



Guaranteed Lifetime Income Study Executive Summary

The Guaranteed Lifetime Income Study (GLIS) provides new insights into how Americans utilize guaranteed lifetime income (GLI) in retirement and the overall value they see in financial products that offer this type of income. The research, conducted by CANEX and Greenwald & Associates, examines both retirees and pre-retirees ages 55-75 who have at least \$100,000 of investable assets.

In order to track consumers' changing attitudes about GLI over time, this study also introduces the GLI Appeal Index™, which measures how attractive individual consumers find financial products that provide guaranteed lifetime income benefits, and therefore how likely consumers are to consider and invest in these products.

Overall, the study finds that Americans clearly value and depend on sources of GLI in retirement. Despite this, many show a relative lack of understanding and familiarity with products that offer GLI. Some of the most significant findings are as follows:

- **Retiree reliance on GLI:** Retirees draw a large portion of the money they spend from GLI sources. Indeed, over two in five retirees rely totally on GLI sources and do not spend anything from their investments. On average, GLI sources cover 79% of retiree living expenses.
- **Value of GLI:** Consumers overwhelmingly see great value in having GLI in addition to Social Security and believe that this income provides peace of mind and makes it easier to know how much to one can afford to spend each month. Nearly 8 out of 10 (78%) consider this income to be very valuable (6 or 7 on a 7-point scale) and 56% consider it extremely valuable (rated a 7).

- **Awareness of GLI Annuities:** Most consumers are not familiar with the different types of annuities offering GLI: although two-thirds are highly familiar (6 or 7 on a 7-point scale) with mutual funds, less than a quarter of consumers report being this familiar with GLI annuities. Furthermore, these products can be difficult for consumers to comprehend, even when detailed descriptions are provided.
- **Undervaluing of Annuitization:** Many consumers undervalue annuitization that provides GLI. When offered a choice between a lump sum of \$50,000 and guaranteed income payments from a \$50,000 annuity, about one-third of consumers would choose the lump sum even if the monthly annuity payouts were doubled.
- **Using GLI to Enhance Asset Allocation:** By providing the income necessary to pay for day-to-day expenses in retirement, GLI products allow consumers to increase their exposure to equities with their remaining assets. Only two in ten (21%) consumers strongly agree (6 or 7 on a 7-point scale) that these products do this, however.
- **The Guaranteed Lifetime Income Appeal Index:** Although many value GLI overall, only one in six (16%) score highly on the GLIA index, due to consumers' low familiarity with financial products that offer GLI and an undervaluing of annuitization. Those who score higher on the index are more likely to work with a financial advisor, to have more anxiety about retirement concerns, and to consider financial goals important.

For more information on all of these key findings, please see the accompanying GLIS factsheets.

Methodology

The Guaranteed Lifetime Income Study was conducted in June 2014 through 17-minute interviews with a total of 1,098 Americans using Research Now's online consumer panel. In order to qualify for the study, respondents had to be between the ages of 55-75 and have household assets of at least \$100,000. The final data is weighted by age, gender, education, and household assets to reflect the distribution of American consumers in these age ranges.

About CANNEX

CANNEX Financial Exchanges Ltd. compiles data and calculations about a variety of financial products and makes that information available to financial service providers and the media through a central service across North America. In the U.S., this includes comparative pricing, illustration and evaluation tools for Guaranteed Lifetime Income products such as Income Annuities and Deferred Annuities with Guaranteed Living Benefits. CANNEX also provides product consulting and independent product allocation services through the QWeMA Group (a division of CANNEX). For more information about CANNEX, visit www.cannex.com.

About Greenwald & Associates

Greenwald & Associates is a market research firm that has focused on research on retirement. The firm has partnered with the Employee Benefit Research Institute 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 www.greenwaldresearch.com.