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Fifth Annual Guaranteed Lifetime Income Study

New Research From Greenwald & Associates and CANNEX Highlights Drivers of Demand for Guaranteed Income Products, Gaps Between Advisor and Client Perceptions

Washington, DC – June 12, 2019: Interest in guaranteed lifetime income products is closely tied to whether they are positioned as part of a retirement income strategy, stock market performance, ensuring healthcare needs are met, or concerns about running out of money in retirement, according to the fifth annual Guaranteed Lifetime Income Study by Greenwald & Associates and CANNEX.

The comprehensive survey of 1,005 Americans between the ages of 55 and 75, with at least \$100,000 in investable assets, was conducted in February 2019. An additional survey of 302 financial advisors was included in the study for the first time to compare results with consumers.

Drivers of Interest in Guaranteed Lifetime Income Products

The [*Top 10 Key Findings & Data from the Guaranteed Lifetime Income Study*](#) report summary shows two-thirds (67%) of those close to retirement or in its early stages highly value guaranteed income to supplement Social Security. When guaranteed lifetime income (GLI) products are framed as part of a retirement portfolio strategy to supplement Social Security and cover essential expenses, 71% said they think this would be a good strategy for their own retirement.

The research also reveals growing evidence that consumer sentiment appears to fluctuate based on the prevailing market environment, dropping as stocks rise and increasing when the market experiences sharp volatility. In addition, it highlights the top retirement concerns that drive interest in guaranteed income include paying for long-term care, meeting healthcare needs and not running out of money.

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“There’s strong consumer interest in guaranteed lifetime income products to provide peace of mind knowing they will be able to meet their basic needs in retirement,” said study director, Doug Kincaid of Greenwald & Associates. “Perceptions around annuities, how the products are positioned, and whether they are discussed by advisors, all significantly affect whether and how consumers consider them.”

Positive vs. Negative Perceptions of Annuities

Consumers’ ratings of the positive attributes of annuities – longevity protection, ability to manage through market downturns and peace of mind – are consistently higher than the products’ perceived negatives, which have not significantly changed over the last few years. Close to half of consumers (46%) believe annuities have too many terms and conditions, are concerned about having access to their money, and believe they are difficult to understand. More than a third of consumers (35%) said they would be less interested in an annuity that offers guaranteed lifetime income than an unnamed product with identical features.

Annuity Owners Satisfied

Among the respondents who reported owning a guaranteed lifetime income product, six out of ten are satisfied, and three-quarters would recommend them. They are less concerned about day-to-day expenses in retirement, reported being able to budget more effectively, spend more on discretionary items, and take greater investment risk with their other assets. Product owners were less worried about losing savings during a downturn than those who do not own them (19% vs. 28%).

“It’s clear from the research that clients are most receptive to annuities with guaranteed income when the product is positioned as part of a broader retirement income strategy – the reason why most product owners said they chose them,” said Tamiko Toland, head of Annuity Research at CANNEX. “There are also certain demographics with especially high interest in income guarantees. It comes as no surprise that women, in particular, are interested in these products as a means to avoid running out of money in retirement.”

Gaps Between Advisors & Clients

The study shows significant differences in perceptions between advisors and clients. Advisors say that they discuss income strategies with an average of 79% of their clients, but only 55% of clients report having discussed income strategies with their advisor. Advisors also consistently underestimate client interest in guaranteed lifetime income products.

“The message around guaranteed income products is getting lost in translation,” added Toland. “The research should be a wakeup call for advisors. It reveals a disconnect between what advisors think clients want and what clients say they want, but it also highlights opportunities to discuss retirement income strategies and products in ways that will resonate more strongly.”

The [2019 Guaranteed Lifetime Income Study supplemental data charts](#) and additional information about the findings of the study as it relates to consumers, advisors, guaranteed income and annuities are available from [Greenwald & Associates](#) and [CANNEX](#).

About Greenwald & Associates

Greenwald & Associates is a market research firm that specializes in subjects related to health and wealth. Greenwald & Associates conducts both custom proprietary work as well as thought-leadership public release studies, such as the Guaranteed Lifetime Income Study and the Retirement Confidence Survey. 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.

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.

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