COVID-19 Retirement Reset Tracker Report

Alliance for Lifetime Income

May 2020



Objectives

This study focuses on issues facing Americans approaching or in retirement amid the COVID-19 pandemic. This is the second in a series of COVID-19 Retirement Reset Trackers conducted by the Alliance for Lifetime Income.



COVID-19 Retirement Reset Tracker Methodology



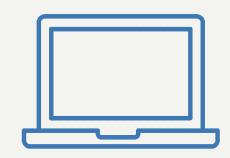
Participants N=1,231

Online Quantitative Study National sample Ages 56 to 75

Specifications

- 1. U.S. adults age 56 to 75
- retired, but working part-time)
- 3. Respondents have \$100,000 or more in investable assets
- 4. Questions adjusted for people in retirement

Survey conducted by <u>Artemis Strategy Group</u>





Field Dates April 13 to 20, 2020

2. Employed (full or part-time, or temporarily laid off/unemployed due to COVID-19) or Retired (fully or

Retirement Decisions Amid Unprecedented Volatility

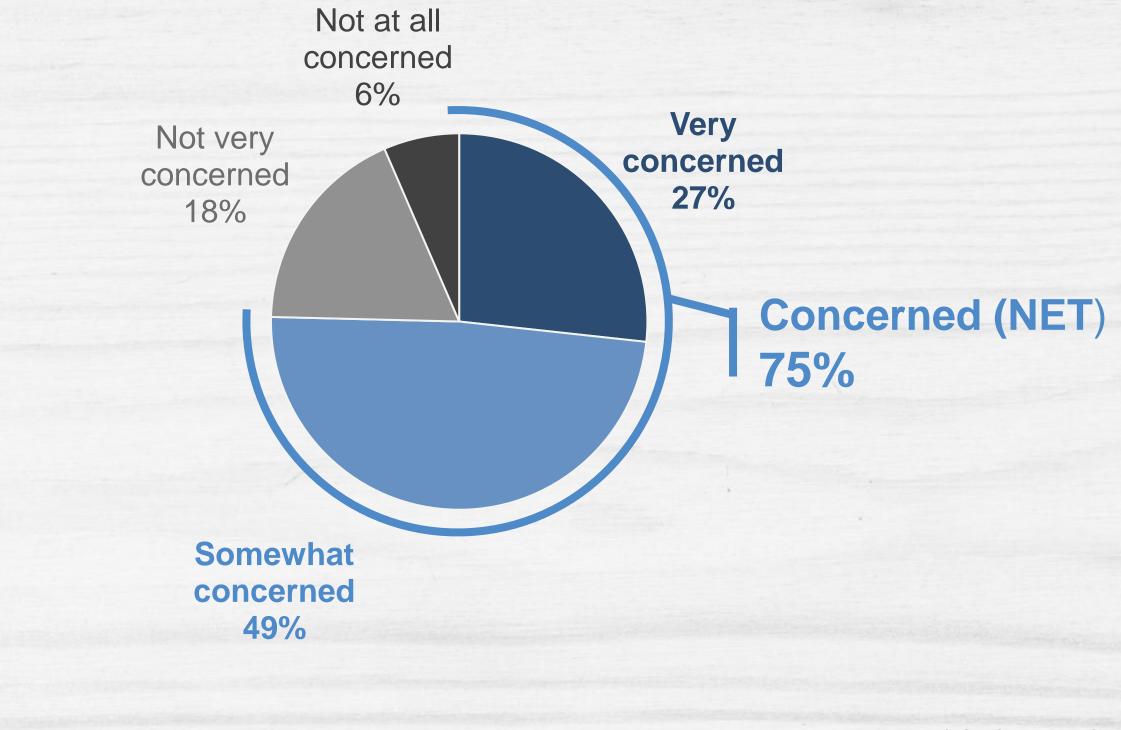
Americans nearing or in retirement are grappling with the economic fallout and market volatility amid the Coronavirus outbreak

- This unique audience conveys heavy concern about the economy and investing environment
- The crisis is taking a widespread emotional toll and eroding confidence
- Shift in risk tolerance is driving long-term changes in retirement investing behavior

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The economic fallout has created uncertainty for some about when to retire

There is widespread concern about the economy and investing environment. Three out of four are concerned about the economic and investing environment as a result of the pandemic.



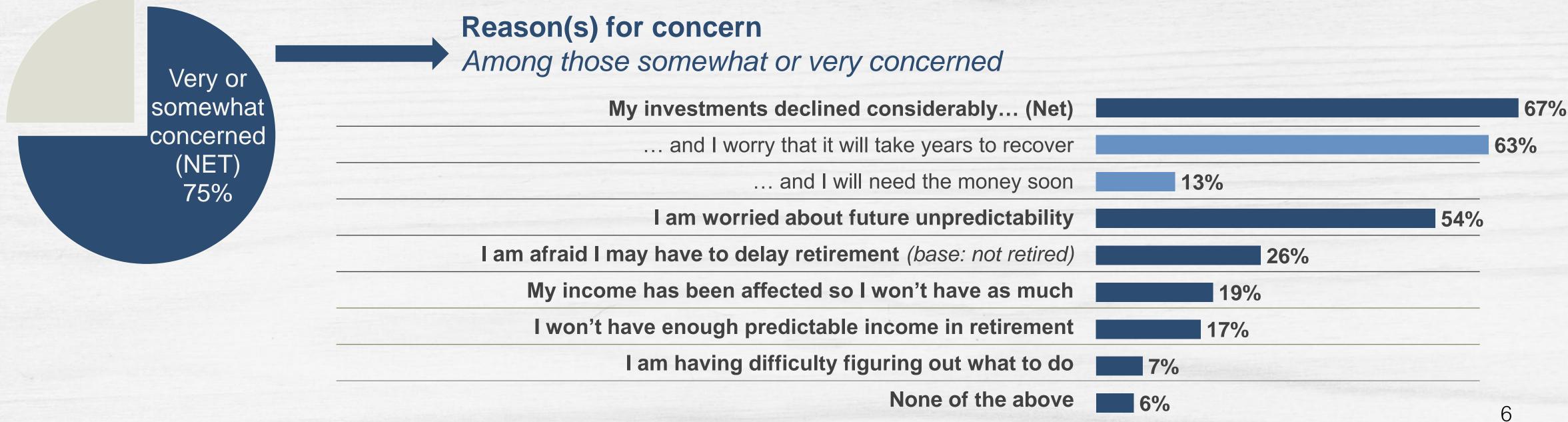
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Effect of Current Economy and Investing Environment from COVID-19 on Retirement Investments

Top concerns are declining investments and future unpredictability.

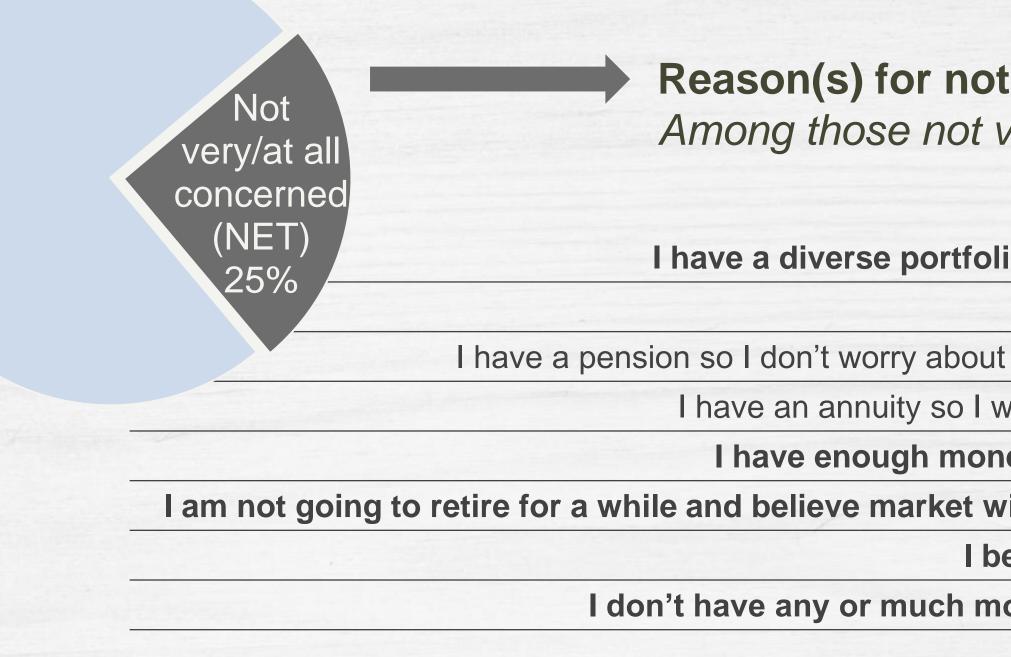
Among the three-quarters who are at least somewhat concerned, 63% say their investments have declined considerably and they worry it will take years to recover, and 54% are worried about future unpredictability.

Effect of Current Economy and Investing Environment from COVID-19 on Retirement Investments



Having a diverse portfolio and a source of lifetime protected income are top factors that alleviate worry among the one in four who are not concerned.

Effect of Current Economy and Investing Environment from COVID-19 on Retirement Thinking



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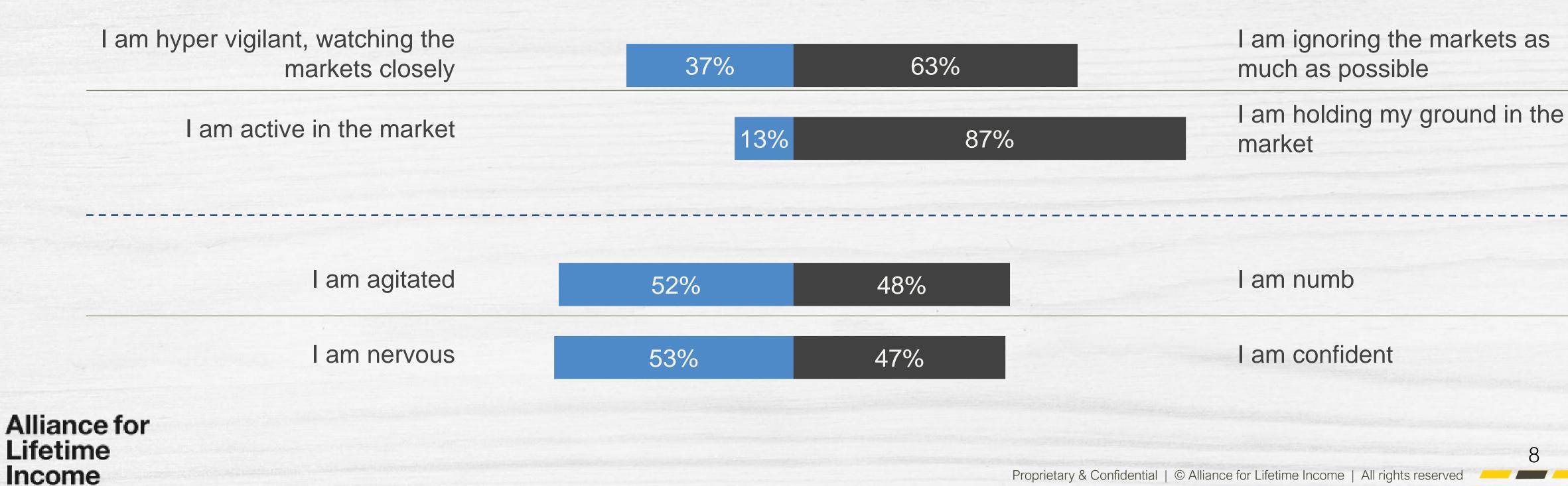
Reason(s) for not being very concerned Among those not very or at all concerned

folio to weather this kind of volatility	56%
Have lifetime income (Net)	52%
out stock market investments too much	42%
I will have steady income in retirement	24%
oney to live on for the rest of my life	51%
t will be better then (base: not retired)	44%
I believe this volatility will stop soon	41%
money invested in the stock market	15%
None of the above	1%

While most are attempting to ignore the markets and hold their ground, emotions are more evenly split in response to the volatile investing environment.

Those who are hyper vigilant and watching the markets very closely are much more likely to feel nervous and agitated than those who are ignoring the markets.





Best Description of Emotional Response to Current Investment Environment

Pessimism is highest at the global and national levels and reduces as one gets closer to home.

Feeling about the Following Through the Rest of 2020 On a scale of 1 - 10

Extremely pessimistic (1-3)
Own financial situation 9%

28%

26%

40%

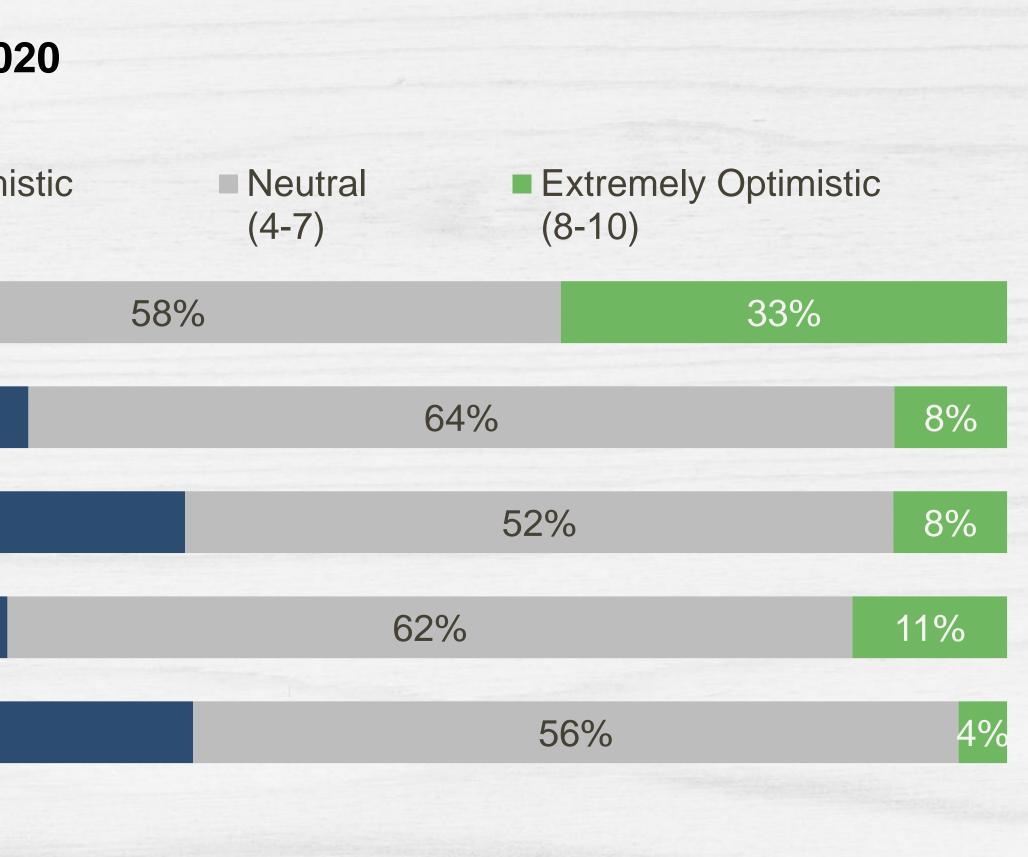
40%

Community's economic situation

United States' economic situation

U.S. stock market

Global economic situation



Only one-third are very confident they will have the income to cover all of their expenses in retirement.

Confidence is higher among those already retired.

Moderately confident 55%

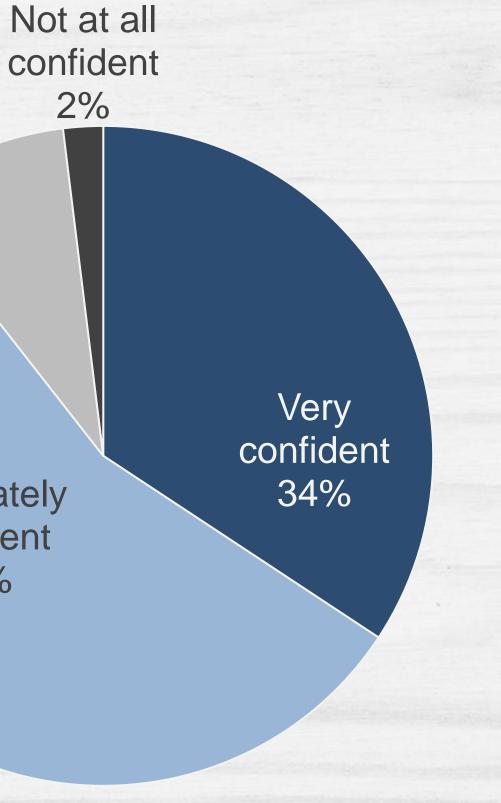
Not very

confident

9%

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Confidence Will Have the Income to Cover Expenses Throughout Retirement





Confidence is driven by reliance on Social Security, total savings and pension access, whereas lack of confidence is most driven by stock market losses and uncertainty of healthcare costs in retirement.

Reasons for Confidence Rating

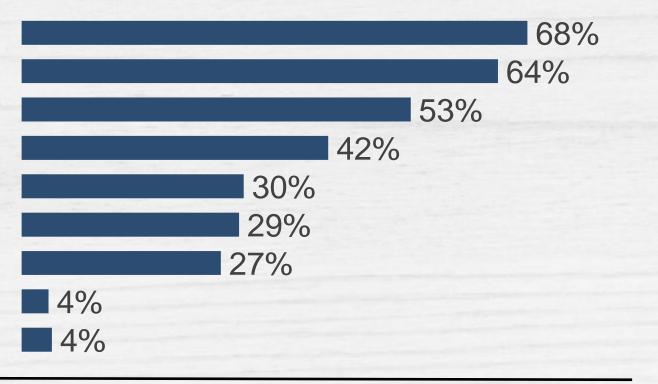
Among Those Confident Income will Cover **Expenses in Retirement**

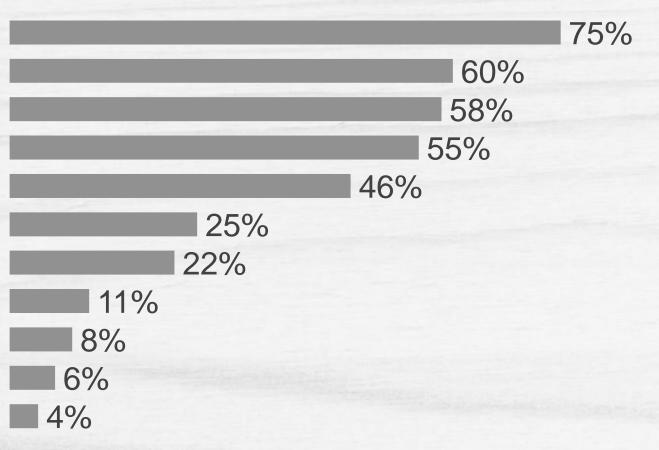
I expect my Social Security benefit to cover some of my expenses I have saved enough money I have a pension I have a plan in place that will help me meet my expenses I have good insurance coverage I have an annuity I have children that can provide financial assistance if needed Other reasons

I'm looking into ways to use my retirement account to make sure my income lasts for my lifetime

Among Those NOT Very or at All Confident Income will Cover **Expenses in Retirement**

I'm worried about losses in the stock market I don't know how much health care and medicine will cost in retirement Social Security will not cover enough of my expenses I'm not sure I'll have saved enough money I'm not sure how long I'll live I don't have a pension I don't have children that can provide financial assistance if needed I don't have a plan in place that will help me meet my expenses I don't have an annuity I don't have good insurance coverage Other reasons 4%







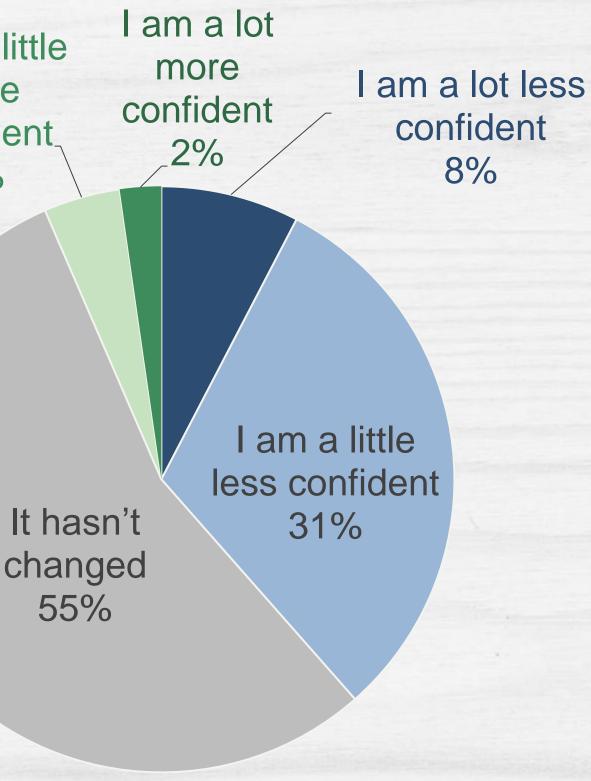
The two market corrections in as many decades have eroded confidence about having enough income to cover expenses in retirement.

Extent Two Market Corrections* in as Many Decades Affects Confidence about Having Income to Cover Expenses Throughout Retirement

> I am a little more confident_ 4%

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(*2008 as the result of the financial crisis and more recently as the result of the COVID-19 pandemic)



Three-quarters feel at least moderate stress and two in ten are feeling highly stressed since the start of the crisis.



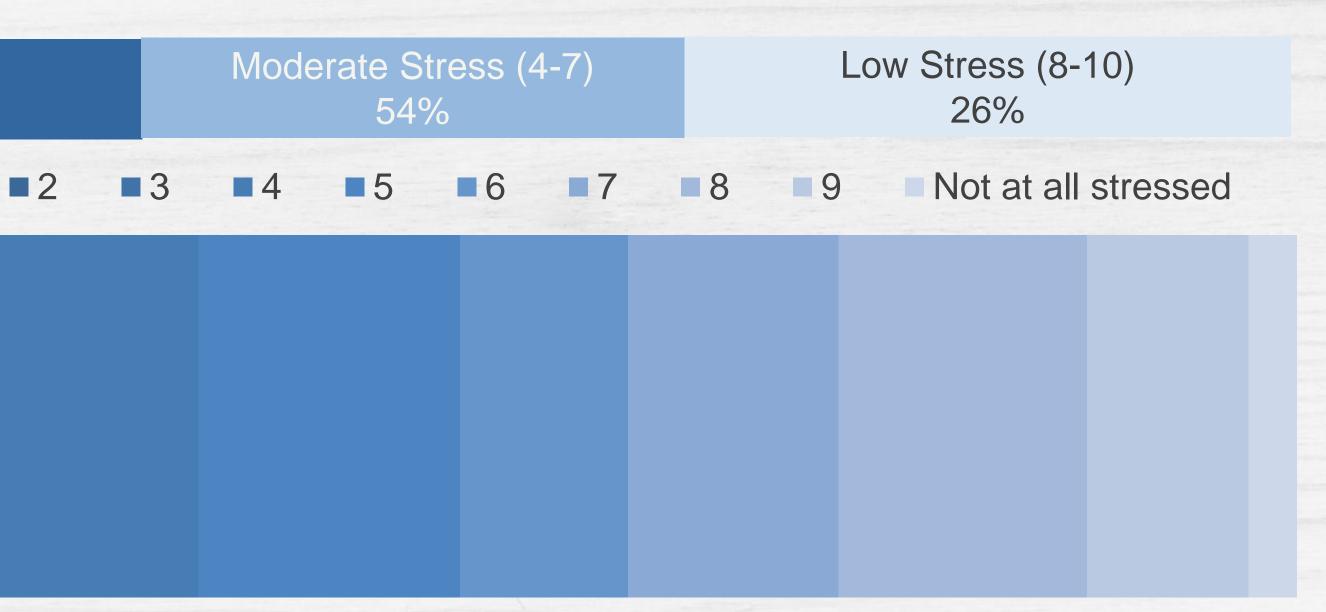
Stress Level Since the Start of the COVID-19 Crisis (on scale of 1 – 10) High Stress (1-3) 20%

Extremely stressed

We are bored to t

"Makes me uncertain, nervous, unsettled, depressed."

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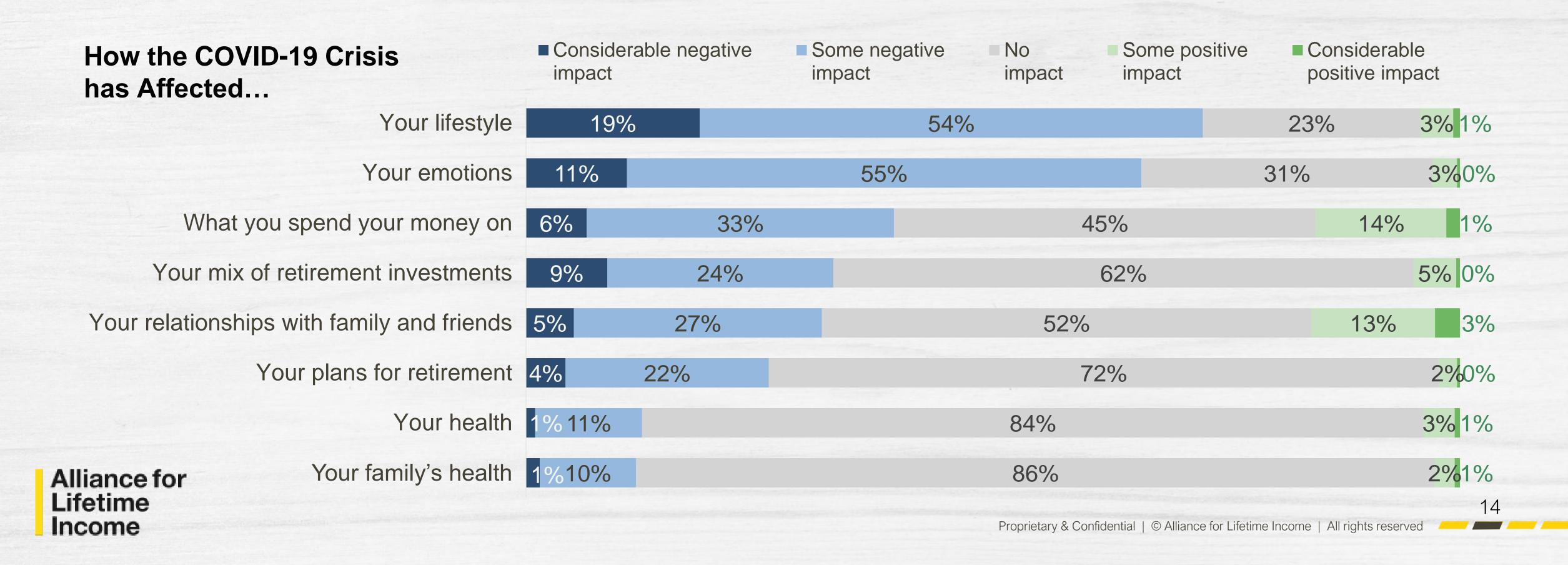


"We are bored to tears sheltering in place."



The COVID-19 Crisis has a widespread emotional toll.

The negative impact far outweighs any positive impact across people's lives. Most have not had an impact on their health or their family's heath: only 11% have a family member or close friend or who has been diagnosed with COVID-19.





The pandemic has shifted how people work.

Among those in the workforce, nearly half are working from home and one-third are either working reduced hours or are temporarily laid off.



Among those working or laid off/on leave

The number of hours I'm working has reduced

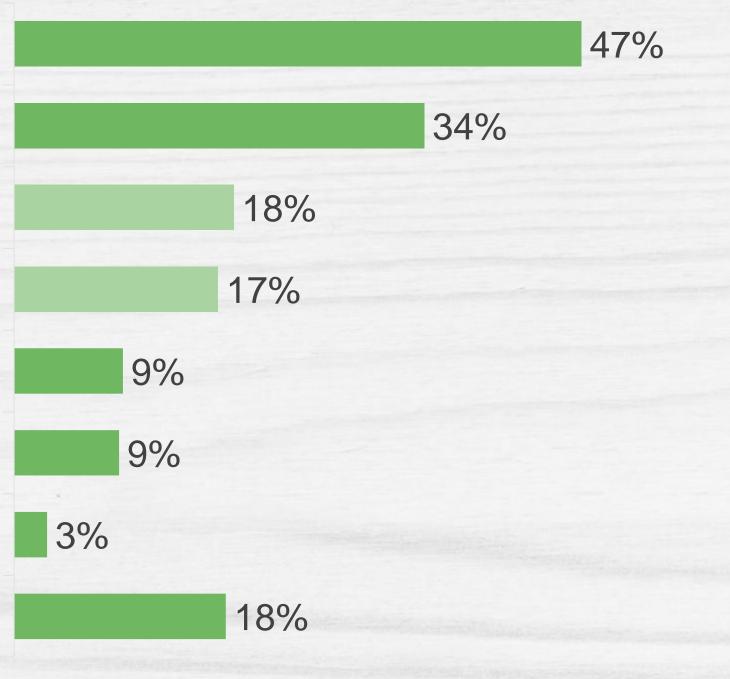
I am temporarily laid off/taking a leave of absence

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Ways Job has Changed Since COVID-19 Became Prevalent in the U.S.

- I am working from home Laid off/working fewer hours (Net)

 - I am working more My wages have been reduced I have lost my job completely
 - None of the above

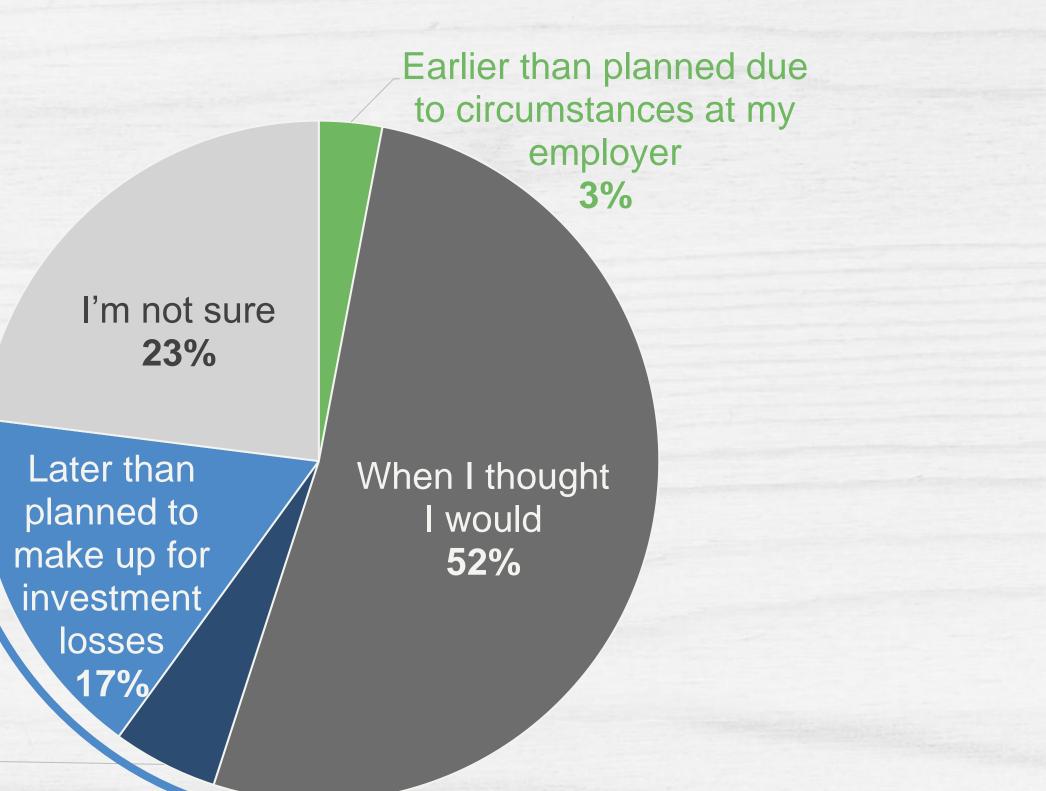


Over two in ten pre-retirees have shifted their retirement plans to retire later than originally planned.

Effect of Current Economic Circumstances on Retirement Timing Among Pre-Retirees

Later (NET) 22%

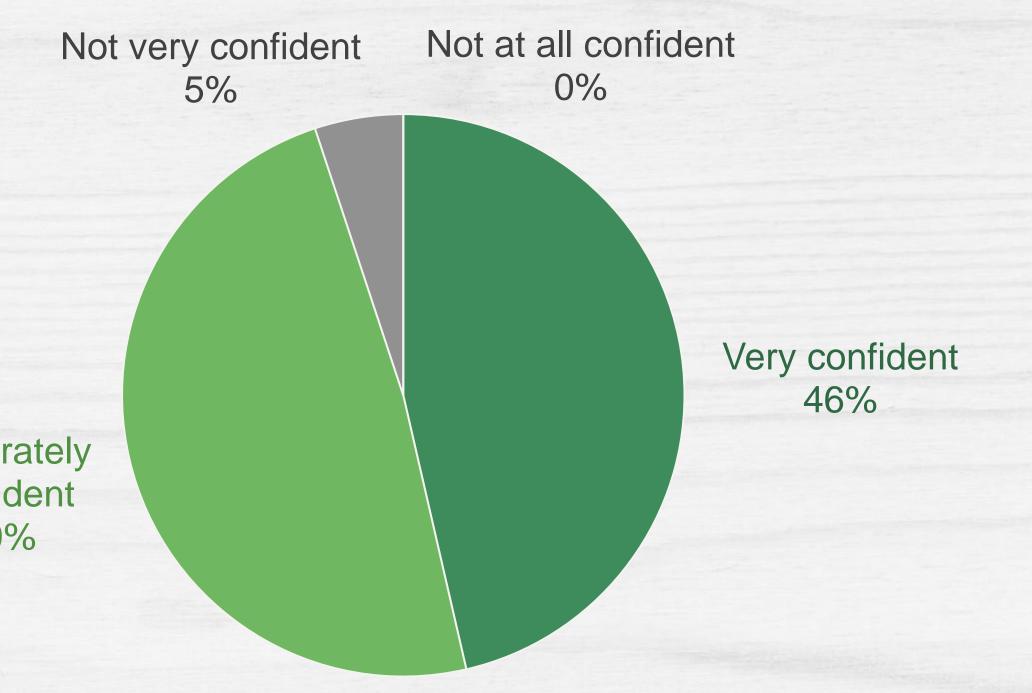
Later than planned due to circumstances at my employer 5%



Nearly half (46%) of pre-retirees are very confident that they'll retire at the age they identify as their goal.

Confidence They'll Retire at Planned Age Among those still working

> Moderately confident 49%





Current economic volatility is the primary driver of uncertainty among those less confident about whether they'll retire when anticipated.

Reason Not "Very Confident" Will Retire at Planned Age

With the current economic circumstances it's too difficult to predict

Depends on what the stock market is doing at that time

I might want to keep working because otherwise I'd miss it

I'm not sure if I'll have enough money saved

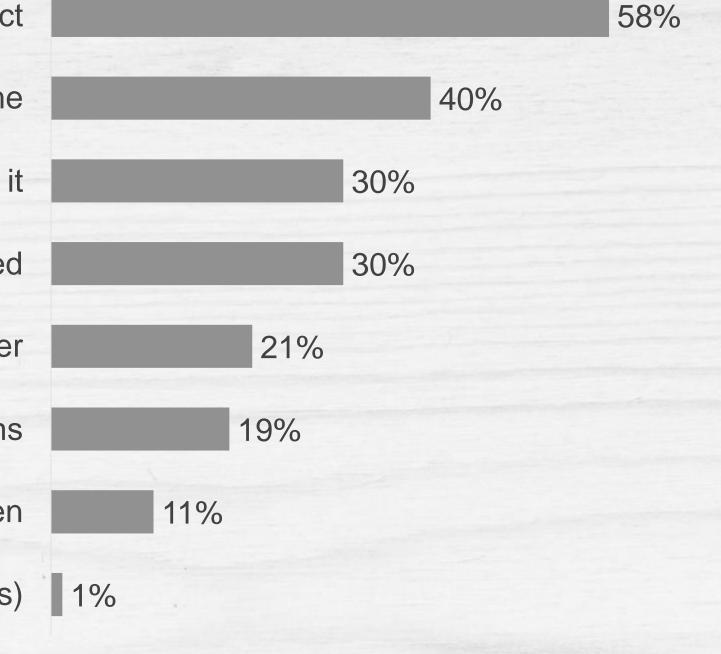
May need or want to continue working to maintain health insurance through my employer

I'm uncertain about whether my health or the health of a loved one may change my plans

When I retire depends on my employer so I am uncertain about what will happen

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30% 30% 21% 19% 11% Other reason(s) 1%

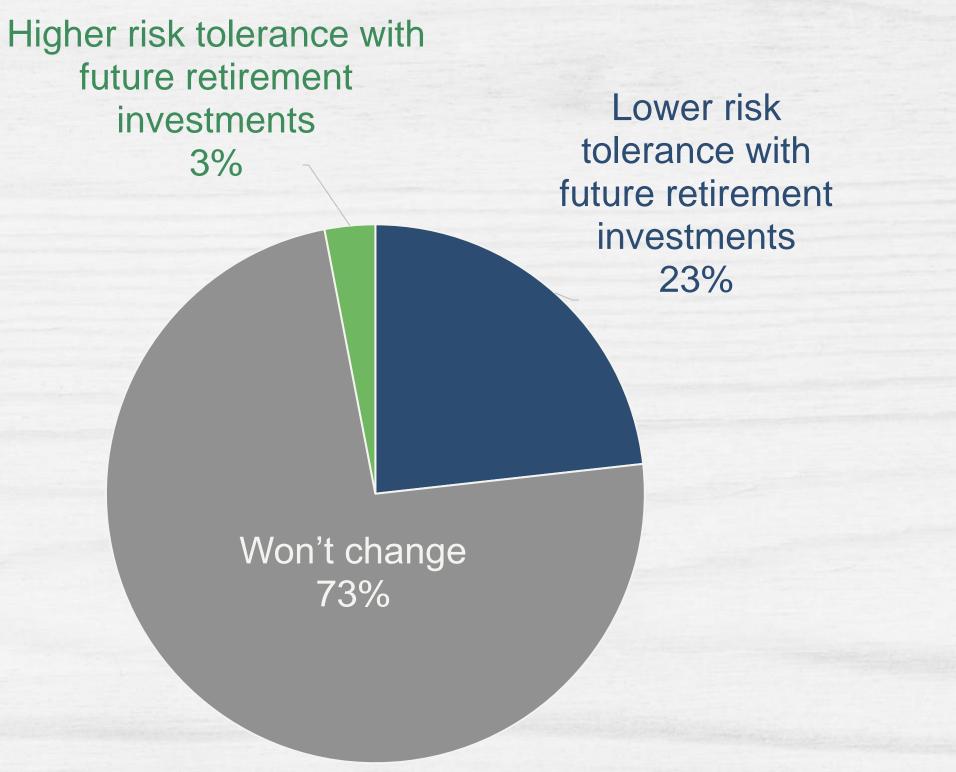


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Longer term, nearly one-quarter expect to have a lower risk tolerance with retirement investments while most do not expect to change.

Change in Tolerance Toward Retirement Investment Risk as a Result of Current Economy and Investing Environment Since the Start of the COVID-19 Pandemic

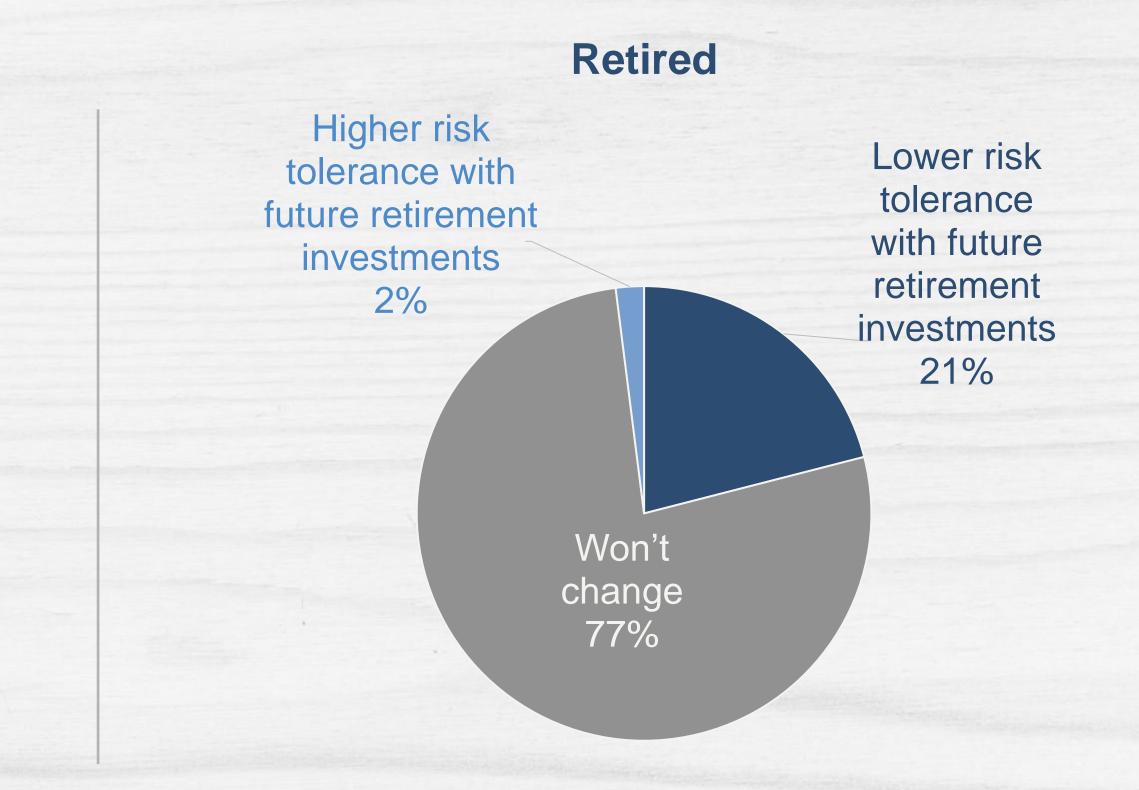
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Pre-retirees are more likely than retirees to anticipate having a lower risk tolerance in the future.

Change in Tolerance Toward Retirement Investment Risk as a Result of Current Economy and Investing Environment Since the Start of the COVID-19 Pandemic





In retrospect, more than half would have shifted their portfolio if they could go back to before the crisis.

Yes - Shifted some of my portfolio to more conservative investments

Yes – Sold some investments to avoid losses

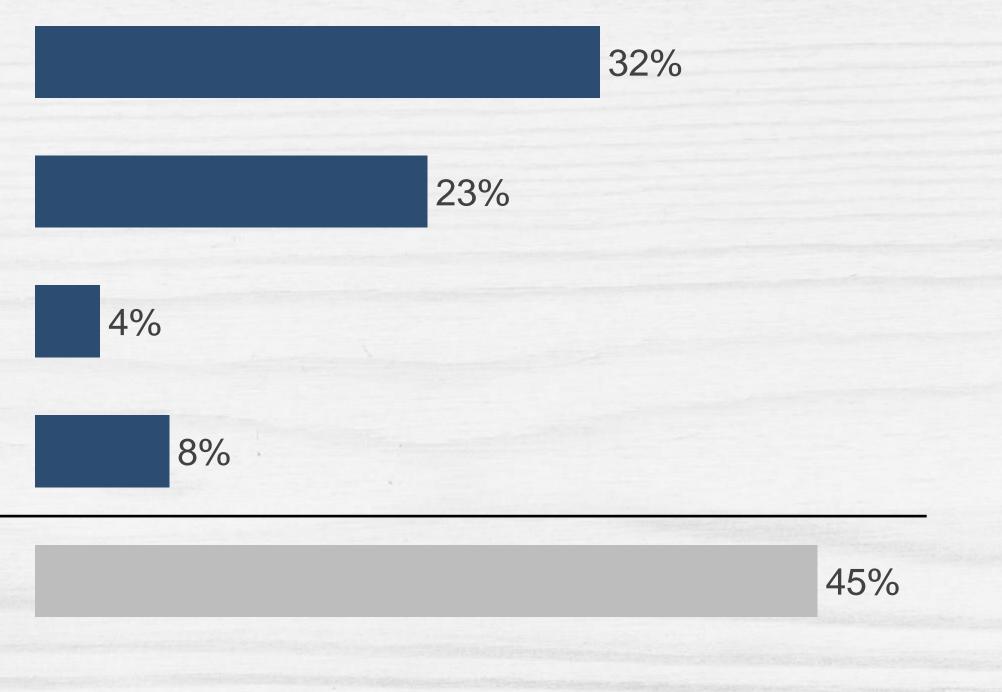
Yes – Protected part of portfolio by investing in an annuity

Yes - Other changes in investments

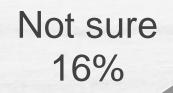
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No

With What is Known about the Current Market Volatility, Would Make Adjustments to Retirement Portfolio if Able to go Back to Earlier in Year



Most say the COVID-19 situation has not prompted them to consider an annuity but 16% say it has.



No 68%

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Yes 16%

COVID-19 Impact on Considering Protected Lifetime Income

Conversations about money in the household have increased.

COVID-19 Pandemic Resulted in Talking with Spouse/Partner about... Among those married/partnered

...Long term savings/investing 1%

...Monthly essential expenses 1%

... Emergency savings 1%

...Sharing housework duties 1%

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Conversations with financial advisors have increased and most feel confident about their advisor.

65% work with a financial advisor

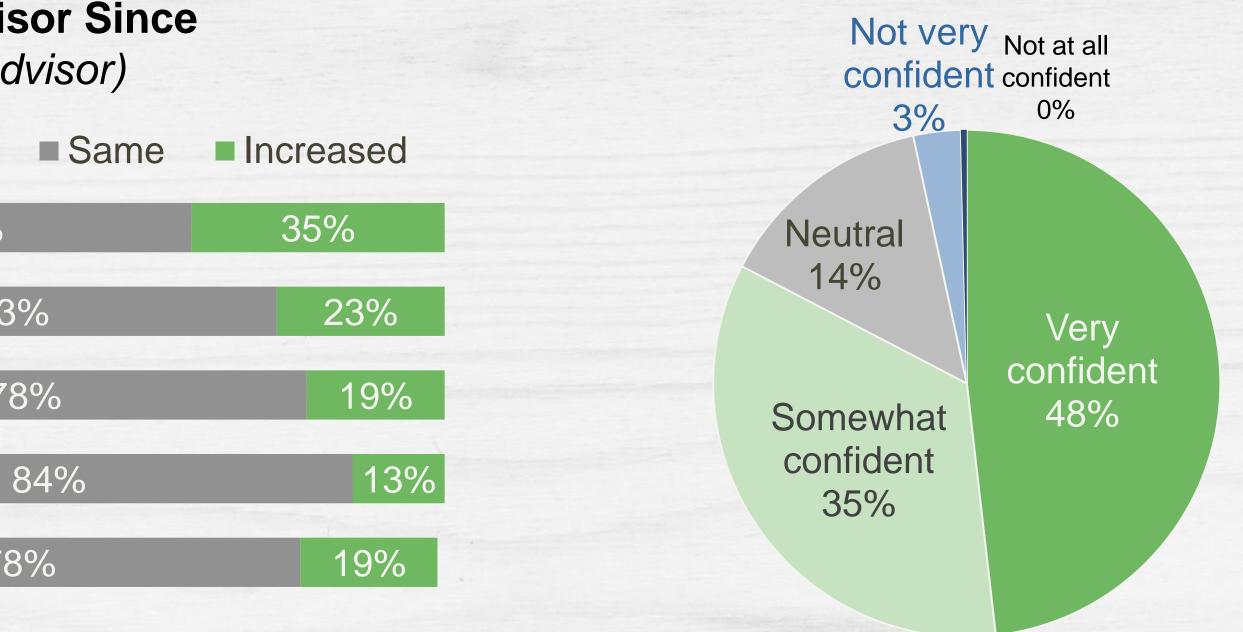
Decreased

Changes, if any, in Interactions with Financial Advisor Since Start of the COVID-19 Crisis (among those with an advisor)

The emails I've received from my advisor	3%	62%
The conversations my advisor has initiated with me	3%	73
The conversations I've initiated with my advisor	3%	78
The emails I've initiated with my advisor	3%	
Other communications I receive from advisor	2%	78

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Confidence in Advisor and Services Provided Since the Start of COVID-19 Crisis (among those with an advisor)







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Respondent Profile

Age	56-60	25%	Current	Employed full-time	35%
	61-65	25%	Employment Status	Employed part-time	10%
	66-70	25%		Temp. laid-off/leave due to economy	2%
	71-75	25%		Unemployed due to COVID-19	4%
Gender	Male	50%		Retired, but working part-time	7%
	Female	50%		Fully retired	43%
Region	Northeast	24%	Marital Status	Married	75%
	Midwest	23%		Living with partner	4%
	South	32%		Single, never married	5%
	West	20%		Divorced	9%
Highest Level of Education	High school graduate or less	6%		Separated	1%
	Completed some college	15%		Widowed	6%
	Associate's degree	9%	Spouse Current Employment Status Among those	Employed full-time	32%
	College graduate	31%		Employed part-time	6%
	Completed some grad. school	7%		Temp. laid-off/leave due to economy	2%
	Completed graduate school	31%		Unemployed due to COVID-19	3%
	Prefer not to say	<1%	married	Unemployed not due to COVID-19	1%
Race/Ethnicity	White/Caucasian	94%		Homemaker	3%
	Asian	3%		Retired, but working part-time	4%
	Black/African American	2%		Fully retired	49%
	American Indian or Alaska Native	1%		Other	1%
	Native Hawaiian or Pacific Islander	<1%			
	Other	1%			
	Prefer not to answer	<1%			
	Hispanic	3%			

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Total Household Income	Less than \$35,000		
for 2019	\$35,000 to \$49,999		
Before taxes	\$50,000 to \$74,999		
	\$75,000 to \$99,999		
	\$100,000 to \$149,999		
	\$150,000 to \$199,999		
	\$200,000 to \$249,999		
	\$250,000 to \$499,999		
	\$500,000 or more		
Household's Total	\$100,000 - \$149,999		
Investable Assets	\$150,000 - \$499,999		
	\$500,000 - \$999,999		
	\$1,000,000 - \$1,999,999		
	\$2,000,000 - \$2,999,999		
	\$3,000,000 or more		
Financial Products	401(k)/403(b)/empl provid acct		
Currently Own	An IRA		
	A Roth IRA		
	An annuity		
	A pension		
Work with a	Yes		
Financial Advisor	No		
	Not sure		
Family or friends	Yes		
diagnosed w/ COVID-19	No		

3% 5% 17% 19% 28% 15% 6% 5% 1% 9% 33% 27% 15% 8% 7% 62% 81% 50% 38% 65% 65% 33% 2% 11% 89%