Guaranteed Lifetime Income is Highly Valued

According to the 3rd Annual Guaranteed Lifetime Income Study, 61% of consumers age 55-75 see high value in having guaranteed lifetime income to supplement Social Security in retirement. In fact, a similar share – six in 10 – believe financial advisors have a responsibility to present products that offer this benefit to their clients as part of a retirement income strategy.

A significant part of the appeal appears to stem from a strong desire to be protected against investment loss: eight in 10 agree that it is especially important for those over age 50 to have a strategy in place to protect their portfolio.

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**PERCEIVED VALUE OF HAVING GUARANTEED LIFETIME INCOME IN ADDITION TO SOCIAL SECURITY IN RETIREMENT**

- 7 - Extremely valuable
- 6
- 5
- 4 - Somewhat valuable
- 3
- 2
- 1 - Not at all valuable

- 61%
- 41%
- 20%
- 13%
- 16%
- 4%

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**“IT IS ESPECIALLY IMPORTANT FOR PEOPLE OVER AGE 50 TO HAVE A STRATEGY TO PROTECT THEIR PORTFOLIO AGAINST SIGNIFICANT INVESTMENT LOSS”**

- Agree: 81%
- Neither: 15%
- Disagree: 3%
Consumers are especially interested in having this financial protection in place to guarantee that they can cover essential expenses in retirement: six in 10 say it is important to own a product that helps on this front; half see it as important for covering discretionary expenses. This difference makes sense considering that retirees have much more control over their discretionary spending. A majority of consumers also see these products as desirable when they are presented as part of an understandable strategy for managing retirement income.

### IMPORTANT TO OWN A PRODUCT THAT GUARANTEES INCOME FOR LIFE TO COVER:

<table>
<thead>
<tr>
<th>Essential Expenses</th>
<th>Discretionary Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="60% Agree" /></td>
<td><img src="image" alt="51% Agree" /></td>
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### DESIRABILITY OF USING AN ANNUITY THAT GUARANTEES LIFETIME INCOME...

- **Desirable**
- **Neither**
- **Undesirable**

**...as a way of safely increasing the amount of income you can take from your investments each year. It may gain in value when the stock market goes up and has the protection of guaranteeing lifetime income if the market goes down.**

- 14% Desirable
- 29% Neither
- 58% Undesirable

**...in coordination with Social Security benefits and any pension income, to make sure essential expenses are covered for life while you use the money from other investments to pay for discretionary expenses, such as entertainment.**

- 13% Desirable
- 32% Neither
- 55% Undesirable

**...to make sure that specific expenses, such as supplemental health insurance or a mortgage, can be covered every year.**

- 14% Desirable
- 37% Neither
- 49% Undesirable
**Perceived Advantages and Disadvantages**

As mentioned, the financial protection that guaranteed lifetime income products offer is its most salient and valued characteristic. Consumers also see these products as offering peace of mind and making it easier to manage a budget in retirement. In addition, when asked why they made the purchase, those who own guaranteed lifetime income products most often cite the importance of having the guarantee as well as the security and dependability they offer. Few consumers consider how these products might offer additional benefits to a portfolio, such as helping to diversify and allowing one to take more risk with other assets.

In terms of perceived disadvantages, the complexity and cost of the products rise to the top of the list. That said, only a quarter strongly agree with these disadvantages (and only a third strongly agree with the top advantages), indicating that familiarity may be more of an issue than specifics about the products.
Familiarity and Knowledge

Despite a clear desire among older consumers to have a strategy to protect against running out of money in retirement or the possibility of significant investment loss, less than a quarter of consumers surveyed feel highly knowledgeable about what investments to buy in order to achieve their goals and only 18% are confident in how to actually protect themselves against loss.

Similarly, the study found that despite a high level of consumer interest, very few people own financial products that provide guaranteed lifetime income. Even familiarity with these financial products is low: only a third of consumers are highly familiar with annuities in general, and even fewer are familiar with annuity products that guarantee income for life. Even among those who own an annuity, only about half (53%) say they have high familiarity with annuity products in general.
How much money you can withdraw from your assets each year and still have enough to last you through retirement

The best strategy for withdrawing income from your assets to support your lifestyle

What investments to buy in order to achieve your goals

How to protect yourself against the possibility of a major drop in the stock market

INVESTMENT KNOWLEDGE (7-PT SCALE)

- High knowledge (6 to 7)
- Some knowledge (3 to 5)
- Low knowledge (1 to 2)

FAMILIARITY WITH FINANCIAL PRODUCTS

HIGHLY FAMILIAR (6-7 ON A 7-PT SCALE)

- Mutual Funds
- Annuities
- Real estate investments
- Fixed Annuities
- Commodities
- Fixed Annuities with Guaranteed Lifetime Withdrawal Benefits
- Variable Annuities
- Variable Annuities with Guaranteed Lifetime Withdrawal Benefits
- Fixed Indexed Annuities with Guaranteed Lifetime Withdrawal Benefits
- Fixed Indexed Annuities
- Deferred Income Annuities
- Immediate Income Annuities
**Consumers Desire Advice on Retirement Income Strategies**

It is this lack of confidence that leads many to want more advice on strategies from their financial advisors: nine in 10 say that advisors should present multiple retirement income strategies and help each client decide what which strategy fits their needs. As mentioned, 61% of consumers actually believe financial advisors have a responsibility to present products that offer this benefit to their clients.

This desire for advice does not appear to be met, however. Currently, a third of those working with an advisor have never discussed these strategies, while only about three in 10 have discussed guaranteed lifetime income products as part of a strategy.

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**“FINANCIAL ADVISORS HAVE A RESPONSIBILITY TO PRESENT FINANCIAL PRODUCTS THAT PROVIDE GUARANTEED LIFETIME INCOME IN RETIREMENT AS AN OPTION TO THEIR CLIENTS.”**

<table>
<thead>
<tr>
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</tr>
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<tbody>
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<td>29%</td>
<td>10%</td>
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**DISCUSSIONS WITH ADVISOR (OF THOSE WHO HAVE AN ADVISOR)**

- Advisor has discussed strategies for drawing income in retirement: 68%
- Advisor mentioned annuity with guaranteed lifetime income as strategy: 28%