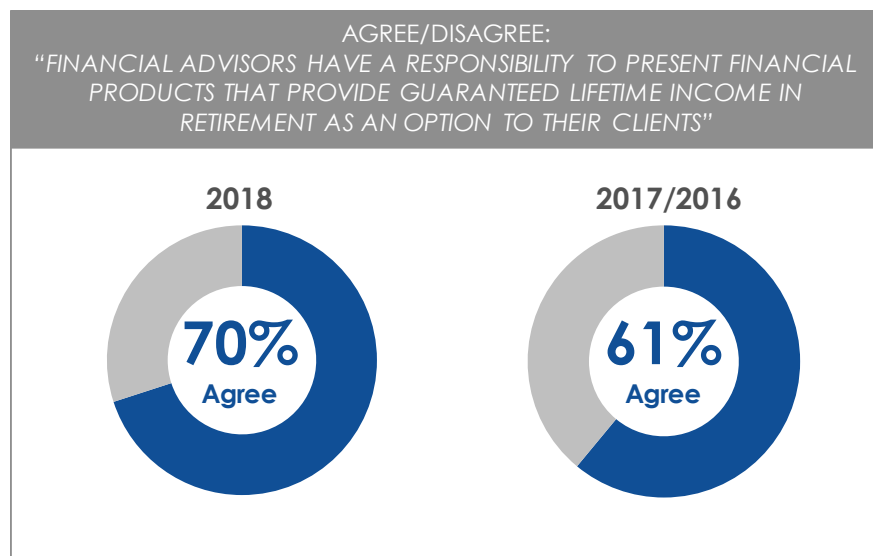
In their evaluation of guaranteed lifetime income products, two thirds of respondents rated the benefit of protection against longevity risk, peace of mind, and making it easier to budget, as positives. Understandability, access and too many terms & conditions were the top negatives. The evaluation of the positives of these products rose year-over-year, while negative evaluations remained the same.



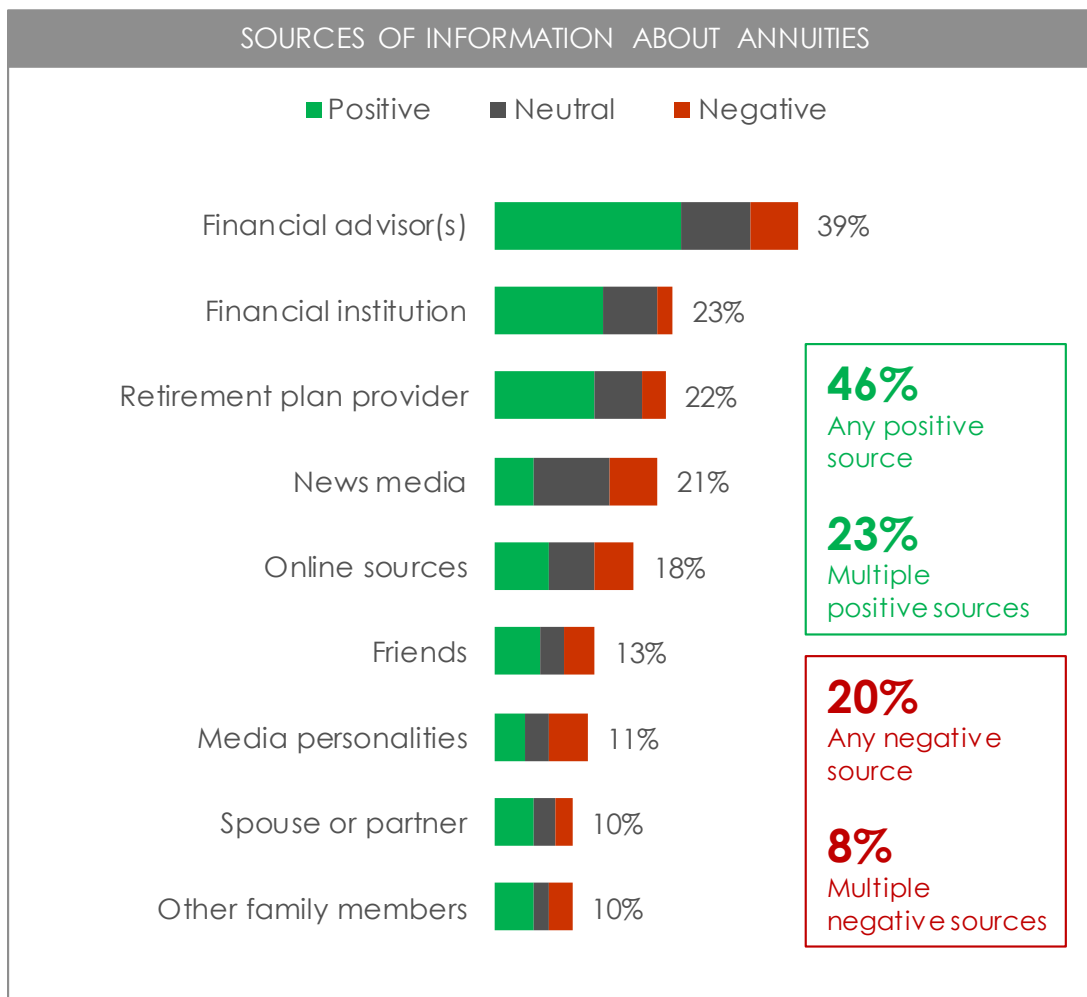
## Sources of Information and Desire for Advisor Discussions

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 product 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.



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