



COVID-19 Retirement Reset #3 Tracker Report

Alliance for
Lifetime
Income

July 2020

Objectives

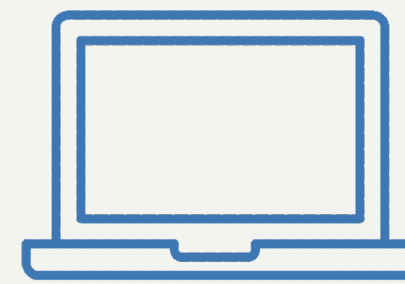
This study focuses on issues facing Americans approaching or in retirement amid the COVID-19 pandemic. This is the third in a series of COVID-19 Retirement Reset Trackers conducted by the Alliance for Lifetime Income and was designed to dig further into the nature of the “reset.”

COVID-19 Retirement Reset Tracker Methodology



Participants

N=1,260



Online Quantitative Study

National sample
Ages 56 to 75



Field Dates

June 18 to 22, 2020

Specifications

1. U.S. adults age 56 to 75
2. Employed (full or part-time, or temporarily laid off/unemployed due to COVID-19) or Retired (fully or 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 [Artemis Strategy Group](#)

The Pandemic and Economic Context

The survey was fielded as the U.S. experienced re-opening challenges, while the number of COVID cases and unemployment claims rose and the stock market continued to experience volatility.

March 2020			April 2020			May 2020			June 2020		
Wave 1: 3/6-3/16			Wave 2: 4/13-3/20						Wave 3: 6/18-6/22		

COVID cases in U.S.*	4,226	776,093	2,302,302
COVID deaths in U.S.*	100	41,404	119,510
DOW*	20,188	23,650	26,025
Unemployment claims*	3 million	19 million	31 million (as of 6/13/20)
Events in the news	Fed cuts rates and NYC shuts down	Coronavirus dominates the news	Reopening challenges and racial protests

* At end of survey fielding



Over Half of Pre-Retirees Rethinking Their Retirement Plans Because of the Pandemic and Economic Crisis

- **New this wave:** Four out of ten have had to rethink **how much money** they'll have when they retire, and over one-third say the pandemic has had them reconsider **when** they plan to retire. This crisis has also impacted **what** they plan to do, **where** they plan to live, and **why** they plan to retire.
- **New this wave:** Seven out of ten say the pandemic has made them more pessimistic about their retirement plans (63% somewhat more pessimistic, 7% much more pessimistic).

Reduction in Risk Tolerance May Mean Stronger Interest in Annuities

- Consistent with the results in April, nearly one quarter say the crisis has caused them to reduce their risk tolerance long-term.
- Nearly one quarter (22%) say the economic situation has prompted them to consider the benefits of protected lifetime income that an annuity or pension provide, **up significantly from 16% in April.**
 - Those in the prime retirement years, **ages 61 to 65, are even more likely to consider the benefits of protected lifetime income (28%).**

“You Can’t Always Get What You Want” is the Most Appropriate Song Relating to Retirement Today

- **New this wave:** Nearly half say the song title that best describes retirement now is “You Can’t Always Get What You Want”.
- Nearly one quarter say “Time Is On My Side” describes how they feel about retirement, but interestingly there is no difference on this selection by age.
- Nearly one quarter choose “I’m Free”; retirees are most likely to select this song.

Volatility a Key Concern for Americans Nearing Retirement

- Concern about the economy and investing environment impacting retirement plans is high, with a slight decrease from 75% very or somewhat concerned in April to 66% concerned in June.
- Six out of ten are worried about future unpredictability as the crisis is taking a widespread emotional toll and eroding confidence.
- Six in ten are ignoring the markets as much as possible.
- Only a third are very confident they will have the income to cover all of their expenses in retirement.

Changes to Employment and 401(k) Concerns

- **New this wave:** Just over half of those who are employed express some uncertainty about their employment situation for the next year.
- Because of the pandemic, more than four in ten of those in the workforce are working from home.
- **New this wave:** One in ten with an employer sponsored retirement plan have recently had their contributions cut or eliminated.

Spending Shifted During the Pandemic; Discretionary Spending Key in Retirement But Not All Are Sure They Will Have the Money

- **New this wave:** Checking off the Basics: The pandemic has crystalized the definition of the most basic expenses. Since before the pandemic these expenses have grown in importance: Internet access, groceries, healthcare and housing costs.
- **New this wave:** Eight in ten say discretionary spending is important to quality of life in retirement, however seven in ten are less than very confident they will have the money to fund all of their discretionary spending in retirement.

Over Half of Pre-Retirees are Rethinking Their Retirement Plans Because of the Pandemic and Economic Crisis



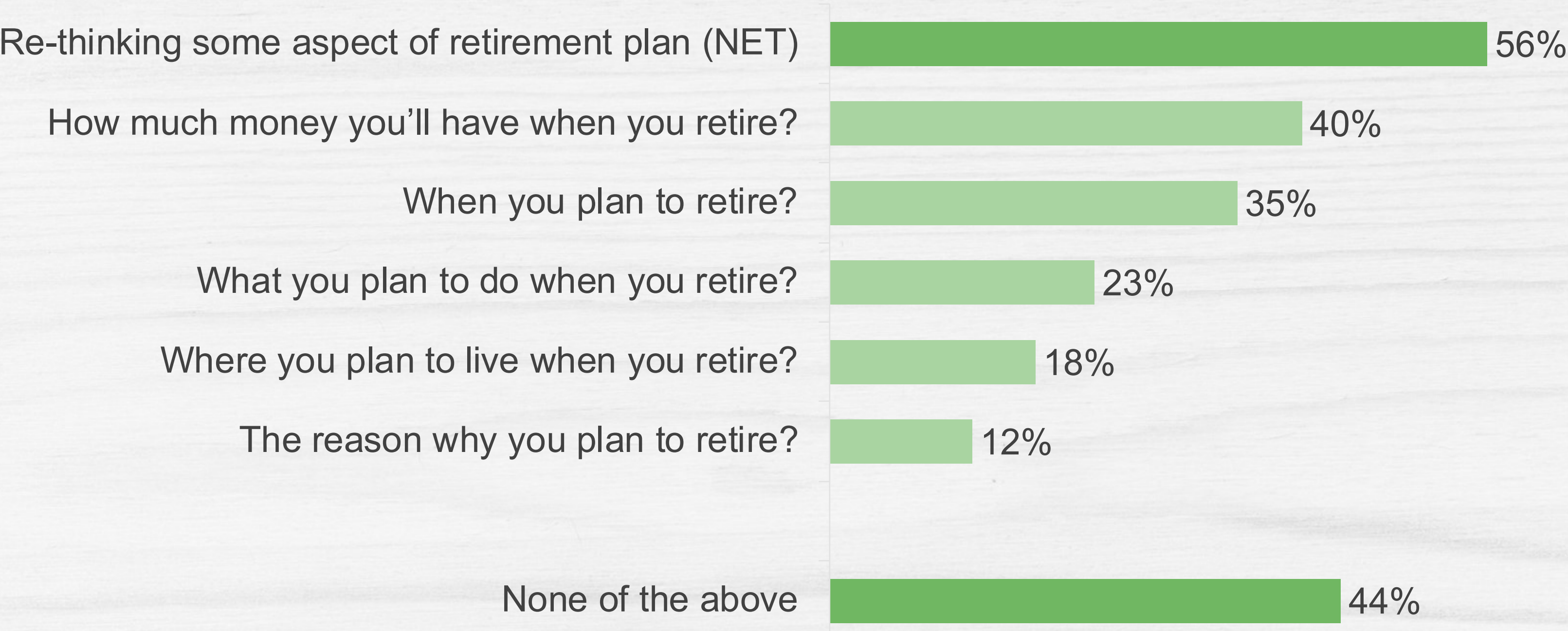
- Four out of ten have had to rethink how much money they'll have when they retire.
- Seven out of ten say the pandemic has made them more pessimistic about their plans.

The pandemic has led a majority to re-think at least one aspect of their retirement plan.

Four in ten are re-thinking how much money they will have when they retire and over a third are re-thinking when they will retire.

Aspects of Retirement Plan Re-thinking Due to COVID-19 Pandemic and Economic Uncertainty

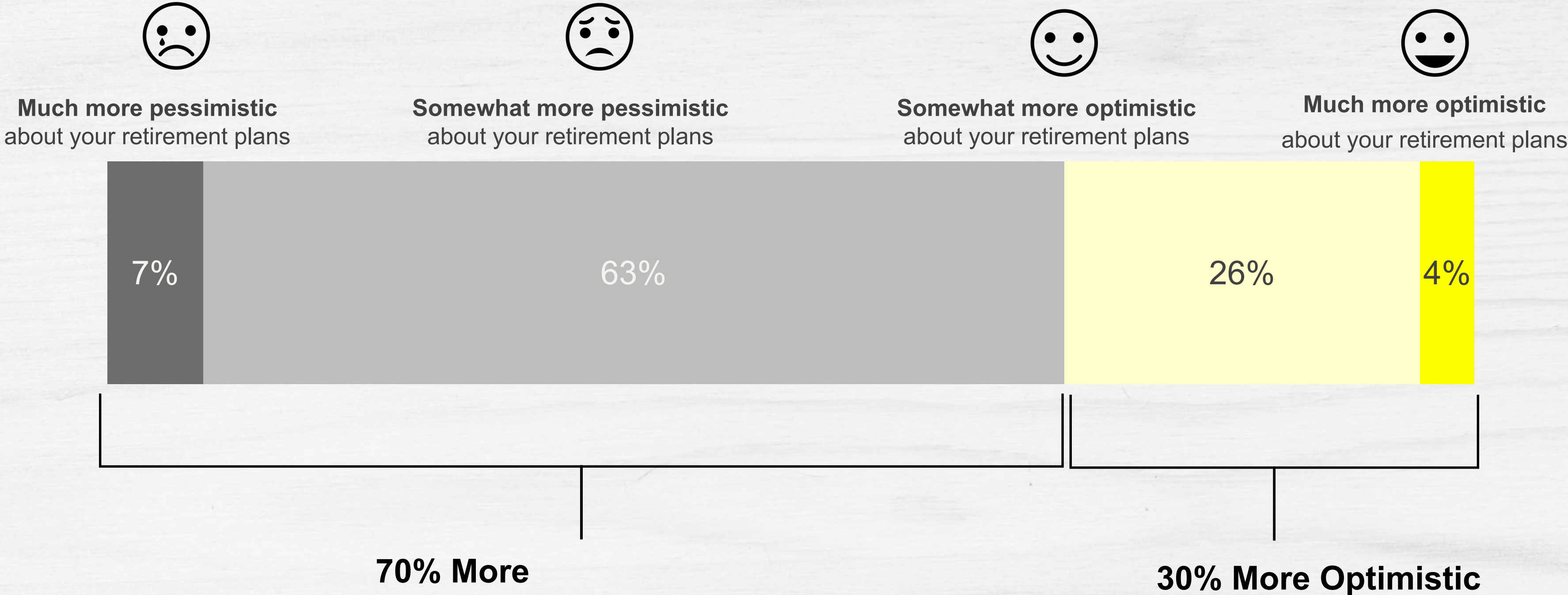
Among those not yet retired



Seven in ten are feeling more pessimistic about their retirement plans as a result of the COVID-19 pandemic.

Outlook for Retirement Plans as a Result of The COVID-19 Pandemic

Among those not yet retired

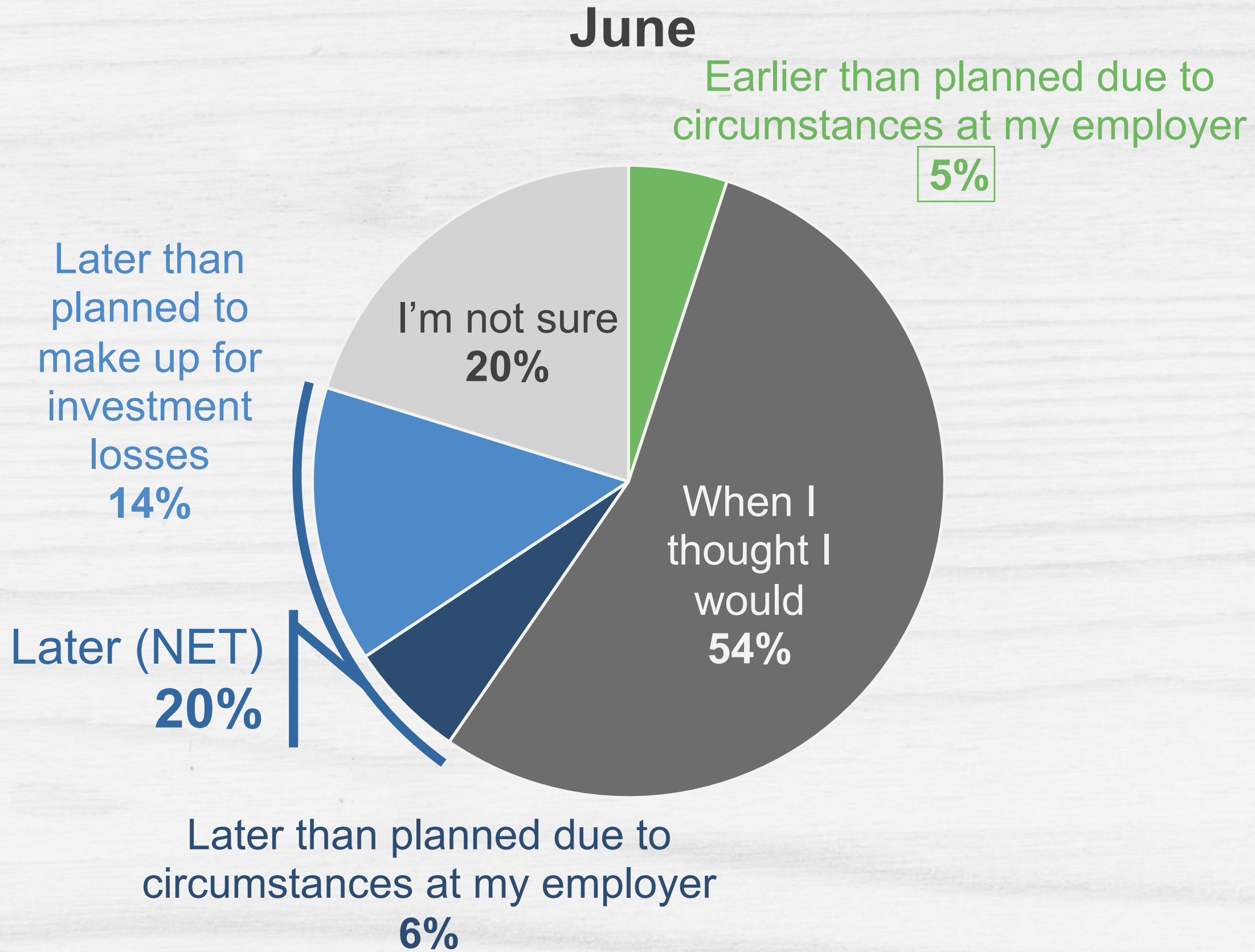
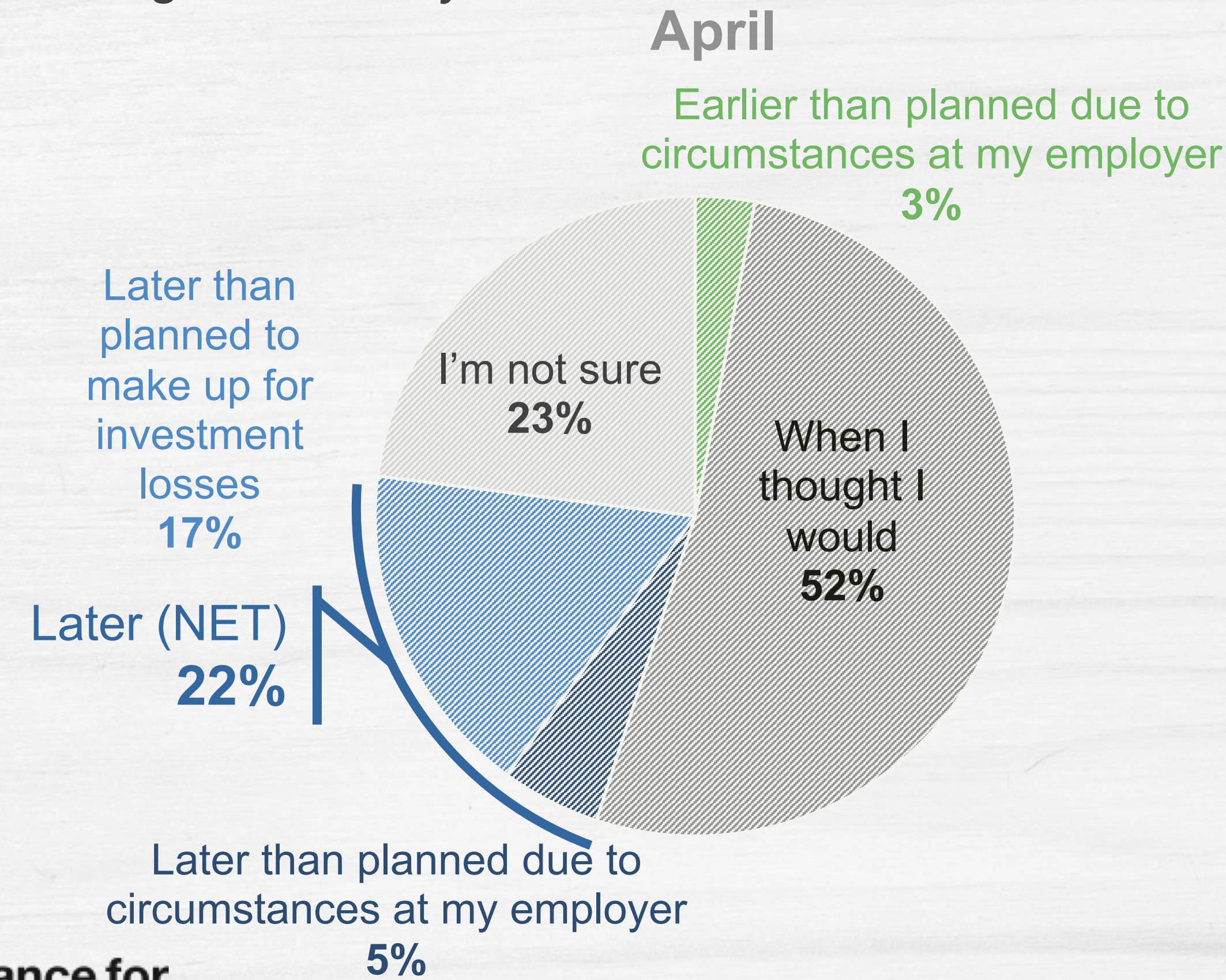


Two in ten pre-retirees have shifted their plans to retire later than originally planned.

Overall, the effect of the economic circumstances on retirement plans differs little from April to June.

Effect of Current Economic Circumstances on Retirement Timing

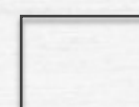
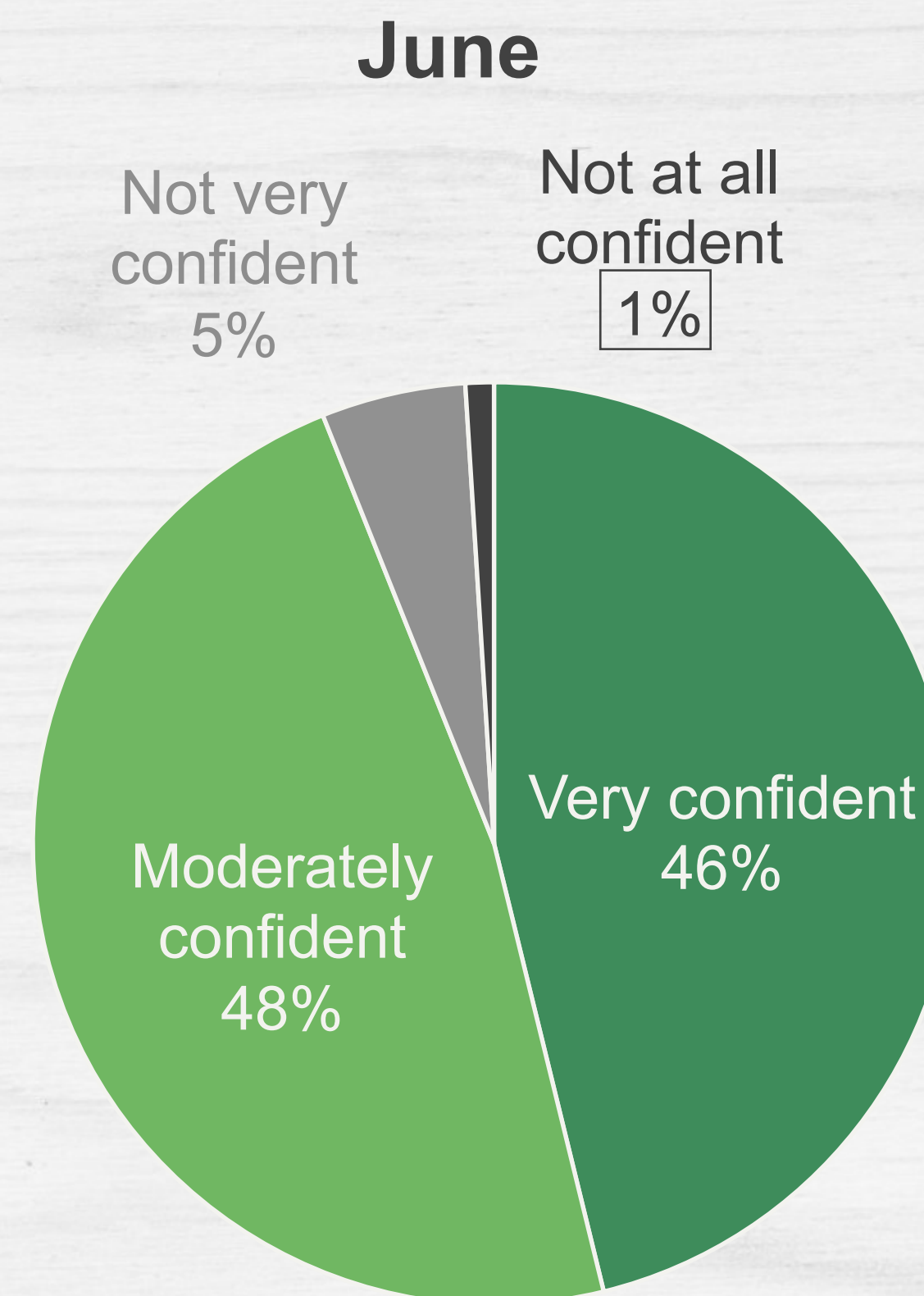
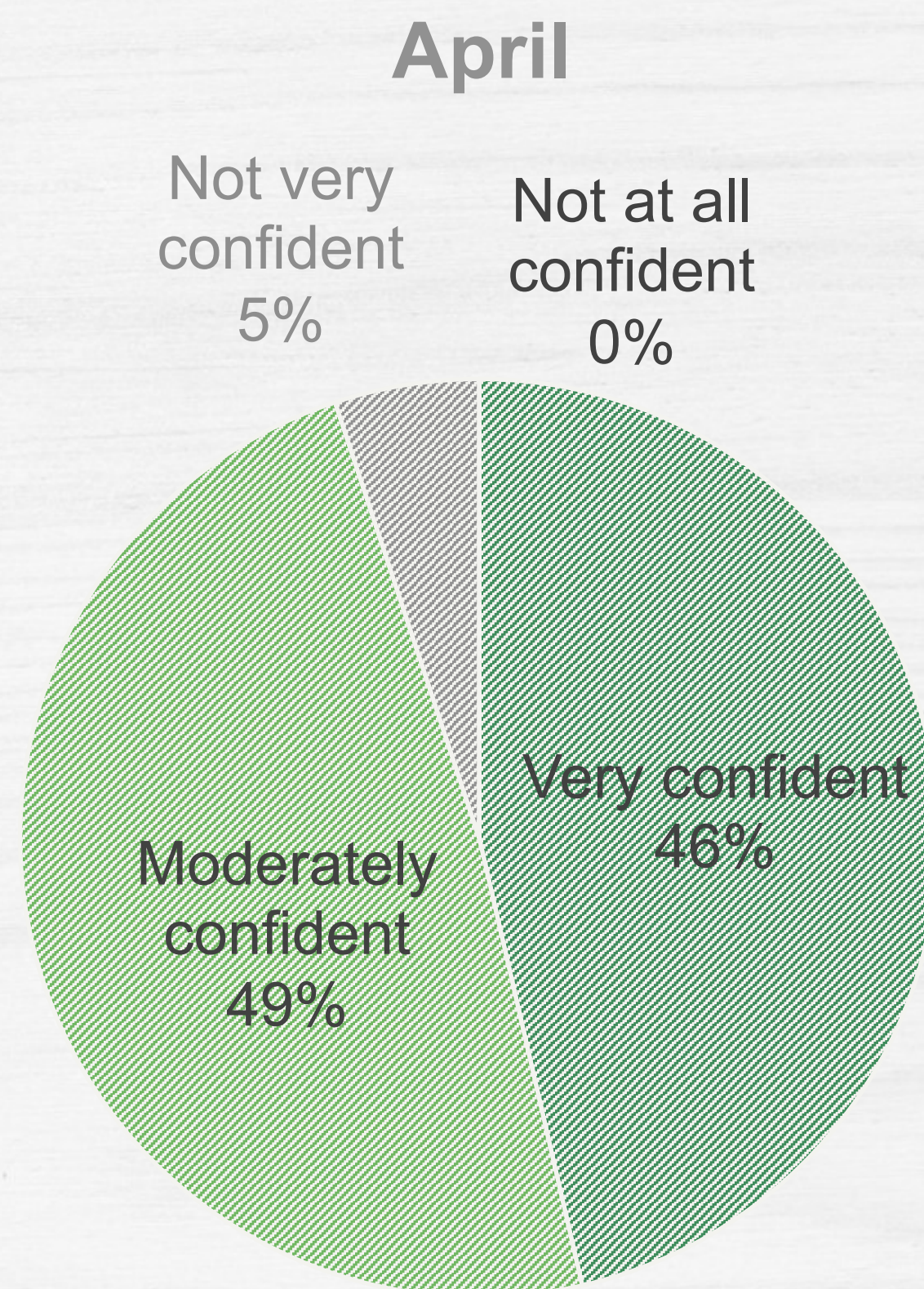
Among those not yet retired



Over half of pre-retirees are only moderately confident that they'll retire at the age they identify as their goal, unchanged from April.

Confidence They'll Retire at Planned Age

Among those still working



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

The need or desire to continue working to maintain health insurance through an employer is more likely to be a reason for uncertainty about retirement timing in June compared to April.

Reason Not “Very Confident” Will Retire at Planned Age



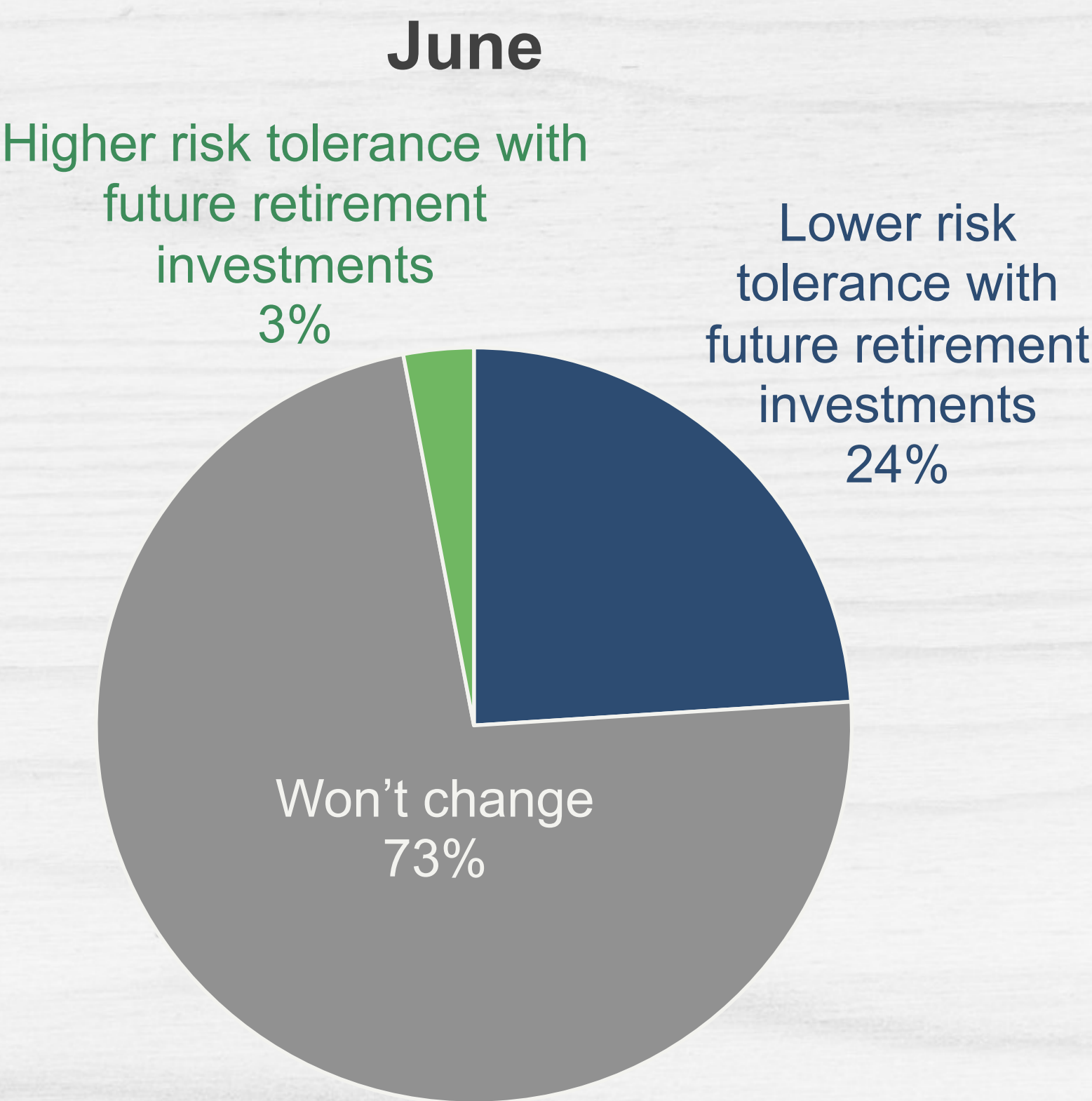
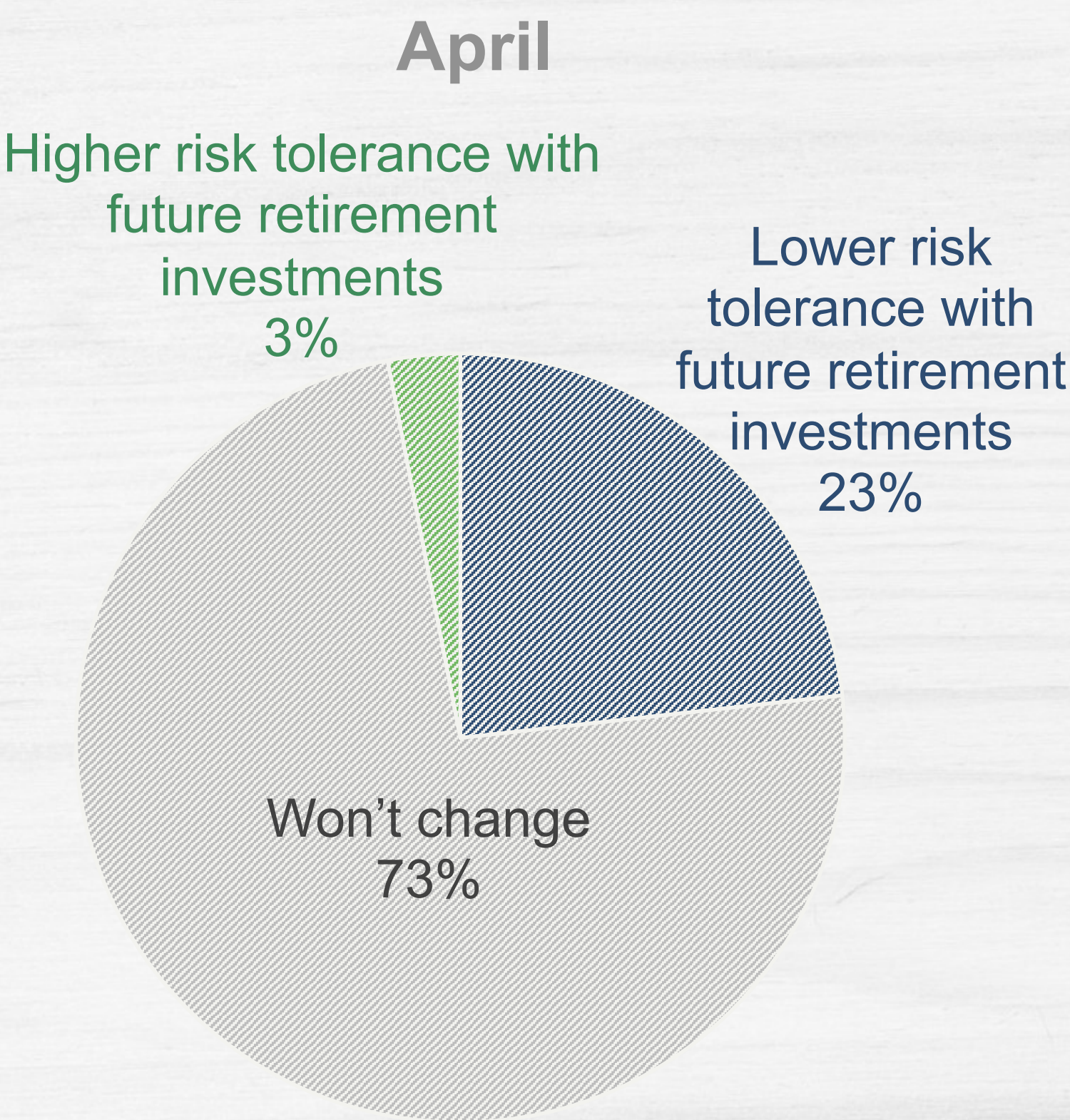
Reduction in Risk Tolerance May Mean Stronger Interest in Annuities



- Consistent with the results in April, nearly one quarter say the crisis has caused them to reduce their risk tolerance long-term.
- Nearly one quarter (22%) say the economic situation has prompted them to consider the benefits of protected lifetime income that an annuity or pension provide.

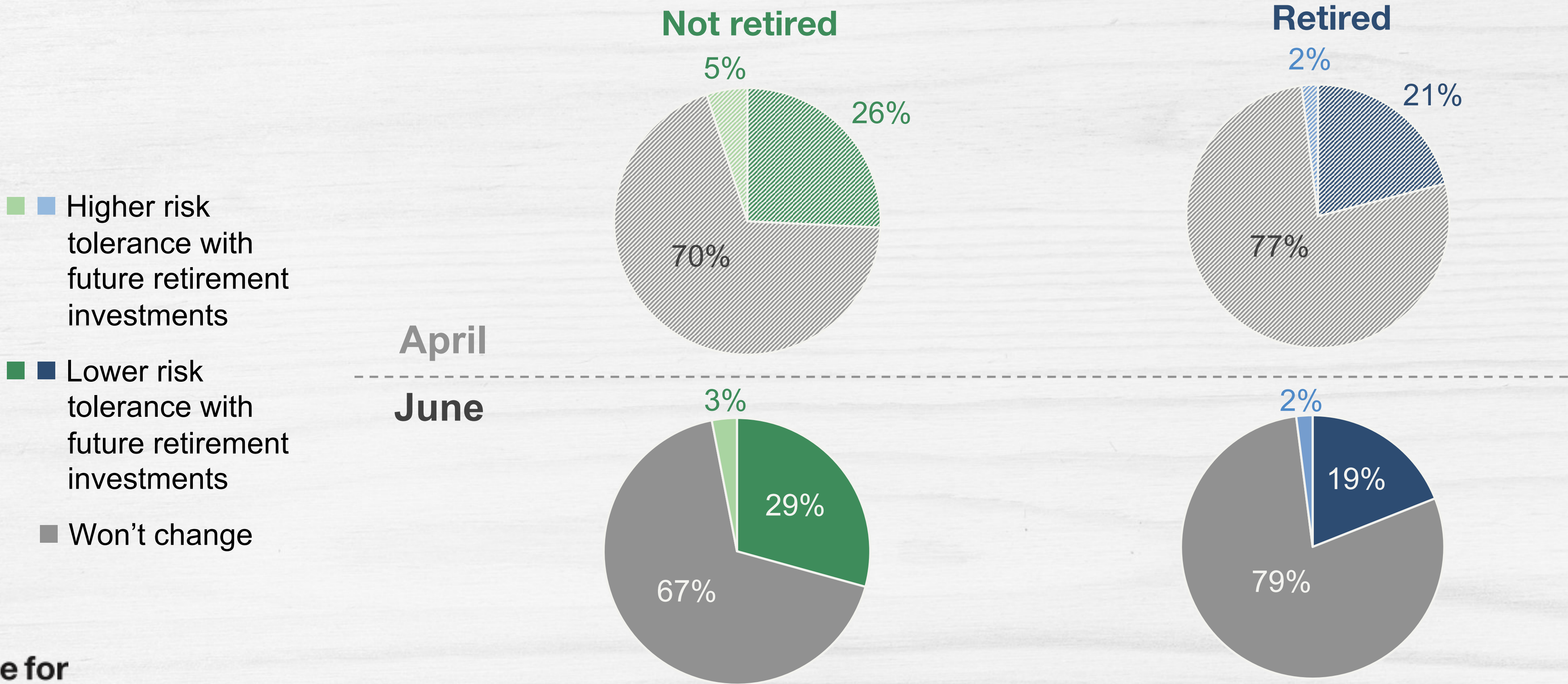
Unchanged from April, nearly one-quarter expect to have a lower risk tolerance with future retirement investments while most do not expect to change.

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

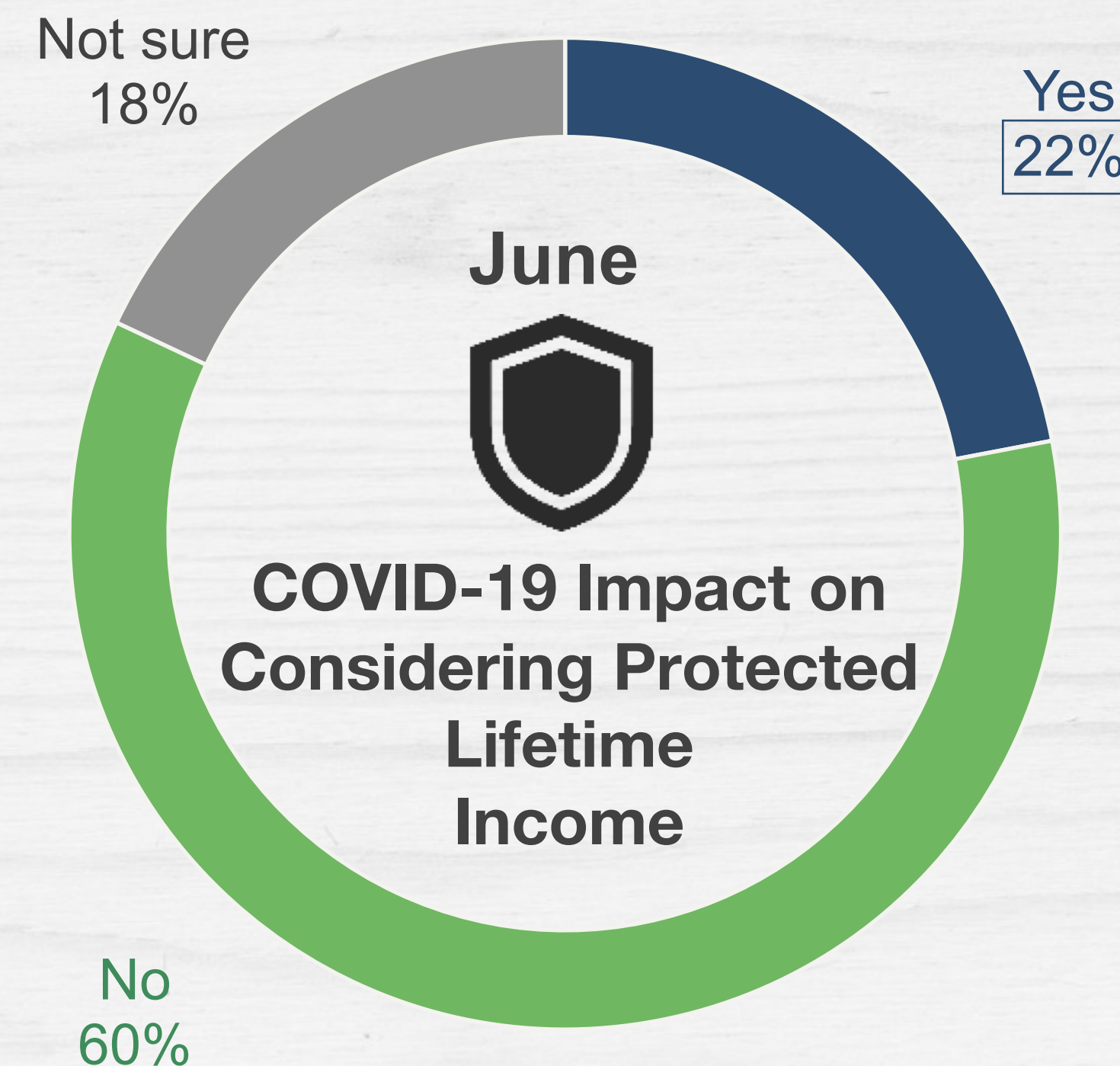
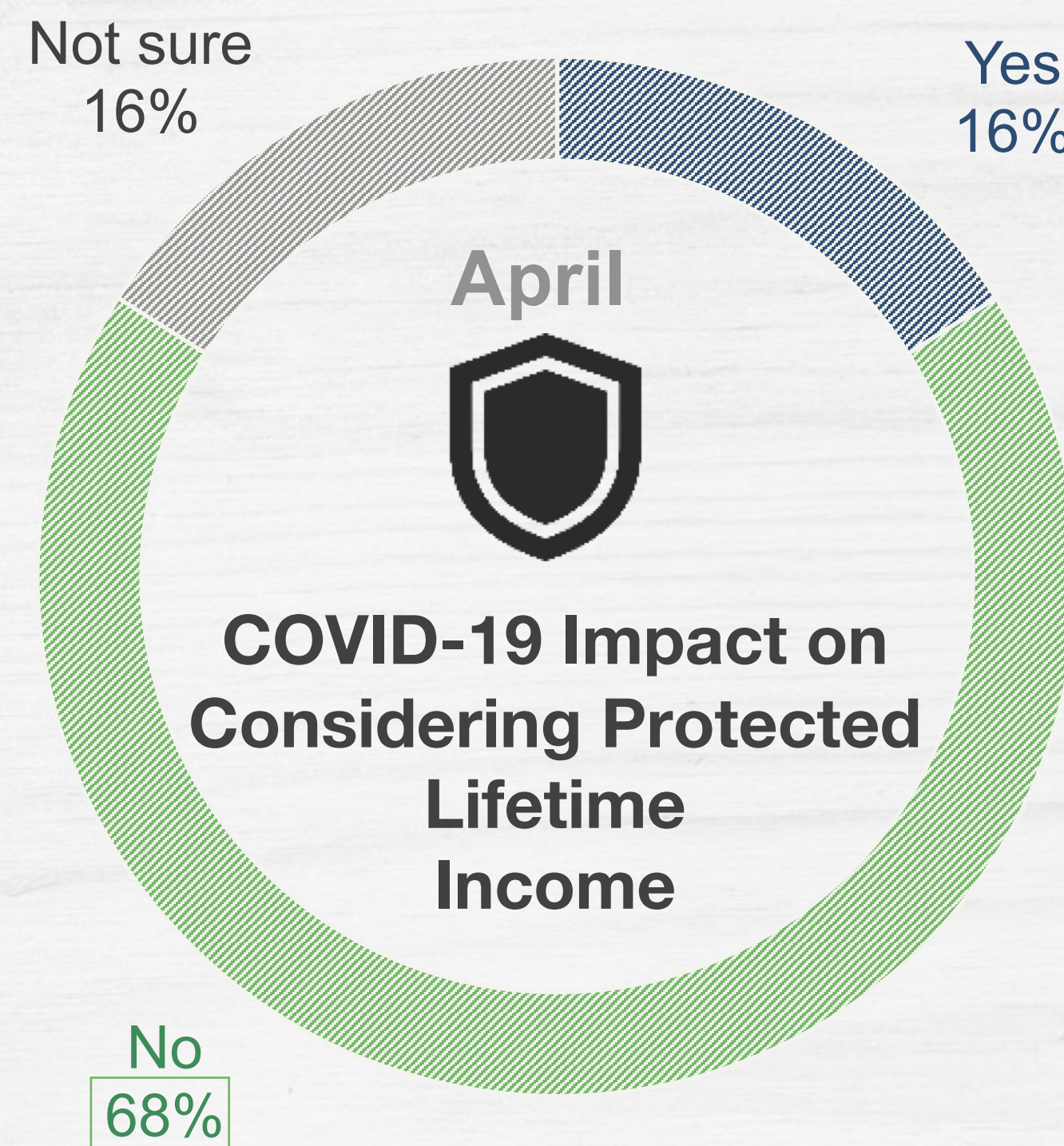


Pre-retirees are more likely than retirees to anticipate having a lower risk tolerance in the future.

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



Nearly one-quarter say the crisis has prompted them to consider the benefits of protected lifetime income that an annuity or pension might provide, an increase from 16% in April.



Among those age 61 to 65 **28%** say they have considered the benefits of protected lifetime income (annuity or pension)

“You Can’t Always Get What You Want” is the Most Appropriate Song Relating to Retirement Today

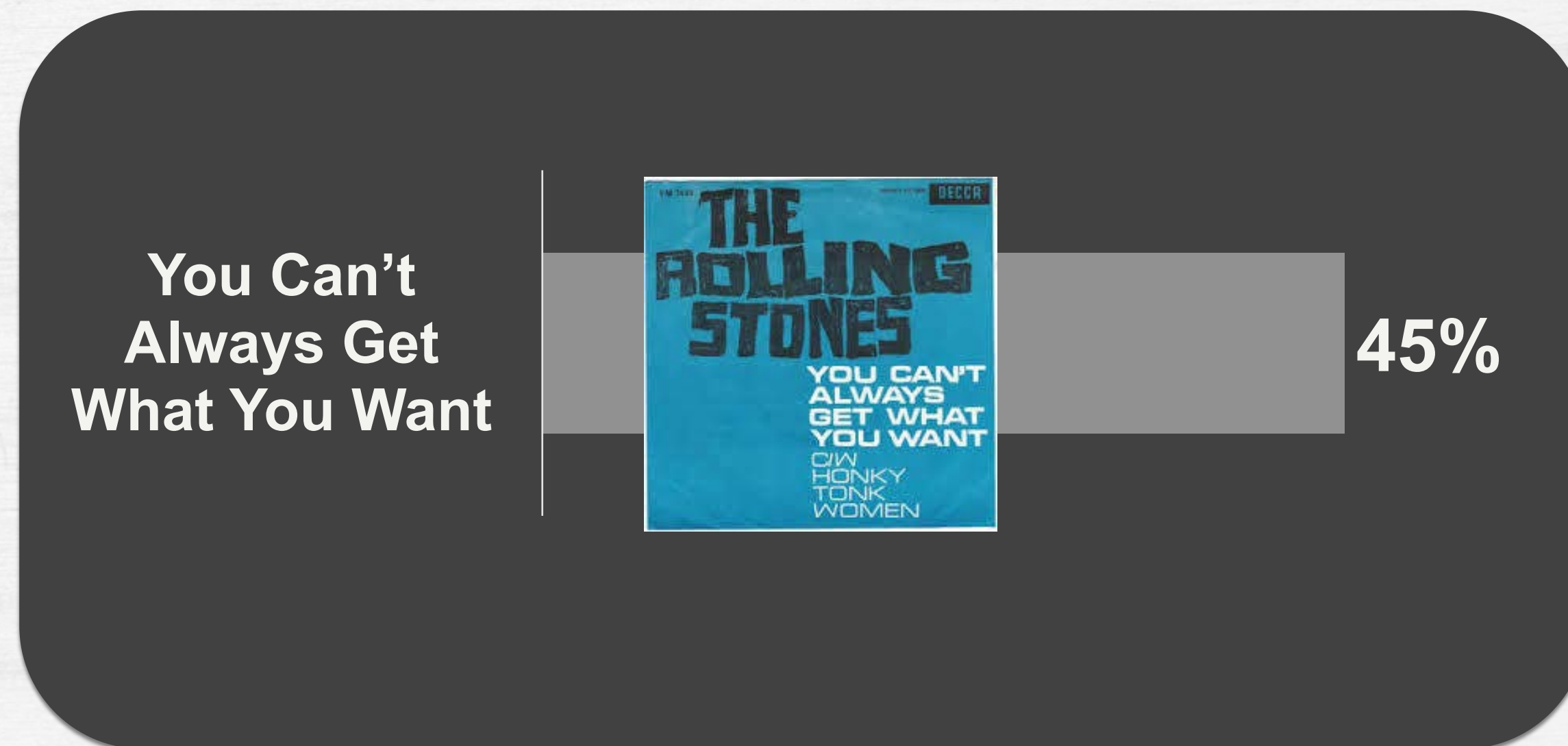


- Nearly half say the song title that best describes retirement now is “You Can’t Always Get What You Want”.
- Nearly one quarter select “Time Is On My Side”.

Nearly half feel “You Can’t Always Get What You Want” best describes their current thinking about retirement

Nearly one quarter say “Time Is On My Side” describes how they feel about retirement; there is no difference on this selection by age. 22% choose “I’m Free”; retirees are more likely to select this song.

Song Title Most Descriptive of Retirement



Time Is On My Side



23%

I'm Free



22%

Start Me Up



7%

Doom and Gloom



3%

“I’m Free”
Retirees: 26%
Non Retirees: 18%

Hang On Tight - Volatility a Key Concern for Americans Nearing Retirement

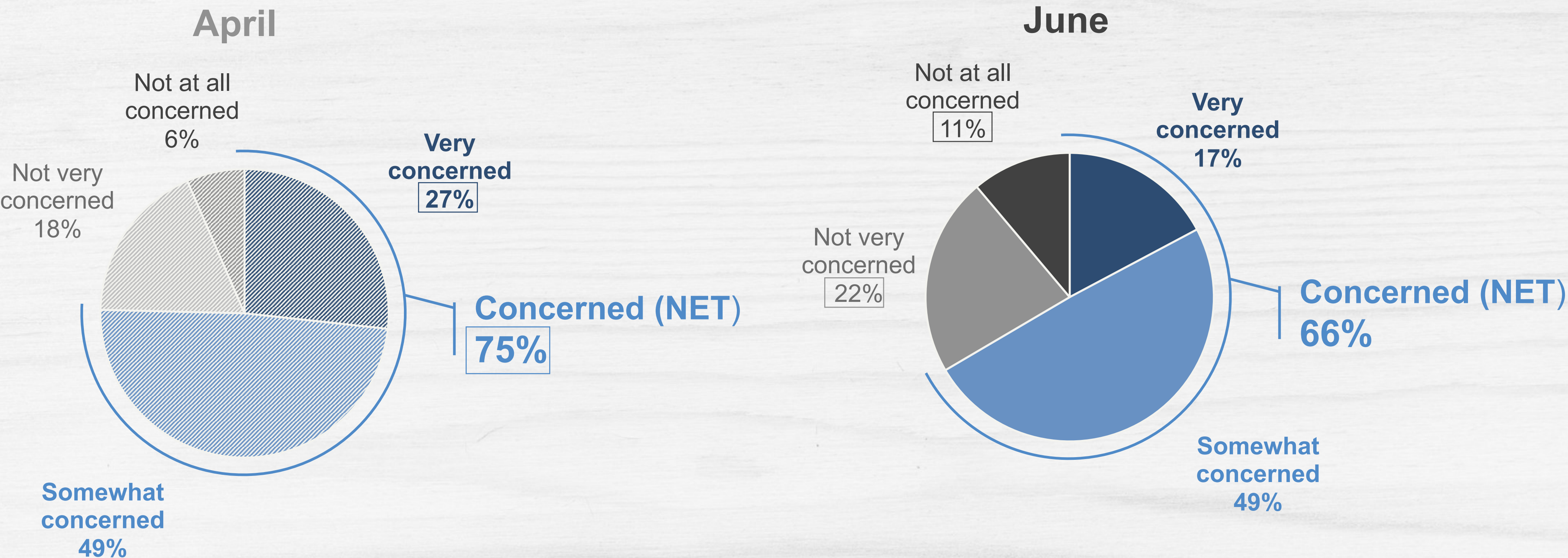


- Concern about the economy and the investing environment impacting retirement plans continues to be high.
- Six out of ten are worried about future unpredictability.
- Only a third are very confident they will have the income to cover all of their expenses in retirement.

Concern about the economy and investing environment remains high but has declined from three-quarters in April to two-thirds in June.

The number who are very concerned dropped compared to April, while about half continue to be somewhat concerned.

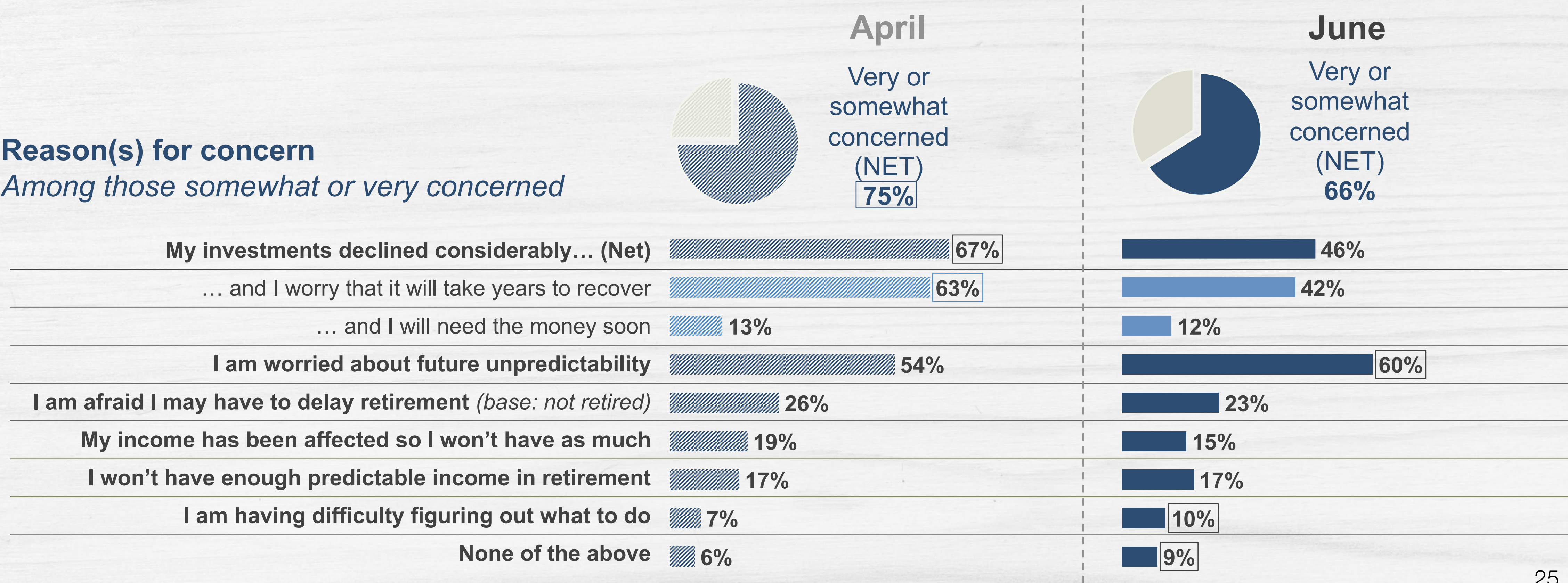
Effect of Current Economy and Investing Environment from COVID-19 on Retirement Investments



Worry about future unpredictability has overtaken fears about declining investments as the top reason for concern.

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

Reason(s) for concern
Among those somewhat or very concerned

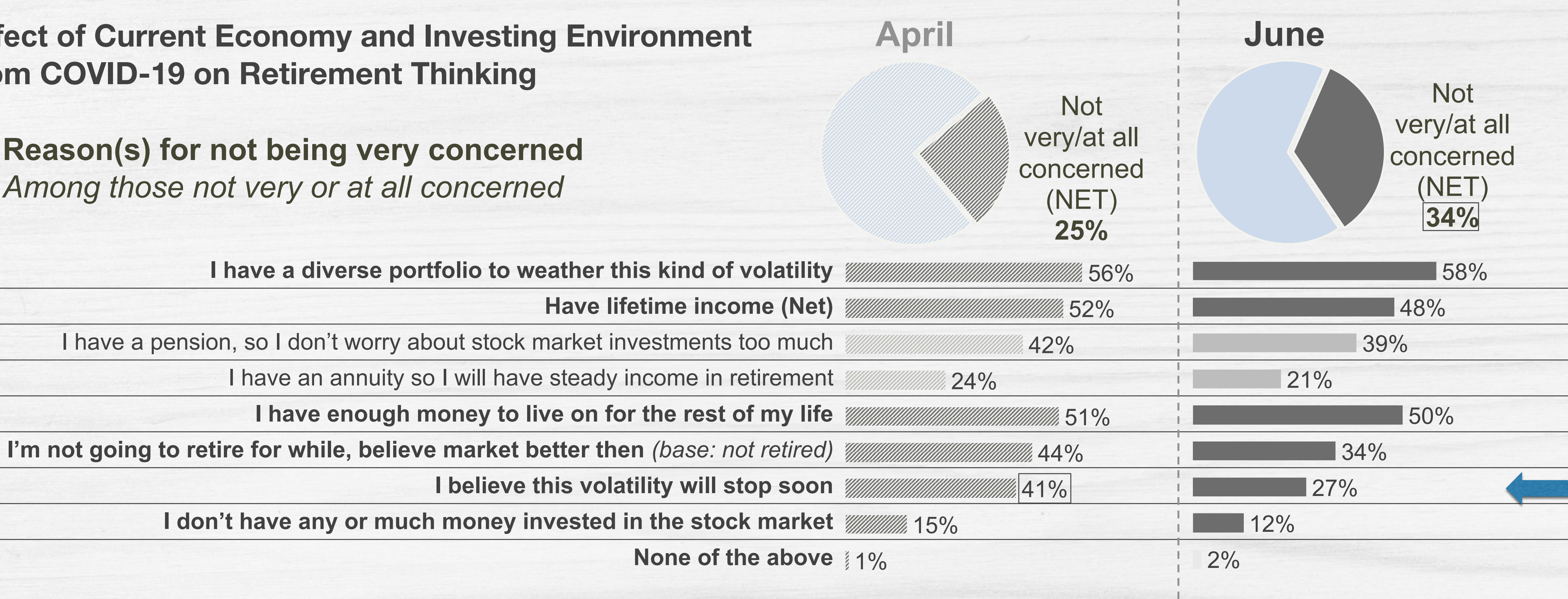


A diverse portfolio, source of lifetime income, and enough money to live on for life are top factors alleviating worry among the unconcerned third.

The portion who believe this volatility will stop soon has declined from four in ten (41%) in April to just over a quarter (27%) in June.

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

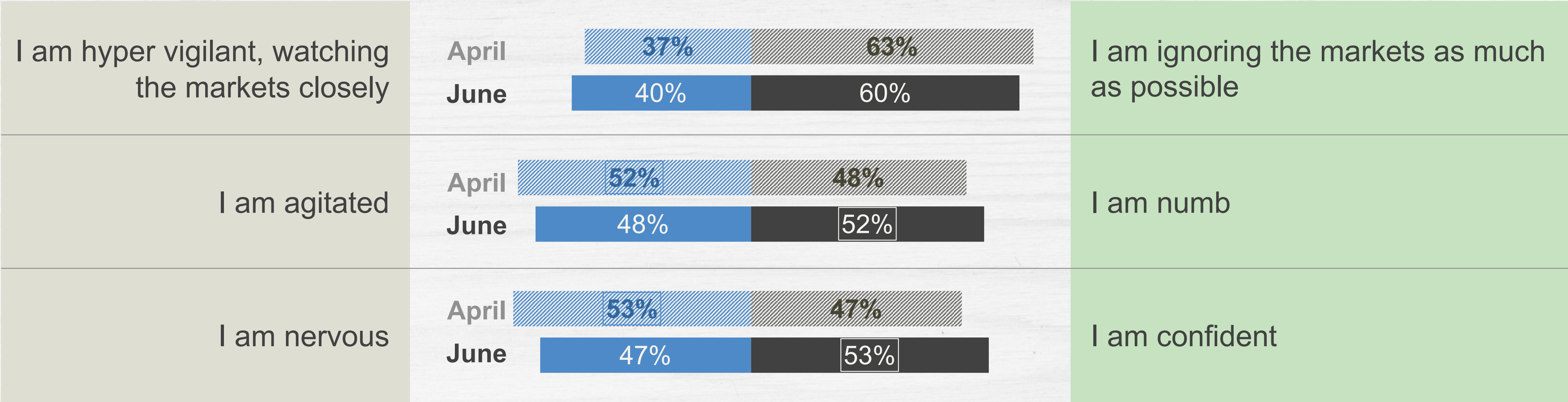
Reason(s) for not being very concerned
Among those not very or at all concerned



Six in ten are ignoring the markets as much as possible.

More than half feel confident rather than nervous, and more than half feel numb rather than agitated when it comes to the current investment environment, slight increases from April levels.

Best Description of Emotional Response to Current Investment Environment

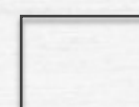
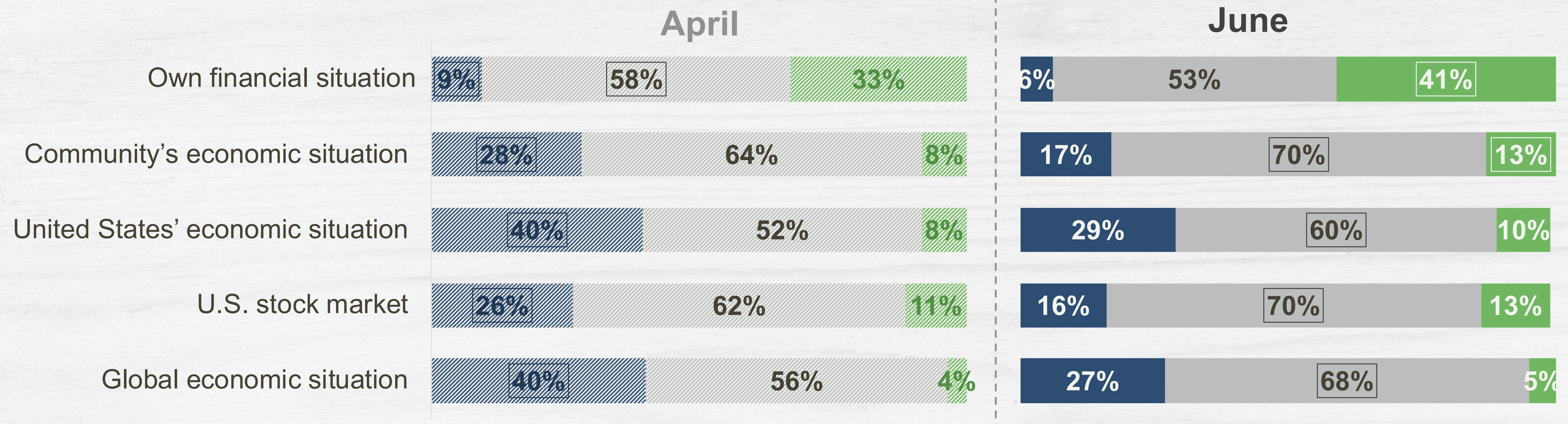


Pessimism is highest at the global and national level. Overall pessimism has declined since April.

Feeling about the Following Through the Rest of 2020

On a scale of 1 - 10

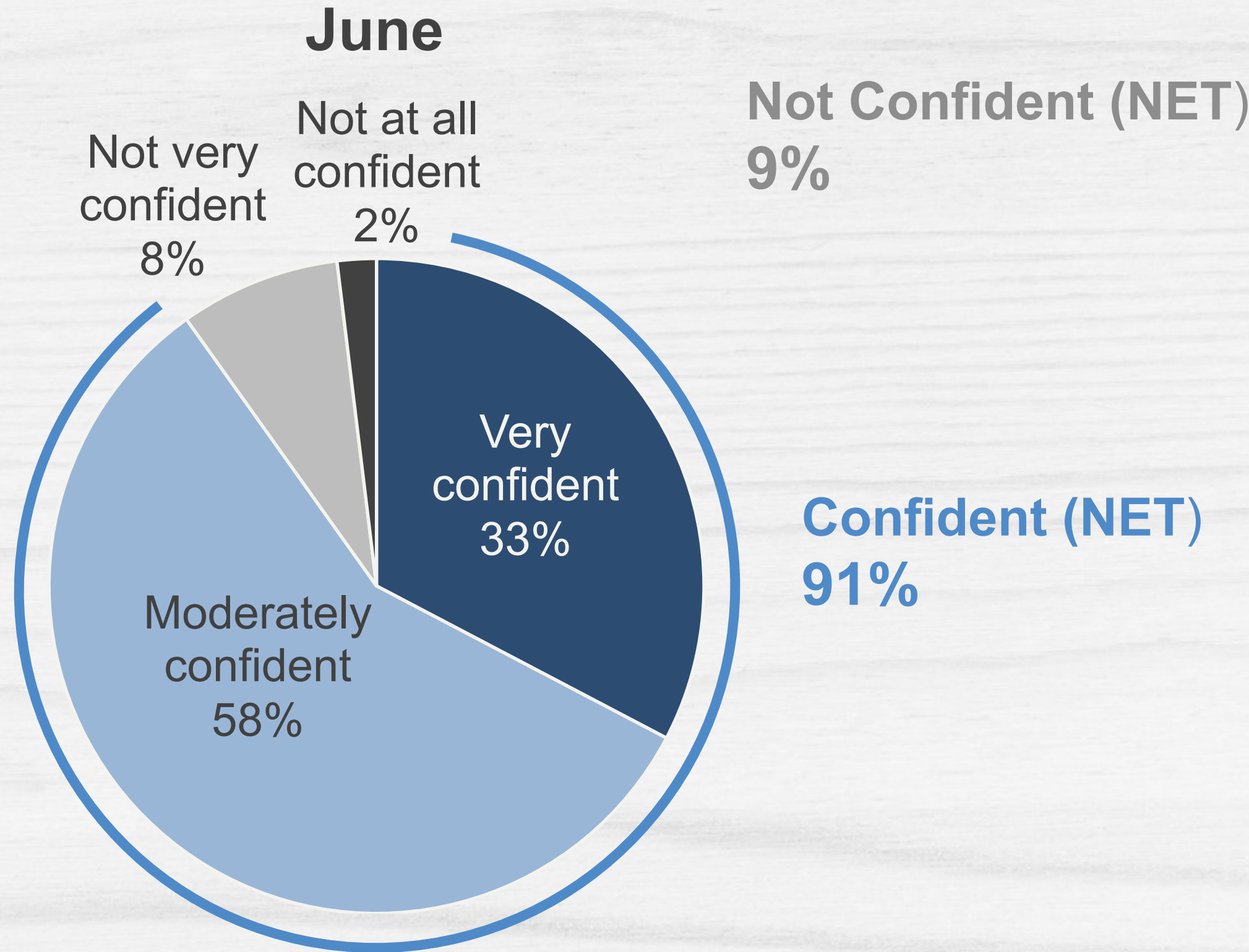
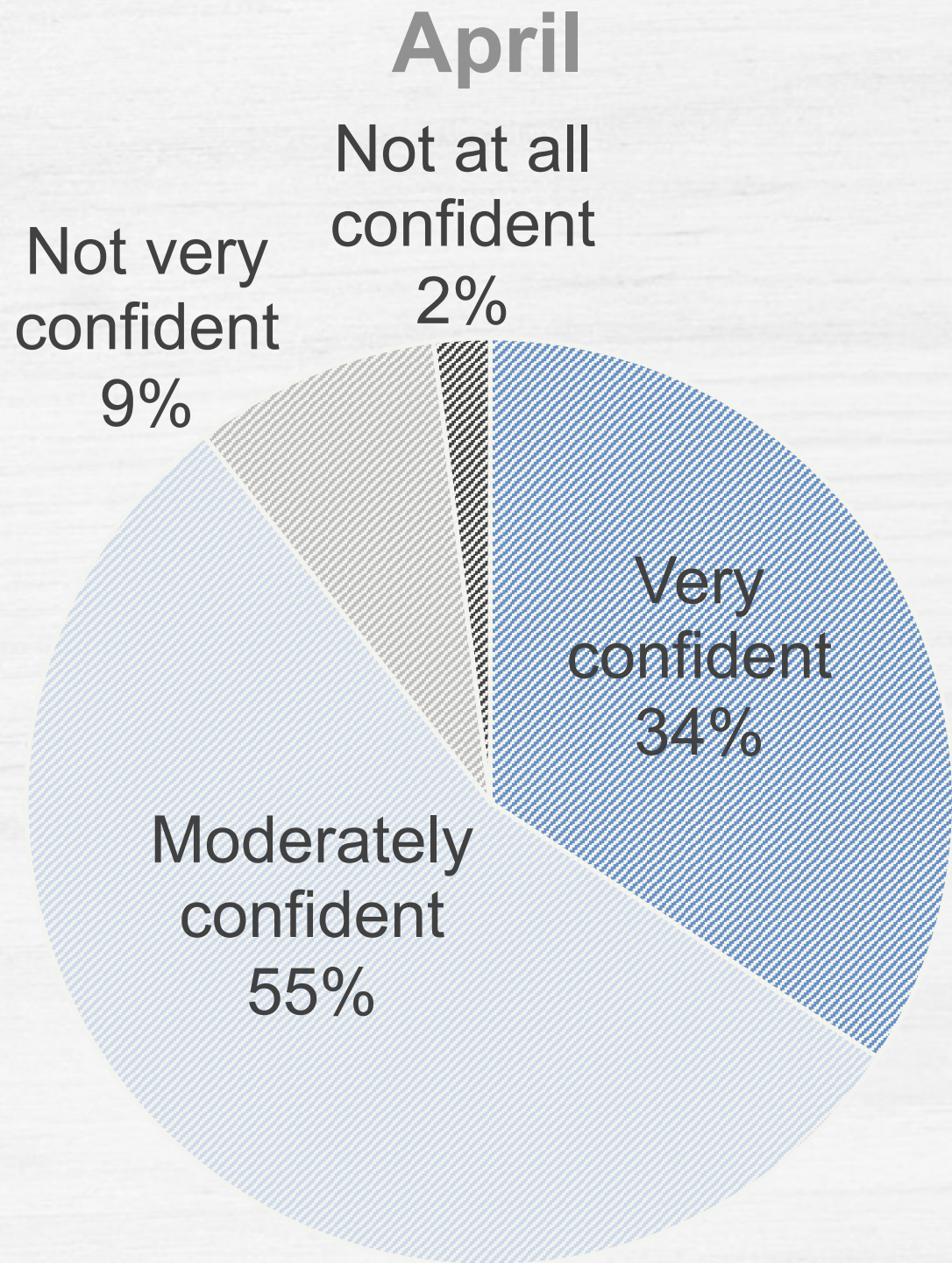
■ Extremely pessimistic (1-3) ■ Neutral (4-7) ■ Extremely Optimistic (8-10)



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

Confidence about income covering expenses in retirement has not significantly changed since April.

Confidence Will Have the Income to Cover Expenses Throughout Retirement

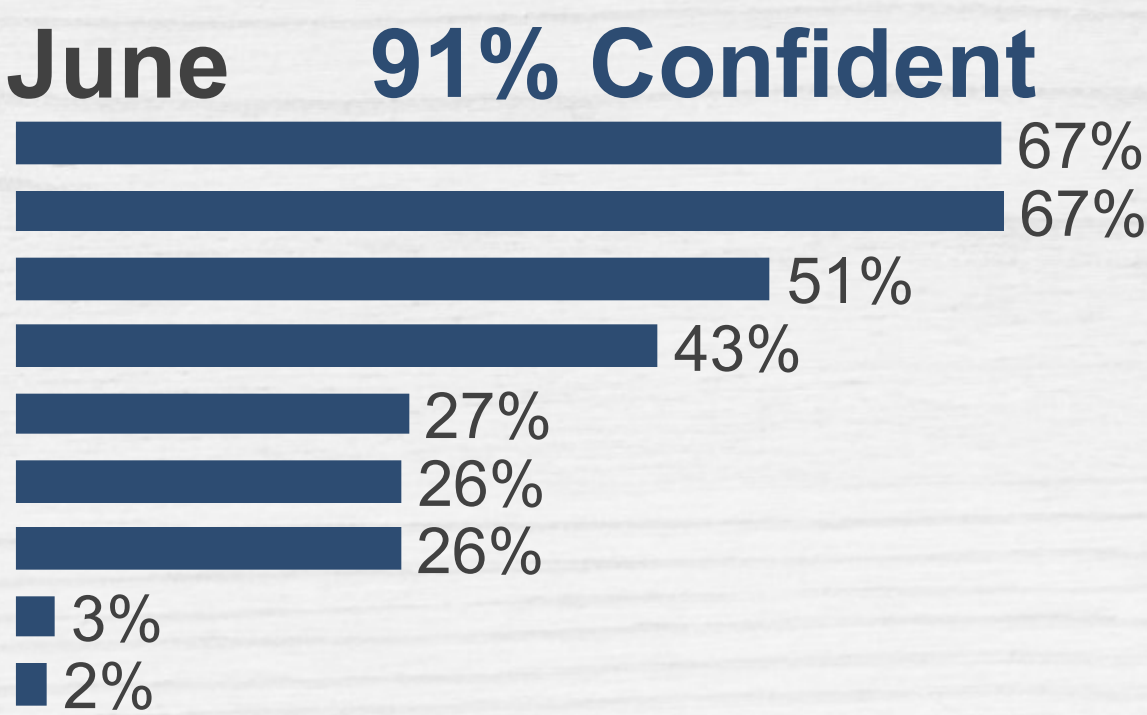
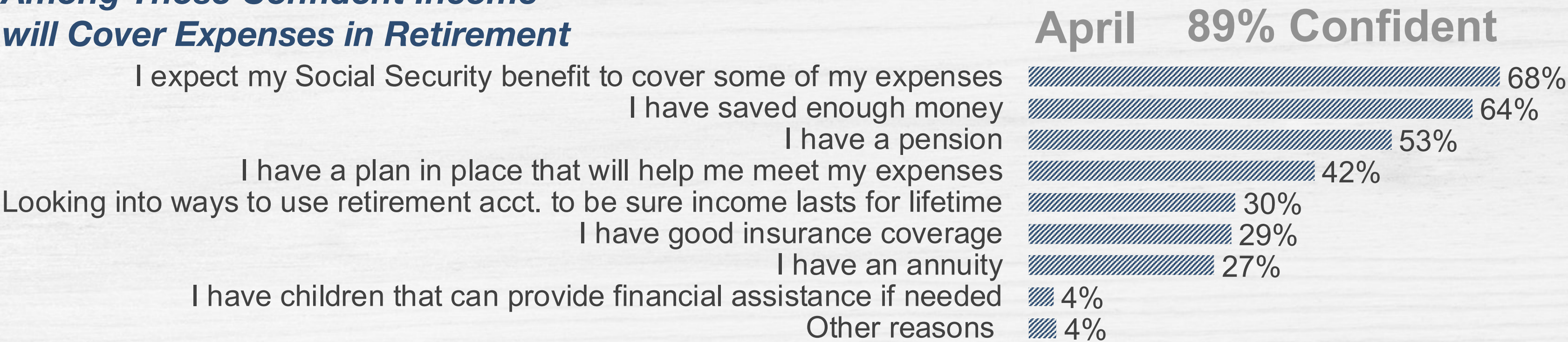


Confidence is most often derived from reliance on Social Security, and savings and pension access; lack of confidence is related to concerns about Social Security, health care costs and the stock market.

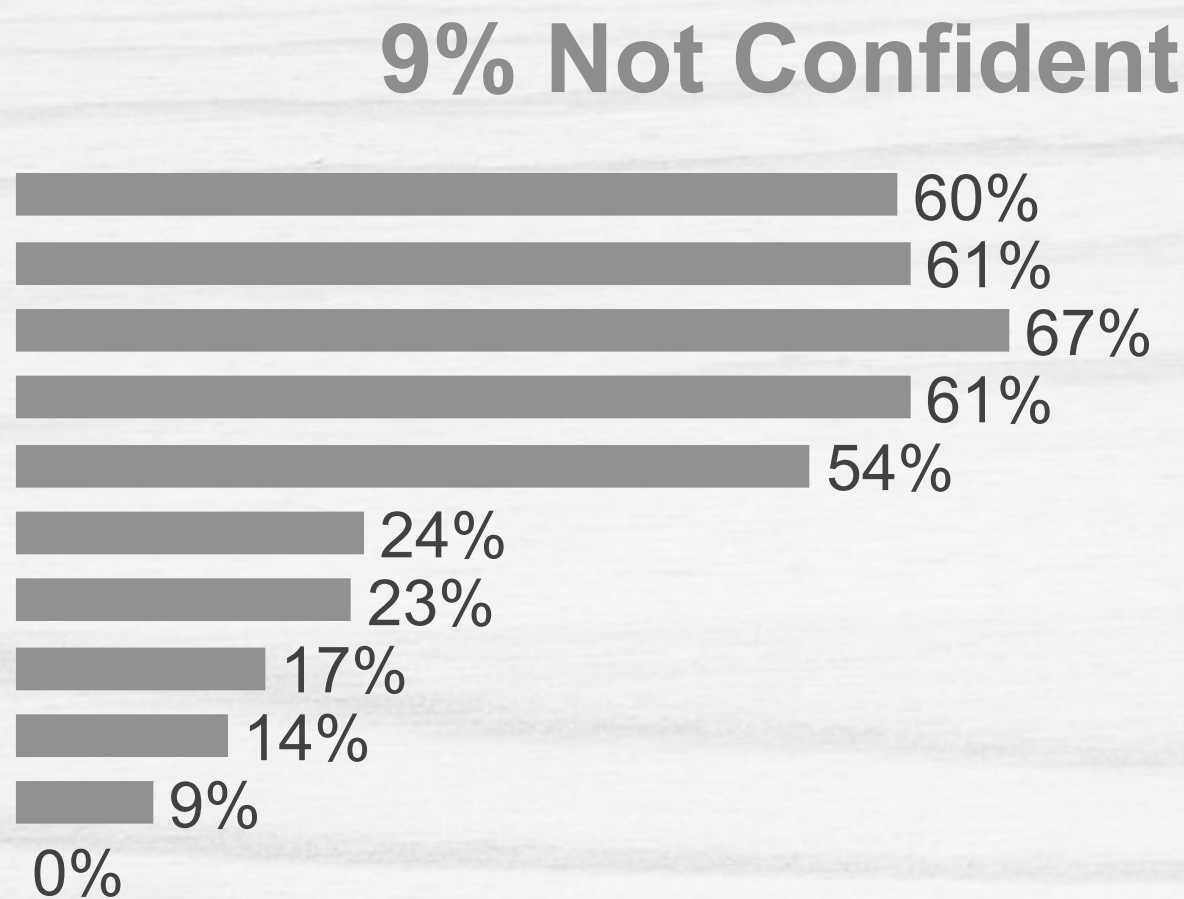
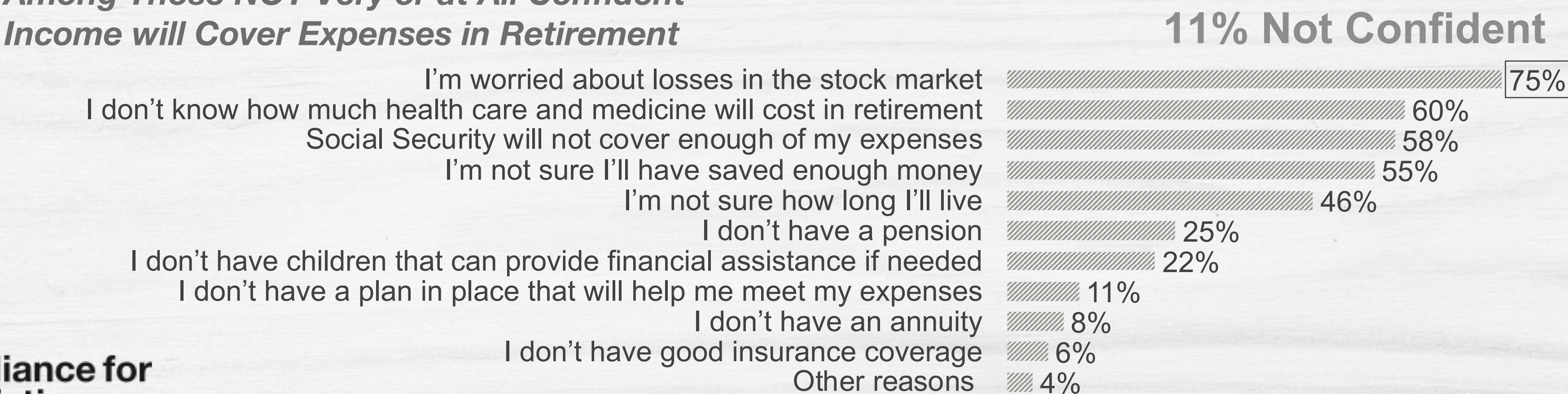
Lack of confidence due to concern over stock market losses has decreased since April.

Reasons for Confidence Rating

Among Those Confident Income will Cover Expenses in Retirement

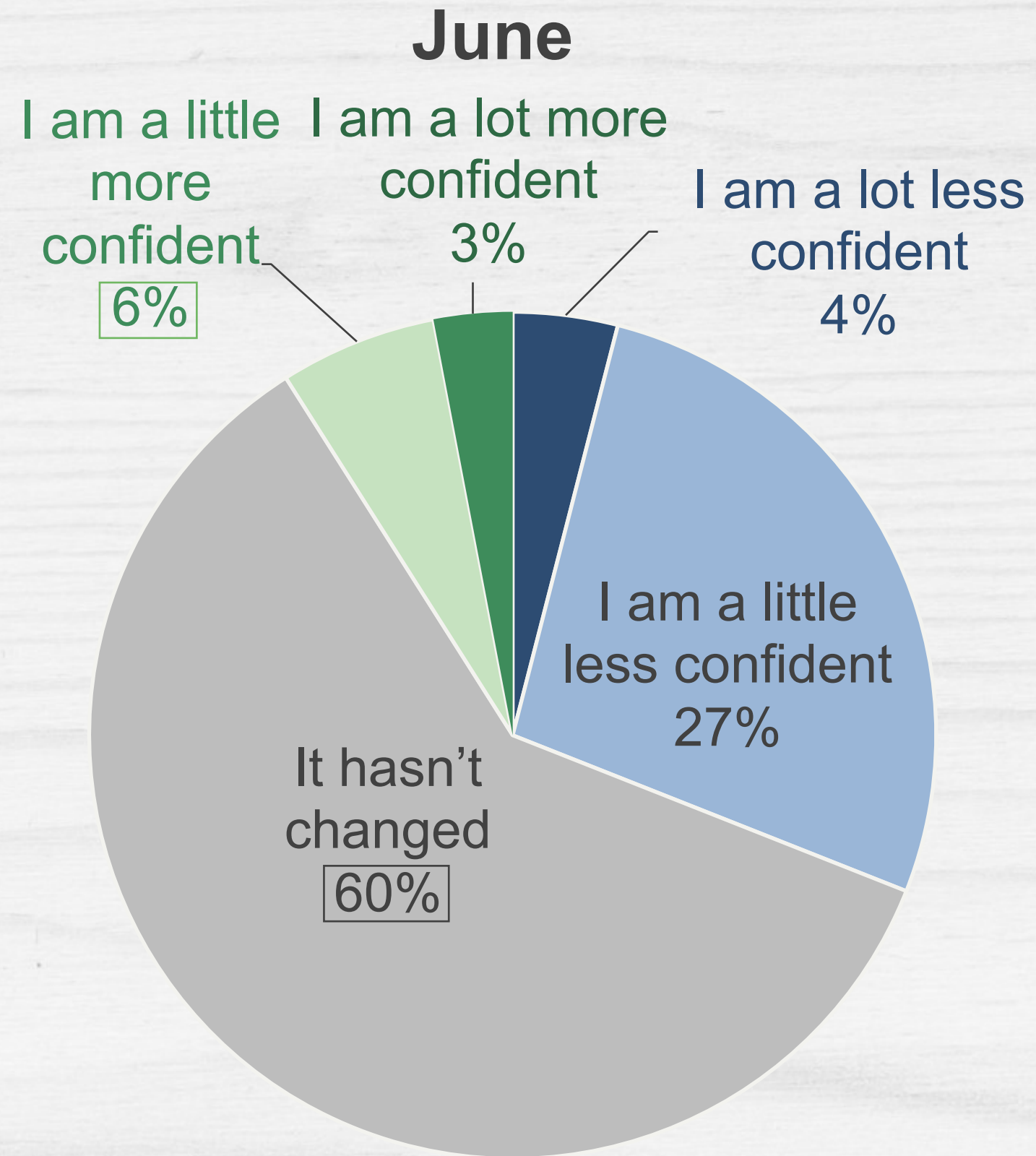
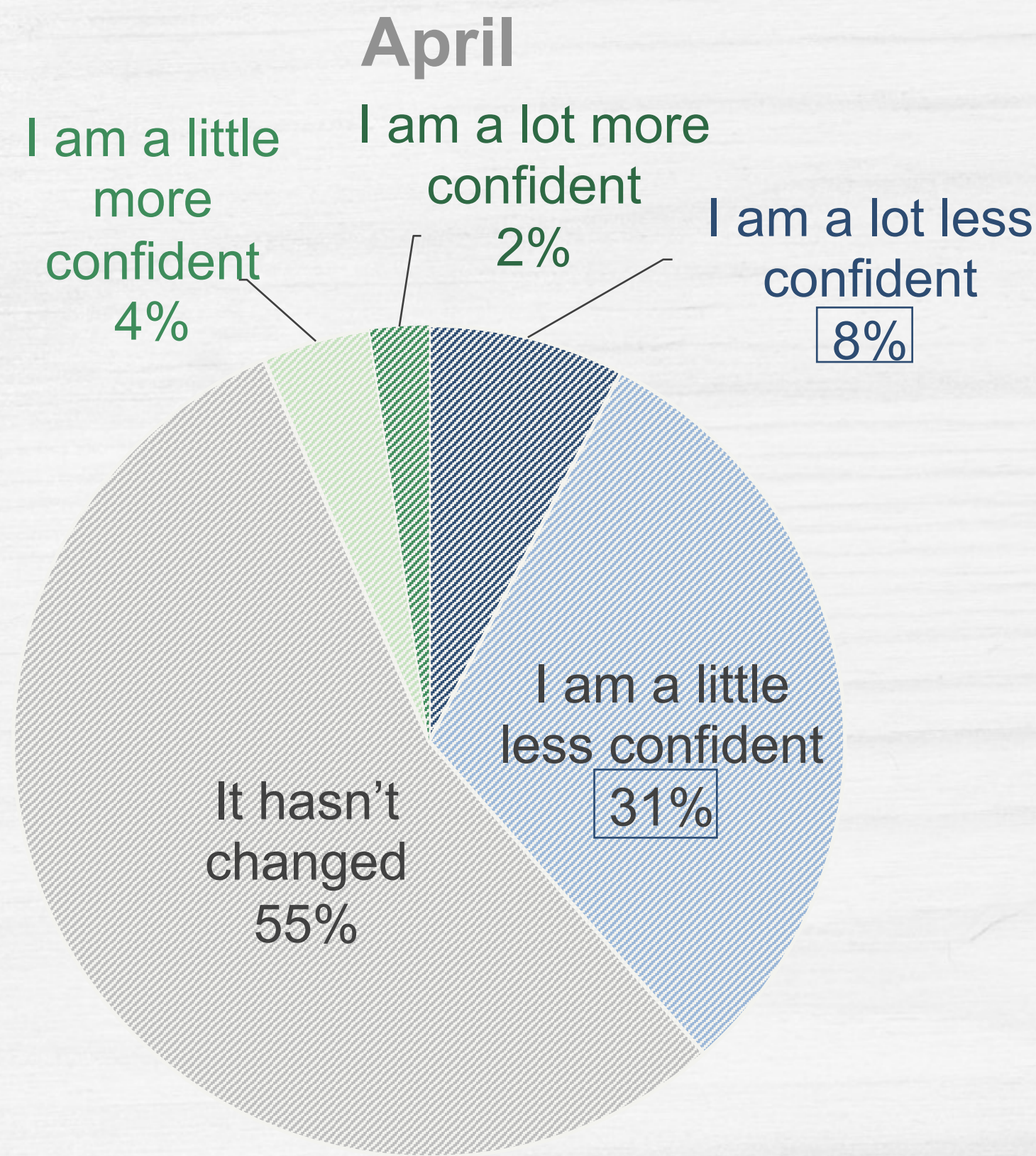


Among Those NOT Very or at All Confident Income will Cover Expenses in Retirement



The two market corrections in as many decades have eroded confidence about having enough income to cover expenses in retirement; however, confidence has edged up since April.

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



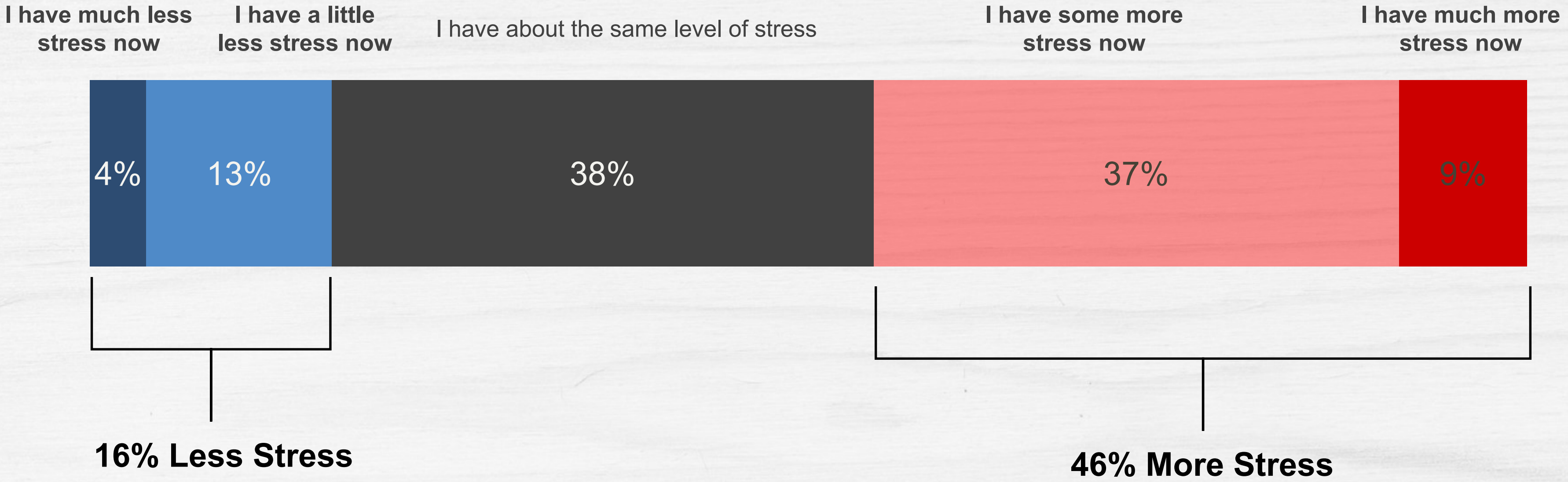
(*2008 as the result of the financial crisis and more recently as the result of the COVID-19 pandemic)

This symbol indicates differences that are statistically significant.

Nearly half are feeling more stress now than they did when the COVID-19 crisis started.



Stress Level Compared to the Start of the COVID-19 Crisis

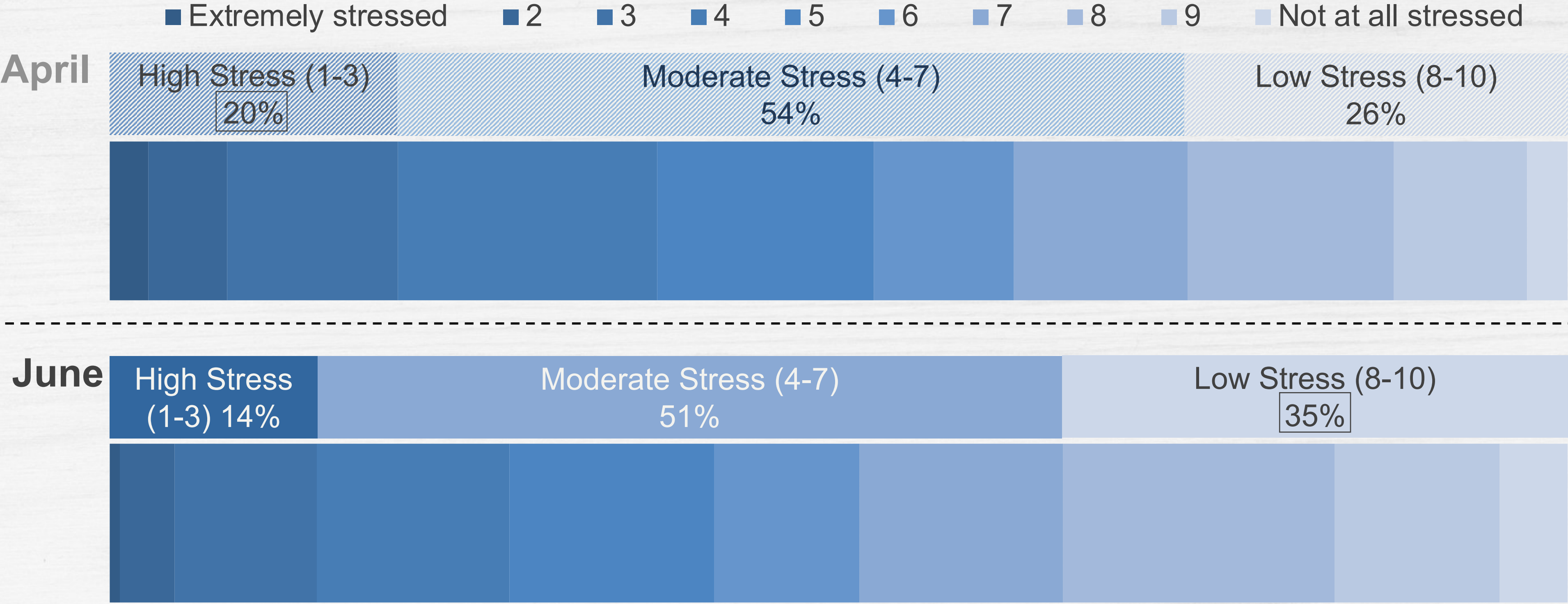


Two-thirds feel at least moderate stress, but stress appears to have reduced since April.



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

“Due to COVID-19 my husband, who is much younger than I, has lost his job and now we are living on my pension and Social Security, it is very scary and stressful.”



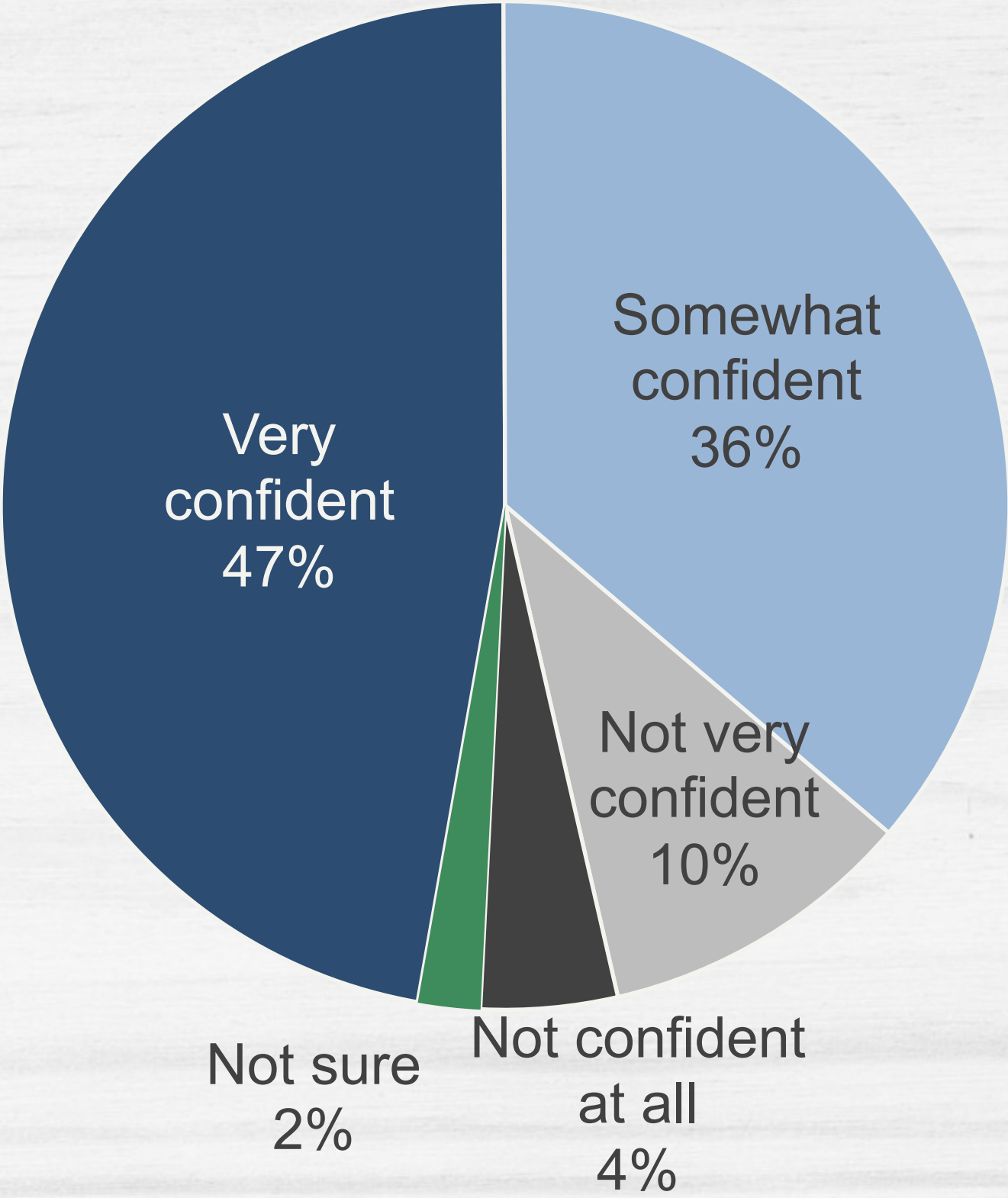
Changes to Employment and 401(k) Concerns



- Just over half of those who are employed express some uncertainty about their employment situation for the next year.
- One in ten with an employer sponsored retirement plan have recently had their contributions cut or eliminated.

Just over half of those who are employed express some uncertainty about their employment situation for the next year.

Among Employed: Confidence About Employment Situation for Next 12 Months



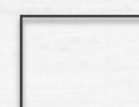
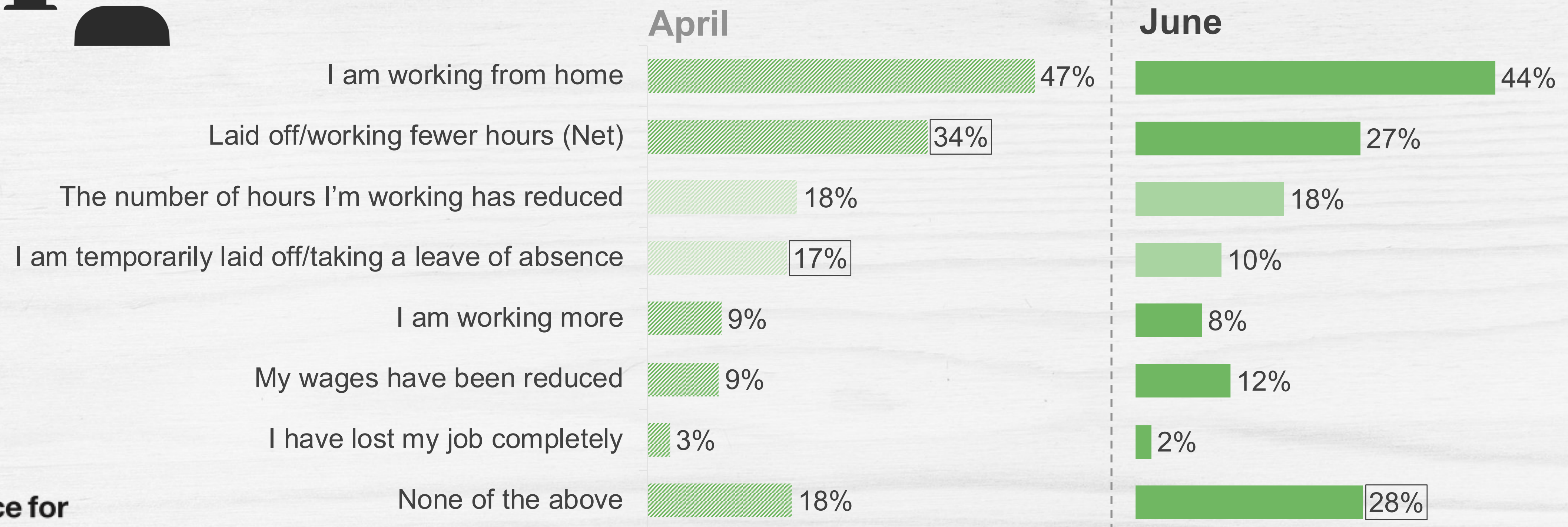
Because of the pandemic, more than four in ten of those in the workforce are working from home.

Just over a quarter are working reduced hours or temporarily laid off. Since April, those temporarily laid off or on leave of absence has declined.



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

Among those working or laid off/on leave

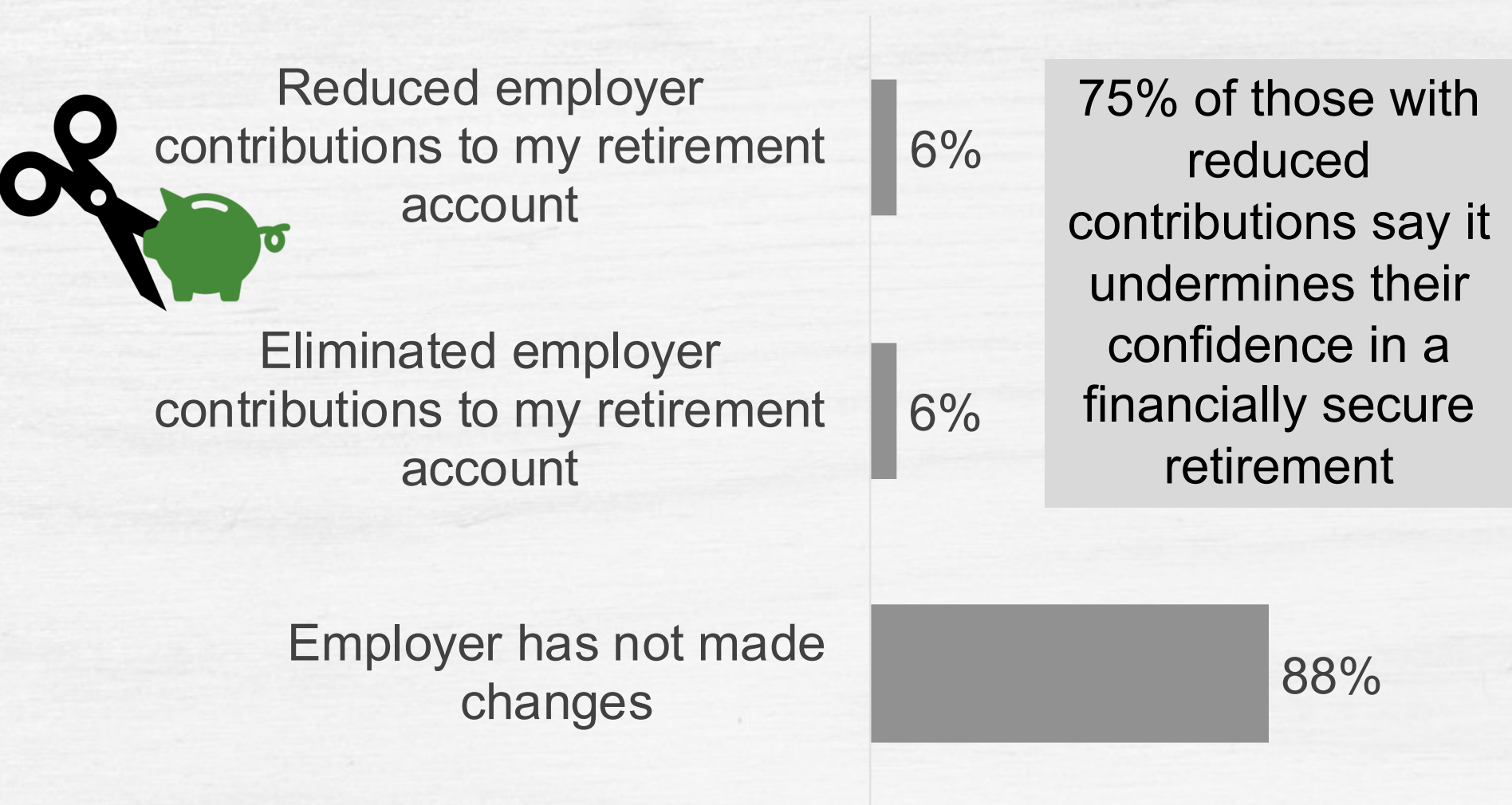


One in ten with an employer sponsored retirement plan have recently had their contributions cut or eliminated.

Two in ten who have not seen reductions are concerned that their employer might do this soon.

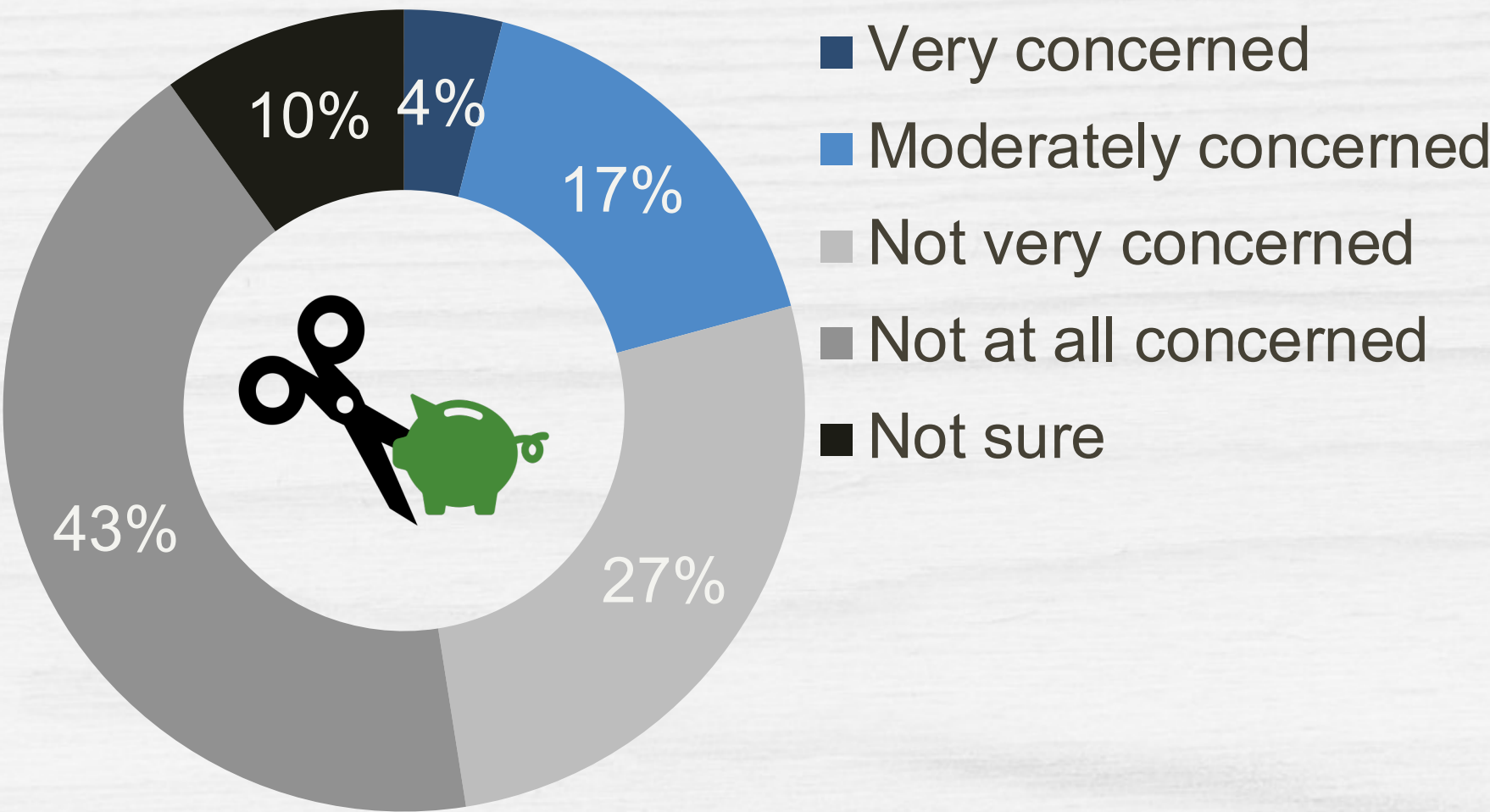
Recent Employer Change in Contributions to Retirement Account

Among employed with employer-sponsored retirement account



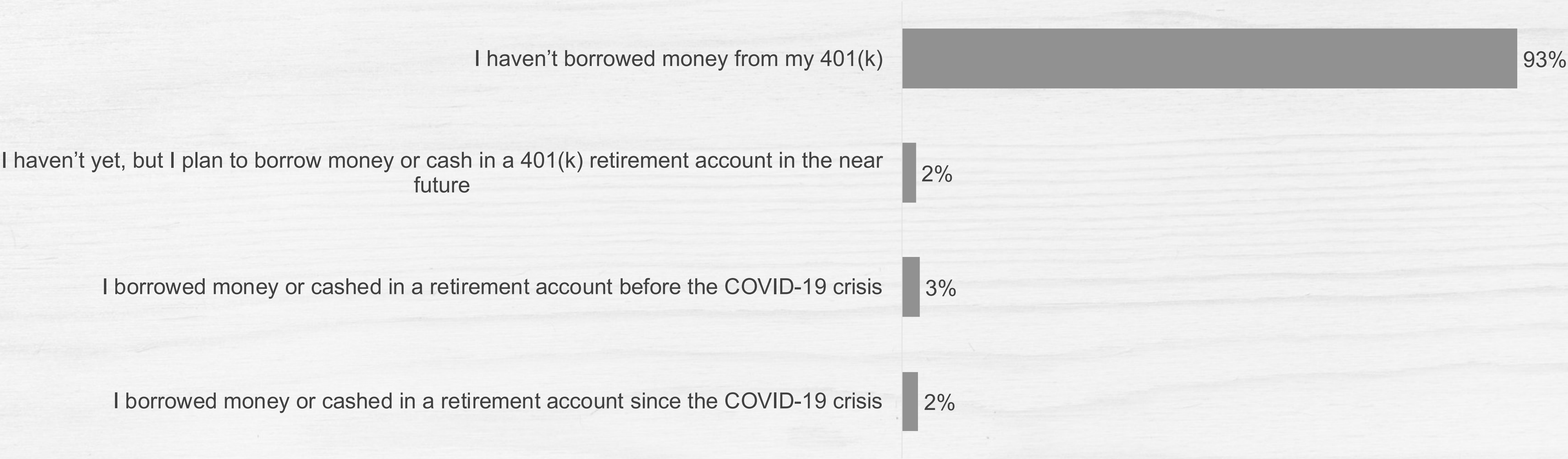
Level of Concern about Employer Reducing or Eliminating Contributions to Retirement Account

Among employed with employer-sponsored retirement account that has not been reduced or eliminated employer contributions



Few have borrowed or plan to borrow from their 401(k) due to the COVID-19 crisis.

Borrowing from 401(k) Retirement Accounts



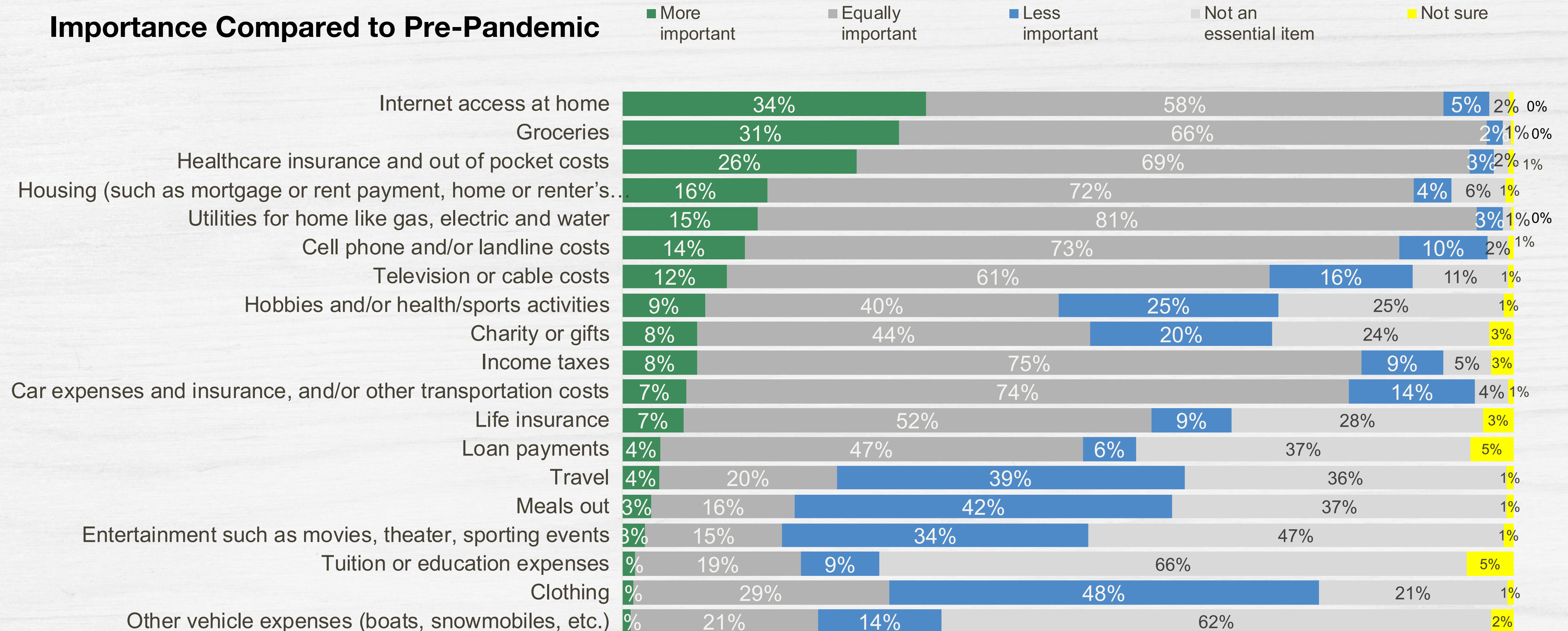
Spending Shifted During the Pandemic; Discretionary Spending Key in Retirement But Not All Are Sure They Will Have the Money



- Checking off the Basics: The pandemic has crystalized the definition of the most basic expenses.
- Eight in ten say discretionary spending is important to quality of life in retirement, however seven in ten are less than very confident they will have the money to fund all of their discretionary spending in retirement.

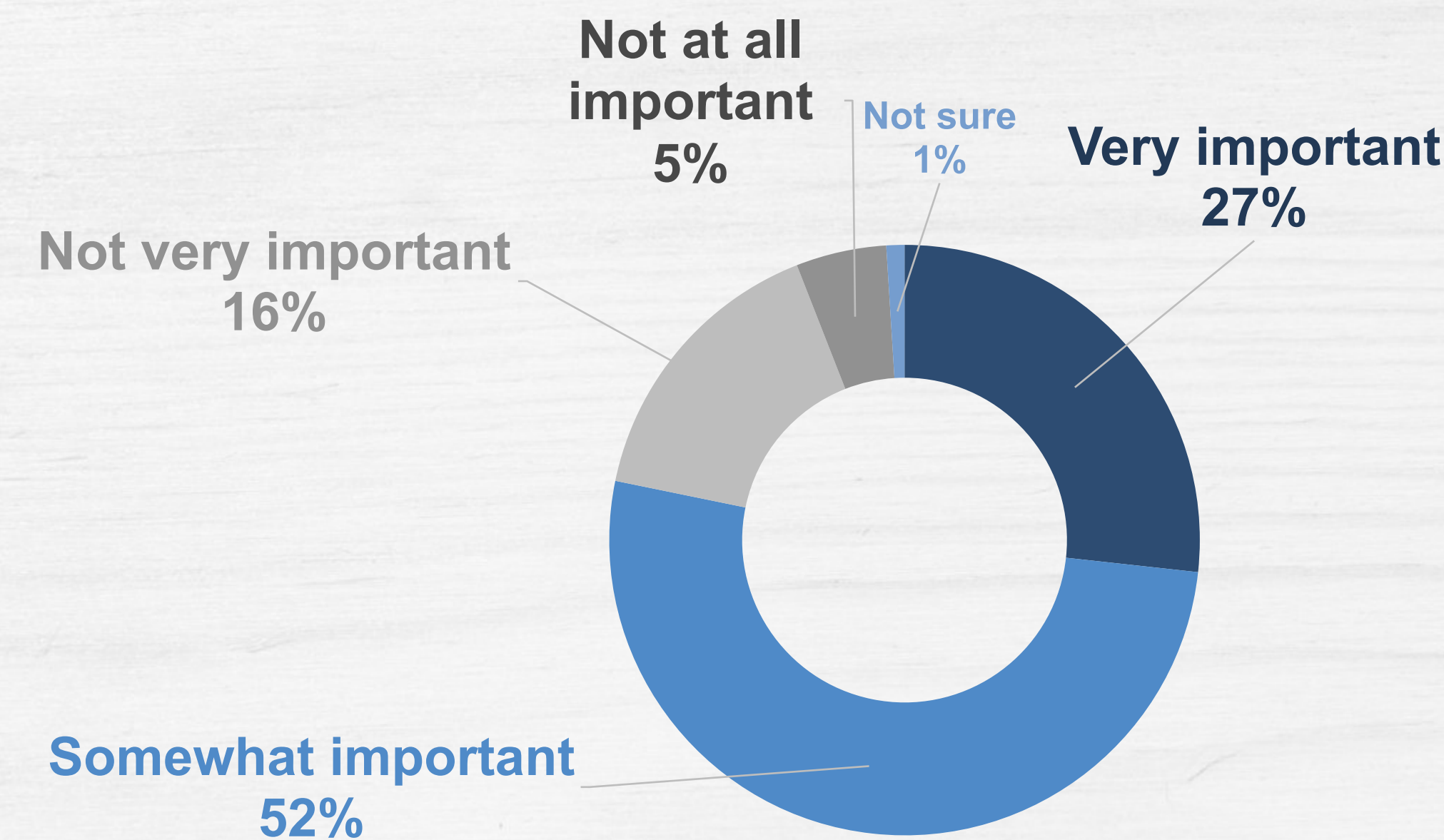
There has been a shift in importance away from clothing, dining out, entertainment and travel to more basic expenses such as internet, groceries, healthcare and housing costs.

Importance Compared to Pre-Pandemic

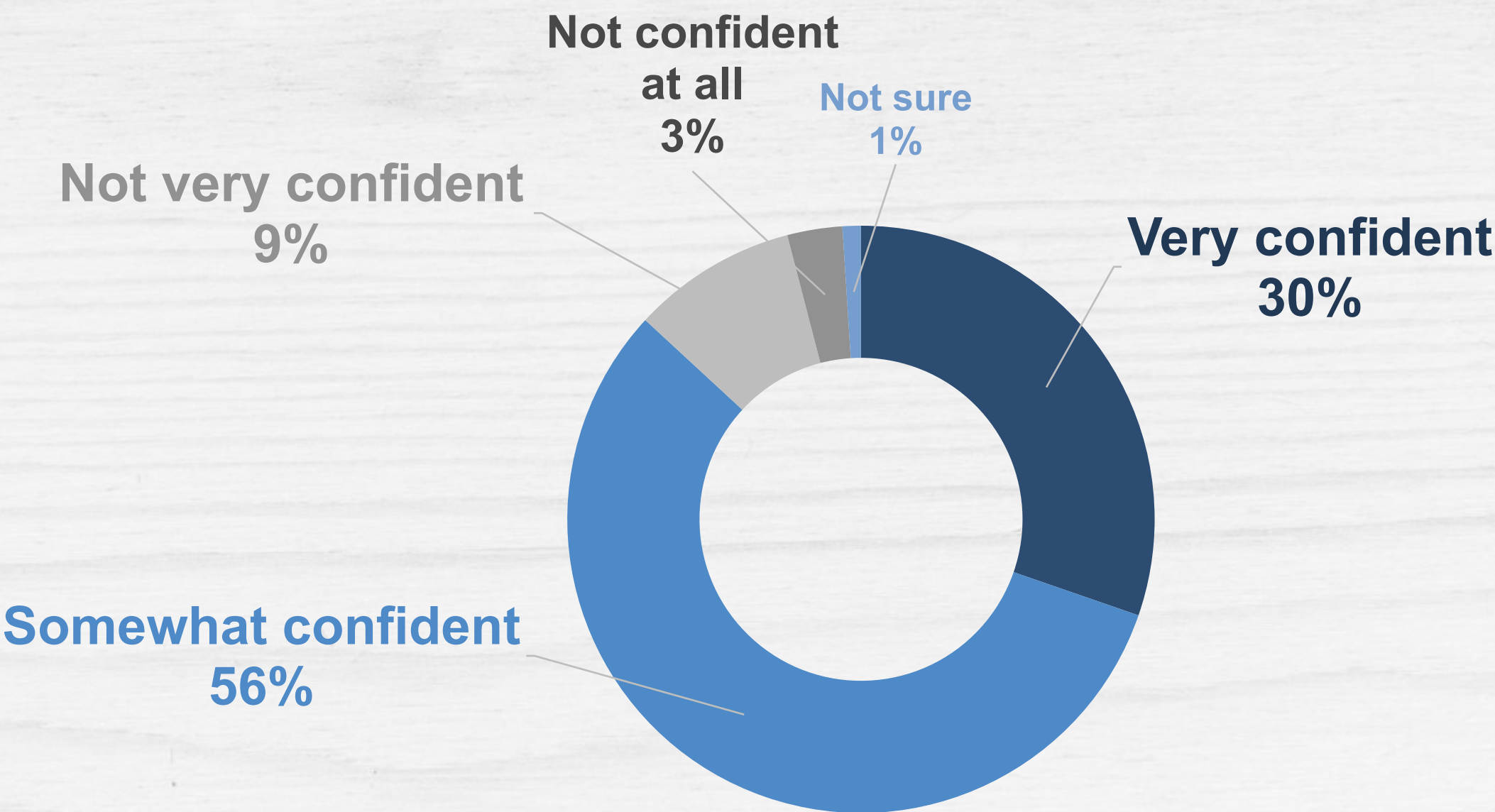


Discretionary spending is widely considered to be important to quality of life in retirement, however seven in ten are less than very confident they will have the money to fund all of their discretionary spending in retirement.

Importance of Discretionary Spending to Quality of Life in Retirement



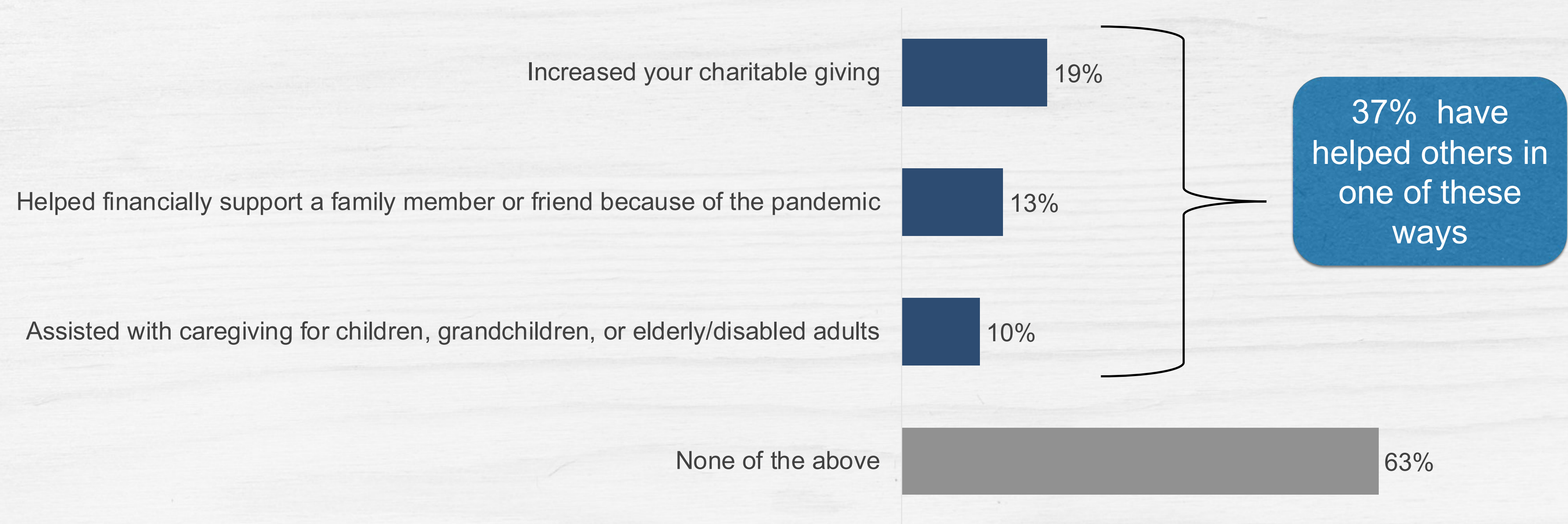
Confidence will Have Enough Money to Fund Discretionary Spending in Retirement



Current retirees are more confident than non-retirees: 91% vs. 83%

Over one-third have helped others by charitable giving, financial support, or with caregiving in the wake of the COVID-19 pandemic.

Caregiving and Other Support Because of COVID-19



APPENDIX



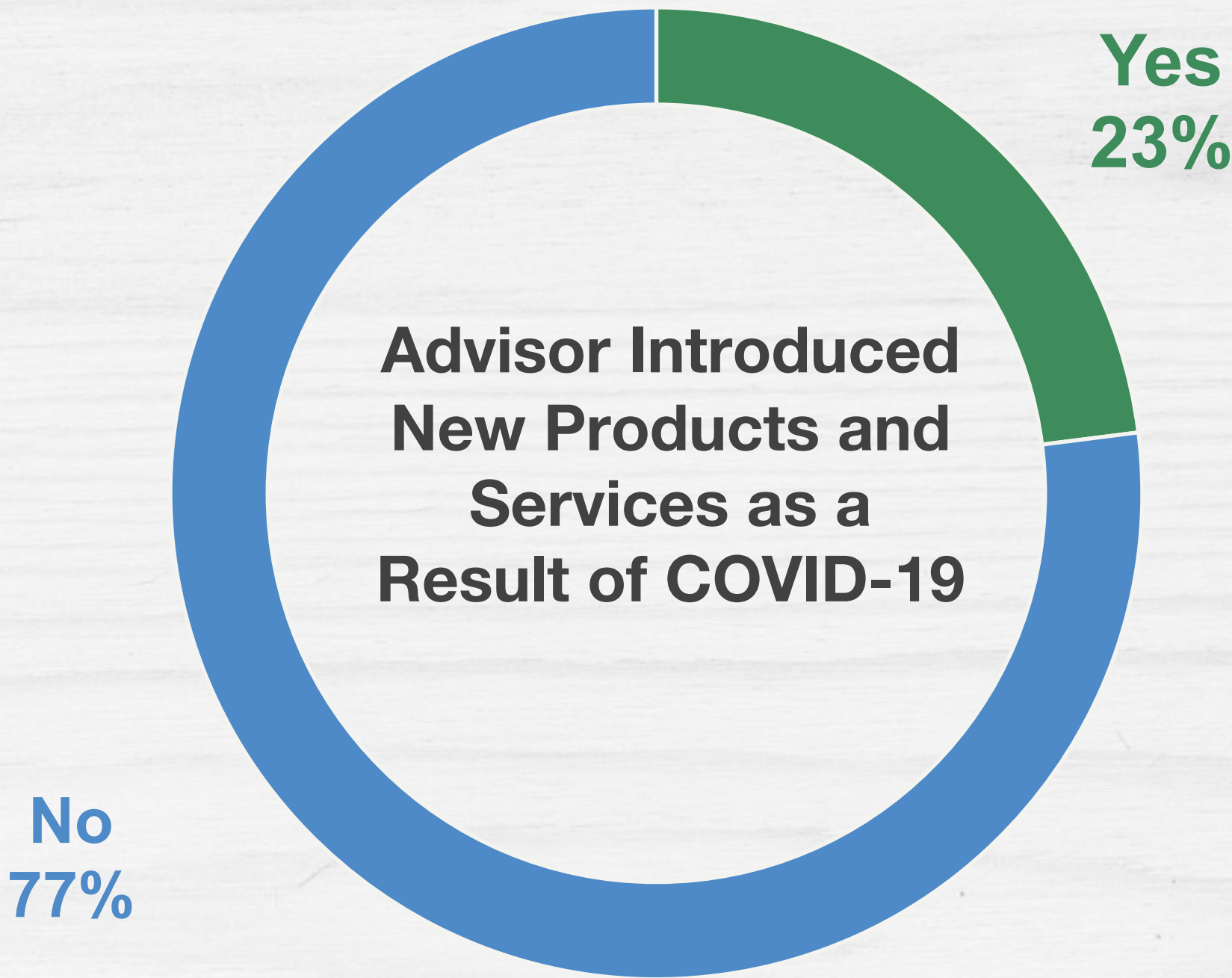
Respondent Profile

Age	56-60	25%
	61-65	25%
	66-70	25%
	71-75	25%
Gender	Male	50%
	Female	50%
Region	Northeast	24%
	Midwest	22%
	South	33%
	West	21%
Highest Level of Education	High school graduate or less	7%
	Completed some college	13%
	Associate's degree	10%
	College graduate	32%
	Completed some grad. school	7%
	Completed graduate school	31%
	Prefer not to say	0%
Race/Ethnicity	White/Caucasian	93%
	Asian	5%
	Black/African American	2%
	American Indian or Alaska Native	<1%
	Native Hawaiian or Pacific Islander	0%
	Other	<1%
	Prefer not to answer	<1%
	Hispanic	2%

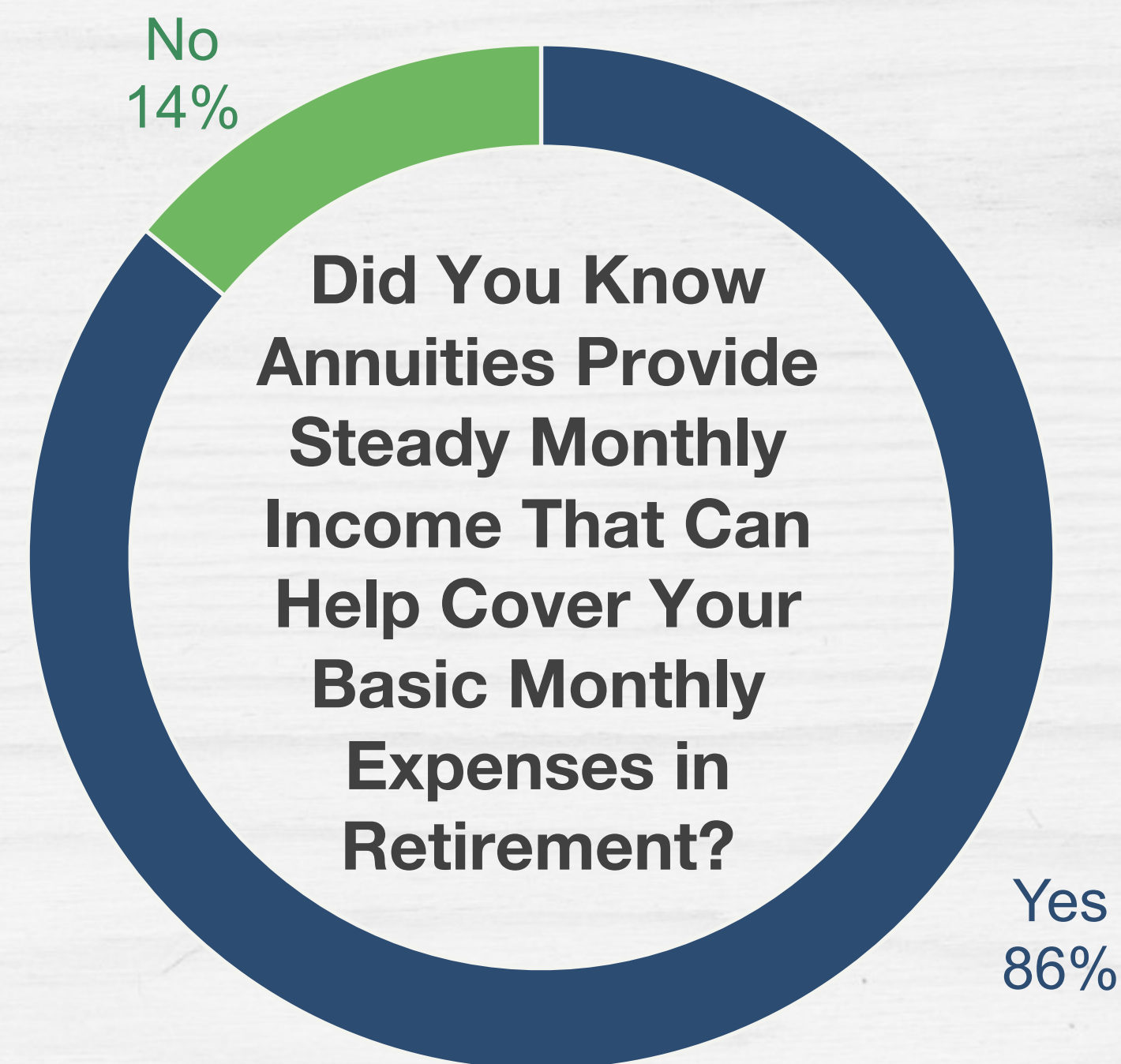
Current Employment Status	Employed full-time	37%
	Employed part-time	10%
	Temp. laid-off/leave due to economy	1%
	Unemployed due to COVID-19	2%
	Retired, but working part-time	6%
	Fully retired	44%
Marital Status	Married	71%
	Living with partner	4%
	Single, never married	9%
	Divorced	10%
	Separated	0%
	Widowed	5%

Total Household Income for 2019 <i>Before taxes</i>	Less than \$35,000	3%
	\$35,000 to \$49,999	4%
	\$50,000 to \$74,999	20%
	\$75,000 to \$99,999	20%
	\$100,000 to \$149,999	29%
	\$150,000 to \$199,999	13%
	\$200,000 to \$249,999	5%
	\$250,000 to \$499,999	4%
Household's Total Investable Assets	\$500,000 or more	1%
	\$100,000 - \$149,999	8%
	\$150,000 - \$499,999	34%
	\$500,000 - \$999,999	27%
	\$1,000,000 - \$1,999,999	19%
	\$2,000,000 - \$2,999,999	7%
Financial Products Currently Own	\$3,000,000 or more	6%
	401(k)/403(b)/empl provid acct	61%
	An IRA	77%
	A Roth IRA	42%
	An annuity	38%
	A pension	61%
Work with a Financial Advisor	Yes	63%
	No	36%
	Not sure	2%

Nearly one in four say their advisor has introduced new products and services to consider as a result of the COVID-19 crisis.

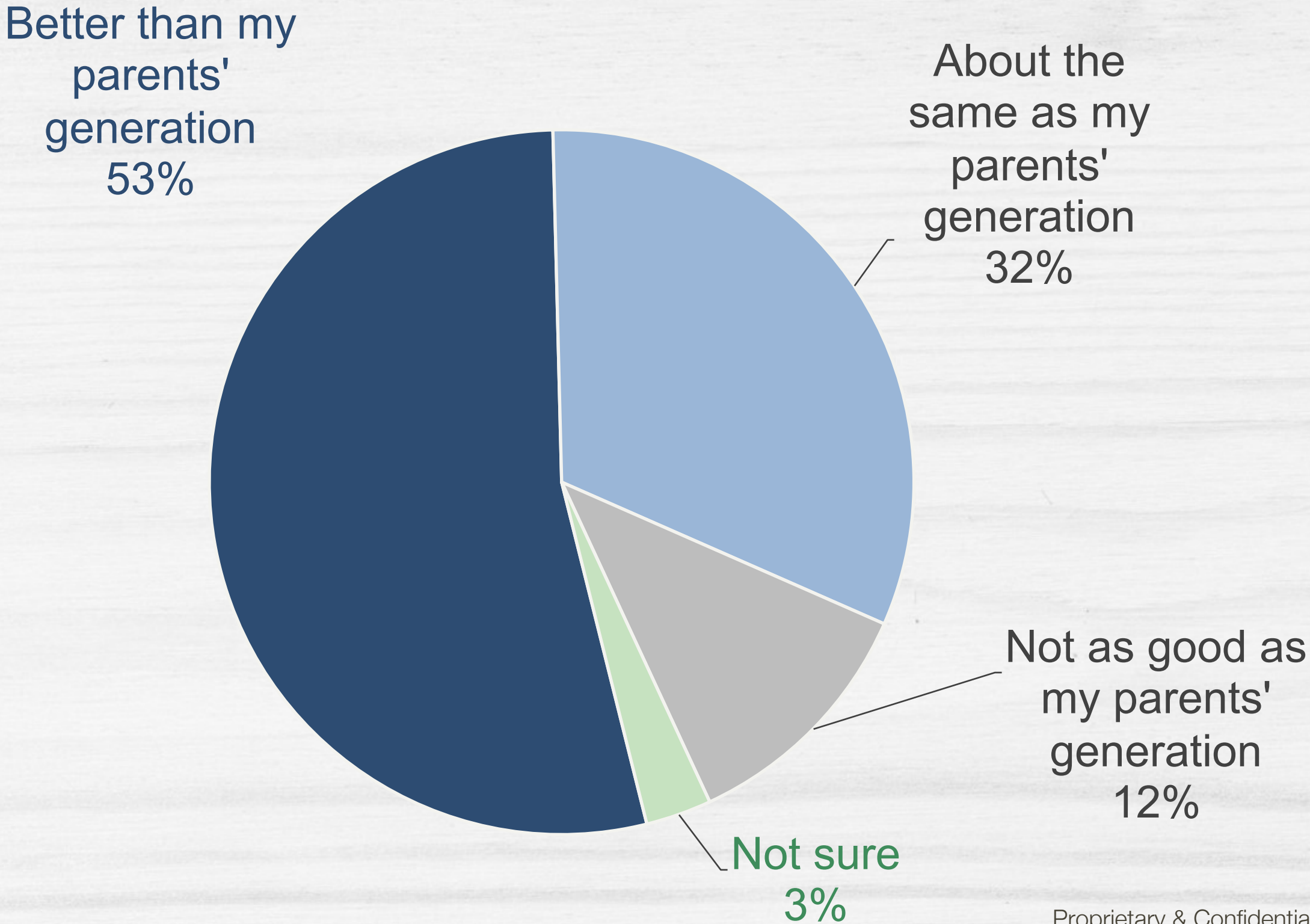


When asked whether they know that annuities provide a steady monthly income to cover monthly expenses in retirement over eight in ten say yes.



Just over half expect their quality of life in retirement to be better than their parents' generation and one-third expect it to be about the same.

**Expectations for Quality of Life in Retirement
Compared to Parents' Generation**



Retirement Reset

Before Covid-19 I was hoping to retire sooner than 3 years from now but with reduced salaries, and a cut in the employer-contribution to our 401(k), I am reconsidering working longer.

Due to Covid-19 my husband, who is much younger than I, has lost his job and now we are living on my pension and social security, it is very scary and stressful.

An indication you never know what life can throw your way, so I will probably retire earlier than originally planned

I was planning on retiring later, but now that I'm on furlough, may decide to retire now, but not sure.

It made me think about what I'm going to do in retirement...being sheltered in place has been quite boring and gave me a taste of retirement even though I'm still working...I may retire much later than anticipated because I need something in my life with purpose.

Retirement Reset

Not being able to travel. We had wanted to travel the US and the world while we are still healthy enough to do so, and now we cannot travel. Our children and grandchildren are far away, and we cannot travel to see them, so we are missing big parts of their growth and development, especially our grandchildren.

My investments have decreased in value. I am worried that I will not have enough money to last for the rest of my life.

Makes me realize I don't want to retire near any large cities

Rethinking long term investment strategies and have put off travel and new car purchases for one year until economy performs better.

Watched the value of my retirement account go down significantly but then saw it come back up in a few months. Realization that the market is very volatile and lots of things can set it off. There is anxiety in watching the market so I need to balance some conservative stable investments into the mix, which I have done in the past and may add to in the future.