



ALI Cannex Protected Retirement Income and Planning (PRIP)

Growing Health-related Concerns in Retirement

Special Section: Recommendations for Financial Professionals, Investors & Caregivers

September 19, 2023

**Alliance for
Lifetime
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PRIP Background and Objectives

Protected Retirement Income and Planning (PRIP) examines the rapidly changing retirement income planning landscape, including shifts in consumer attitudes and behaviors toward retirement savings.

PRIP is the only research of its kind that surveys both consumers and financial professionals simultaneously. PRIP 2023 surveyed:

- 2,507 consumers in the U.S. ages 45 to 75, of which 507 are an oversample of Peak 65 consumers, ages 61 to 65, for a total of 845 Peak 65 consumers.
- 519 financial professionals who conduct retirement planning for individual clients.

Peak 65 refers to a historic demographic moment when the U.S. will experience its greatest surge in the number of Americans to turn the traditional retirement age of 65 than at any time in history.

Currently, more than 10,000 people turn 65 each day, but that number will increase to over 12,000 a day until the nation reaches its Peak 65™ moment in 2024.

Chapter 4

Chapter 4: Growing Health-related Concerns in Retirement examines the connections between physical and financial health while planning for and living in retirement.

This chapter offers ideas and recommendations for financial professionals, consumers and caregivers to ensure people have the financial resources and income they need to cover health costs, long-term care needs and other health-related expenses in retirement. It also includes a summary of relevant third-party research on the confluence of aging and health, elder care and finances.

Summary of Key PRIP Findings



Americans underestimate the role health plays in their retirement planning.

- **84% of currently working consumers ages 45 to 75 do not expect health reasons** to be in their **top 3 reasons for retiring**, but
 - **38% of retired Americans aged 45 to 75 say health reasons for self or a loved one** was a **top 3 reason why they retired**.
- **39% of retirees are more concerned about health issues for self or a loved one** than they expected to be before retirement.
- **57% of consumers ages 45 to 75 do not have protected lifetime income** through a **pension or annuity**.

Summary of Key PRIP Findings



Consumers have a strong interest in discussing healthcare needs and costs with their advisors.

- **51% of financial professionals report that more clients are asking questions about healthcare, Medicare and long-term care.**
- **1 in 3 Americans say a focus on healthy living is one of their top retirement “bucket list” items, but only 17% of financial professionals recognize this topic is in their clients’ bucket list.**
- **75% of financial professionals do not talk with retired or soon-to-be retired clients about the possibility of cognitive decline.**

Summary of Key PRIP Findings

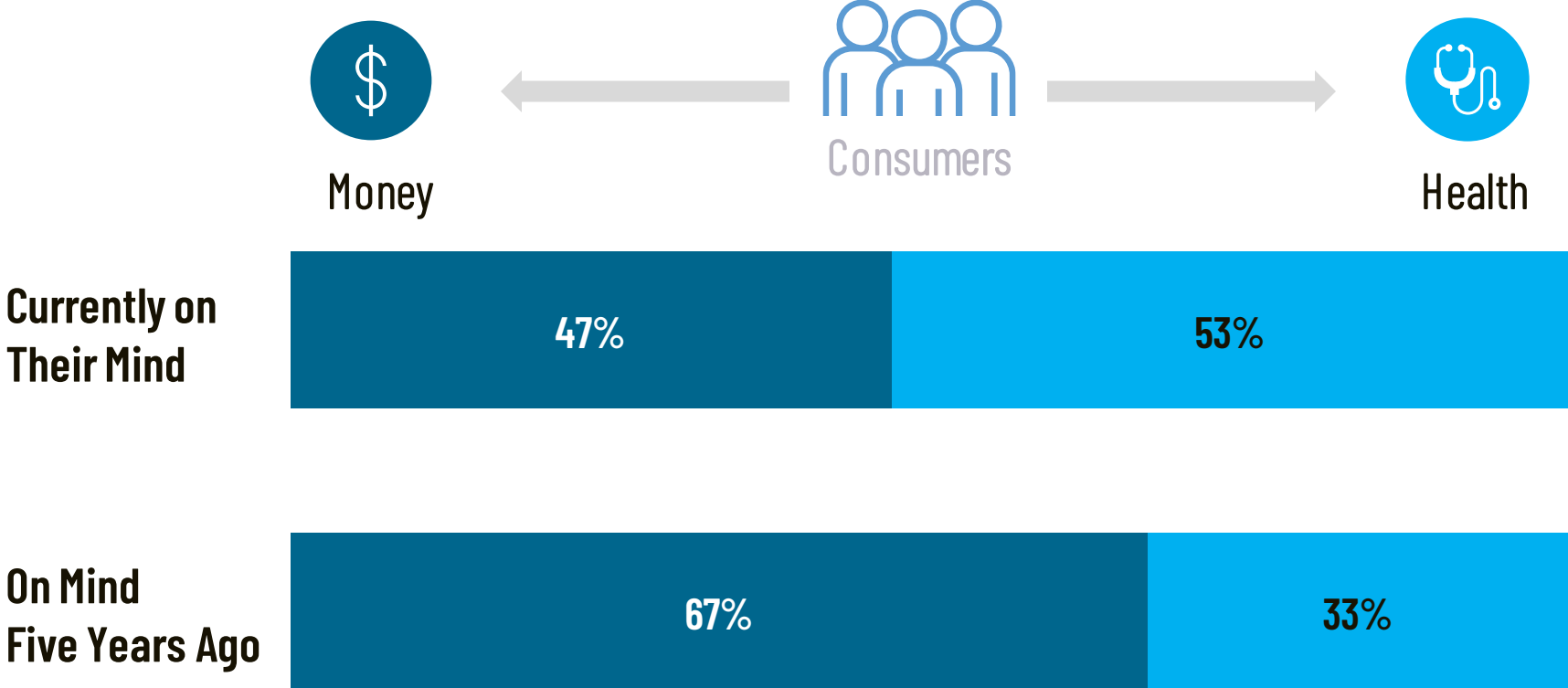


Financial professionals who do focus on health also understand the importance of protected income.

- **25% of financial professionals discuss cognitive decline** with their clients who are retired or plan to retire in 5 years.
- **88% of financial professionals who discuss cognitive decline with clients recognize the importance of protected income.**
 - **41% often or always recommend an annuity** to clients **over age 45.**
 - **62% believe their clients could spend more money** if they **add an annuity to their plan.**
- **Financial professionals who discuss cognitive decline are more likely to recognize Peak 65 changes to retirement planning**, including questions on health care, overspending and more.

Sentiments on Health in Retirement

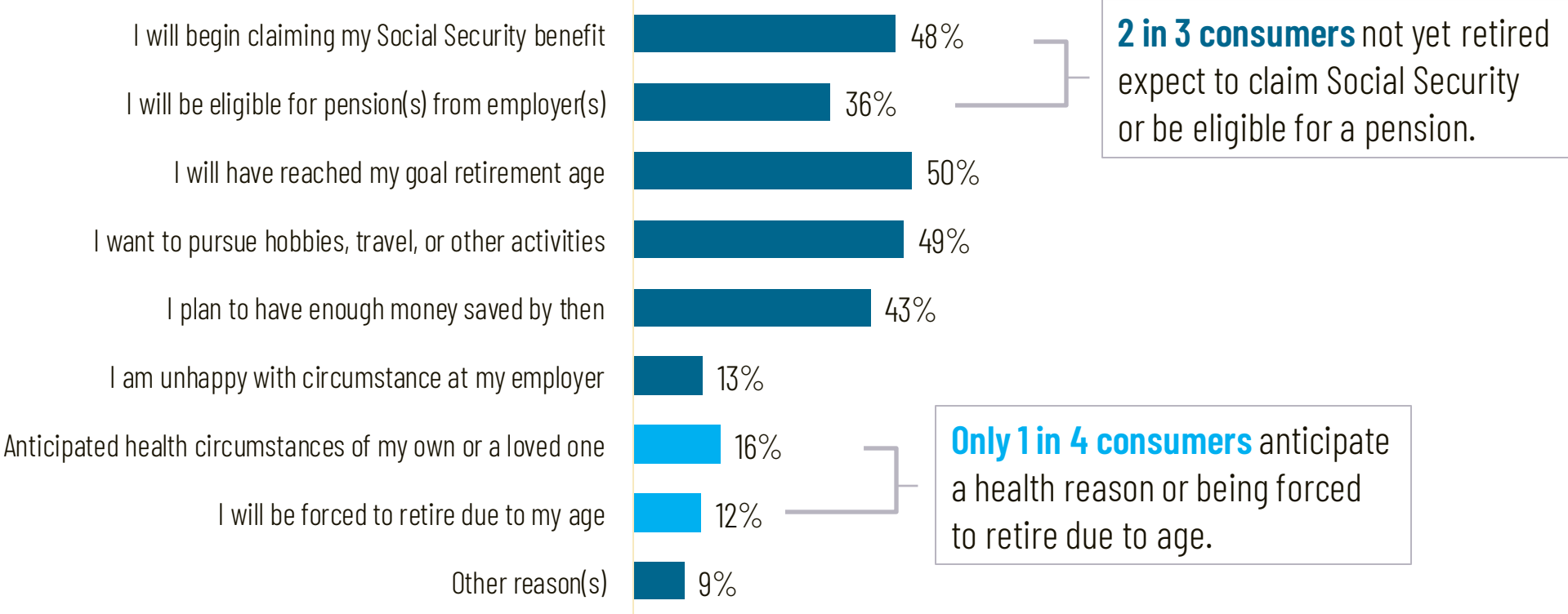
For consumers ages 45 to 75, health and money are equally on their minds now; 5 years ago, more focus was on money.



More than 80% of consumers who are still working do not expect health reasons to be in their top 3 reasons for retiring.

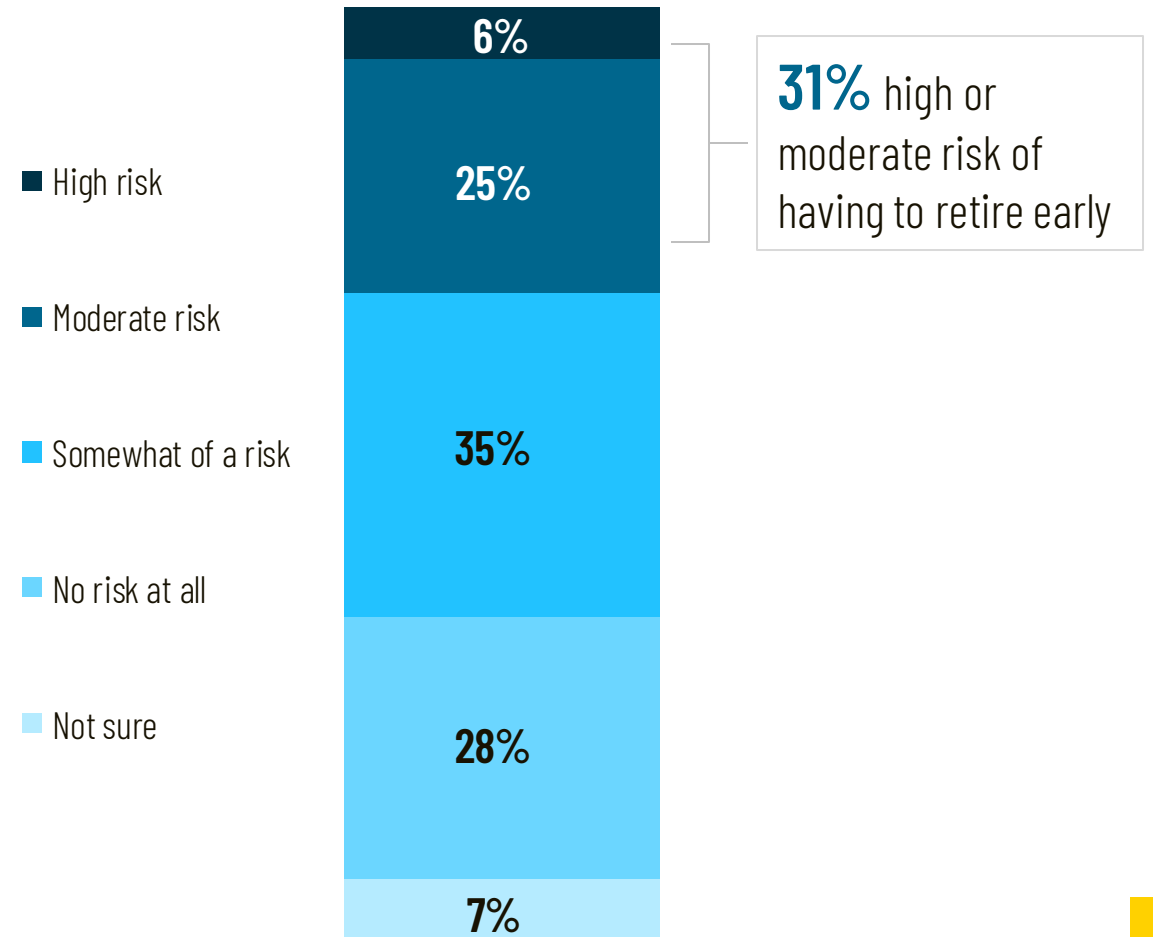
Top 3 Reasons for Retiring at That Age

Among not retired and still working and know age planning to retire



**Less than 1 in 3
non-retired consumers
who still work recognize
a moderate or high risk
of needing to retire early.**

Amount of Risk that They May Need to Retire Early Among not retired and still working



Base: Not retired previously and still working (N=1136)
Q26: How much risk is there that you may need to retire early, due to circumstances beyond your control (health, employer decision, etc.)?

Over half of consumers retired due to circumstances beyond their control, including health concerns for themselves or a loved one.

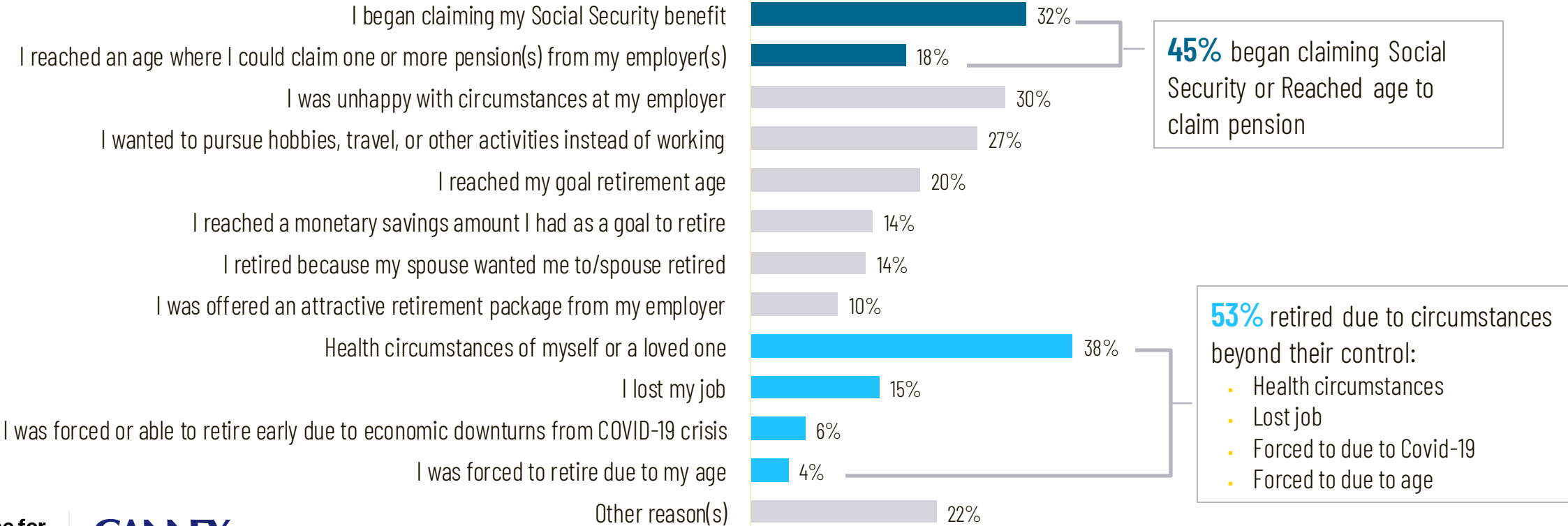


44% of consumers are retired currently or retired previously and have gone back to work

Top 3 Reasons for Retiring When They Did

Among retired (currently or previously)

Multiple responses accepted



More than 1 in 3 retirees are more concerned about health issues for themselves or a loved one than they expected to be before retirement.

What Was Learned from Time in Retirement

Among retired consumers (currently or previously)

Multiple responses accepted





1 in 3 consumers ages 45 to 75 describe their current health as very good or excellent.

Among those with \$150K or more in household assets, 43% say their health is very good or excellent compared to 31% with less than \$150K in assets.

How is your health?	Less than \$150K in assets	\$150K or more in assets	Total
Poor	8%	2%	6%
Fair	30%	14%	24%
Good	39%	40%	39%
Very Good	19%	32%	24%
Excellent	4%	12%	7%

Base: Total (N=2507)
 Q65: How would you describe your current health status?

Consumers are interested in guaranteed lifetime income; half are interested in an annuity



Retirement Income

97% (3-7 rating)
of Consumers

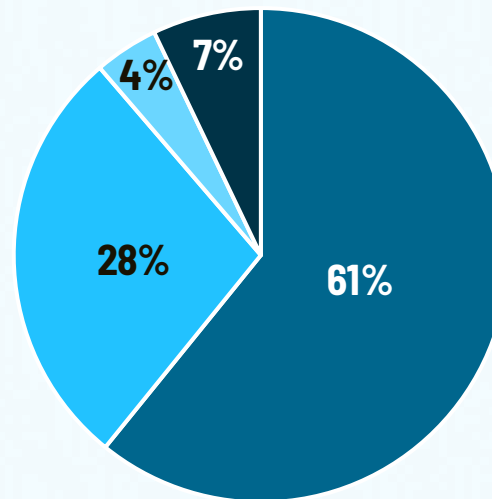
find having Guaranteed Lifetime Income in Addition to Social Security in Retirement Valuable

3% - Not Valuable (1/2 rating)

Trend - Find it valuable
2021: 94%
2022: 96%

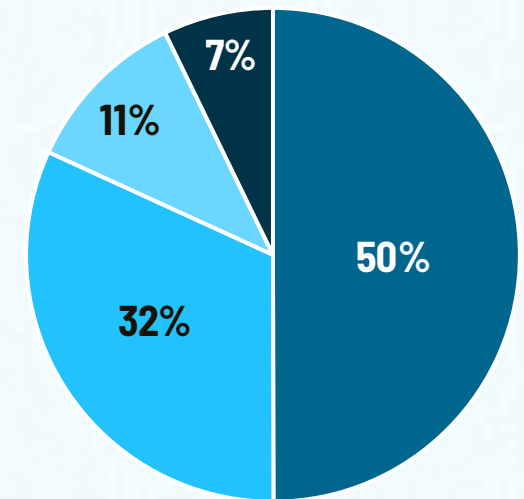
Interest in Owning Something that Guarantees a Certain Amount of Regular Income for the Rest of Their Life

Owning a "Financial Product"



Trend - Extremely Interested
2021: 59%
2022: 54%

Owning an "Annuity"



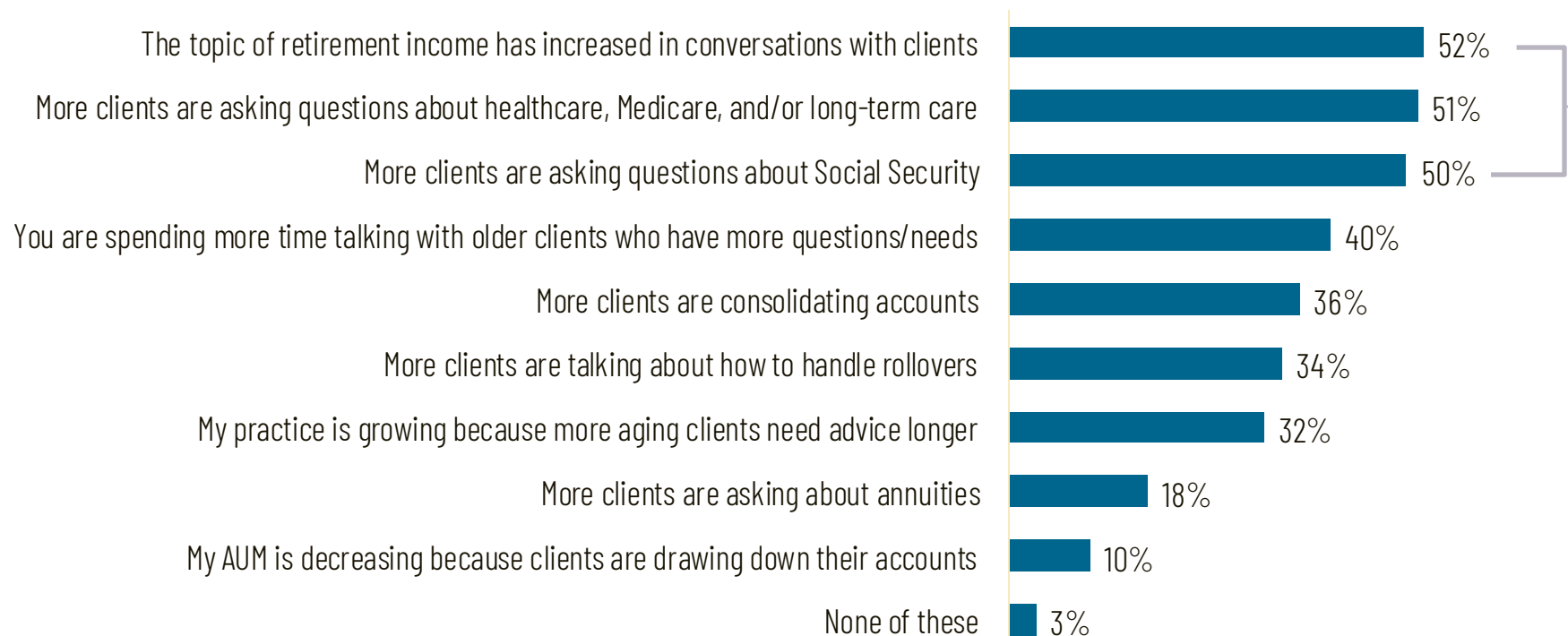
Trend - Extremely Interested
2021: 49%
2022: 47%

Growing Interest in Impact of Health and Healthcare Costs on Retirement Planning

Nearly all financial professionals have noticed changes in their practice and attribute them to the Peak 65™. Most are impacted by the surge of clients moving toward their retirement years.

Changes in Practice Due to Peak 65™

Multiple responses accepted

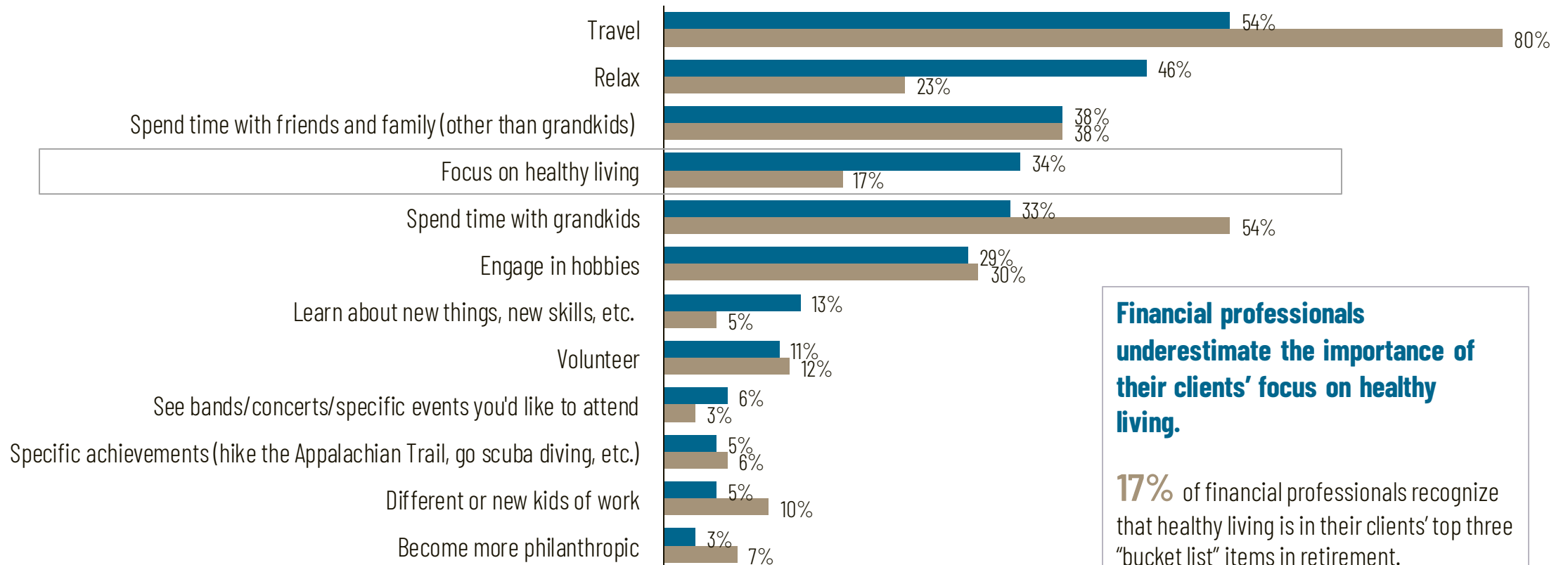


81% Conversations on Life Circumstances
retirement income, healthcare, Medicare, long-term care, Social Security

1 in 3 Americans say focusing on healthy living is one of their top “bucket list” items in retirement.

Top 3 Things on Bucket List Consumers vs. Financial Professionals

Multiple responses accepted



Financial professionals underestimate the importance of their clients' focus on healthy living.

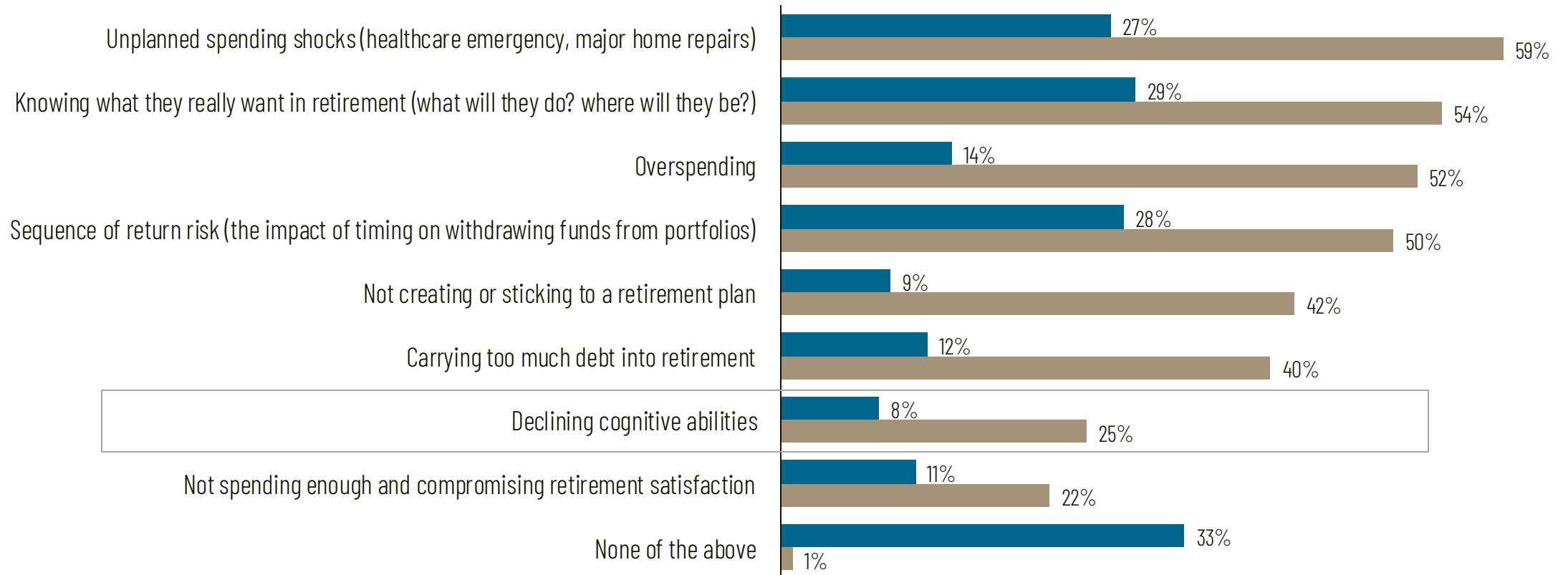
17% of financial professionals recognize that healthy living is in their clients' top three "bucket list" items in retirement.

Impact of Financial Professionals **Who Discuss Health Needs**

Only 1 in 4 financial professionals talk with their retired or soon-to-be retired clients about declining cognitive abilities.

Risks Regularly Discussed with Retired Clients or Those Who Plan to Retire in 5 Years Consumers with a Financial Professional vs. Financial Professionals

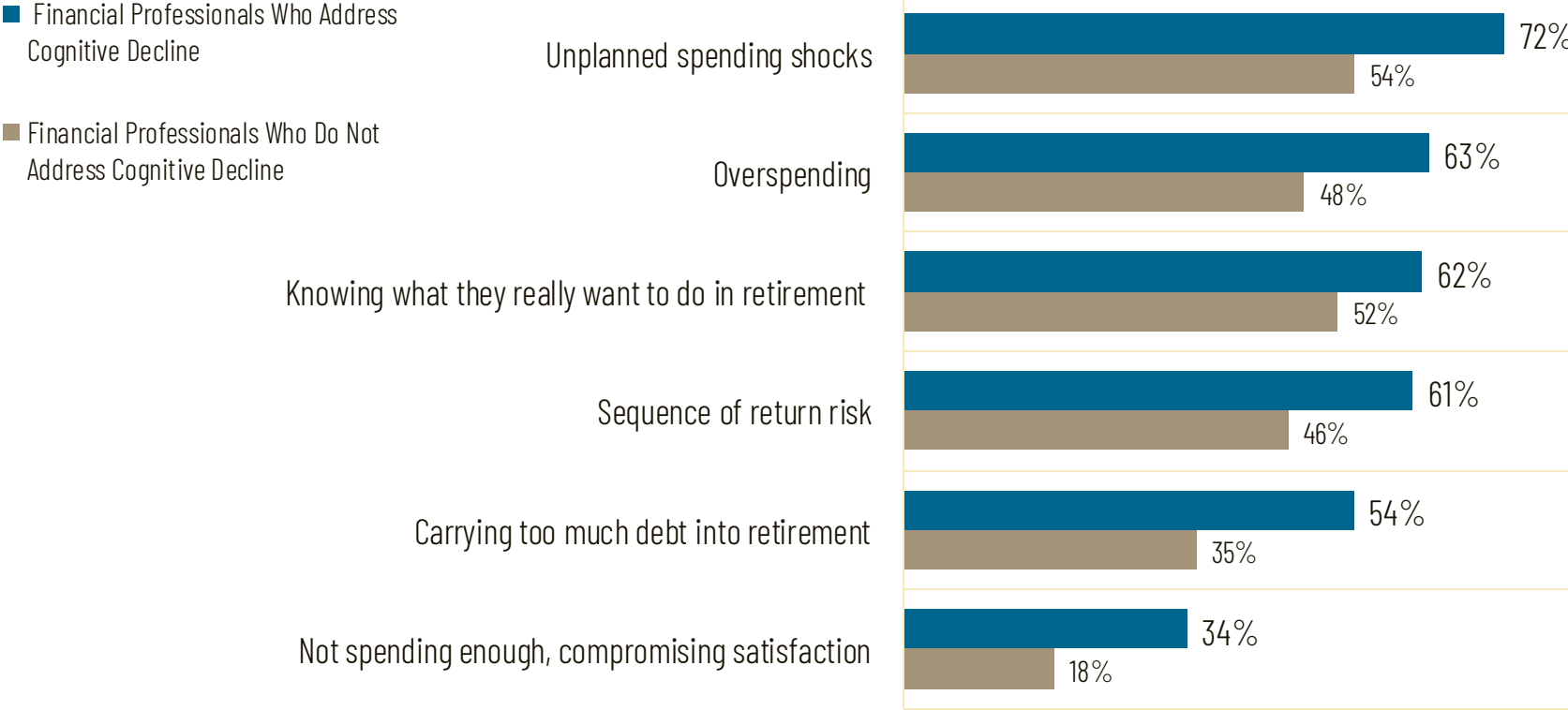
Multiple responses accepted



Financial professionals who discuss declining cognitive abilities are also more likely to talk about other risks.

Risks Regularly Discussed with Financial Professionals by Retired Clients or Those Who Plan to Retire in 5 Years

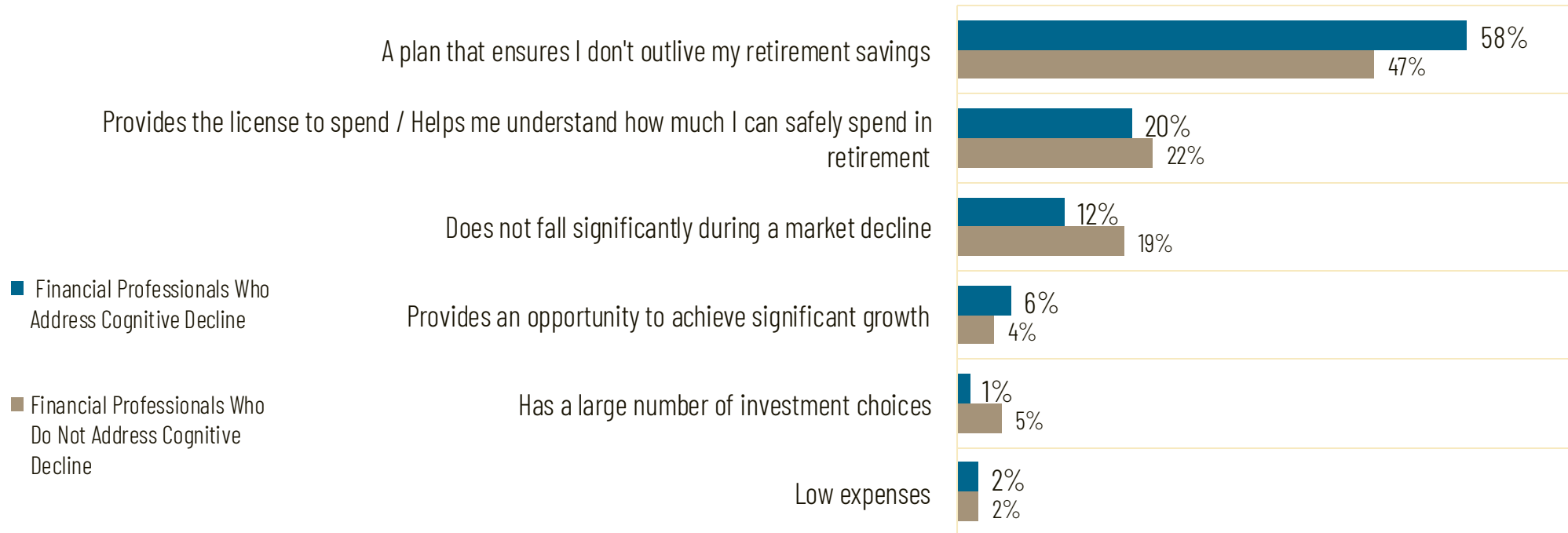
Multiple responses accepted



BASE: FINANCIAL PROFESSIONALS WHO DISCUSS COGNITIVE DECLINE (N=131), DON'T DISCUSS COGNITIVE DECLINE (N=388)
 Q32. Which of these risks do you regularly talk with your clients who are retired or plan to retire in 5 years about?

Financial professionals who discuss cognitive decline recognize that clients most value a plan that ensures they don't outlive their retirement savings.

Clients Most Important Attribute In Retirement Savings Plan



Financial professionals who discuss cognitive decline recognize the importance of protected retirement income.

IMPORTANCE OF PROTECTION IN RETIREMENT INCOME PLANNING

88% of financial professionals who discuss cognitive decline say the concept of protection is important for retirement income

VS.

79% of financial professionals who do not discuss cognitive decline say the concept of protection is important for retirement income

Nearly 2 in 3 financial professionals who discuss cognitive decline have a positive perception of annuities.



Sentiments on Annuities	Financial Professionals Who Discuss Cognitive Decline	Financial Professionals Who Do Not Discuss Cognitive Decline
Have a positive perception of annuities	65%	48%
Are very knowledgeable about annuities	72%	62%
Are knowledgeable about annuities that provide guaranteed lifetime income	71%	61%
Think the average client is very interested in purchasing annuities that provide guaranteed lifetime income	27%	16%
Often or always recommends an annuity to clients over age 45 as part of their retirement/financial plan	41%	31%

BASE: FINANCIAL PROFESSIONALS WHO DISCUSS COGNITIVE DECLINE (N=131), DON'T DISCUSS COGNITIVE DECLINE (N=388)

Q44: What is your overall perception of annuities?

Q46: How knowledgeable are you about annuities?

Q47: How knowledgeable are you about annuities that provide guaranteed lifetime income?

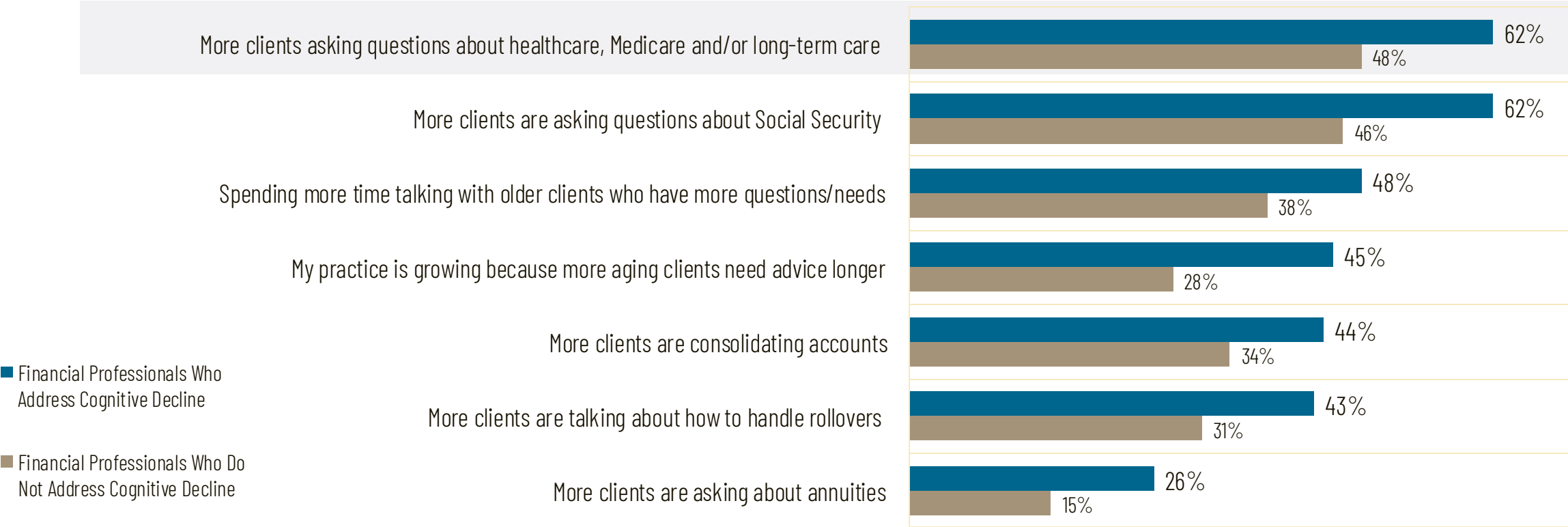
Q48: In your experience, how interested is your average client in purchasing annuities that provide guaranteed lifetime income?

Q49: When talking with clients over the age of 45, how often do you consider recommending an annuity as part of their retirement/financial plan?

Financial professionals who discuss cognitive decline are also more likely to recognize Peak 65 changes to retirement planning.

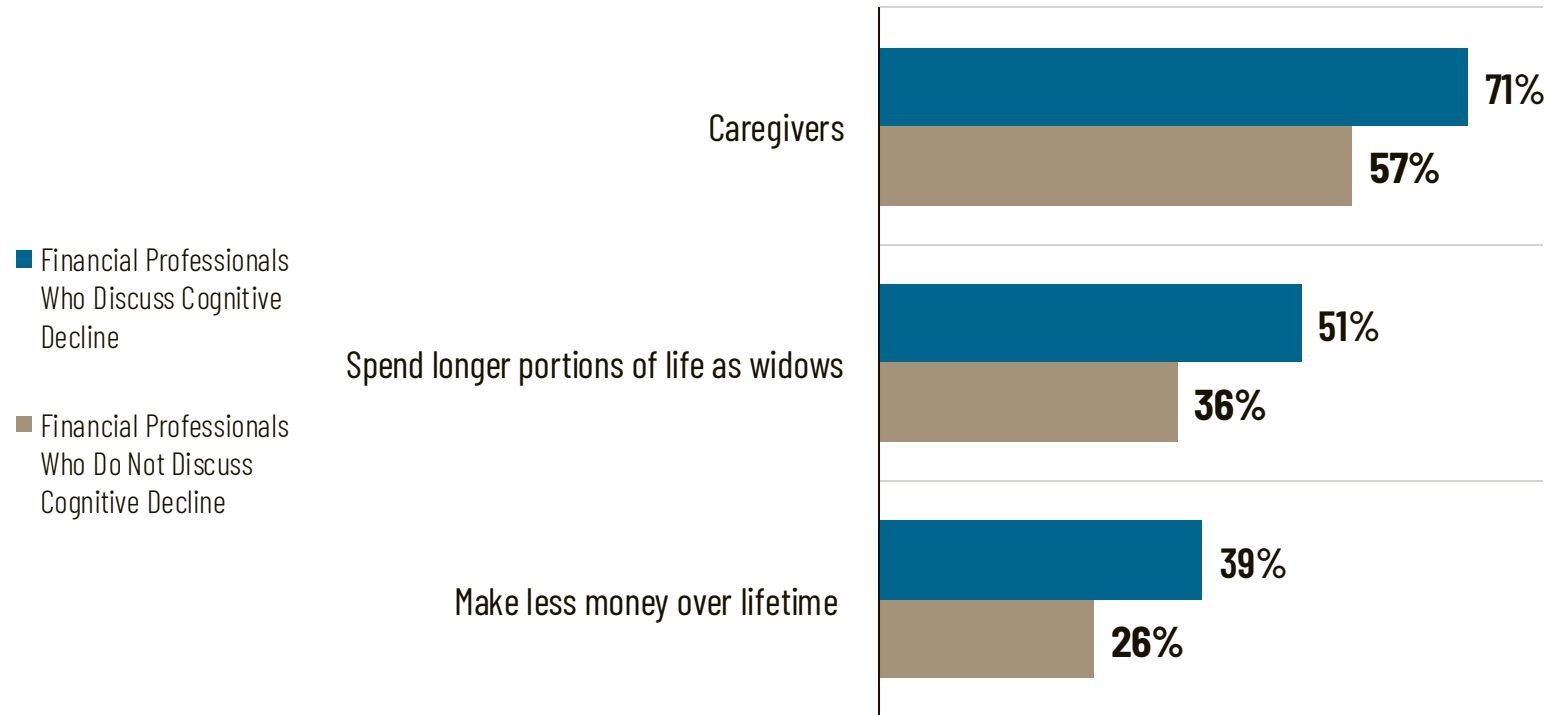
Changes in Practice Due to Peak 65™ Noticed by Financial Professionals

Multiple responses accepted



Financial professionals who discuss cognitive decline are also more likely to identify unique challenges women face.

Unique Challenges Women Face In Retirement



Financial professionals who discuss declining cognitive abilities are more likely to specialize in long-term care planning.

47%

**of financial professionals
who discuss cognitive
decline**

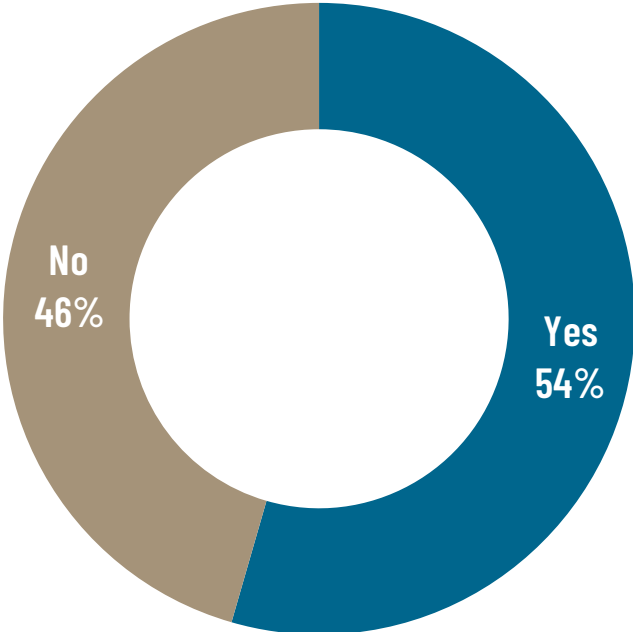
VS.

31%

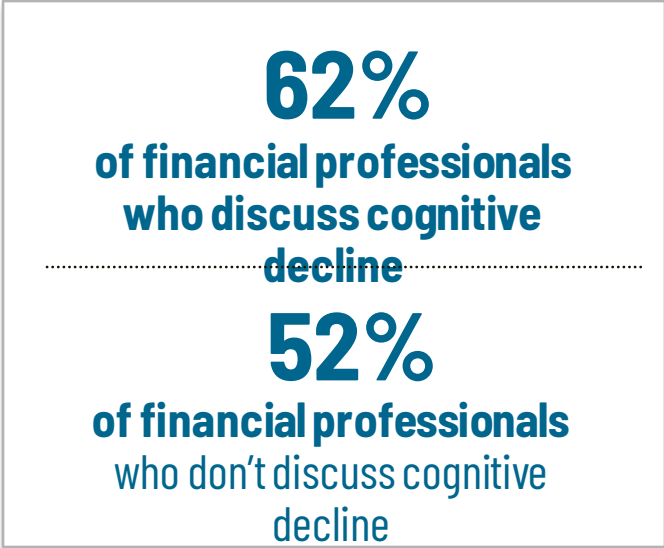
**of financial professionals
who don't discuss cognitive
decline**

More than half of financial professionals believe their clients could spend more money if they added an annuity to their plan.

Believe Clients Could Spend More Money if They Added an Annuity to Retirement Income Plan



Financial Professionals Who Discuss Health Needs Recognize the Importance of Adding An Annuity to a Retirement Plan



Financial professionals who discuss cognitive decline see positive changes in relationships with clients who have purchased on annuity.

BASE: FINANCIAL PROFESSIONALS (N=519)

Q55. What changes have you noticed in your relationships with clients after they have purchased an annuity? Select all that apply.

Change in Relationships with Clients After They Have Purchased an Annuity Among Financial Professionals Who Address Cognitive Decline

Multiple responses accepted



My clients with annuities are **less stressed** about market fluctuations

61%



Clients with annuities are **satisfied** with their purchase

50%



I have **stronger relationships** with the client(s)

36%



The annuity purchase **brought in more assets** to my practice

22%



Annuity purchases have led to an **increase in referrals**

17%

Recommendations

Recommendations to: Financial Professionals



Strengthen your relationship with clients by addressing health to better support them and their families long term.

- Remind your clients that health and cognitive decline effects everybody, but there are ways to prepare.
- Help your clients understand that many people have to retire because of their health or that of a loved one.
- Talk with your clients about how important it is to organize their financial accounts.
- Encourage your clients to have a team to help them through this process.
- Encourage your clients to identify and give someone they trust access to their information, hard assets or other personal property, when needed.
- Remember to discuss longevity planning with younger clients as well.
 - The typical client in their 30's and 40's today can expect to live well past the traditional retirement age of 65.
 - Most younger adults will need to assume caregiving responsibilities for a loved one at some point in the future.
 - Future shortages loom in both health care ([HRSA](#)) and senior living residences ([American Health Care Association](#)).

Recommendations to: Consumers



Health and cognitive decline happen. If you prepare early and have a plan in place, you can better protect your and your family's financial future.

- Your retirement will likely be long – 20 years or more – and your ability to make sound financial and other decisions on your own will decline as you age.
- Know the signs of Alzheimer's Disease and dementia. [Visit the Alzheimer's Association for early signs.](#)
- [Have a plan](#) beyond savings and investment planning, including health risk mitigation, health costs, long-term care costs, caregiving expenses and more.
- Organize your essential documents (power of attorney, health care proxy, living will, beneficiary designations, etc.).
- Have a team of trusted family, friends, and professionals who can help you with safe financial decision-making.
- Talk to your financial advisor about protected income options, like an annuity, to lower your risk and help put your finances on autopilot as you age. Visit [protectedincome.org](#).

Recommendations to: Caregivers



As you support your loved ones, make sure to organize and prepare for your financial future and overall well-being too.

- Stay in regular contact with older loved ones, check on their overall well-being, physical and financial health.
- Help loved ones establish a plan, beyond saving and investing, to address future health costs as well as long-term planning needs. Ask about a power of attorney, living will and other documents they need to have in order.
- Ask about their support system – financial professionals, health care team, family members – or help them make one.
- Help your loved one automate their finances to avoid over or underpaying, save money and more. Visit [Carefull](#).
- Explore protected income options to prevent them from running out of money. Visit [protectedincome.org](#).
- Be careful to protect your own physical and financial well-being while caring for others.
 - [70% of caregivers provide direct financial support](#). Establish your own team to prepare for retirement, health costs, long-term care needs and other events.
 - Take care of your own mental, emotional and physical health as much as possible while caregiving. [Access caregiver resources](#).

Supporting Research

Supporting Research:

Aging & Health

Chronic Conditions

- Almost 95% of people 65 or older have at least one chronic condition, like heart disease, diabetes or Alzheimer's Disease ([National Council on Aging](#))

Cognitive Decline & Dementia

- Many people begin to notice changes in memory by around age 50. ([Harvard Health Publishing](#))
- Nearly 11% of Americans 65 and older have Alzheimer's Disease ([Alzheimer's Association](#)) and up to 18% of people 60 and older live with Mild Cognitive Impairment ([Alzheimer's Association](#))
- Around half of all nursing home residents live with Alzheimer's or other dementias ([Alzheimer's Association](#))

Financial Management & Literacy

- According to studies, the peak age of financial decision-making occurs at around age 53. ([Brookings Institution](#) study, as quoted in [Alliance for Lifetime Income Retirement Income Institute report](#))
- Older adults with dementia exhibit financial symptoms up to six years before diagnosis – and for many people, payment delinquency is often the first sign ([Johns Hopkins Bloomberg School of Public Health](#))



Supporting Research:

Aging & Health

Long-term Care and Planning

- 69% of adults are expected to need at least 3 years of long-term care ([U.S. Dept. of Health & Human Services](#))
- 89% of Americans over 55 want to age in place, but only 34% currently believe they will be able to prepare their home to support future health issues ([Today's Homeowner](#))
- Only 34% of adults in the US have a will and 2 out of 3 Americans (66%) do not have any type of estate planning document ([Caring.com](#), 2023)

Cost of Elder Care

- The cost of elder care is rising rapidly – July had the largest single-month increase in the price of nursing homes and adult day services since 1997 ([U.S. Bureau of Labor Statistics](#))
- 67% of bankruptcies in U.S. are caused by the inability to pay medical bills ([American Journal of Public Health](#))

Caregivers

- 92% of caregivers say they are financial caregivers – of these, 88% act as financial coordinators (i.e., help with paying bills, managing investments, etc.) and 68% provide direct financial support ([Merrill Lynch study](#))



APPENDIX

Methodology



CONSUMERS

- This online survey of 2,507 Consumers includes 2,000 Consumers and an oversample of 507 respondents ages 61 to 65. The study was conducted by Artemis Strategy Group March 1 to 31, 2023. Respondents include people ages 45 to 75.
- Data is weighted to align with the population on age, income by gender, race/Hispanic ethnicity, region, work and retirement status, assets, and education. The oversample of ages 61 to 65 is weighted down to reflect their proportion in the population.

Methodology



FINANCIAL PROFESSIONALS

- This online survey of 519 financial professionals was conducted by Artemis Strategy Group February 27 to March 7, 2023, and represents major segments of professionals: *(Unweighted n's)*
 - **RIA:** Registered investment advisor (n=136)
 - **IBD:** Independent broker-dealer (n=136)
 - **Nat BD:** National wirehouse or full-service broker-dealers (n=122)
 - **Reg BD:** Regional broker-dealers (n=50)
 - **Ins BD:** Insurance broker-dealers (n=51)
 - Bank broker dealers are included in the total but not broken out separately due to the base of N=24, which is too small for a analysis
- Data is weighted on advisor type to match the proportions of the PRIP Spring 2021 study.

Consumer Respondent Profile (n=2,507)



Gender

Male	48%
Female	52%
Other, non-binary/-conforming, prefer not to say	<1%

Age

45-54	37%
55-64	36%
65-75	27%

Region

Northeast	20%
South	35%
Midwest	22%
West	23%

Race/Ethnicity

White/Caucasian	80%
Black/African American	12%
Asian	5%
Amer. Indian / Alaska Native	1%
Other	3%
Hispanic/Latin Origin	13%

Marital Status

Married	57%
Living with partner	6%
Single, never married	13%
Divorced or separated	18%
Widowed	5%

Education

High school or less	38%
Some college/Assoc. degree	32%
College graduate	16%
Graduate school (any)	14%

Current Employment Status

Employed (full or part-time)	51%
Unemployed	7%
Homemaker or other	7%
Retired, but working part-time	3%
Fully retired	32%

Household Income for 2022

Less than \$50K	32%
\$50K < \$100K	29%
\$100K < \$250K	36%
\$250K or more	2%

Household's Total Investable Assets

<\$100K	51%
\$100K < \$150K	11%
\$150K < \$500K	15%
\$500K < \$1M	12%
\$1M < \$2M	7%
\$2M < \$3M	2%
\$3M or more	2%

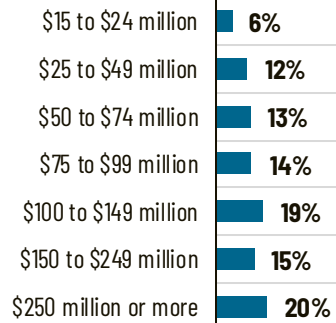
Works with a Financial Professional

Yes	32%
No or Uncertain	68%

Financial Professional Respondent Profile (n=519)

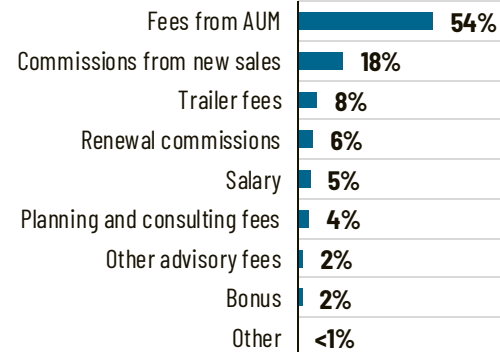


FP's Assets Under Management (AUM)

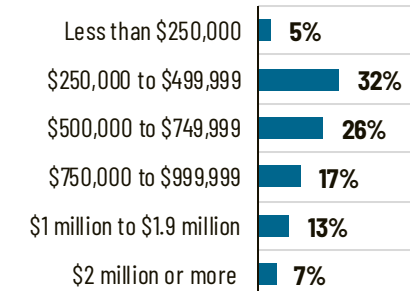


Mean: \$ 149.4 million - Median: \$125 million

Percent of 2021 Cash Compensation of FP by Category

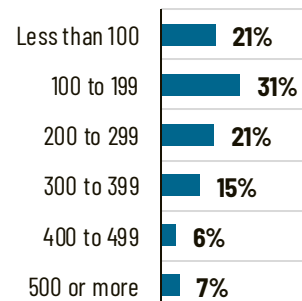


Average HH Investable Asset Level of FP's Clients

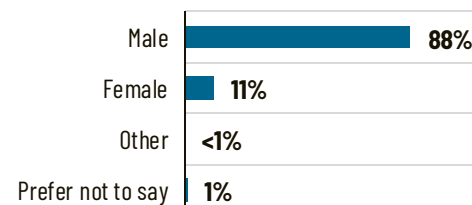


Mean: \$846,100 - Median: \$625,000

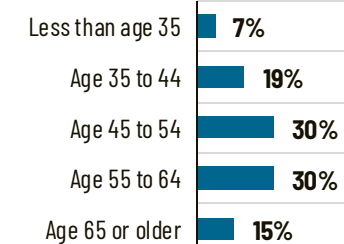
Number of HHs FP Actively Serves (Est.)



FP Gender



FP Age



Mean Age: 52 - Median Age: 53



ABOUT THE ALLIANCE FOR LIFETIME INCOME

A non-profit 501(c)(6) educational organization that creates awareness and educates Americans about the value and importance of having protected income in retirement.



THANK YOU!