

Alliance for
Lifetime
Income

Protected Lifetime Income Index Study – Wave 2

June 2019

Objectives

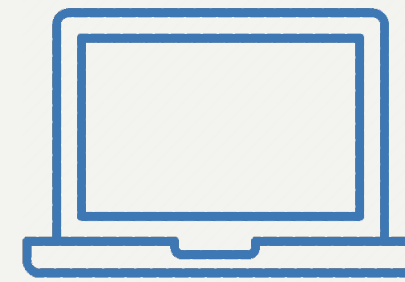


The Alliance for Lifetime Income's Protected Income Index is an ongoing research program that tracks the level of protected/unprotected households in the United States and provides valuable insights into Americans' attitudes and behaviors around retirement-income planning.

Protected lifetime income index study methodology



Participants
N=3,119



Online Quantitative Study
National



Field Dates
May 15 to 30, 2019

General Specifications

1. Age 25 to 74
2. Census balanced on age, gender, income, education, race, Hispanic ethnicity, and region
3. Data was weighted (on age, income, education, race, Hispanic ethnicity, and region)
4. 20% are retired (fully or partially)

Survey conducted by [Artemis Strategy Group](#)

Americans are anxious about the financial aspects of retirement but lag in planning for it.

While many Americans are optimistic and hopeful about their retirement years, most find that anticipating this enjoyable next step in life is overshadowed by concerns about having enough income to last their lifetime.

Americans face a conundrum when it comes to planning for retirement. Many *believe* they can plan, yet fewer actually try to seriously envision life in retirement, or take the actions needed for a successful retirement.

Those who have had more success have made it onto a virtuous cycle of preparation and planning activities.



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Concerns about Financial Aspects of Retirement Include

80% of non-retired Americans are at least somewhat anxious that their savings may not provide them enough to live on in retirement

The #1 question people have as they face retirement:
How much monthly income will I have?

58% of non-retired Americans don't expect their income to last their lifetime.

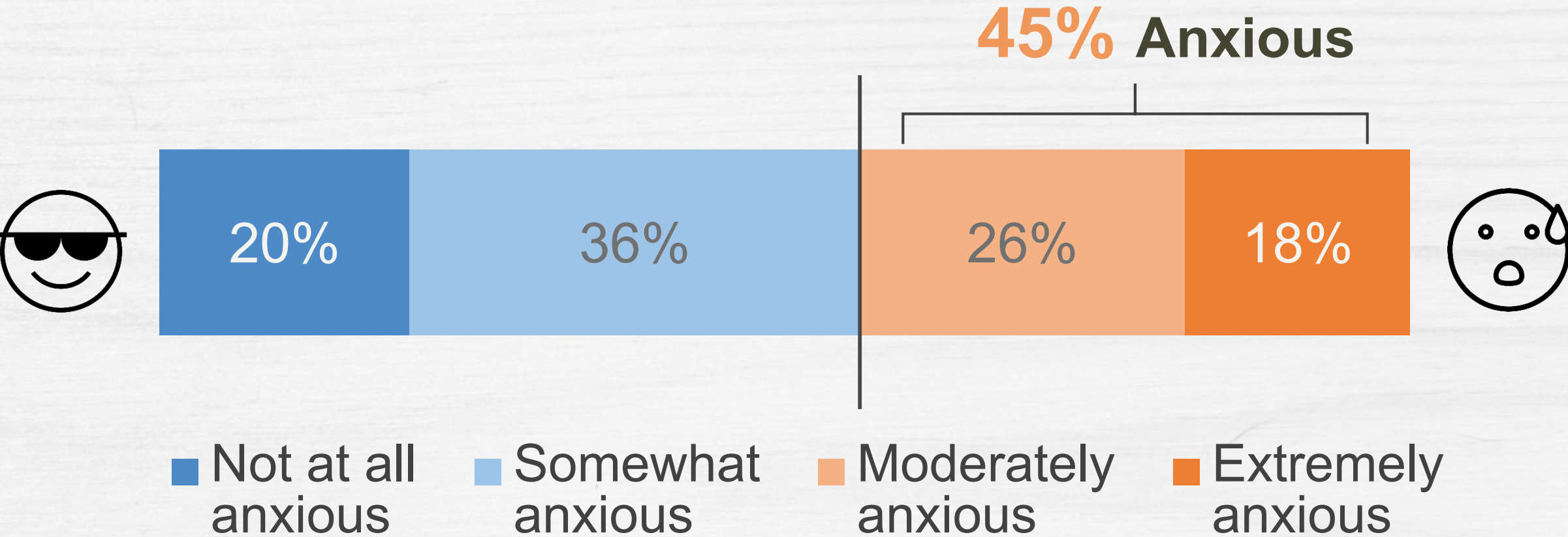
Only three in ten non-retired Americans have a source of protected lifetime income. Those who have it are more confident about their retirement finances.

Financial issues a major retirement concern for many

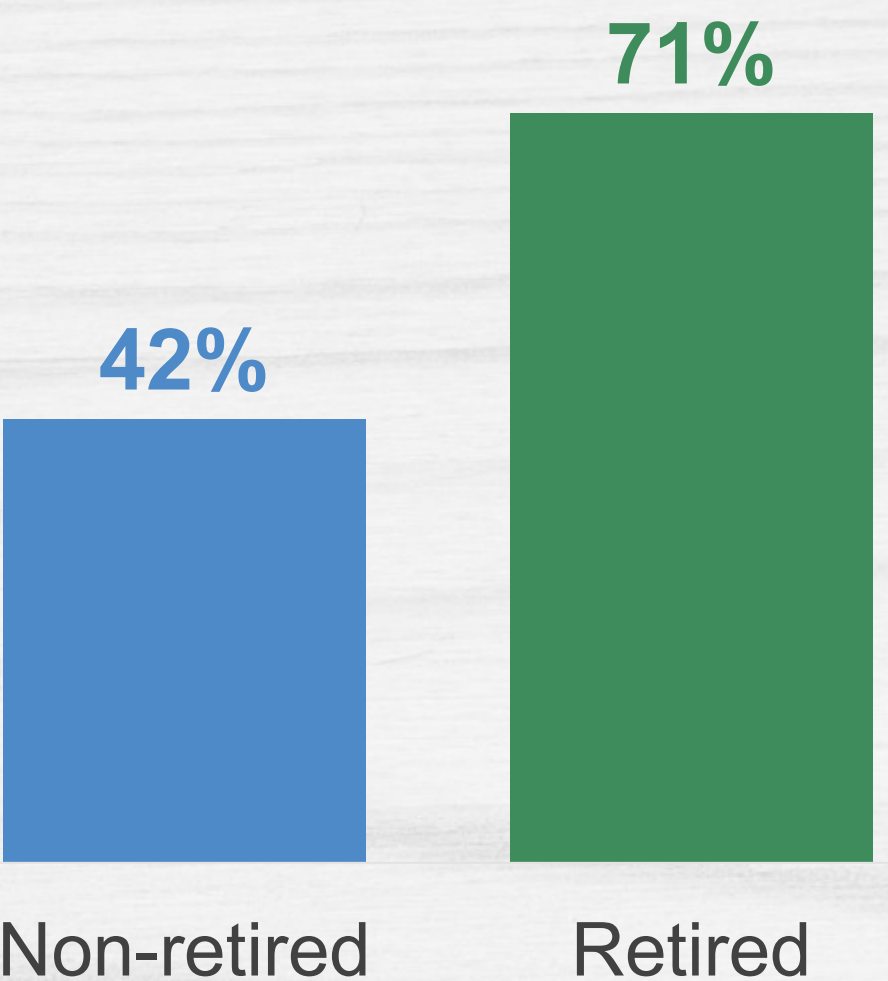
45% of those who are not yet retired are extremely or moderately anxious their savings **may not provide enough to live on** in retirement.

Only four out of ten non-retired Americans expect their retirement savings and sources of income to **last for their lifetime** while 71% who are retired expect their savings and income to last.

How anxious are you that your savings may not provide enough for you to live on in retirement?
(among non-retired)



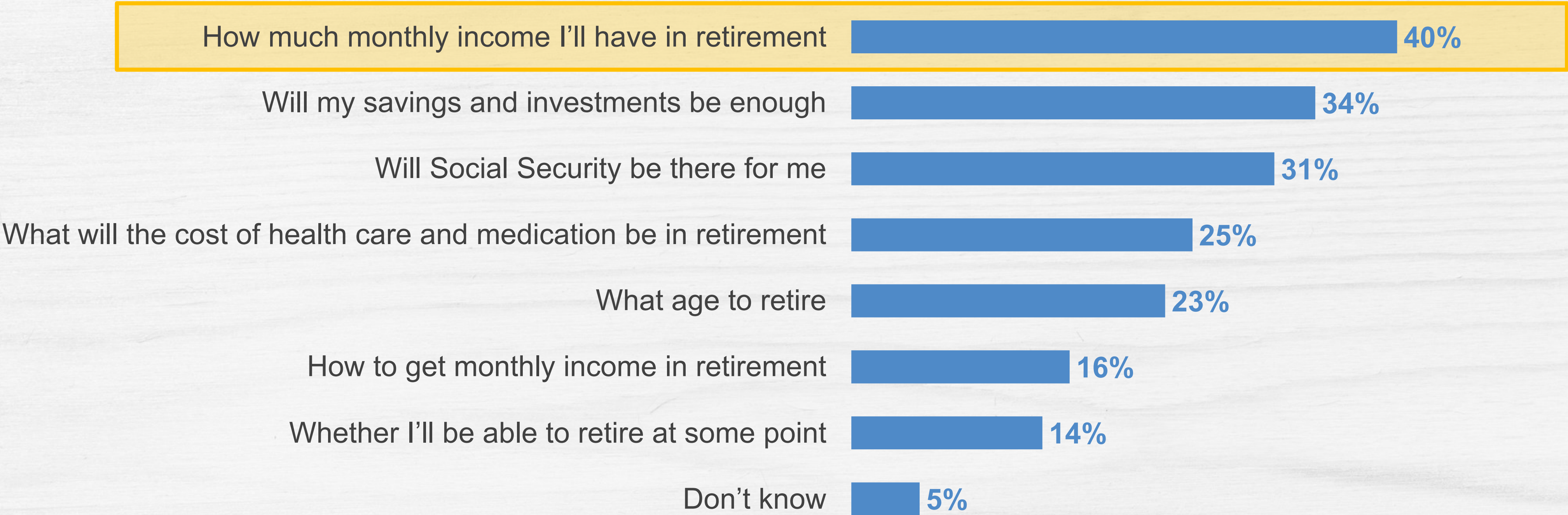
Think retirement savings and sources of income will last for your lifetime:



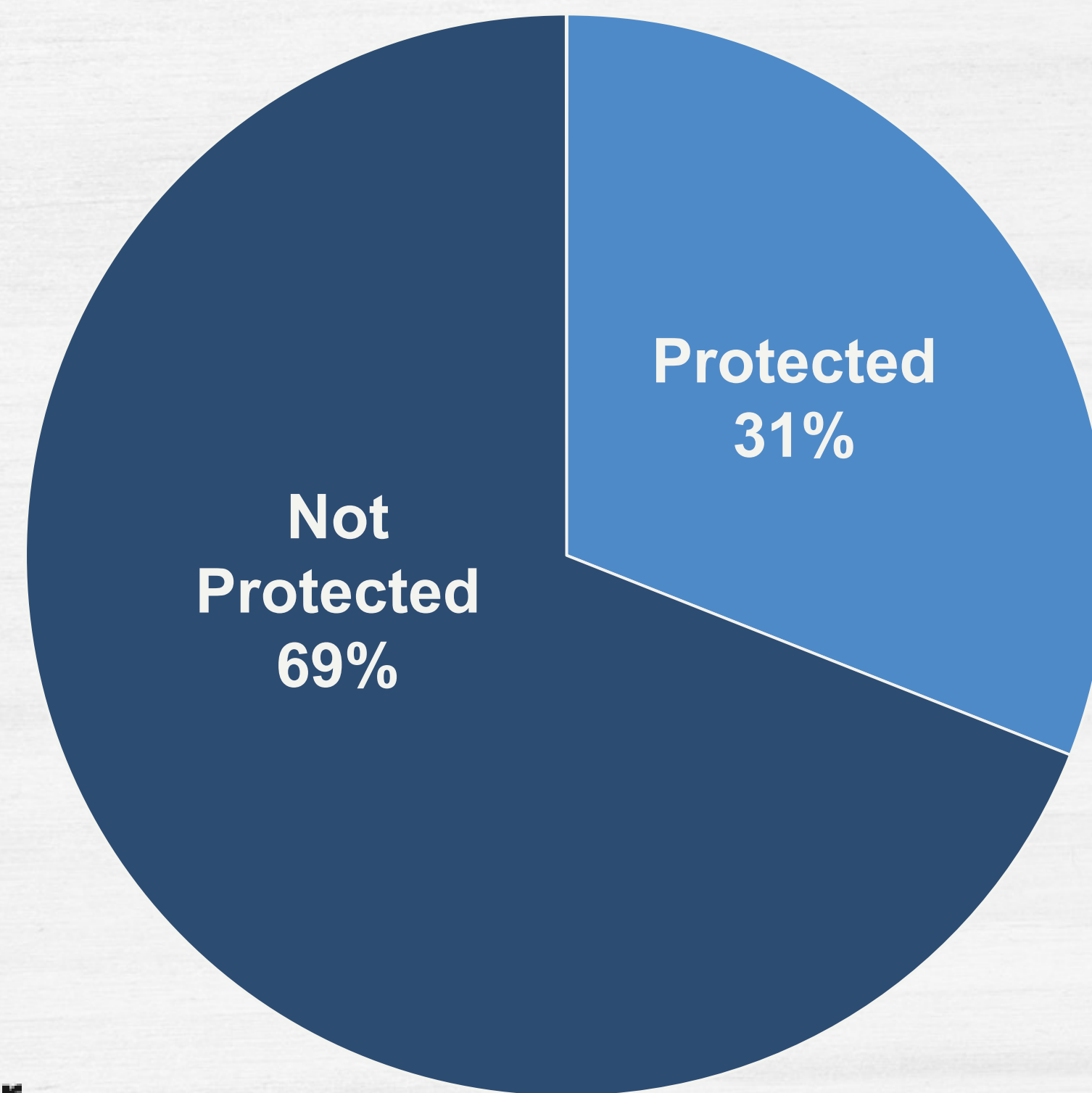
Financial issues dominate questions about retirement.

Monthly retirement income tops the list, followed by *will savings and investments be enough* and what *will the cost of health care and medication be in retirement?*

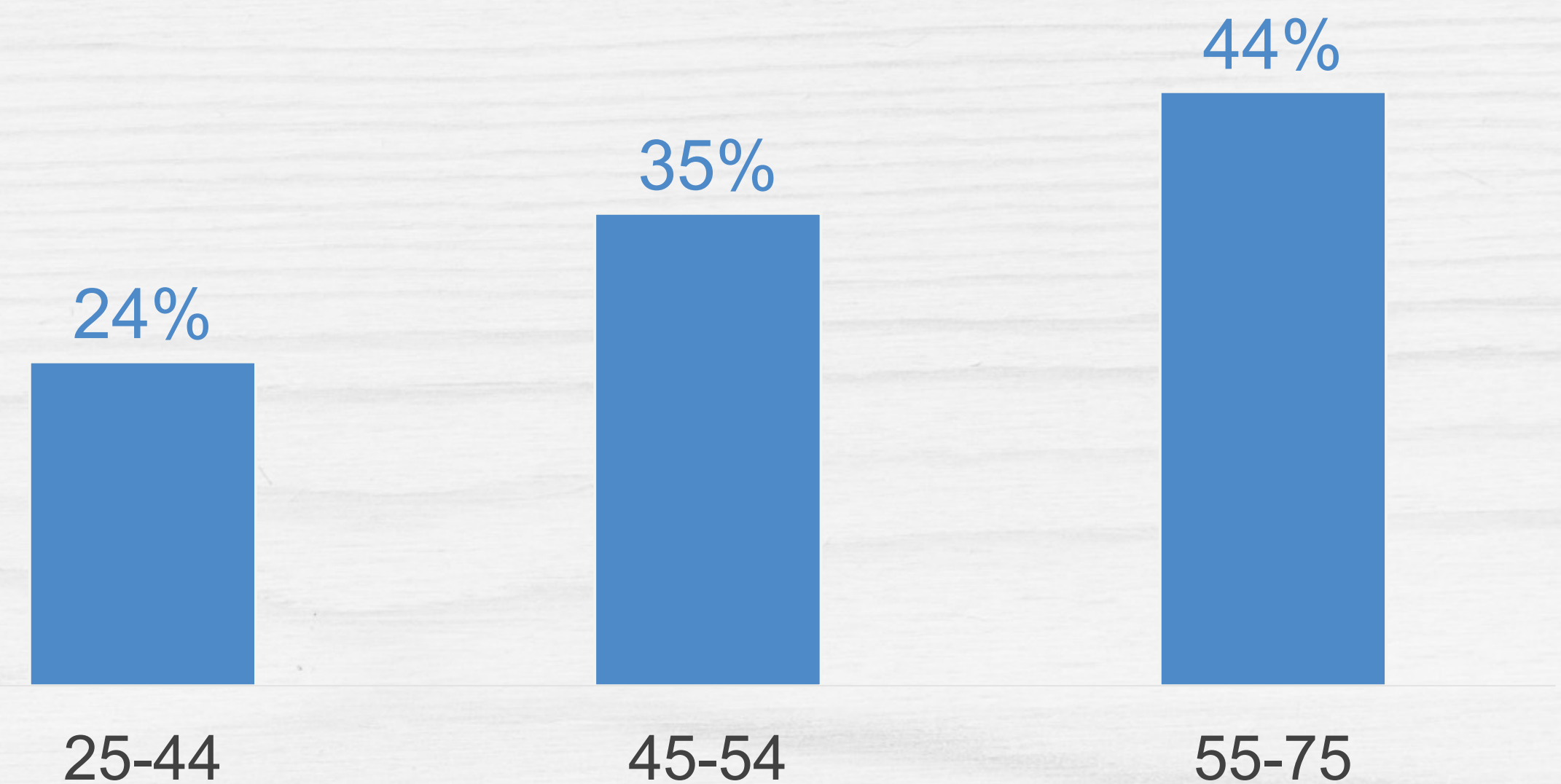
What are the most important questions or decisions you face about retirement?
(among non-retired)



Only three in ten non-retired Americans (31%) have some **protected retirement lifetime income** (pension or annuity).
Among those who are retired 60% are protected.



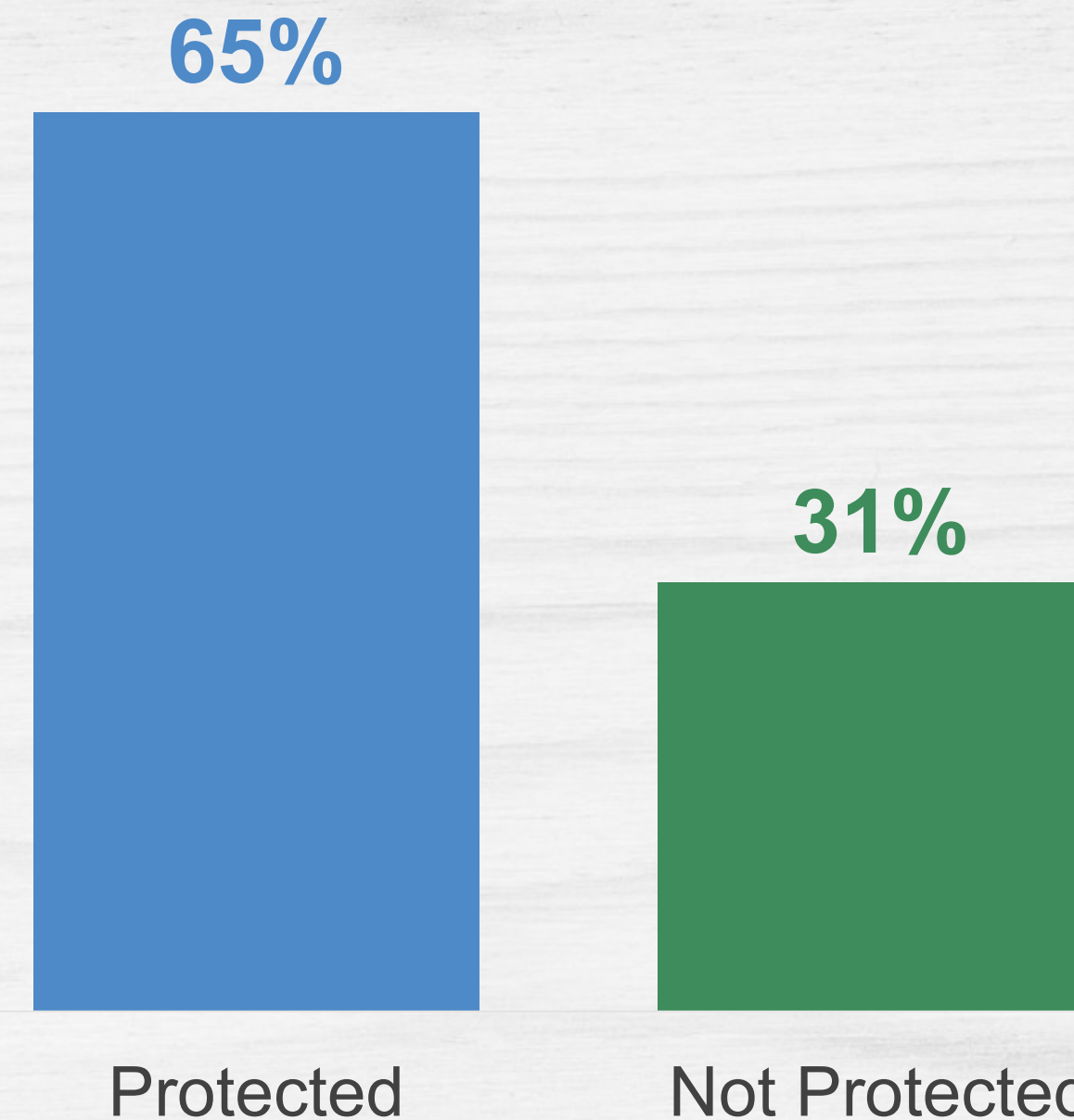
The level of **lifetime income protection** declines precipitously with age
(among non-retired)



Being protected leads to considerable differences in outlook and confidence: Two thirds of protected non-retired Americans think their retirement income will last for their lifetime

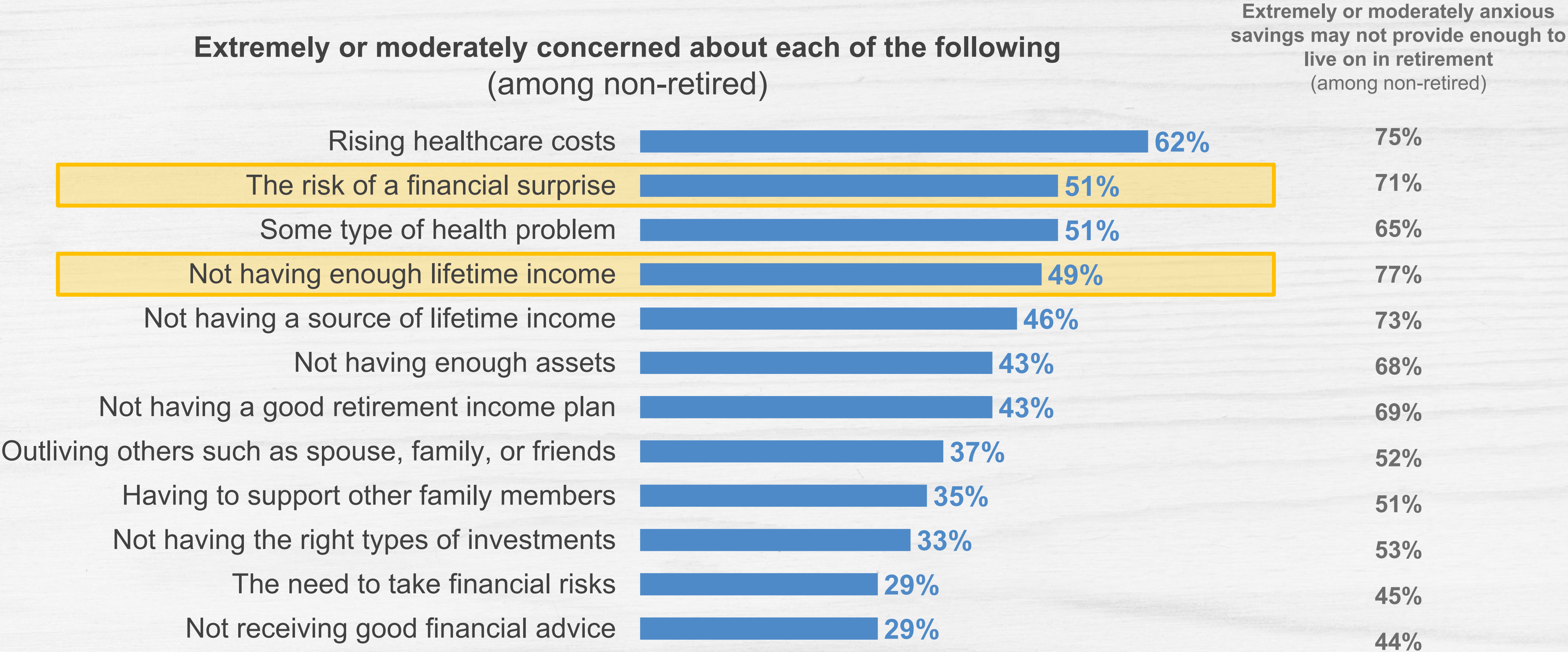
42%
of total non-retired
Americans think their
retirement income will
last their lifetime

**Percent Think Their Retirement Savings and
Sources of Income Will Last for Their Lifetime**
(among non-retired)



Health and health costs are top concerns in retirement.

Two other concerns round out the top four: the risk of financial surprise and not having enough lifetime income.





The Retirement Planning Deficit

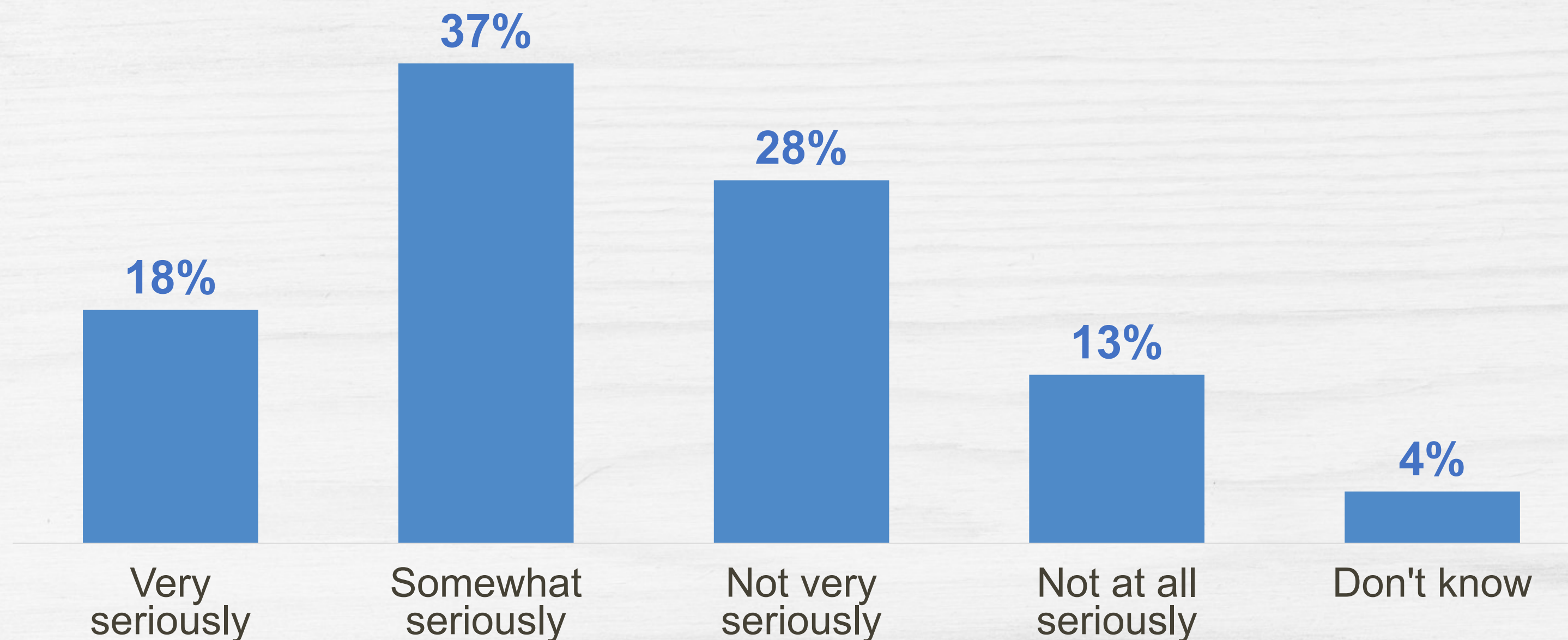
Just one in five Americans have seriously envisioned life in retirement. Of greater concern, only one in five have a specific financial plan that they follow.

Having a financial plan contributes to confidence.

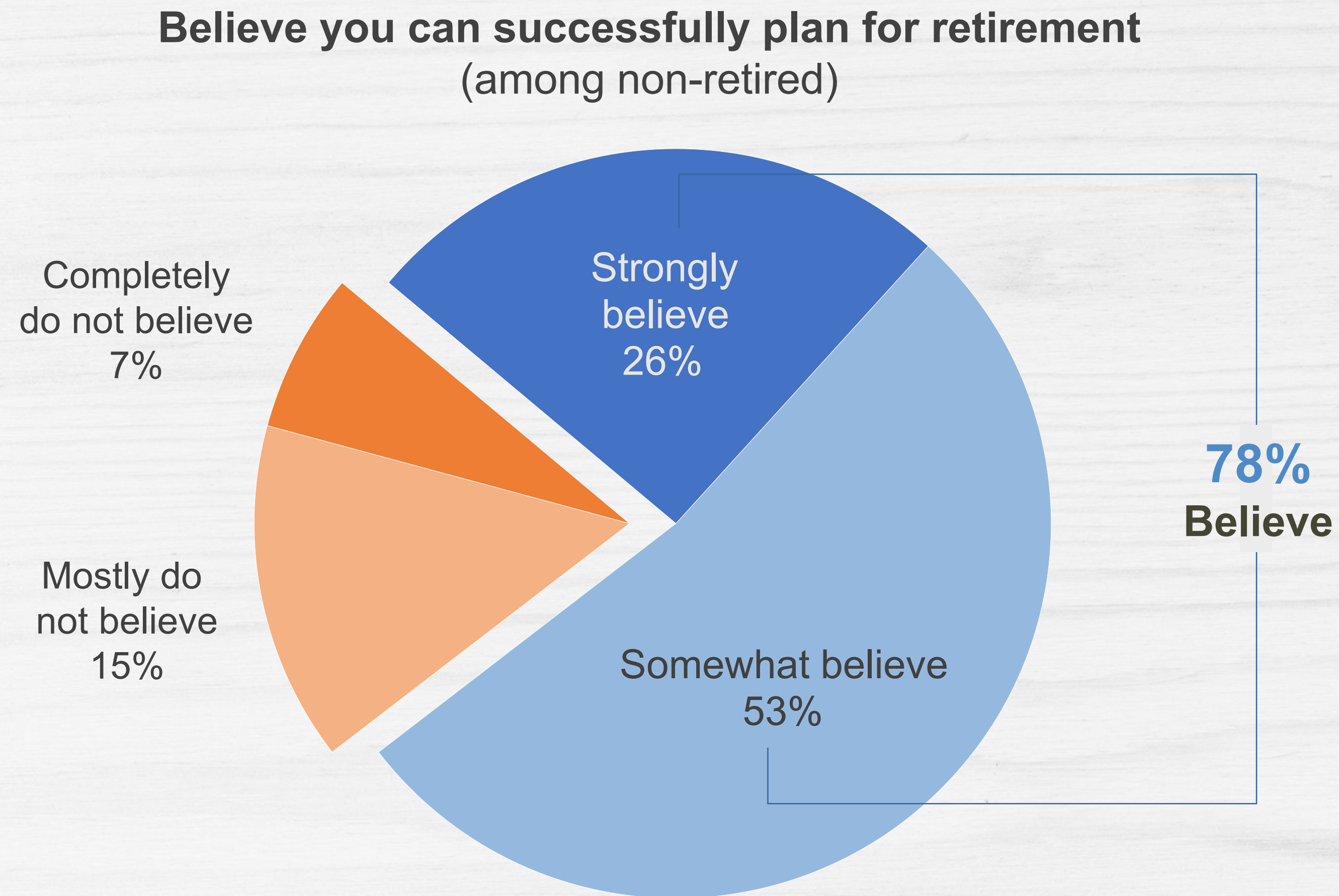
Among not-yet-retired Americans only one in five have *very seriously* envisioned life in retirement – and this does not vary by age.

A third of people very close to retirement haven't given it any serious thought.

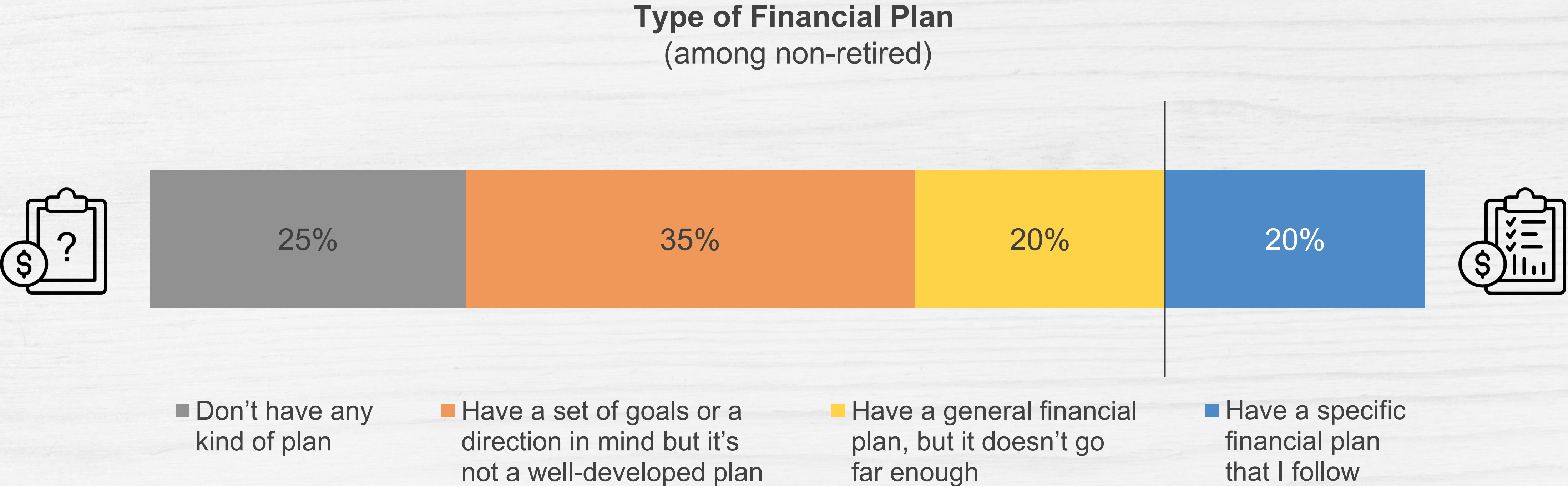
How seriously have you envisioned life in retirement?
(among non-retired)



Eight out of ten non-retired Americans believe they can successfully plan for retirement but only one quarter strongly believe they can.



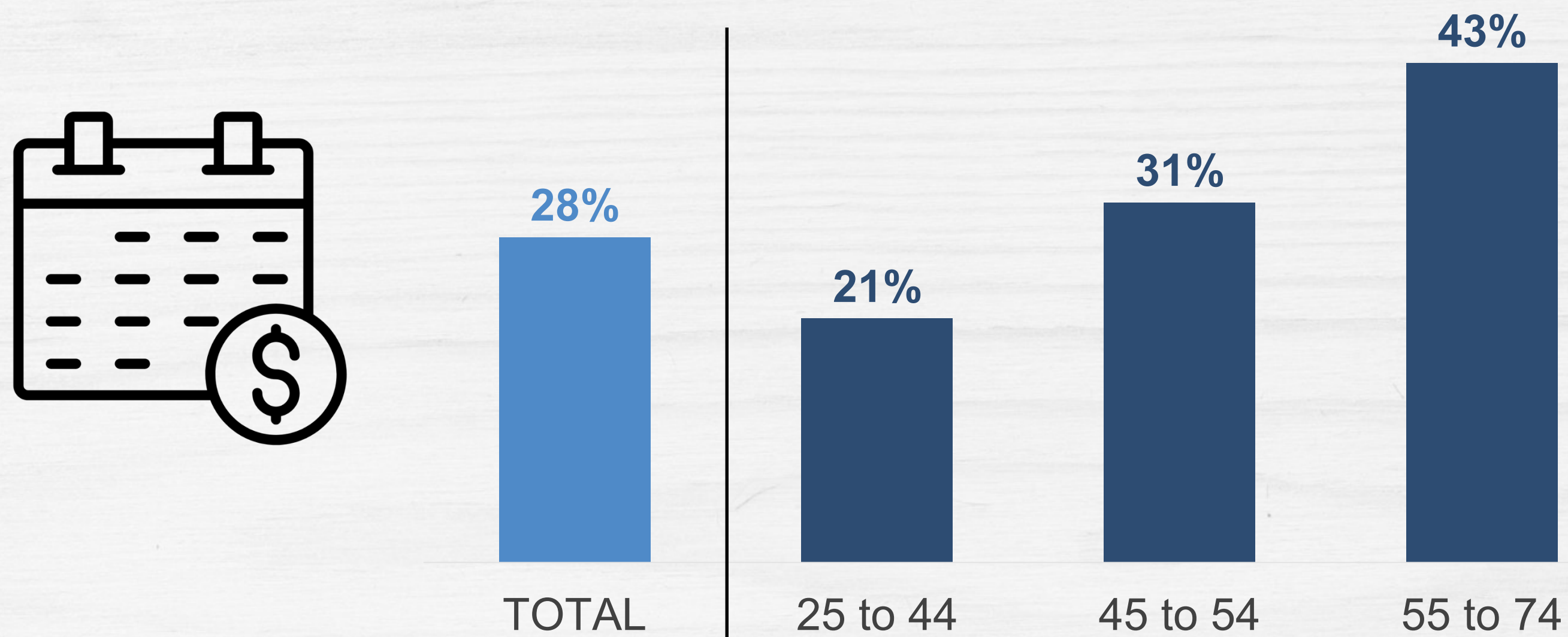
When it comes down to it, eight out of ten do not have a specific financial plan that they follow.



Only 3 in 10 have taken the critical step to calculate monthly financial needs in retirement.

Those closer to retirement are more likely to have calculated expenses in retirement, yet still fewer than half have taken this step.

Calculated the amount of money needed each month to cover expenses in retirement
(among non-retired)





Uncertainty about Next Steps and Barriers to Action

Most believe they are taking some steps to prepare for retirement, but a significant proportion can't name an action they have taken or expect to take.

Money or other financial concerns are prominent barriers for many, but uncertainty and the seeming distance to retirement slow many from acting.

Most people have taken at least some steps to prepare for retirement, though two in ten (21%) cannot think of a thing they've done.

What actions have you taken related to retirement?

- Younger people have focused more on saving-related activities; the older group have taken more steps to think about the when, where and what of retirement.
- Not that many of any group have investigated the planning steps: figuring out a financial plan, speaking with a financial advisor, investigating health costs, researching retirement income options.

What will your next action be related to retirement?



Savings-related actions are priority for 3 in 10

- Saving more: 16%
- Adjust 401k amount: 8%
- Start a new account: 4%



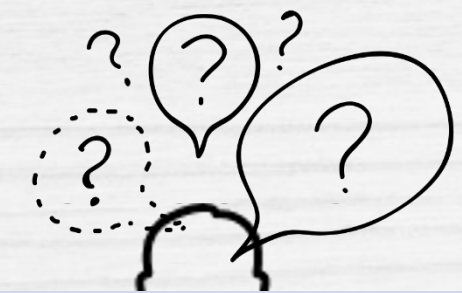
One quarter expect to seek advice or plan

- Talk with FA: 9%
- Research/plan: 6%
- Research retirement income: 5%



Two in ten are planning the when, what, and where

- When to retire: 7%
- What to do: 7%
- Where to live: 6%



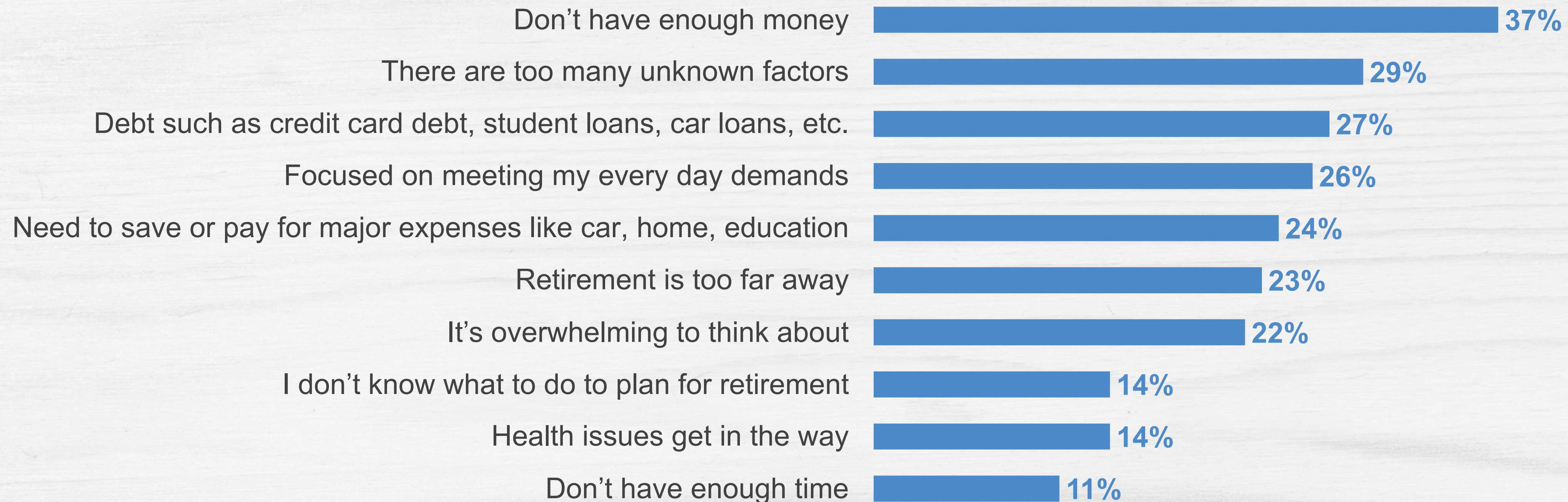
Two in ten don't know their next step related to retirement

What holds people back?

Three big barriers: financial constraints, distance and uncertainties.

One quarter of those age 55 to 74 say health issues get in the way while the younger age group is more likely to say they don't have enough money, need to pay for other expenses, retirement is too far away, don't know what to do, and don't have time.

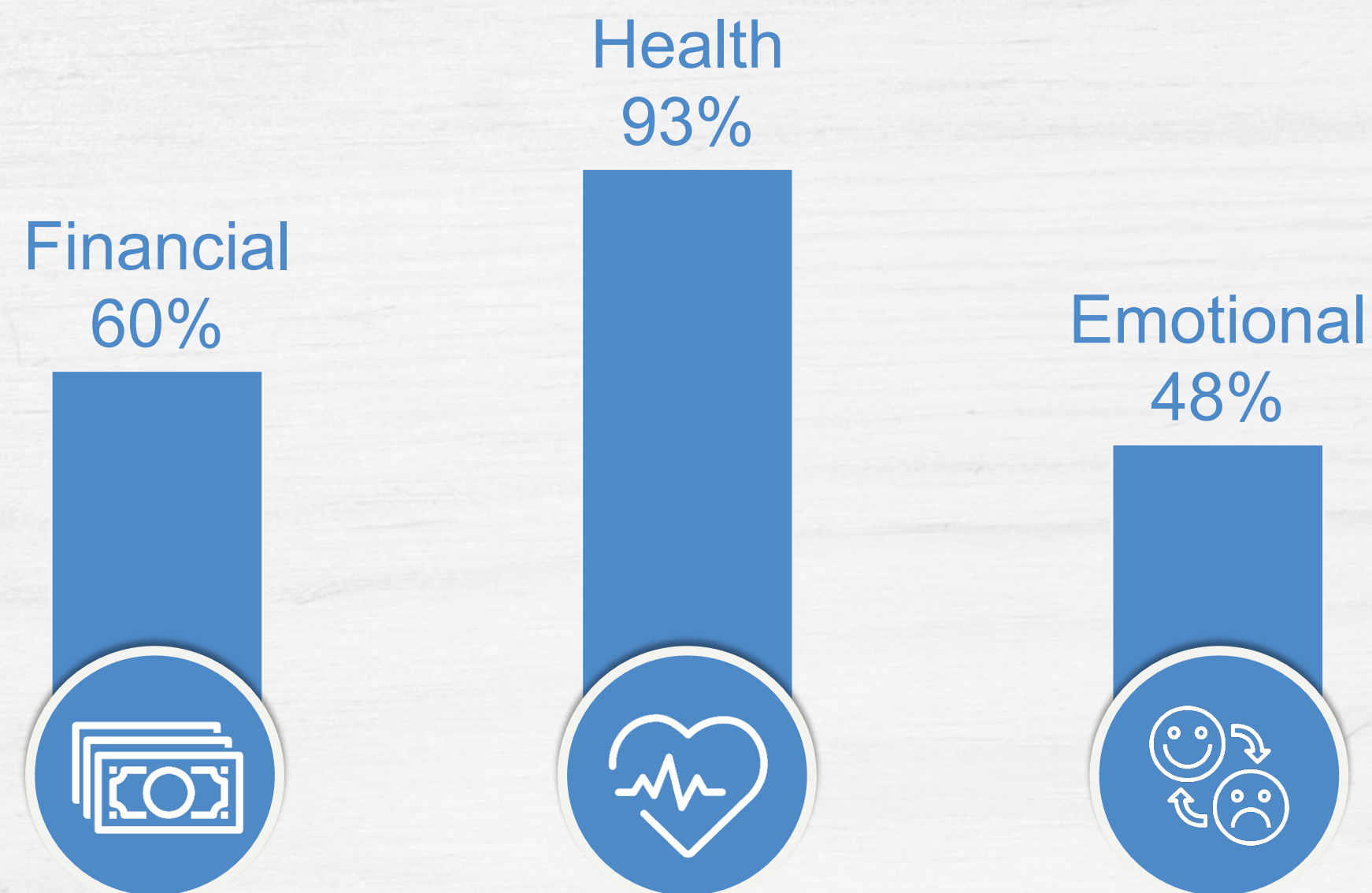
Top three barriers to taking more actions to prepare for retirement (among non-retired)



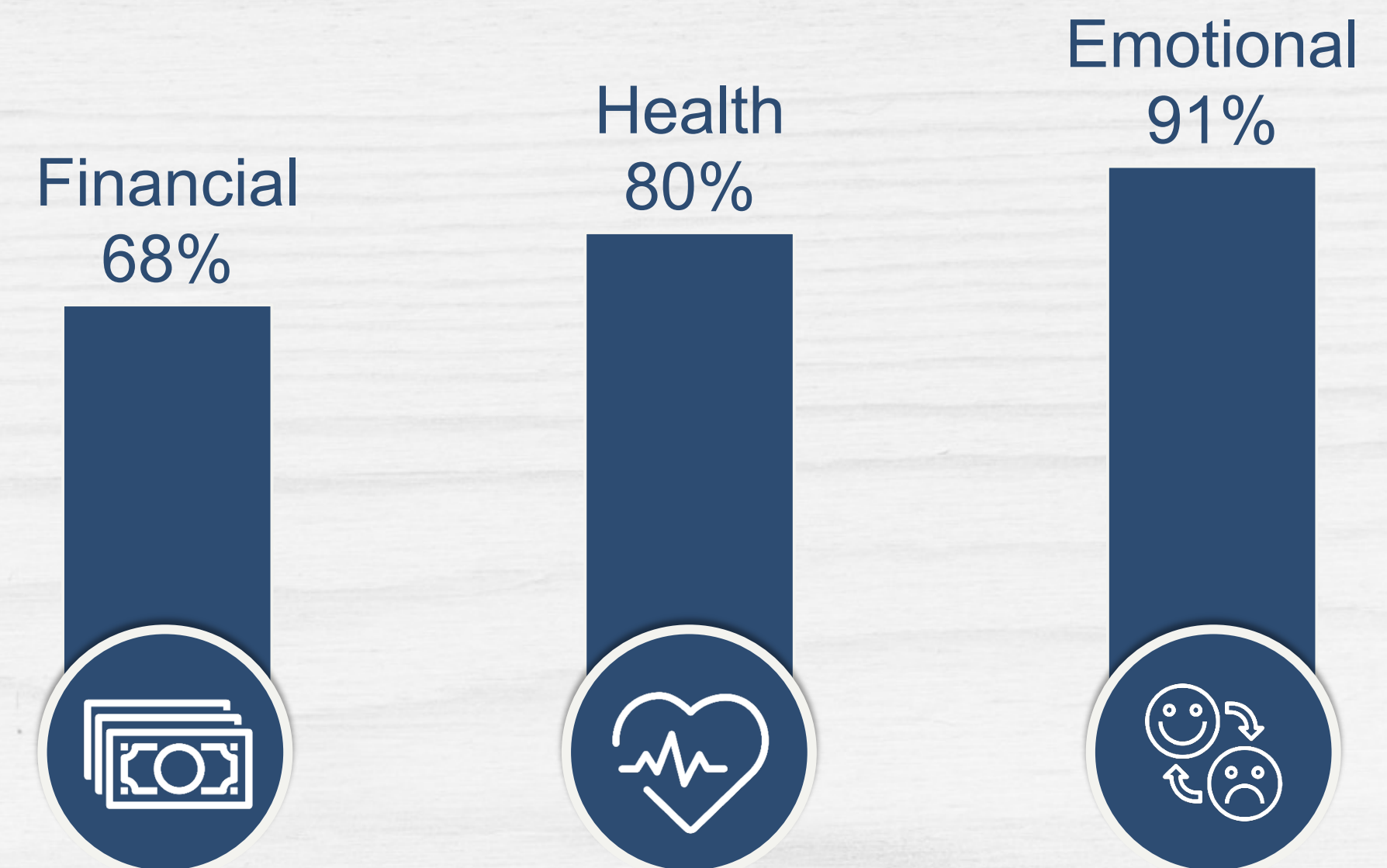
Most Americans have either a family or professional support system in place for important decisions related to their financial, emotional or health related questions.

But significantly fewer have financial support systems than health support systems, either professional or casual.

Have support from **a professional** to offer expertise
(among those non-retired)



Have support from **family or friends** to provide support
(among those non-retired)





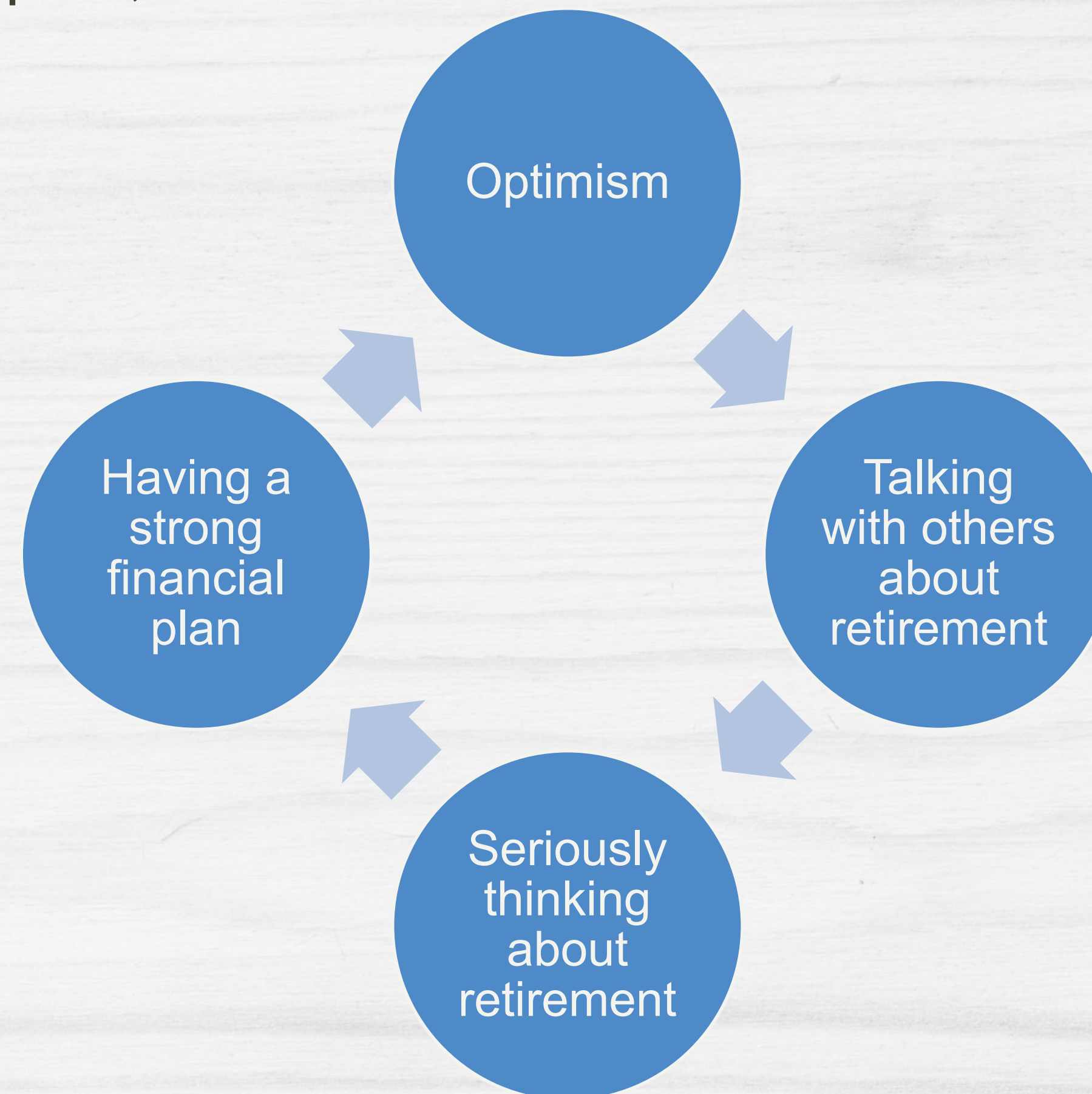
A Good First Step: Talking with Others

Half of non-retired Americans have talked some or more with their spouse/family about retirement.

Those who talk a lot with their spouse or family are much more likely to have a next step in mind.

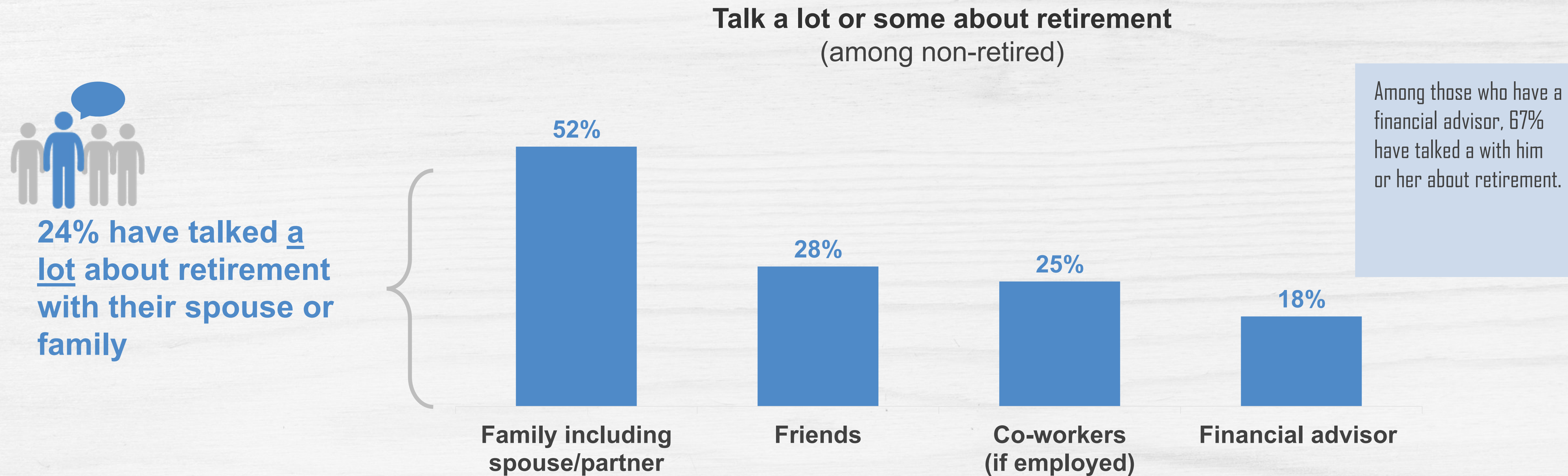
Retirement planning is a virtuous cycle

Those who are optimistic talk with others about planning, they have a strong financial plan, and they think seriously about retirement. Likewise, those who talk with others about retirement are optimistic, have a plan, and so on.



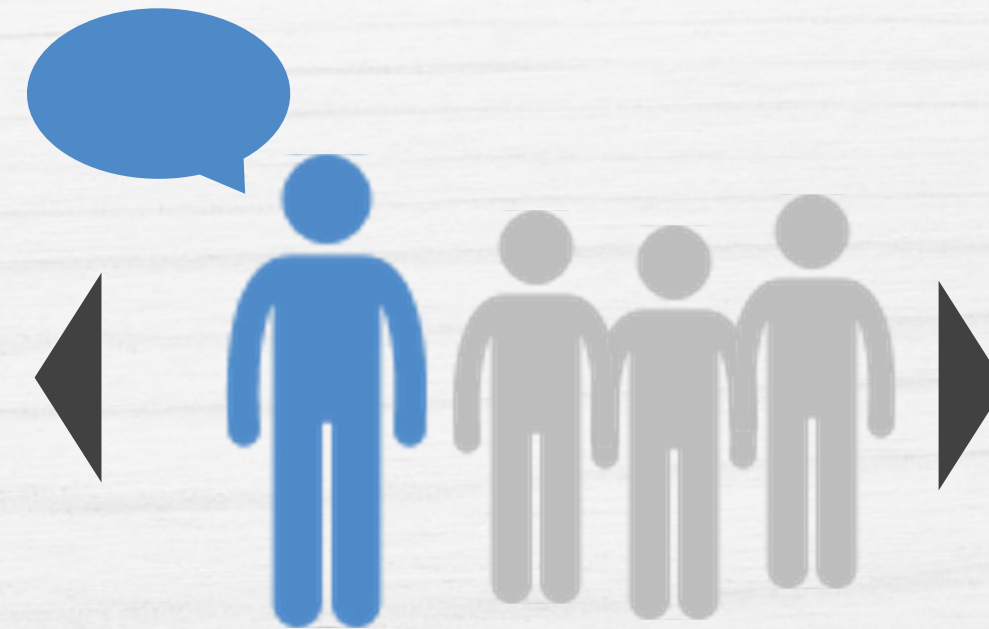
Retirement is a topic of discussion, most often with family.

Among those who have a financial advisor, two-thirds discuss retirement with their advisor some or a lot.



Those who talk *a lot* about retirement with spouse or family have higher expectations.

24% of non-retired Americans have talked a lot about retirement with their spouse or family:



76% of non-retired Americans have not talked a lot about retirement with their spouse or family:

- 85% are married/partnered
- **58% believe their income will last their lifetime**
- **91% believe they can successfully plan for retirement**
- **83% are very/somewhat optimistic** about retirement
- One third (34%) have a **specific financial plan**
- Half (49%) have calculated how much money they will need each month to cover expenses in retirement.
- Are more likely to expect to have **more interests and pursuits**, be more **active physically**, more **healthy**, more **friends**, and **enjoy managing finances** in retirement.

- 63% are married/partnered
- 37% believe **their income will last their lifetime**
- **75% believe they can successfully plan for retirement**
- **60% are very/somewhat optimistic** about retirement
- Only 16% have **specific financial plan**
- Less than one quarter (22%) have calculated how much money they will need to cover expenses in retirement.

Taking the next steps toward retirement

These non-retired Americans **who have talked a lot about retirement with their spouse or family**:



- **Think about the next step** to prepare for retirement (85% think *a lot* or *some* vs. 47% who don't talk a lot about retirement).
- Eight in ten have **thought about where their income will come from in retirement** (82% vs. 66%).
- Four in ten say their **next action related to retirement will be researching**: where to live, how to plan and receive income in retirement, health care options, talking with FA, or requesting information about income products. This compares to only 28% of those who don't talk a lot about retirement.
- Are more likely to **work with a professional financial planner** (42% vs. 22%) and of those who do, 49% have talked *a lot* about retirement with their FA.
- More are **very familiar** with the phrase “retirement income” (49% vs. 27%).



Americans Still View Retirement with Tempered Optimism

Two-thirds are at least somewhat optimistic about retirement.

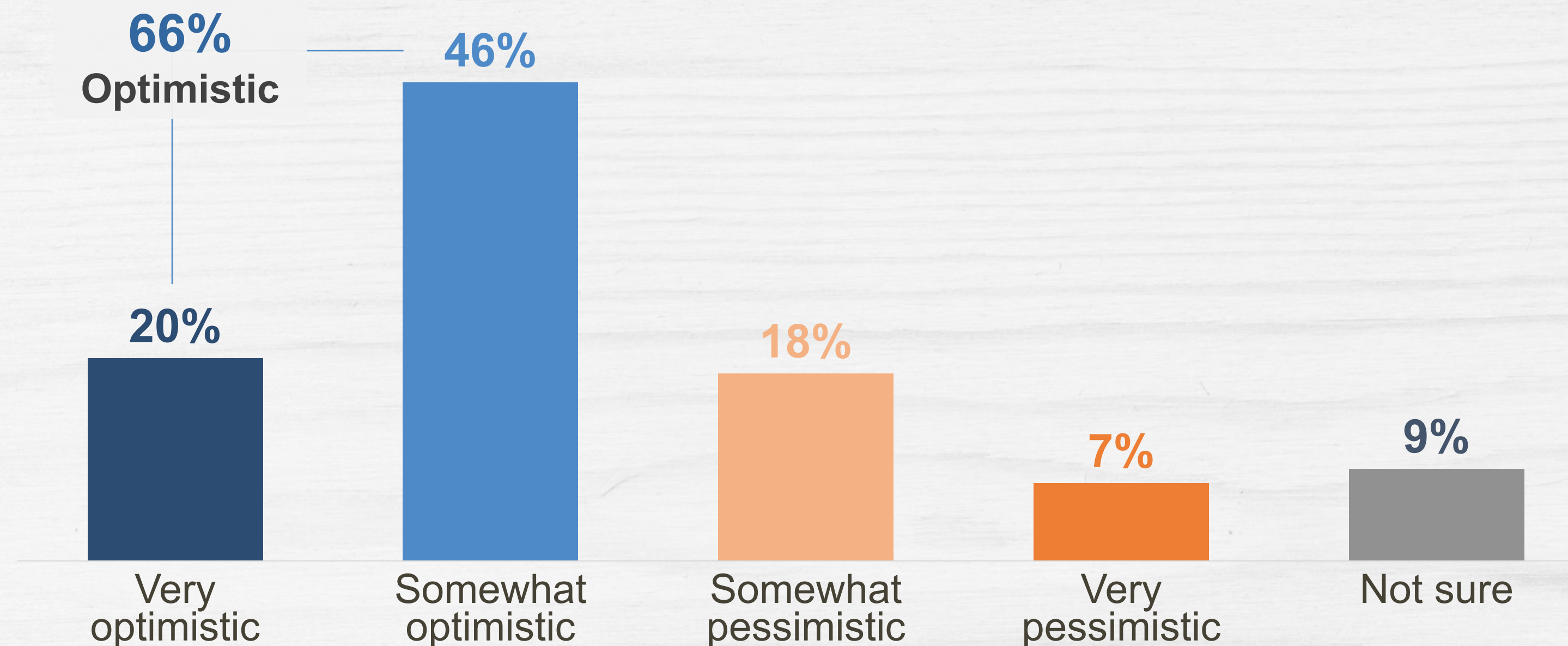
Many look forward to positive changes in their lives.

For many, their answer to financial concerns and other uncertainties is built around personal strengths and family support.

Americans are looking forward to life after their full-time working years.

Anticipation is a powerful force. Americans spend decades preparing financially and emotionally for life after their primary occupation. Two-thirds are at least somewhat optimistic about this next stage in their life, though that optimism is tempered.

How optimistic or pessimistic are you about your retirement years?
(among non-retired)



Most Americans expect their outlook and approach to life will change positively when they retire.

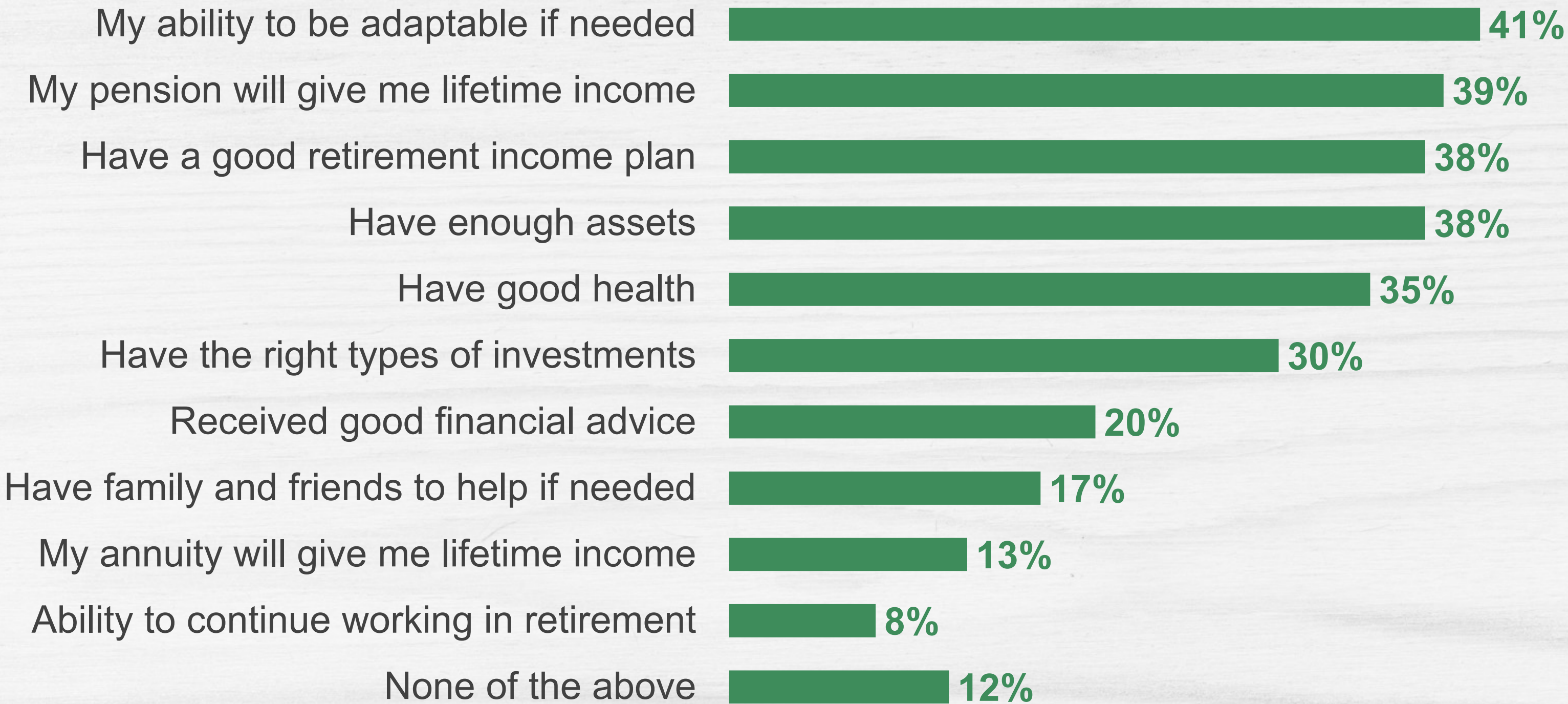
Many look forward to this next step in life and believe they will be more adaptable, more spiritual, and have more free time to pursue their varied interests. They also expect positive health changes in retirement such as being more active physically.



For those who are already retired, personal adaptability and financial resources give them confidence.

Monetary factors such as pension, assets, and income plan also inspire confidence among those who are retired. This generation is much more likely to have a source of protected lifetime income.

What gives you confidence about your income situation in retirement?
(among retired)





Who Is Optimistic about Retirement?

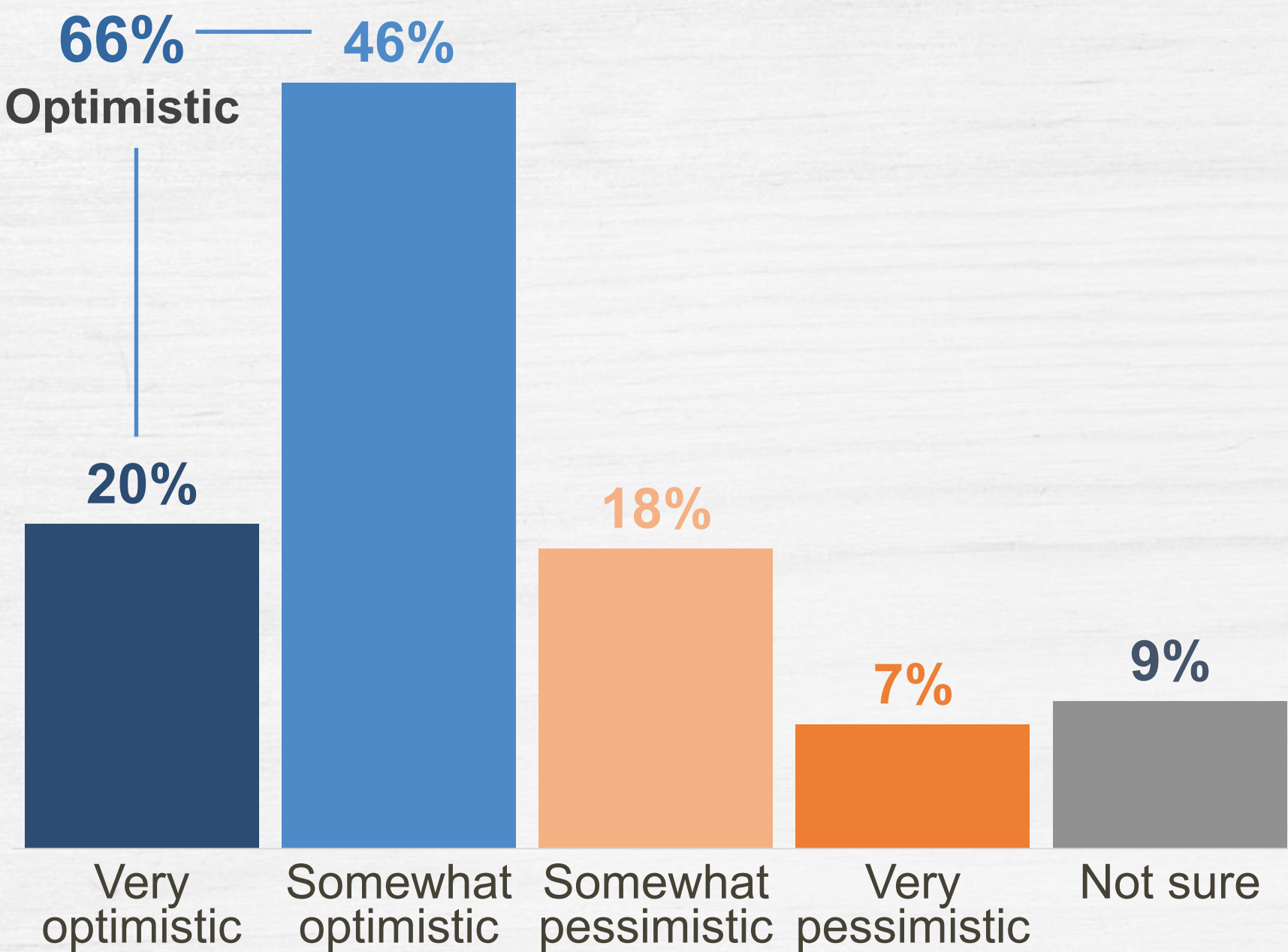
Optimists have more assets and are twice as likely to have a specific financial plan.

They expect more from their life in retirement: more interests, more physical activity, more friendships.




Optimism about retirement varies by age, but not as much as you might expect.

Optimists have higher education, income, and assets.

How optimistic or pessimistic are you about your retirement years?
(among non-retired)



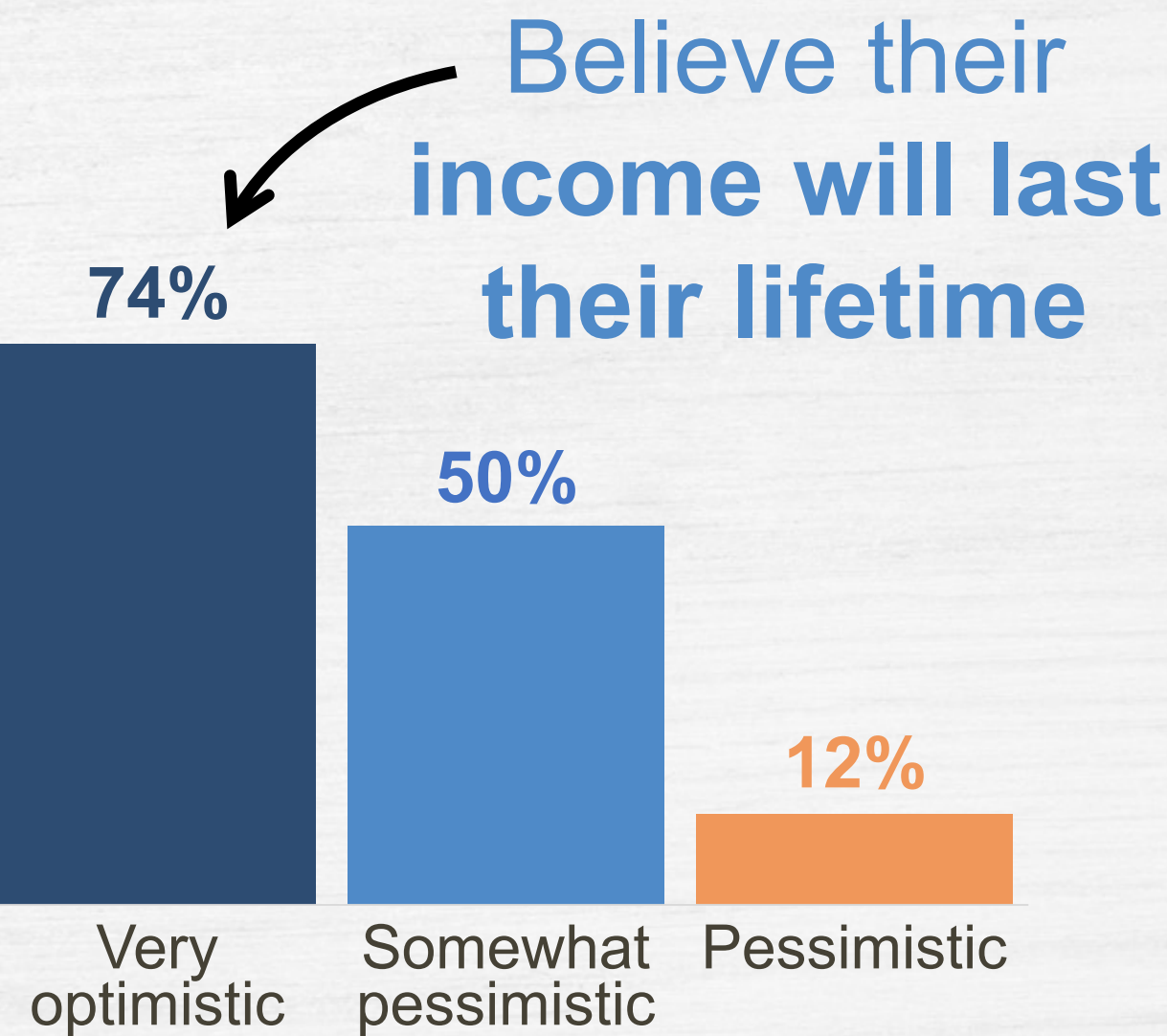
Demographic Characteristics by Optimism
(among non-retired)

	Total Non-retired	 Very Optimistic	 Somewhat Optimistic	 Pessimistic
Age 25 to 44	53%	48%	52%	58%
Age 45 to 54	25%	27%	25%	25%
Age 55 to 74	21%	25%	24%	16%
High school degree or less	36%	27%	30%	50%
College graduate or higher	37%	43%	44%	23%
Median Income	\$69K	\$86K	\$79K	\$48K
Median Assets	\$48K	\$93K	\$75K	\$29K

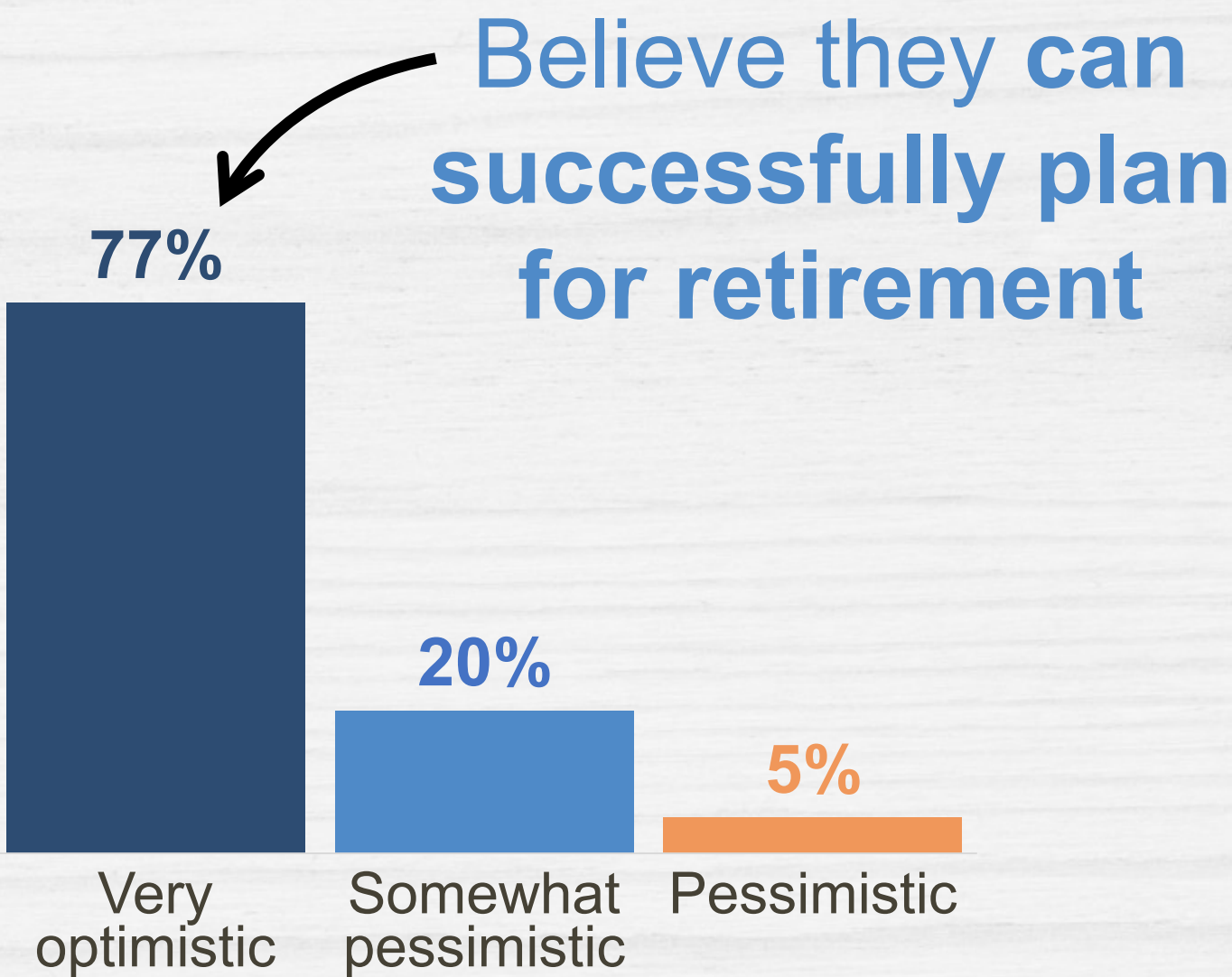
Those **most optimistic** about their retirement years stand out from both the more cautious optimists and retirement pessimists in many respects.



The **20% of non-retired Americans who are very optimistic** about their retirement years:



Nearly half have a source of protected income, making them much more likely to believe their **income will last their lifetime** (74% vs 50% of the somewhat optimistic and just 12% of the pessimistic).



Three quarters (77%) strongly believe they **can successfully plan for retirement**. This compares to only 20% of those who are somewhat optimistic and 5% who are pessimistic.



Are twice as likely as those who are somewhat optimistic to have a **specific financial plan** (44% of very optimistic have a specific financial plan vs. 20% of those somewhat optimistic and 8% of those who are pessimistic).

About half of Americans are **somewhat optimistic**; they aren't thinking as much about retirement as the strong optimists



Of the **46% of non-retired Americans who are *somewhat optimistic***:



Their confidence in their personal resources – adaptability and ability to continue working – is as strong as the strongest optimists.



Their financial concerns are greater than the most optimistic Americans, reflecting, for most, a weaker financial position. One-third **have a source of protected income** (vs. 45% of very optimistic and 17% of pessimists).










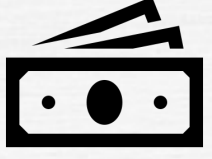

Over a third are extremely or moderately anxious that their savings may not provide enough for them to live on in retirement, but they are much less anxious than the pessimists (37% vs. 65%).



Perhaps because they are occupied with competing financial issues, they also are less likely to have thought a lot about the next steps to take toward preparing for retirement.

Thinking ahead to retirement years, optimists expect more from their life in retirement

How do you think you'll be in retirement?

	 Very Optimistic	 Somewhat Optimistic	 Pessimistic
 More interests and pursuits	79%	75%	62%
 More active physically	73%	67%	49%
 Healthy	73%	62%	51%
 More spiritual	66%	62%	58%
 Enjoy managing finances	66%	53%	42%
 More friends	58%	54%	41%