



2018 CANADIAN GUARANTEED LIFETIME INCOME STUDY (GLIS)

Summary Report

This report presents the summary results of the 2018 *Canadian 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 study was supported by Sun Life Financial and The Great-West Life Assurance Company.

The 2018 study is the second edition of the study in Canada – the first wave was conducted in 2015. A parallel study has been conducted annually in the US market for the last four years.

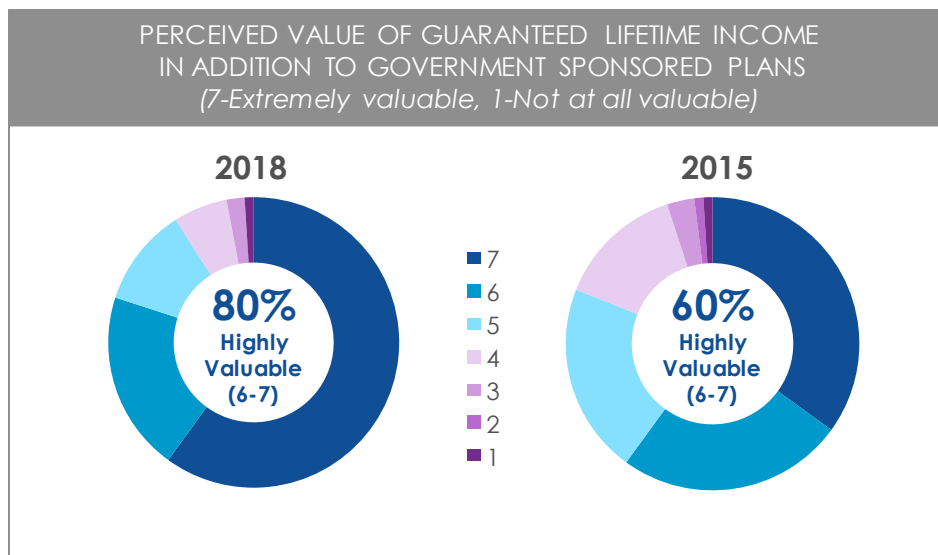
Methodology

Information for this study was gathered through 19-minute online interviews with a total of 1,003 Canadian 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 household assets to reflect the distribution of Canadian consumers in this population segment.

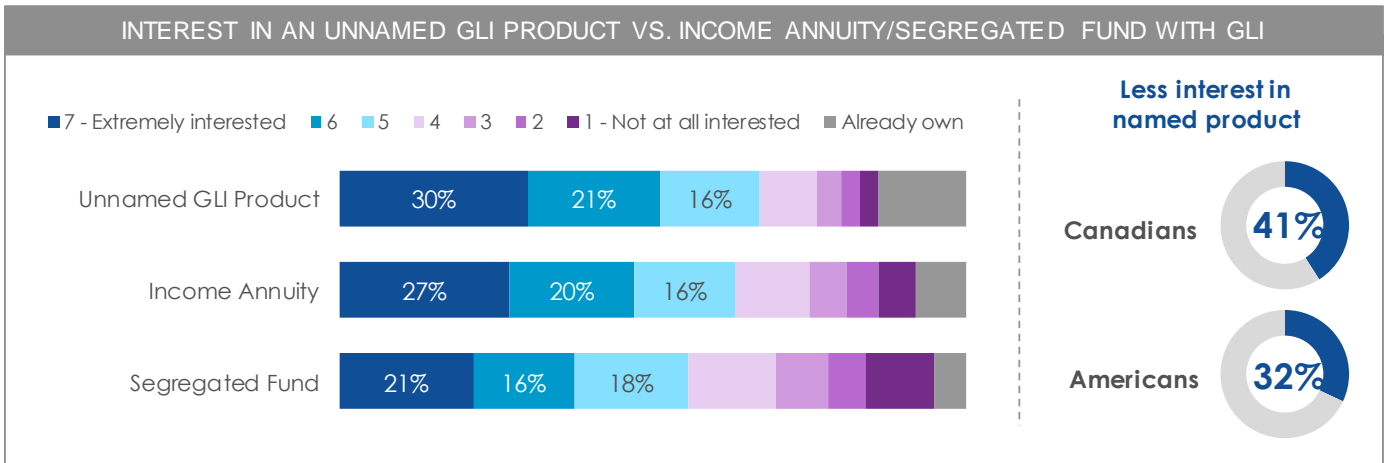
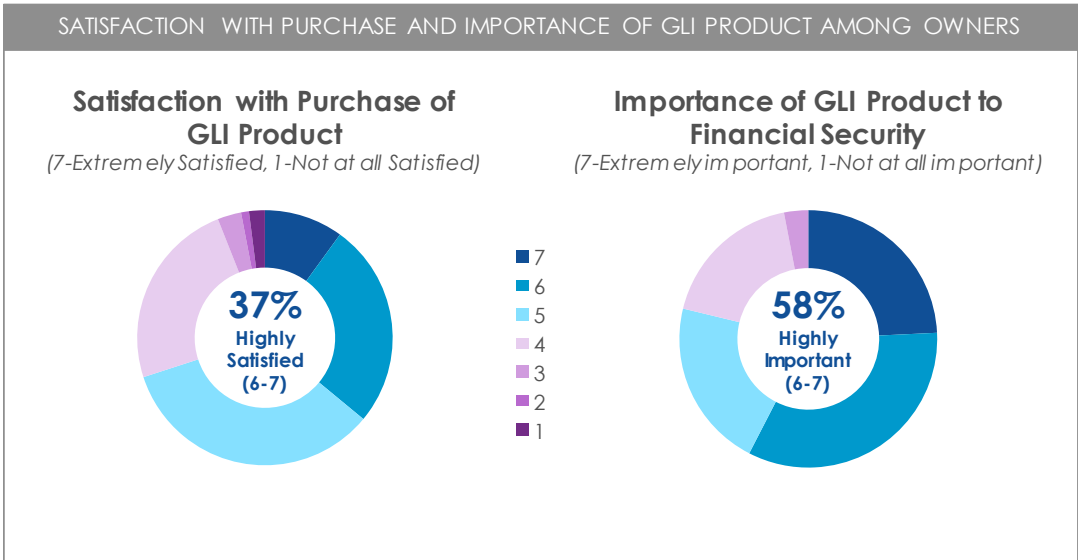
The Value of Guaranteed Lifetime Income on the Rise in Canada

According to the 2018 *Canadian Guaranteed Lifetime Income Study*, the perceived value of guaranteed lifetime income in retirement has grown dramatically in Canada since 2015. The study shows that 80% of respondents now consider guaranteed income as a highly-valuable addition to government programs, compared to 60% a few years ago.



The findings show more women than men highly value the predictability of supplemental income in planning for their needs. Three-quarters (76%) of women rated guaranteed lifetime income as being highly important to meeting essential expenses in retirement compared to 64% of men.

Although 7 out of 10 individuals who owned guaranteed income products reported being satisfied, and 6 out of 10 considered them to be highly important to their financial security, how the products are labeled matters. The study shows that when a guaranteed income product was labeled as an income annuity or segregated fund, 41% reported a lower level of interest. The annuity label was less of an issue for respondents than the concept of segregated funds – which few understand. In fact, 67% reported being unfamiliar with segregated funds for guaranteed lifetime income, while 41% said they were unfamiliar with income annuities. This compares to high levels of familiarity with GICs, term deposits, Guaranteed Interest Annuities (74% familiar), and mutual funds (73% familiar).

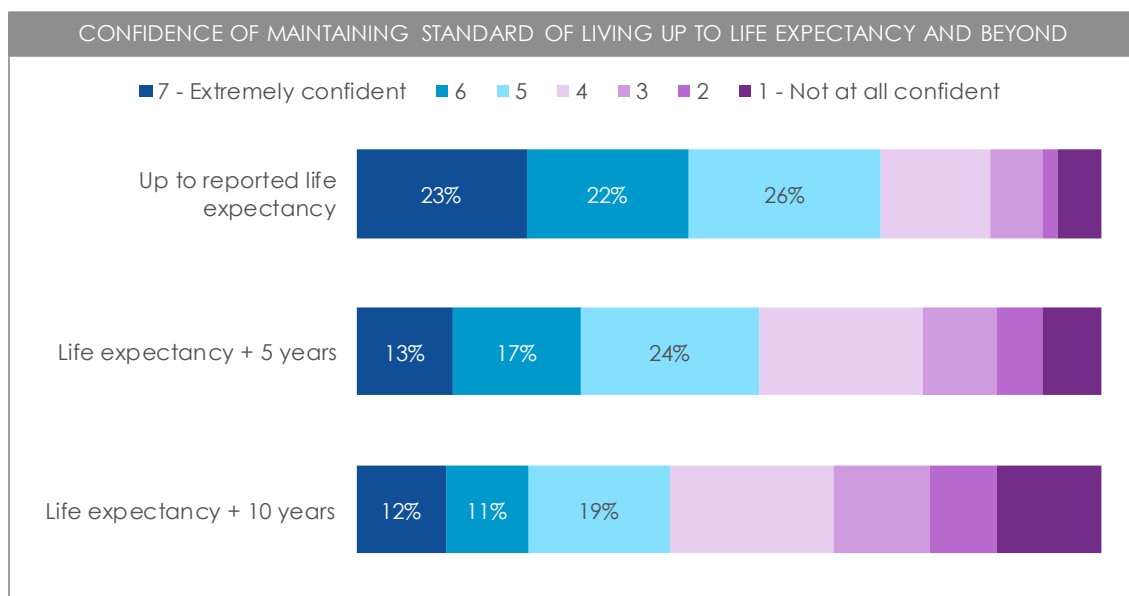
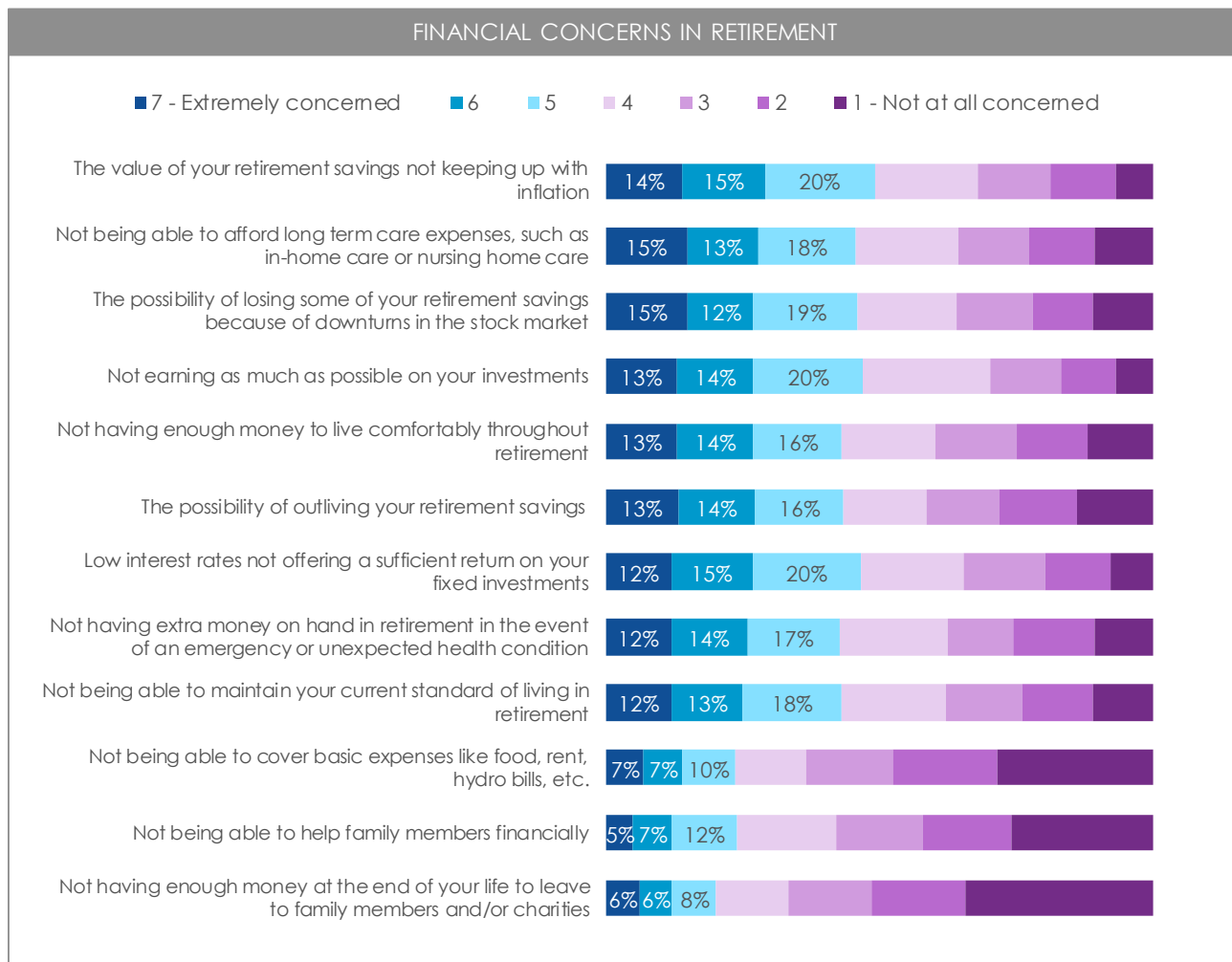


Consumer Concerns Drive Interest in Guaranteed Lifetime Income

The interest in guaranteed lifetime income (GLI) reflects consumers’ concerns about longevity and other retirement-related financial issues. Less than half (45%) of Canadians are highly confident that they will be able to maintain their standard of living in retirement. Nearly a third (29%) of respondents aren’t confident in meeting this goal. This lack of confidence increases to 46% five years after their average self-reported life expectancy of 85 years-old. At 10 years after their estimated life expectancy, 58% say they are not confident they will be able to maintain their standard of living

The study reveals the top retirement concerns of respondents. These include: retirement savings not keeping up with inflation (48%), low interest rates (47%), not earning as much as possible on investments (46%), losing money during downturns in the stock market (46%), not being able to afford long-term care expenses (45%), outliving savings (43%), and, not having money for an emergency (43%).

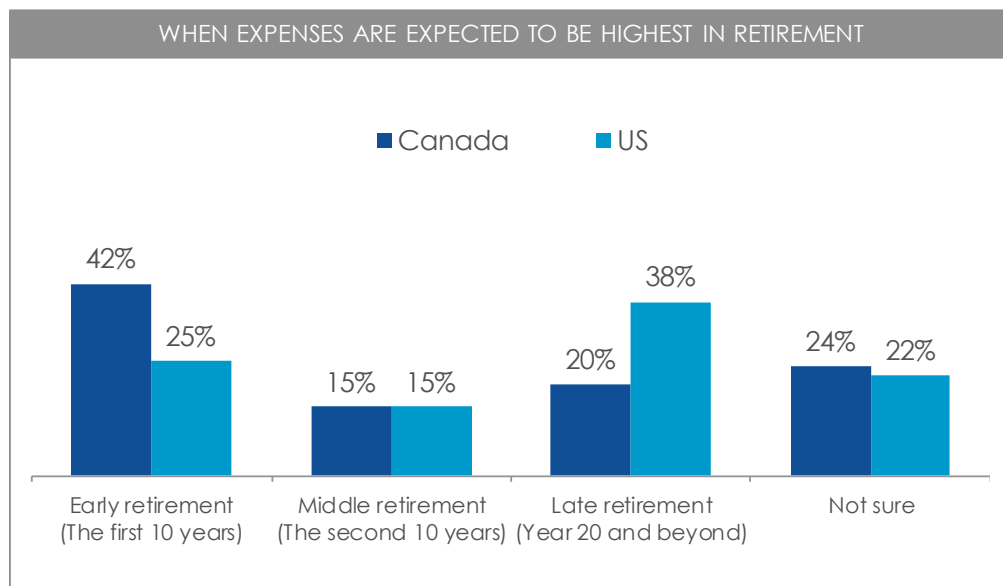
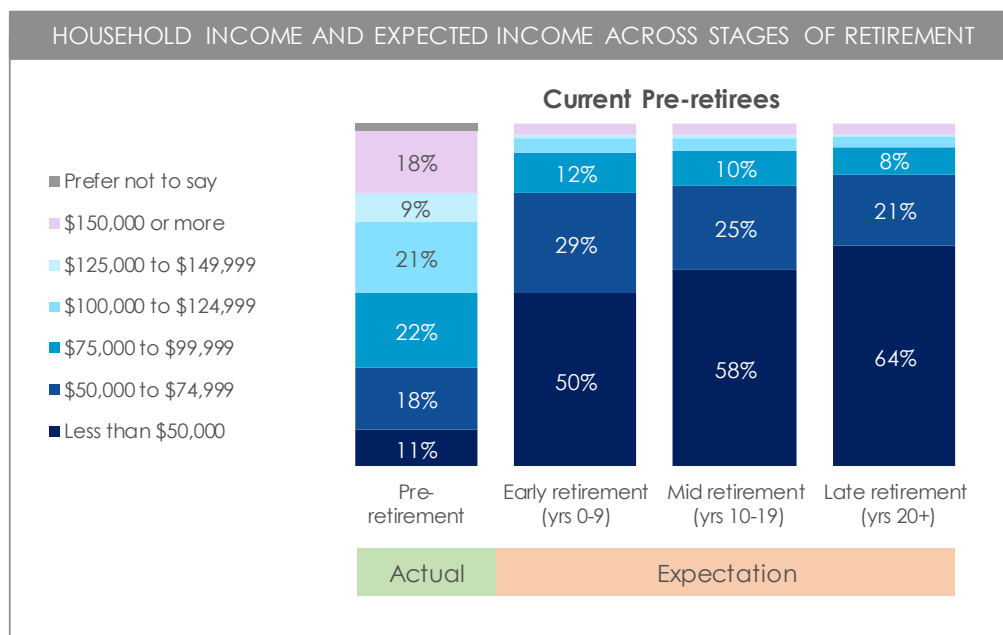
Although close to two-thirds said they were not concerned about their ability to cover basic expenses in retirement for food, rent or utility bills, this was a worry for almost a quarter of respondents (23%). More than a third of women (35%) reported being highly concerned about outliving their retirement savings compared to 20% of men.



Projecting Income and Expenses through Retirement

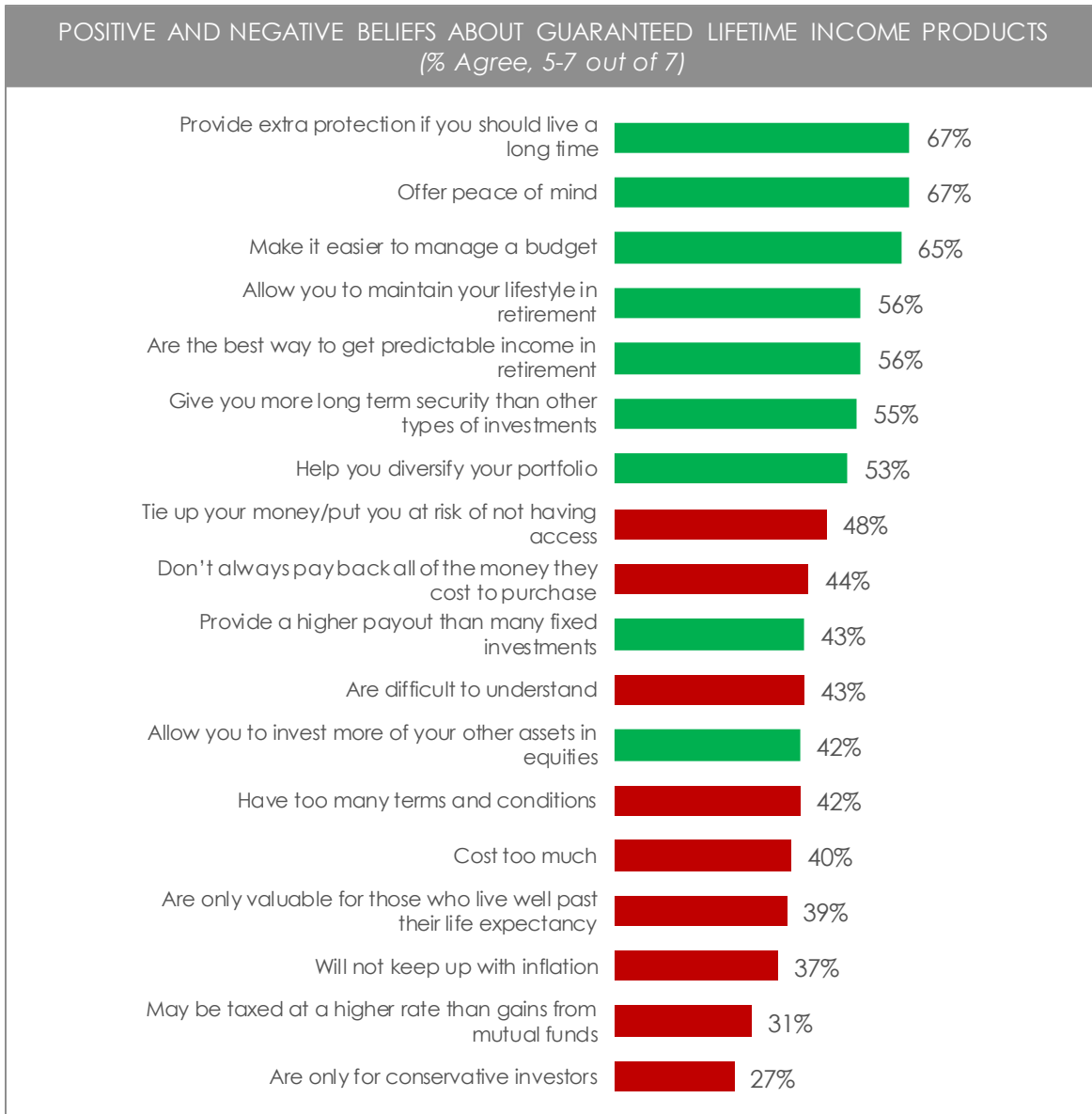
The majority of pre-retirees expect a substantial cut in income when they retire, and, unlike their U.S. counterparts, Canadians expect the income they receive to decline through retirement. In the U.S., respondents were more optimistic that asset values would continue to grow in retirement.

More expect their highest expenses will occur early in retirement (42%), compared to those (20%) who anticipate them later in retirement. This is a mirror-image of expectations of those south of the border. Although meeting long-term care needs is a concern, Canadians are clearly less worried about its financial impact at the end of life than their U.S. counterparts.



Advantages and Disadvantages of Guaranteed Lifetime Income Products

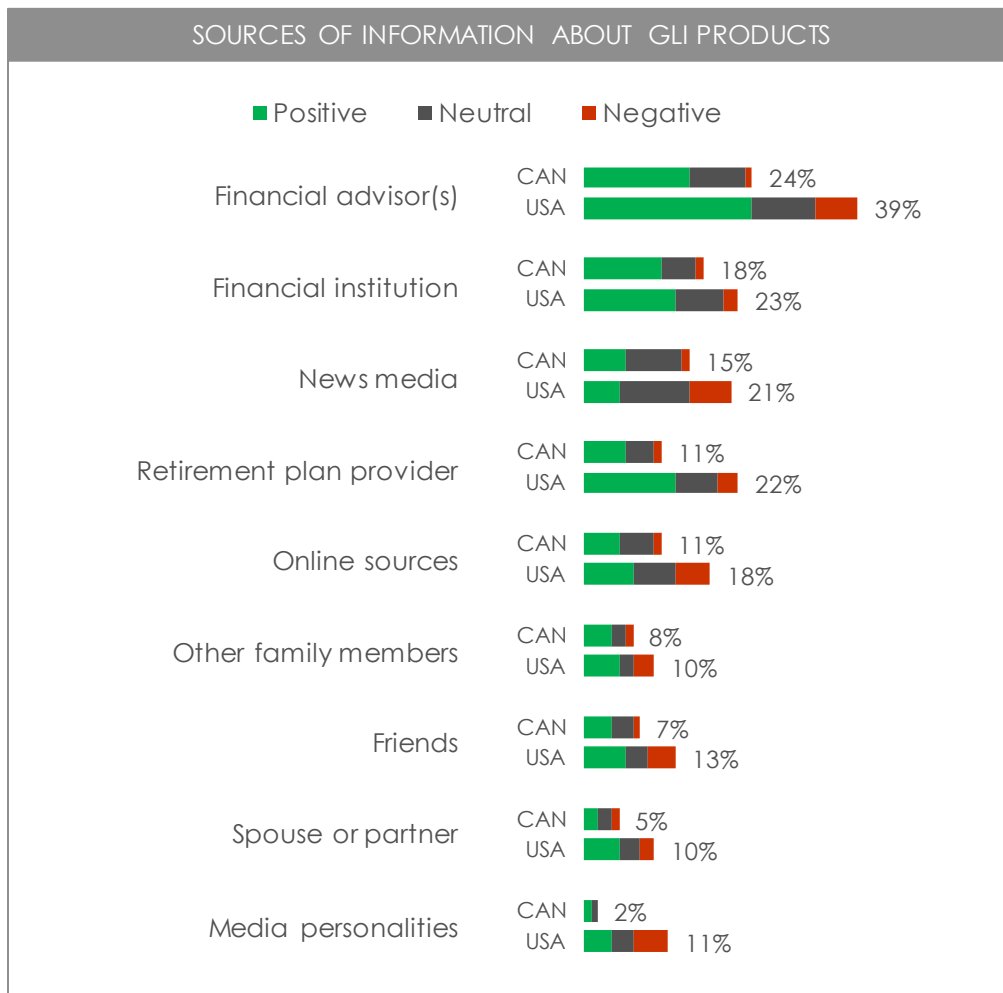
The study shows that perceptions around the positives vs. negatives of guaranteed income products are generally consistent between the U.S. and Canada. Two-thirds of respondents highlight benefits including protection against longevity, peace of mind, and making it easier to budget as positives. Access to money, not getting all your money back, difficult to understand, too many terms & conditions, and cost were selected by between 4 and 5 out of 10 as the top negatives.



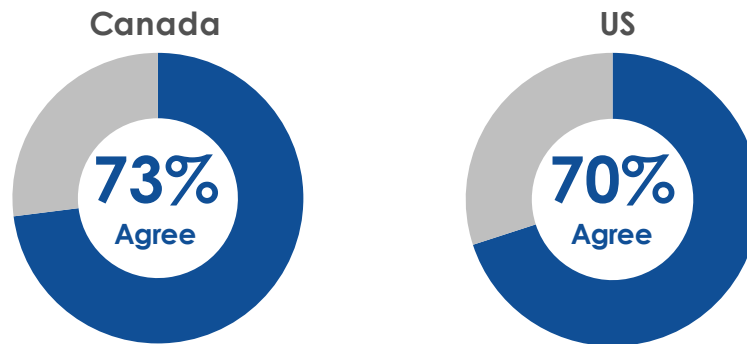
Advisors & Guaranteed Lifetime Income

As in the 2015 study, financial advisors are the most common source of information about guaranteed lifetime income products with 24% of respondents saying they heard about them from advisors. This is followed by financial institutions at 18% and the news media at 15%. These numbers are significantly below the U.S. study results, reflecting much lower levels of awareness of guaranteed lifetime income products. Consistent with the U.S., the decision to purchase these products is driven in large part by advisor recommendations.

In fact, of respondents who have discussed retirement income with an advisor, 44% had a conversation about taking a constant percentage of savings as income. Just 27% said income annuities and 16% said segregated funds were brought up as part of the conversation to provide guaranteed income. Among those who hadn't discussed retirement income strategies with advisors, 40% reported that income annuities and segregated funds would be of interest.



AGREE/DISAGREE:
"FINANCIAL ADVISORS HAVE A RESPONSIBILITY TO PRESENT FINANCIAL PRODUCTS THAT PROVIDE GUARANTEED LIFETIME INCOME IN RETIREMENT AS AN OPTION TO THEIR CLIENTS"



Three-quarters of respondents (73%) believe financial advisors have a responsibility to discuss guaranteed lifetime income for meeting their retirement needs, and if they do not, that this would be a reason for many to consider changing advisor relationships. While only a third report having had this conversation with an advisor, more than three-quarters (79%) report being satisfied with the financial advice they receive.

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