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## **Canadians Concerned About Maintaining Standard of Living in Retirement Growing Interest in Guaranteed Lifetime Income to Supplement Government Retirement Plans**

**2018 Canadian Guaranteed Lifetime Income Study (GLIS) by Greenwald & Associates and CANNEX  
Financial Exchanges provides insights into retirement concerns  
and perceptions of guaranteed income products**

Toronto, ON, May 15, 2018 – Less than half (45%) of Canadians are highly confident that they will be able to maintain their standard of living in retirement until their self-reported estimated life expectancy of 85 years-old. Nearly a third (29%) of respondents aren't confident they can achieve this goal. If they live five years beyond their expected longevity to an average of 90 years-old, the number of Canadians who are not confident in their ability to maintain their standard of living rises to 46%, and if they live 10 years longer, 58% expect a decline in their standard of living, according to the second Canadian Guaranteed Lifetime Income Study (GLIS) from Greenwald & Associates and CANNEX. The study was supported by Sun Life Financial and The Great-West Life Assurance Company. [Download the summary report.](#)

Reflecting these concerns, the number of respondents rating guaranteed lifetime income as a highly valuable supplement to government sponsored retirement plans jumped to 80%, up from 60% in the first Canadian GLI study conducted in 2015. The results are based on interviews conducted in February 2018 with 1,003 pre-retirees and retirees aged 55-75, with more than \$100,000 in investable assets (excludes value of home). The same study has been conducted for the U.S. market annually since 2014.

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%).

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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.

“Concerns about being able to afford retirement appear to be universal, whether we are talking about Canadians or their American counterparts,” said study director Doug Kincaid of Greenwald & Associates. “Although they have a more robust safety net in retirement, Canadians are similarly worried about meeting their financial needs and see greater value in guaranteed lifetime income.”

Similar to the results of the U.S. study, respondents with lower asset levels and women expressed greater concern about retirement and stronger interest in guaranteed income products. 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.

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.

“The expectations for retirement income in the study reflect differences between the Canadian health care and pension systems and those of the U.S. market,” said Gary Baker, president of CANNEX USA. “What’s clear is concern about having sufficient income in retirement beyond expected life expectancy is shared and consumers are looking for solutions.”

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.

As in the 2015 study, financial advisors are the most common source of information about annuities with 24% of respondents saying they heard about the product 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's results, reflecting much lower levels of awareness of guaranteed lifetime income products. Consistent with the U.S., the decision to purchase these products is primarily driven by advisor recommendations.

“Among the three-quarters of respondents working with financial advisors, retirement income conversations are largely focused around asset withdrawal, investments with dividends, or fixed income strategies,” said Sam Sivarajan, Senior Vice-President, Wealth Solutions, The Great-West Life Assurance Company. “The study shows that guaranteed lifetime income products, more often than not, aren't part of these discussions.”

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.

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).

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.

“Canadians are looking for financial solutions that maximize the value and flexibility of their retirement savings while also providing guaranteed income for life,” said Jordy W. Chilcott, Head of Investment Distribution, Sun Life Global Investments. “Segregated funds and annuities are two solutions that can help Canadians reach their goals while addressing retirement risks such as longevity and market volatility. Speaking with an advisor is a great way to plan for the future and prepare you for life in retirement.”

**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](http://www.cannex.com).

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