

Americans Look to Annuities as Key Solution to Avert Retirement Income Crisis

The Alliance for Lifetime Income and CANNEX Release *2023 Protected Retirement Income and Planning Study Series; Chapter 1: Americans Change Retirement Savings Strategies*

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WASHINGTON – [The Alliance for Lifetime Income \(ALI\)](#), the nonprofit consumer organization that educates Americans on how to protect their retirement, released the first wave of its multi-part [2023 Protected Retirement Income and Planning \(PRIP\) study](#) today.

PRIP is the only research of its kind that surveys both consumers and advisors simultaneously.

In its fourth year, the annual study examines the rapidly changing retirement income planning landscape, including shifts in consumer attitudes and behaviors toward retirement savings.

According to the first chapter from the *2023 PRIP, Americans Change Retirement Savings Strategies*, people close to retirement or recently retired are still not prepared.

- 51% of consumers between 45 and 75 feel they do not have enough retirement savings to last their lifetime, and 32% are not confident they will have enough to cover basic monthly expenses.
- 16% have retired and returned to work in some capacity.
- 53% say one of the three reasons they retired were circumstances beyond their control, such as health-related concerns, job loss, mandatory age requirements and the impacts of COVID-19.
- 43% believe the 2022 market setback represents a longer-term change that negatively alters their retirement outlook.

“We’re about to hit Peak 65 next year, a historic demographic event when the largest number of Americans ever will reach 65, and far too many people still don’t have the savings and protected income they need to retire comfortably,” said Jean Statler, CEO of the Alliance for Lifetime Income. “The retirement savings crisis is about to become a retirement income crisis, so we have to continue to do everything we can to help people better prepare – especially those close to retirement.”

Growing Demand for Protection and Annuities

The survey finds consumers want 80% of their retirement savings, which will cover their needs in retirement, to be invested in safer investments. Additionally, those protected by a pension and/or an annuity have a significantly more positive outlook on their retirement prospects.

Consumer demand for annuities has skyrocketed to an all-time high amid concerns about unprecedented market volatility and falling retirement investments.

According to [LIMRA'S 2022 Individual Annuity Sales Survey](#), consumers purchased \$312 billion in total U.S. annuity sales in 2022, a 23% increase from 2021 and 18% higher than the prior record of \$265 billion in 2008.

“People want protection in today’s volatile markets,” said Statler. “Awareness and understanding of annuities are increasing, so it’s encouraging to see people reevaluate their retirement savings and add annuities to their plan.”

Despite this growing demand, the decline in pensions will hit Peak 65ers especially hard, as fewer than half of Americans between 61 and 65 have protected income from an annuity or pension.

“People are living longer and want a level of certainty that they won’t outlive their money,” said Jean Chatzky, Education Fellow at the Alliance’s [Retirement Income Institute](#), and Founder and CEO of [HerMoney.com](#). “Protected income is there to provide peace of mind and works as a paycheck in retirement to cover basic monthly expenses and unforeseen costs.”

In addition to Peak 65, concerns over ongoing market volatility drive consumers to reevaluate and revise their approach to retirement savings.

Changes In Retirement Savings Strategies

- 51% of consumers report uncertainty in whether the 60/40 stock/bond portfolio allocation remains viable, with over a quarter (28%) saying it’s outdated and other asset classes should be implemented as building blocks.
- 37% find the 4% safe withdrawal rule is no longer valid due to changes, such as inflation, longer lifespans and market volatility, and it should be replaced with other retirement income approaches.
- 32% of consumers made changes to their investments in 2022 — 17% shifted portions of their portfolios to more conservative investments, 6% sold some investments to avoid losses, 5% invested in annuities to protect part of their portfolios and 10% made other changes.
- 83% of consumers who made any investment change in 2022 are extremely or somewhat satisfied with their investment choices.
- 93% of those who protected their portfolio with an annuity in 2022 are satisfied with their investment choices for 2022 and 44% are extremely satisfied.
- 97% say having guaranteed lifetime income in addition to Social Security in retirement is valuable.

Uncertainties Around Social Security and Medicare

As the future of Social Security and Medicare remains an ongoing debate in Washington, the study finds only 54% of consumers are confident in the solvency of Social Security, and fewer than 2 in 10 are very confident. Despite this, nearly three quarters (73%) are counting on Social

Security income, with 40% saying Social Security will be or is a critical part of their retirement income.

“For many Americans, Social Security alone will not cover day-to-day living costs,” said Chatzky. “Social Security only replaces about 40% of pre-retirement income, which leaves a large gap that, for past generations, a company pension used to cover. Since running out of money in retirement has consistently been one of the top fears of retirees, having enough protected income to pay for our basic expenses in retirement is key.”

According to the [U.S. Bureau of Labor Statistics](#), 67% of private industry workers have access to retirement plans. However, the 2023 *PRIP* chapter on consumer and investor sentiments and outlooks finds only 21% of consumers are aware of recently passed retirement laws, referred to collectively as the Secure Act. These laws aim to make it easier for employers to offer annuities within 401(k) and other employer savings plans.

Once consumers are made aware of the new law, 77% say employers should offer protected retirement income (annuities) in 401(k) and 403(b) employer-sponsored retirement plans.

As part of the 2023 *PRIP*, ALI also released *Chapter 2: Financial Professionals Change Approaches to Planning and Investment Allocations*, which examines the evolving attitudes and financial planning behaviors among advisors, and the role of annuities within retirement portfolios.

“The 2023 *PRIP* chapter on financial professionals reveals a harsh reality – that many advisors may be out of touch with what their investors want,” said Statler.

Following the release of these first two installments today and further analysis of the study data, ALI will publish additional chapters of the 2023 *PRIP* in the coming weeks. The chapters include, *Retirement Outlooks among Women Compared to Men* and *Growing Health-related Concerns in Retirement Among Peak 65ers*.

The 2023 *PRIP* was conducted among 2,507 American consumers ages 45 to 75, of which 546 are investors ages 45 to 72 who work with a financial advisor and have \$150,000 or more in investable assets. The study includes 519 financial professionals who conduct retirement planning for individual clients and an oversample of Peak 65 consumers between 61 and 65.

For more information on the 2023 *PRIP*, visit protectedincome.org/prip.

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ABOUT THE SURVEY

The 2023 *Protected Retirement Income and Planning* study was created by the Alliance for Lifetime Income and CANNEX. It was conducted online by Artemis Strategy Group in February and March 2023 among 2,507 American Consumers, of which 546 are investors ages 45 to 72 who work with a financial professional and have \$150,000 or more in investable assets. The study includes 519 financial professionals who conduct retirement planning for individual clients and an oversample of Peak 65 consumers between 61 and 65.

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 professionals with educational resources, interactive tools, and actionable research and insights to use in building retirement income strategies and plans. We believe annuities – one of only three sources of protected lifetime income – can be an important part of the solution for retirement security in America.

ABOUT CANNEX

CANNEX Financial Exchanges Ltd. supports the exchange of pricing and data for annuities and bank products including term deposits and guaranteed interest contracts (GICs). The firm's data gives financial institutions the ability to evaluate and compare various guarantees associated with savings and retirement products. For more information about CANNEX, visit www.cannex.com.