

### Generation X Turning to Annuities at Higher Rates in Search of Protection as Private Sector Pensions Disappear

*Investors under 55 are considerably more interested in annuities than baby boomers;  
58% embrace the product as an alternative to pensions*

**WASHINGTON, D.C., June 21, 2021** — Today, the Alliance for Lifetime Income and CANNEX released the first installment of the [Protected Retirement Income and Planning Study](#), a joint research effort with both investors and financial professionals, designed to better understand and forecast retirement income trends. The inaugural study finds investors eager for financial protection amid a challenging fixed-income environment and the declining prevalence of private sector pensions.

Most notably, an overwhelming majority, 71%, of all younger investors have some interest in purchasing annuities as part of their overall retirement income plan. And a near-unanimous majority of investors, 91%, say it is important that their retirement income plan is designed to provide a guaranteed income payment or principal protection, while more than half of investors (56%) who have an employer-sponsored retirement savings plan are at least moderately interested in investing in an annuity through their employer plan.

The study was conducted in March and April and includes surveys of 1,519 investors age 45-75 with more than \$100,000 in investable assets and 602 financial professionals, spanning registered investment advisors to national wirehouses. It explores how a range of protected retirement solutions fits within approaches to retirement planning, and how often investors and financial professionals consider or use annuities to address different income needs.

“The high-level of interest in annuities and protection among younger investors is extraordinary,” said **Jean Statler, CEO of the Alliance for Lifetime Income**, a non-profit educational organization based in Washington, DC. “Unfortunately, there’s still a large gap between what investors say is important to them and what financial professionals think is important. The majority of investors, 55 percent, say protecting income is very important to them, compared to just 39 percent of financial professionals. The pandemic triggered a retirement reset in people’s minds, leading to this incredible demand today for the benefits of protected solutions. The bottom line is that financial professionals who aren’t at least considering annuities as part of their clients’ retirement portfolios are missing an opportunity to give them the protection and peace of mind they want.”

#### **Income Planning and Spending in Retirement Now Paramount**

As the number of baby boomers reaching traditional retirement age continues to accelerate, planning for income in retirement, versus just accumulating assets, has become central to

investors' retirement security. Financial professionals reported having had conversations about income planning with eight out of ten clients who are age 55 or older. The research also suggests that this trend will become even more pronounced as we approach Peak 65 in 2024, when more Americans will turn the traditional retirement age of 65 than at any other time in history. Among those who have not yet discussed strategies for getting income from their assets with a financial professional, younger investors—aged 45-54—are the most interested in doing so.

Those retirement planning conversations have also been changing as Americans and their financial professionals must plan for retirement security in the face of a volatile and uncertain economic landscape. Nearly two-thirds (65%) of financial professionals reported having changed their approach to retirement planning in the past year. Low interest rates (71%) and reduced return on bonds (49%) were the top two reasons cited for making a change.

Among financial professionals whose retirement planning approach has changed moderately or a great deal in the last year, 45% say they are utilizing annuities more in their clients' accounts for income purposes, 41% are using annuities more in the last year for asset growth and protection and 19% are using them more for tax deferral.

### **Investors Focus on Protected Income as Pensions Disappear**

Investors remain committed to the value of financial protection in retirement: more than nine in 10 investors say that protection is “important” for their retirement income, and 55% say it is “very important.”

But the sources of protection will change dramatically for the next generation of America's retirees. The study found that pension ownership stands at 65% for investors in this study age 65-75, drops significantly for those age 55-64 (52%) and falls to 48% for investors age 45-54. When combined with reported levels of annuity ownership, this leaves 45% of the youngest investors unprotected, meaning they lack a source of protected income in retirement beyond Social Security.

Younger investors, age 45-54, are three times more likely than those age 65 and older to express extreme interest in purchasing an annuity as part of their retirement income plan. A trend that begins with younger baby boomers, age 55-59, whose interest in using annuities as part of their retirement income plan grows by 49% (increasing to 55%, from 37%) when compared to investors in their early 60s. Younger baby boomers are also the first age cohort to expect more retirement income from their 401(k) or IRA than any other source, including Social Security or a pension.

Having a source of protected income beyond Social Security—either a pension or annuity—is highly correlated to investors' confidence in their retirement preparedness. Of those who are “protected” with either a pension or an annuity (66%), 92% are confident they will have the income they need to cover expenses in retirement.

### **Financial Professionals Must Focus on Protection to Meet the Needs of Investors**

Financial professionals across the industry recognize the need for protected income in retirement, with more than three out of four saying the concept of protection is important. While this number is already high, investor sentiment indicates that protected income must play an even larger role in financial professionals' strategies to meet the needs of their current or

potential clients. In fact, 84% of investors who have an annuity are very satisfied with their financial advisor compared to 74% of those who do not have an annuity.

“Financial professionals continue to substantially underestimate how much their clients are looking for protected income in retirement,” said **Tamiko Toland, director for retirement markets at CANNEX**, a leading provider of pricing, data and research for retirement and savings products. “The retirement planning environment will look completely different ten years from now. While the majority of advisors changed their planning approach in response to the current fixed income environment, many still don’t fully appreciate the various ways that annuities can fill that gap. Furthermore, the strategies that many have traditionally used to generate retirement income for their clients just don’t work like they used to. This is all compounded by the long-term changes in product demand being driven by the interplay of demographics and disappearing pensions.”

To learn more about protected income in retirement, including through an annuity, visit [www.ProtectedIncome.org](http://www.ProtectedIncome.org).

#### **About the Protected Retirement Income and Planning Study**

*Artemis Strategy Group surveyed 1,519 investors ages 45-75 with a minimum of \$100,000 in investable assets, between April 1-13, 2021. One third (34%) of the sample is retired (either fully retired or retired, but working part-time).*

*Artemis Strategy Group also surveyed 602 financial professionals between March 23 - April 12, 2021. The sample includes reportable segments of registered investment advisors, independent broker-dealers, national wirehouse or full-service broker-dealers, regional broker-dealers and insurance broker-dealers. Bank broker-dealers were included in the study but not broken out separately due to their small sample size.*

#### **About the Alliance for Lifetime Income**

*The Alliance for Lifetime Income is a non-profit 501(c)(6) educational organization based in Washington, D.C., that creates awareness and educates Americans about the value and importance of having protected lifetime income in retirement. Our vision is for a country where no American has to face the prospect of running out of money in retirement. The Alliance provides consumers and financial advisors with educational resources, interactive tools, and actionable research and insights to use in building retirement income strategies and plans. We believe focusing attention and conversations on retirement income that lasts throughout life leads to greater retirement security for millions of Americans. Learn more at [www.ProtectedIncome.org](http://www.ProtectedIncome.org).*

#### **About CANNEX**

*CANNEX Financial Exchanges Ltd. is a leading provider of pricing, data and research for retirement and savings products in North America. In the U.S. the firm helps bridge the gap between annuity product manufacturers and financial professionals in simplifying and communicating the unique value that each product provides and improving the effectiveness and efficiency of planning, sales and service processes. Learn more at [www.cannex.com](http://www.cannex.com).*

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