

The 2nd Annual Guaranteed Lifetime Income Study (GLIS) Fact Sheet

The Guaranteed Lifetime Income Appeal Index

The GLI Appeal Index has remained stable from 2014. According to this unique metric, products that offer guaranteed lifetime income have high appeal for only 15% of consumers, with lack of familiarity with the products and an undervaluing of annuitization contributing most to the low appeal.

The Guaranteed Lifetime Income Appeal (GLIA) Index 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.

The GLIA Index was developed using three components:

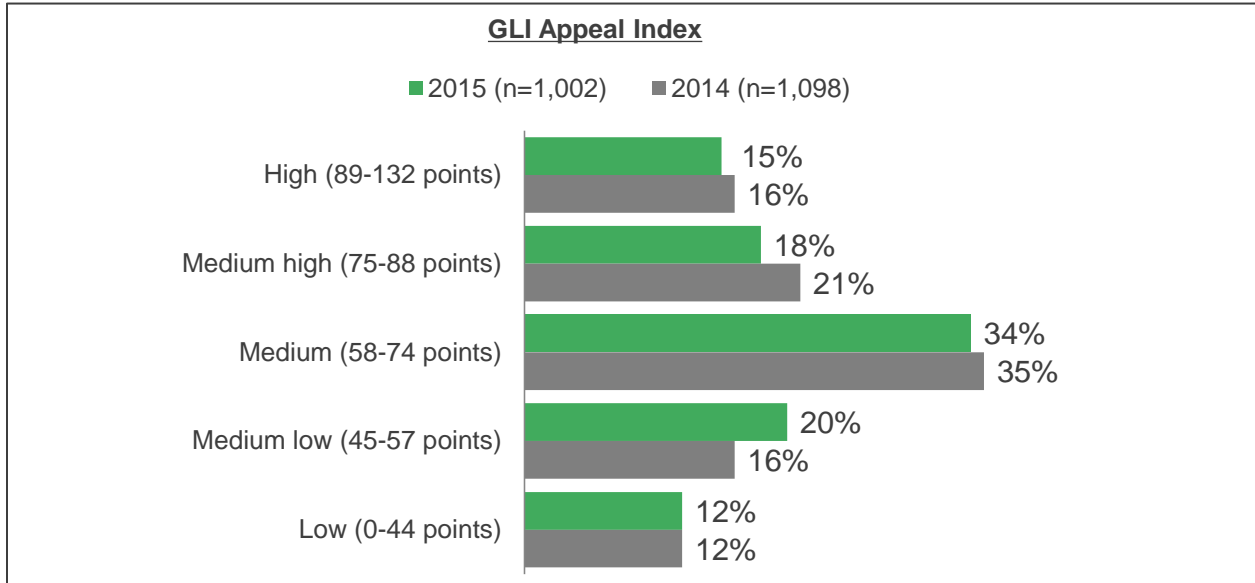
- The value of guaranteed lifetime income, including the value of guaranteed income in addition to Social Security and agreement/disagreement that guaranteed income offers peace of mind, allows you to invest more of your other assets in equities, allows you to get income in retirement more efficiently, makes it easier to manage a budget, gives you more long-term security, and makes it easier to know how much you can afford to spend. Respondents were assigned points based on how they answered these questions, with those who placed the highest value on the benefits of guaranteed lifetime income receiving the most points for these questions.
- Familiarity with annuities, including variable annuities with guaranteed lifetime withdrawal benefits, fixed indexed annuities with guaranteed lifetime withdrawal benefits, immediate income annuities, and deferred income annuities. Respondents were assigned points based on how they answered these questions, with those who said they were extremely familiar with the various types of annuities receiving the most points for these questions.
- The value of annuities, including the tradeoff between a lump sum amount and various SPIA (if retired) or DIA (if not retired) payout amounts and respondent impressions regarding the value that SPIAs, DIAs, and VAs with guaranteed lifetime withdrawal benefits provide. Respondents were assigned points based on how they answered these questions, with those who placed the highest value on the value that lifetime income annuities provide receiving the most points.

The points from each of these components were then combined to arrive at each respondent's GLIA Index score.

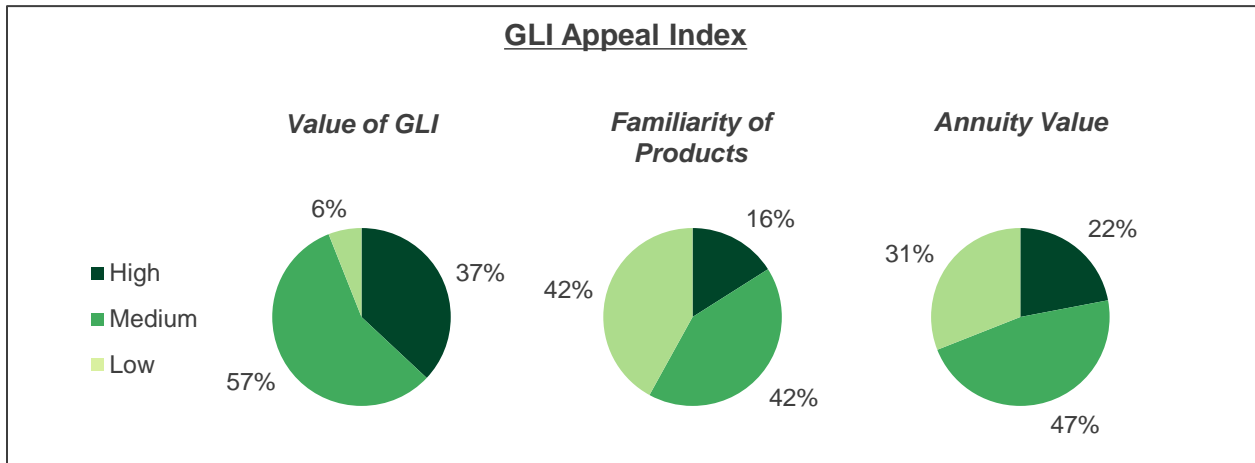
Respondents who receive the most points are those who:

- Place the highest value on the benefits of guaranteed lifetime income
- Say they are extremely familiar with the various types of annuities
- Place the highest value on the value of lifetime income annuities

The GLIA Index has largely remained consistent since 2014. In 2015, products that offer guaranteed lifetime income have high appeal for only 15% of consumers between the ages of 55-75 (down from 16% in 2014).



As mentioned above, the three components that go into the GLI Appeal Index are perceived value of GLI, familiarity with annuity products, and perceived value of annuities. Almost all consumers see value in GLI, and nearly four in 10 value it highly. However, consumers score much lower in terms of perceived value of annuities and familiarity with products. In particular, consumers' lack of familiarity is a large part of why overall appeal isn't higher: only 16% are highly familiar with products that offer GLI and 42% have low familiarity.



One of the biggest drivers of the GLI Appeal Index is the presence of a financial advisor, especially an advisor that has discussed annuities with the consumer. A quarter of consumers who have heard about annuities through an advisor have a high GLI Appeal score vs. just 8% of their counterparts.

High GLIA scorers are also those who have higher concerns regarding their retirement finances. For example, 46% of high GLIA scorers are very concerned with having enough money to live comfortably throughout retirement in comparison to just 18% of those who have a low score on the index.

Source: Greenwald & Associates and CANNEX Financial Exchanges Limited, 2015 Guaranteed Lifetime Income Study.

Questions included in the index are as follows:

- Please indicate the extent to which you agree or disagree that financial products that provide guaranteed lifetime income...
 - Offer peace of mind
 - Allow you to invest more of your other assets in equities to better your chance for higher returns
 - Allow you to get income in retirement more efficiently than other financial products
 - Make it easier to manage a budget
 - Give you more long-term security than other financial products
 - Make it easier to know how much you can afford to spend each month
- How valuable is it for retirees to have guaranteed lifetime income in addition to Social Security?
- How familiar are you with the following financial products?
 - Variable annuities
 - Fixed annuities
 - Fixed indexed annuities
 - Variable annuities with guaranteed lifetime withdrawal benefits
 - Fixed indexed annuities with guaranteed lifetime withdrawal benefits
 - Immediate income annuities
 - Deferred income annuities
- Which would you rather have?" tradeoff between a lump sum amount and various SPIA (if retired) or DIA (if not retired) payout amounts
- What is your impression regarding the value that ____ provide?
 - Immediate income annuities
 - Deferred income annuities
 - Variable annuities with guaranteed lifetime withdrawal benefits