

# Protected Retirement Income and Planning Study Research Report

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June 2021

# ALI-CANNEX Protected Retirement Income and Planning (PRIP) Study: Background and Objectives

The **Alliance for Lifetime Income and CANNEX Protected Retirement Income and Planning (PRIP) Study** comprises two studies: one among investors age 45-75 with \$100,000 or more in investable assets, and the other among financial professionals.

The primary focus of these two studies is to identify how a range of protected retirement solutions fit with approaches to retirement planning, and how often investors and financial professionals consider or use annuities in addressing different income approaches and needs.

# Methodology



## Investors

- This online survey of 1,519 investors was conducted by Artemis Strategy Group April 1 – 13, 2021. Respondents include people between the ages of 45 and 75 who have a minimum of \$100,000 in investable assets:
  - **Age 45 to 54** (n=341)
  - **Age 55 to 64** (n=628)
  - **Age 65 to 75** (n=550)
- 34% of the sample is retired (either fully retired or retired, but working part-time)

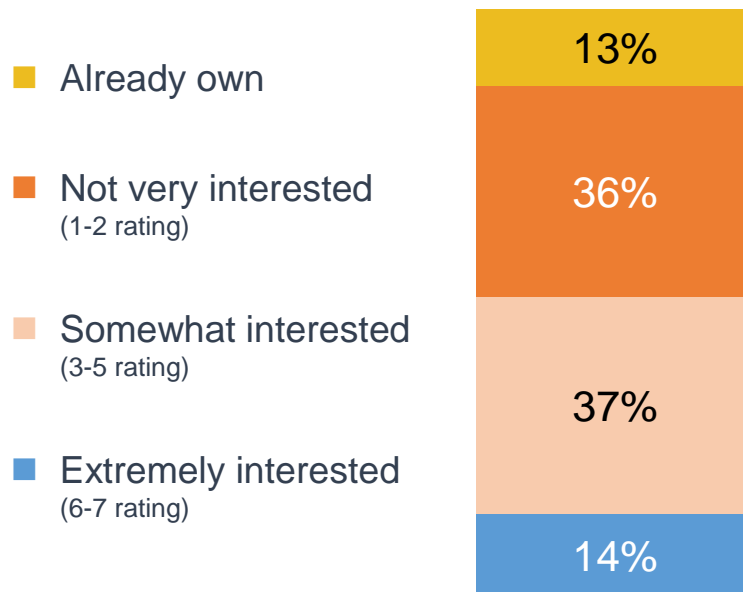


## Financial Professionals

- This online survey of 602 financial professionals was conducted by Artemis Strategy Group March 23 – April 12, 2021; it represents major segments of professionals:
  - **RIA:** Registered Investment Advisor (n=154)
  - **IBD:** Independent broker-dealer (n=158)
  - **Nat BD:** National wirehouse or full-service broker-dealers (n=157)
  - **Reg BD:** Regional broker-dealers (n=55)
  - **Ins BD:** A insurance broker-dealers (n=52)
- Bank broker dealers are included but not broken out separately due to the base of N=26, which is too small for analysis

Over half of all investors (whether they own annuities or not) are somewhat or extremely interested in purchasing an annuity as part of their retirement income plan; this jumps to 71% for investors age 45 to 54.

Interest in Purchasing an Annuity as Part of Retirement Income Plan



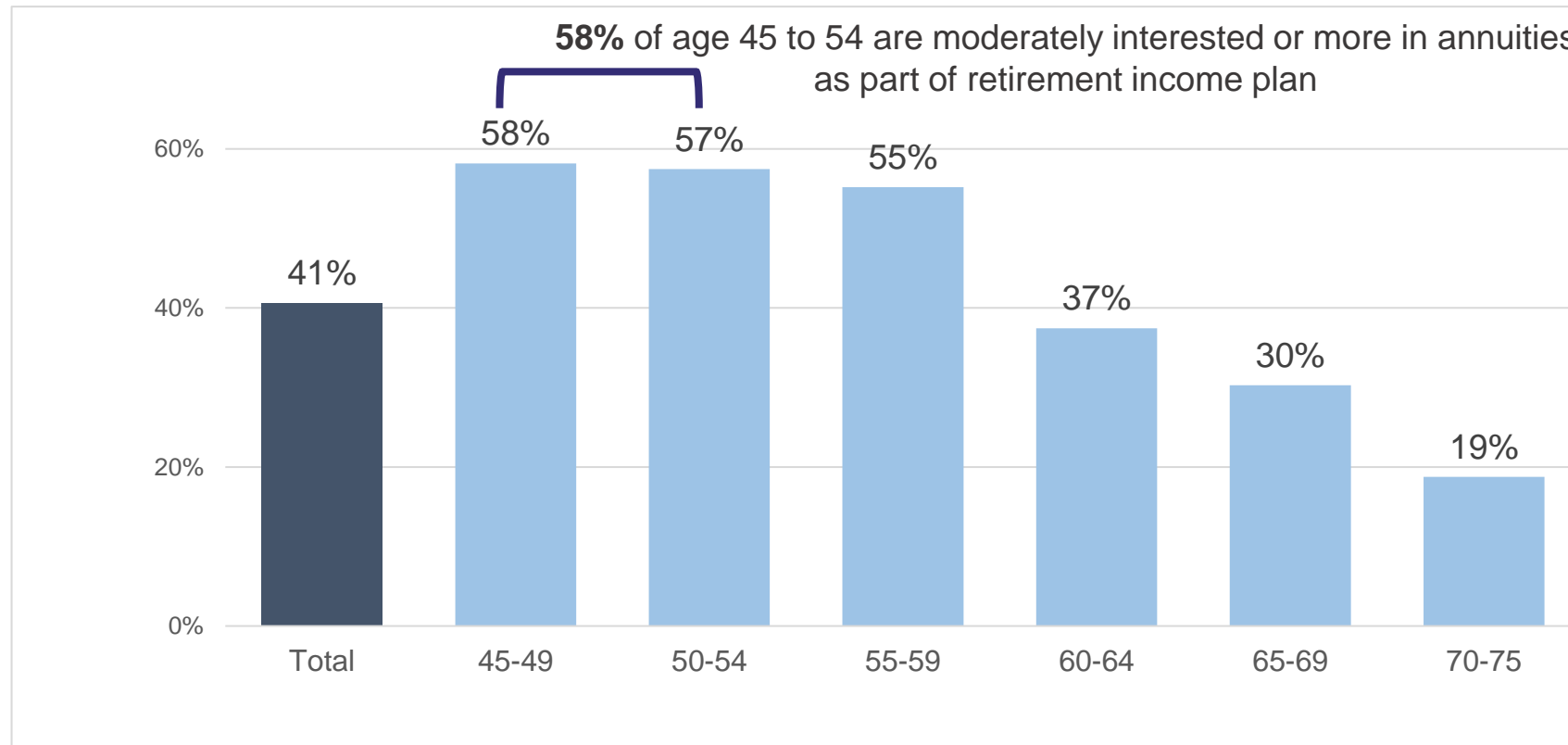
71% of those age 45 to 54 have some interest in purchasing annuities

AGE:	45-54	55-64	65-75
Already own	4%	<b>12%</b>	<b>20%</b>
Not very interested	24%	<b>32%</b>	<b>47%</b>
Somewhat interested	<b>49%</b>	<b>41%</b>	26%
Extremely interested	<b>22%</b>	<b>15%</b>	7%

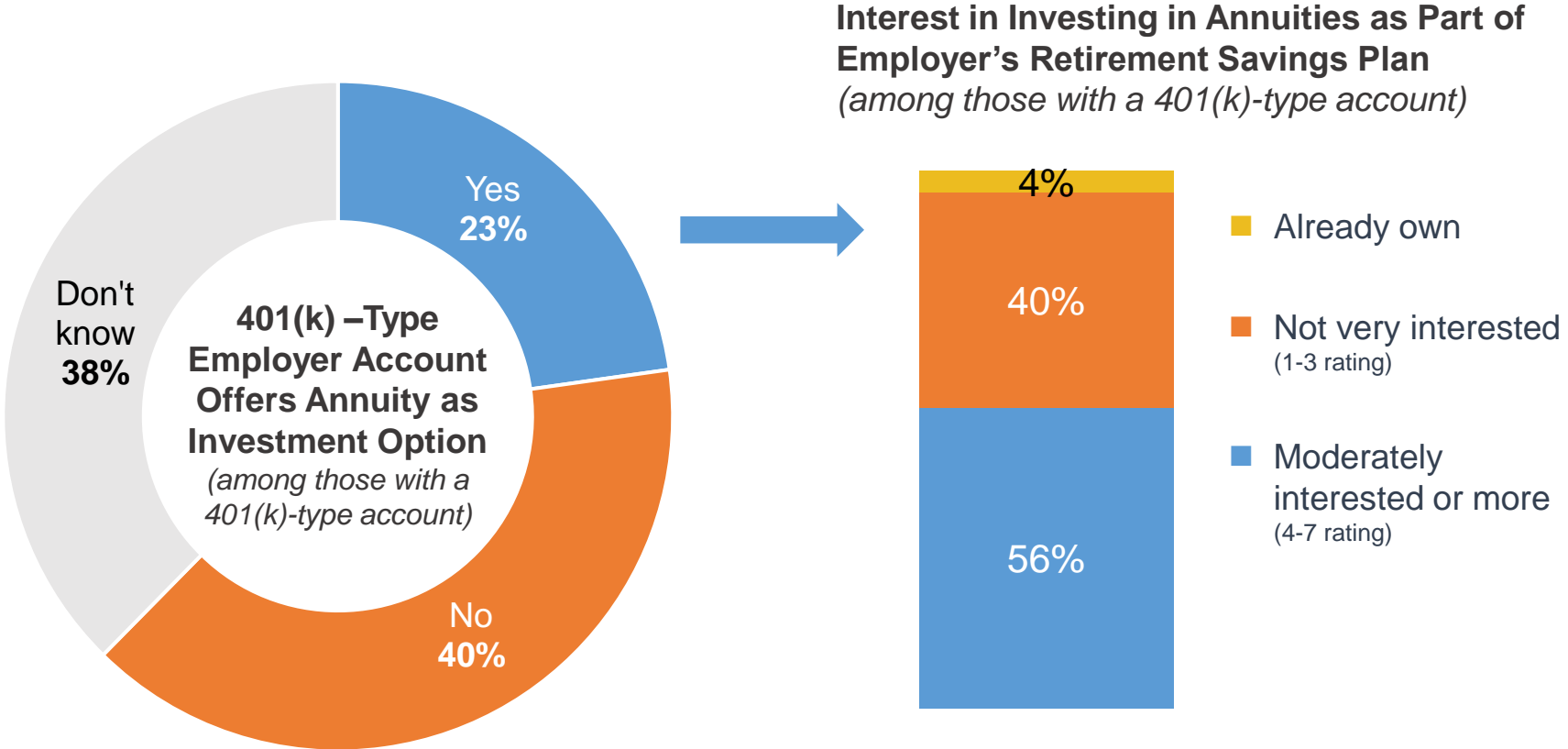
Bold font indicates statistically significant differences

**Investors under age 55 are considerably more interested in annuities as part of their retirement income plan than baby boomers; 58% of those age 45 to 54 embrace the product as an alternative to pensions.**

**Moderately Interested or More in Purchasing an Annuity as Part of Retirement Income Plan**  
(rating of 4 to 7 on 7-point scale)



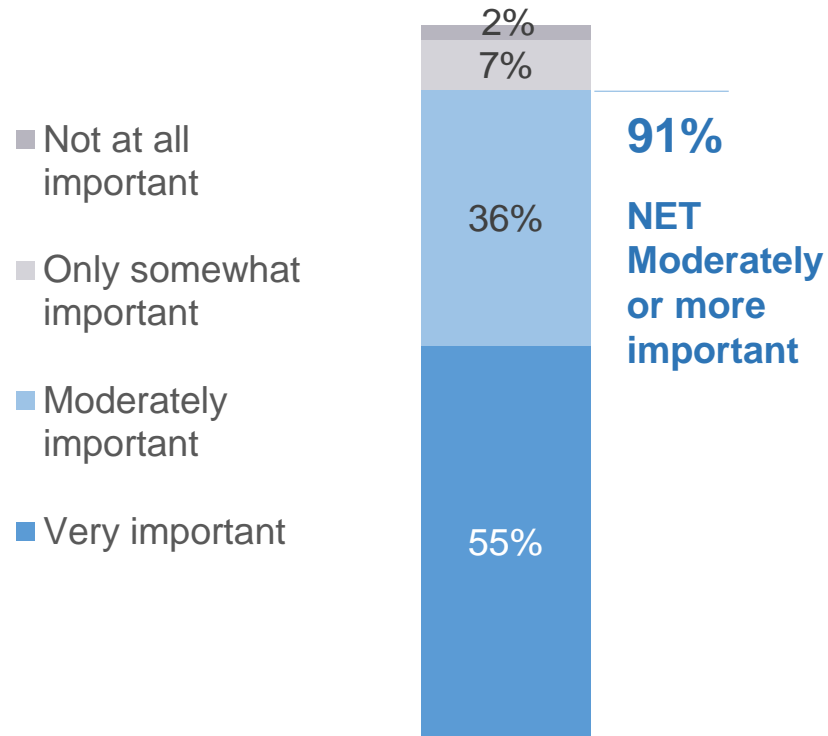
# 56% of investors who have a 401(k) type account are at least moderately interested in investing in annuities via their employer plan.



# Key Gap: Investors put heavier weight on protection than financial professionals.

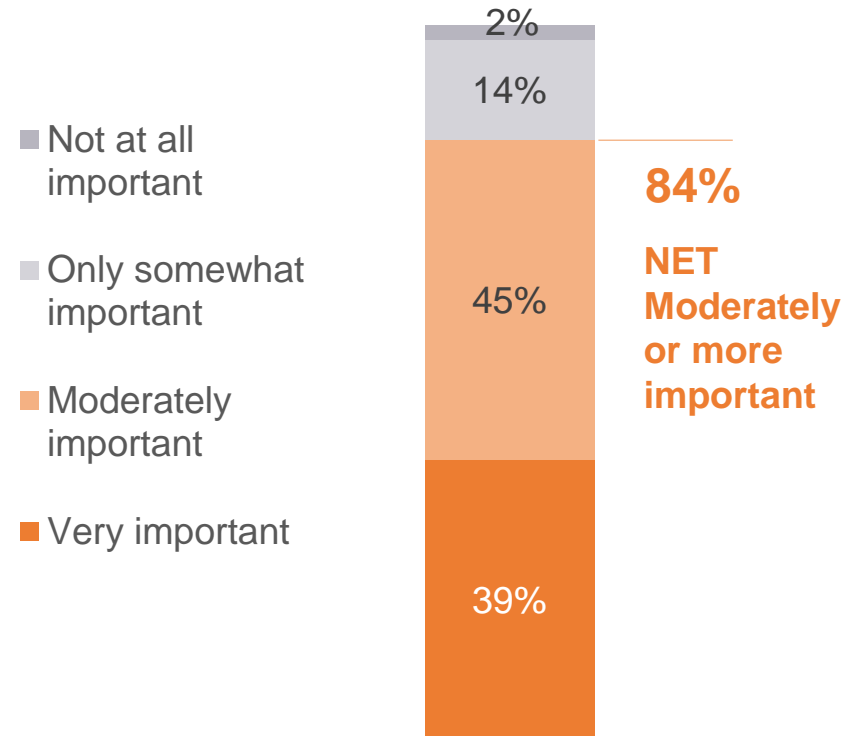
## Investors

Importance of protection when thinking about your Retirement Income



## Financial Professionals

Importance of the concept of protection when working with clients on Retirement Income

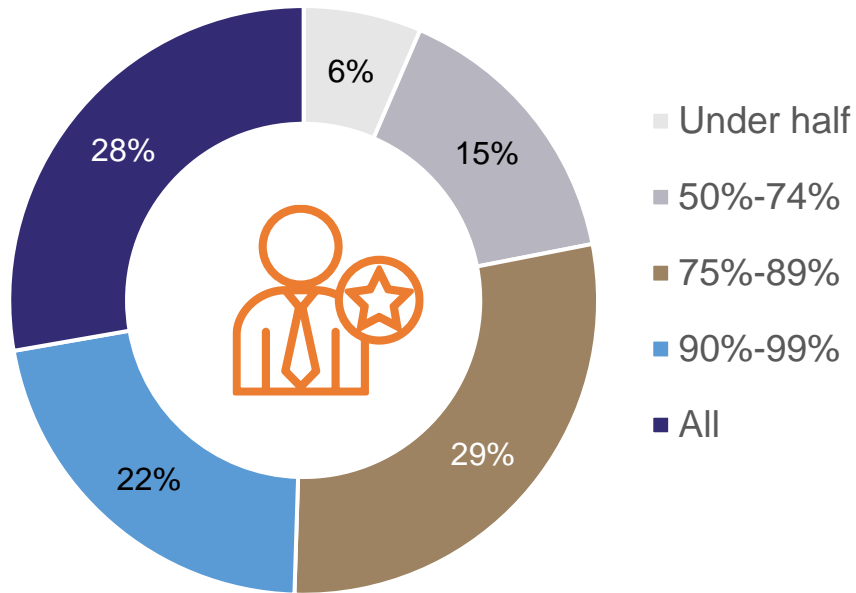


*Protection = designed to provide a guaranteed income payment or reduce asset loss*

# Retirement income planning is not a universal topic among financial professionals and their clients who are age 55 or older.

## Financial Professionals

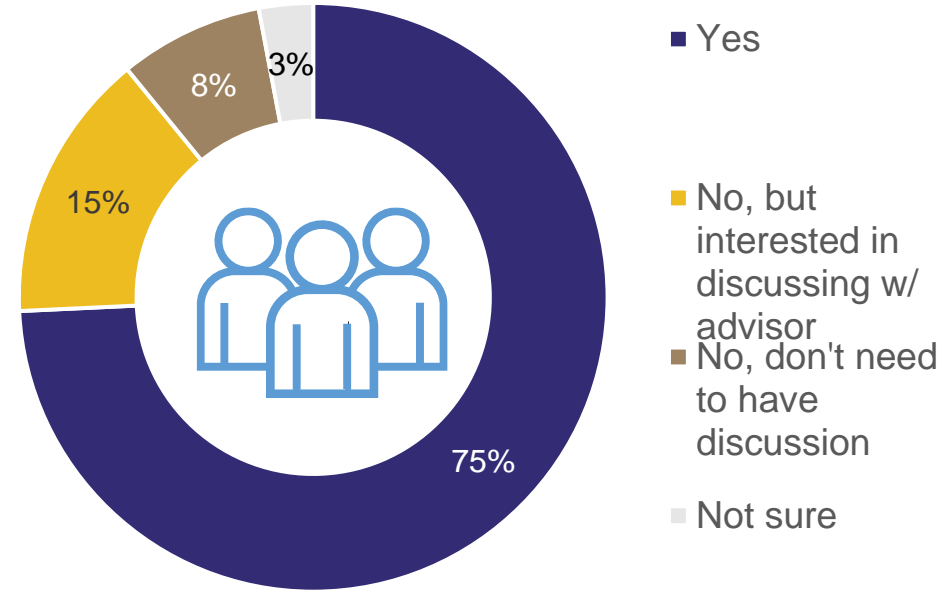
Discussed retirement income planning with portion of clients age 55 or older



Mean: **81%**  
Median: **85%**

## Investors

Financial advisor discussed strategies for getting income from assets



Younger investors who haven't talked with an advisor about retirement income have more desire to have the discussion.

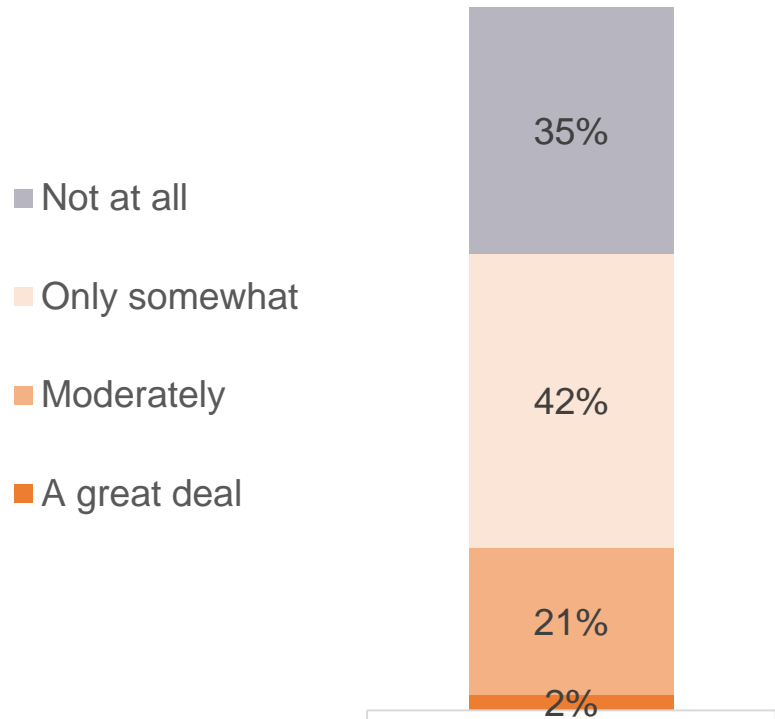
	AGE: 45-54	55-64	65-75
No, but interested in discussing with advisor	<b>24%</b>	<b>19%</b>	7%

Bold font indicates statistically significant differences

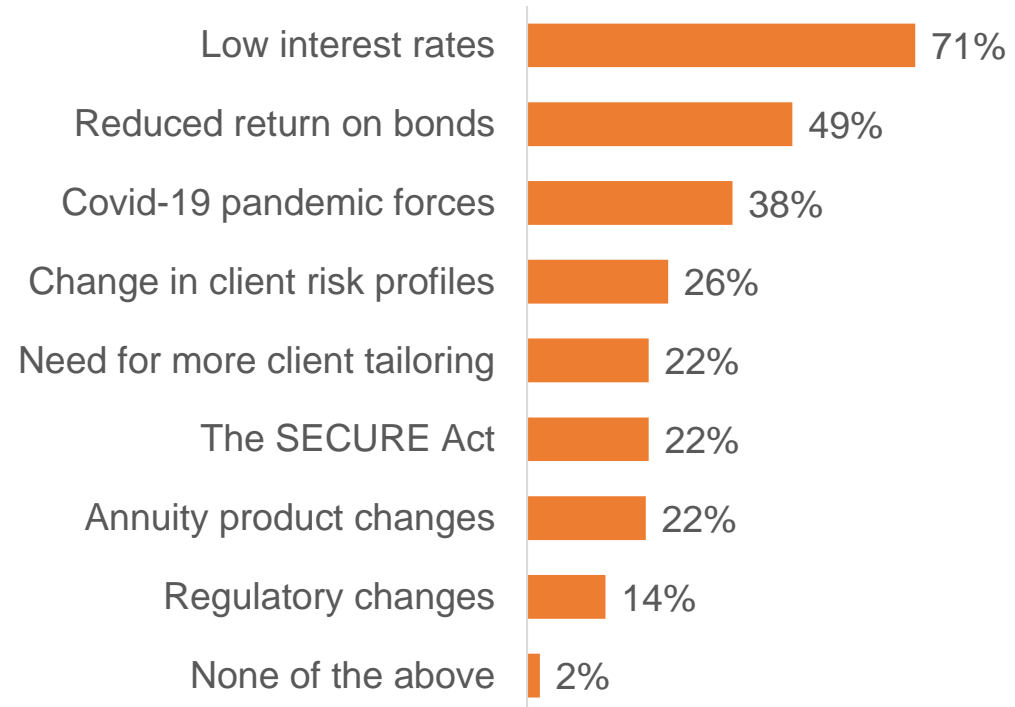


**Two-thirds of financial professionals said their approach to retirement planning changed at least somewhat in the past year; low interest rates and reduced returns on bonds are the top two reasons.**

**Financial Professionals**   
**Extent retirement planning approach changed in past year**

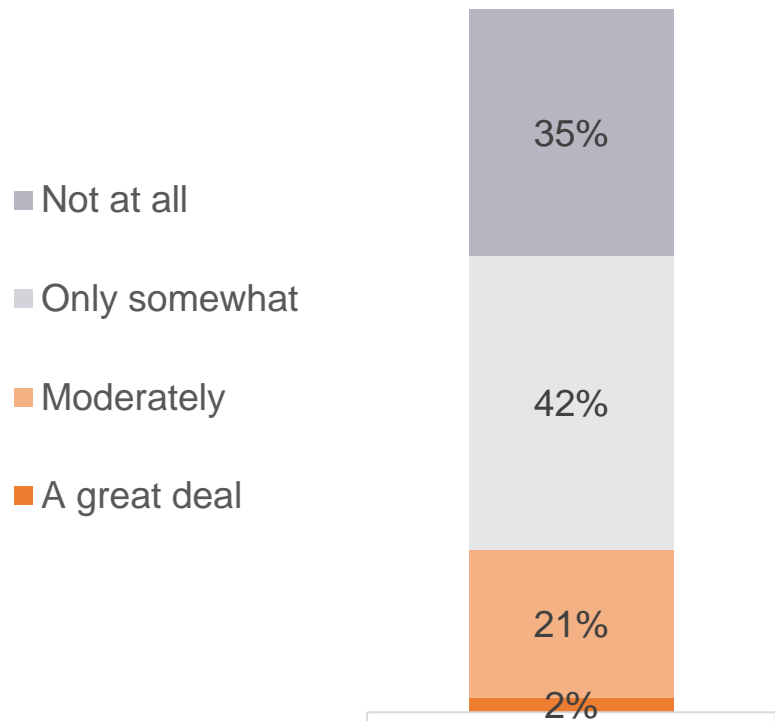


**Reasons for change in approach in past year**  
*(among those whose approach changed)*

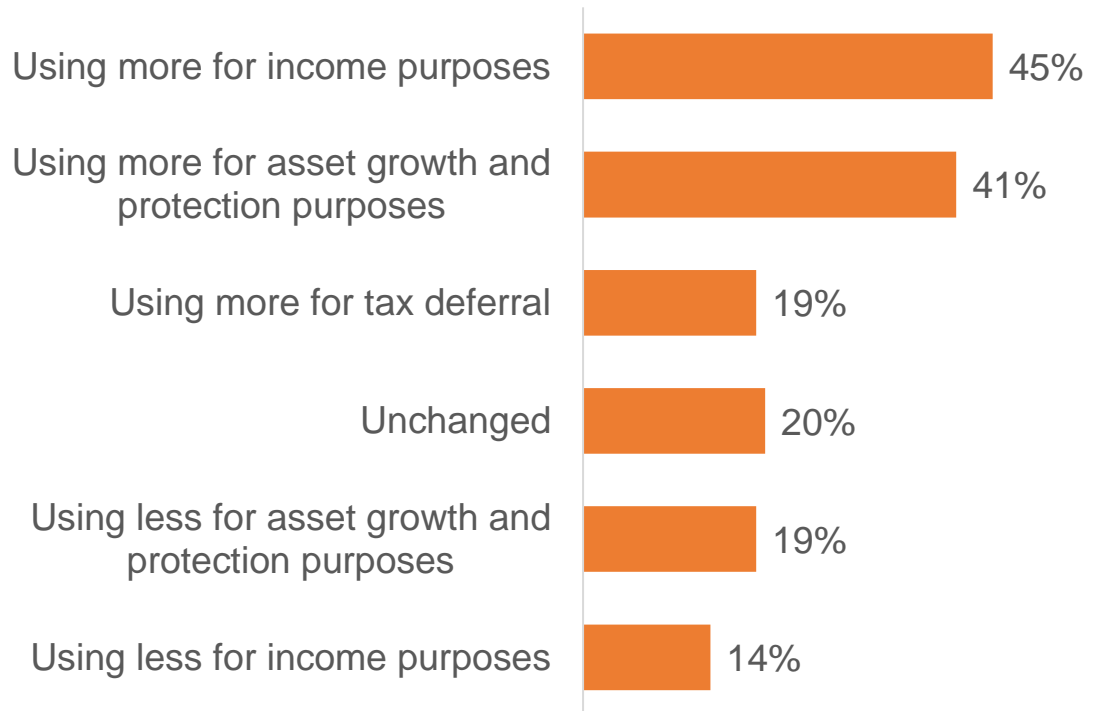


**Nearly a quarter of financial professionals said their approach to retirement planning changed moderately or a great deal in the past year; those who are using annuities more use them for income purposes, asset growth and protection, and tax deferral.**

**Financial Professionals**   
**Extent retirement planning approach changed in past year**



**Changes in utilization of annuities in clients' account over the last year**  
*(among those whose approach changed moderately or a great deal)*



The proportion of investors protected by annuity or pension declines considerably by age group; 45% of investors age 45 to 54 do not have a source of protected income (neither pension nor annuity).

**Financial Products Owned**  
(Self and/or Spouse/Significant Other)

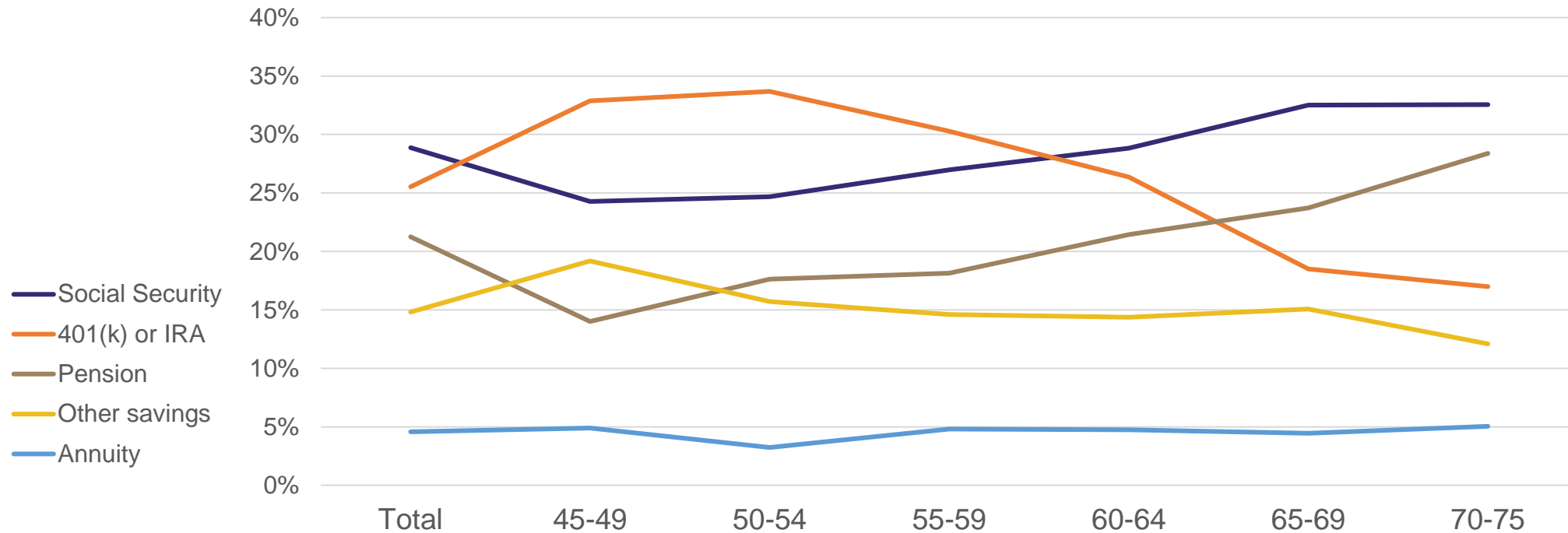
AGE:	45-54	55-64	65-75
<b>Annuity</b>	15%	<b>27%</b>	<b>28%</b>
<b>Pension</b>	48%	52%	<b>65%</b>
<b>Protected</b>	55%	<b>64%</b>	<b>74%</b>

Bold font indicates statistically significant differences

As the American population ages, fewer will be with some form of protected income. This issue is apparent even among this more affluent sample of investors.

**Younger investors expect to rely much more heavily on 401(k) or IRA savings for retirement income while older investors are more likely to have a pension providing income in retirement.**

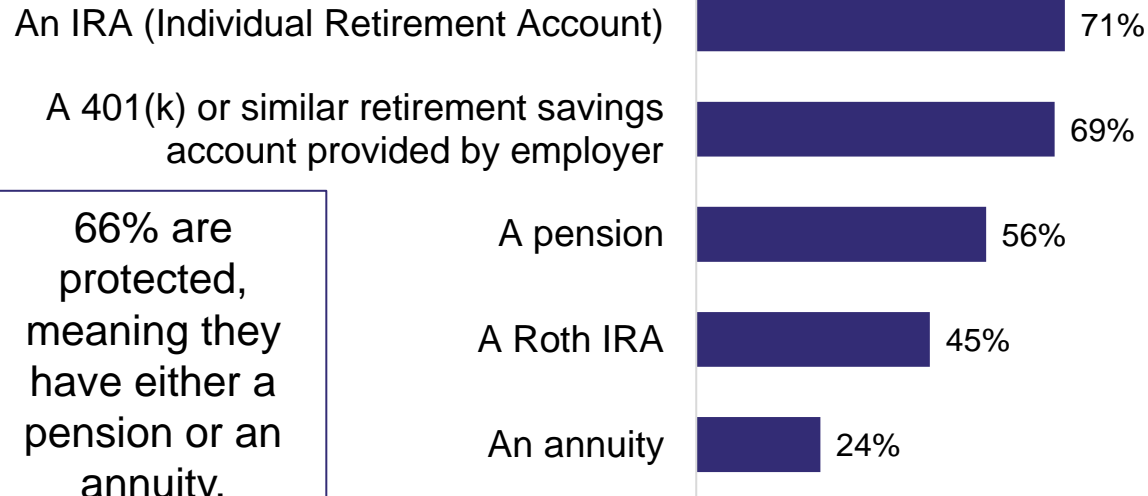
**Percentage of Total Household Income Receive/Expect From Source In Retirement**



**Two-thirds of investors are protected with either a pension or an annuity, and nearly nine out of ten are confident they will have the income to cover expenses in retirement.**

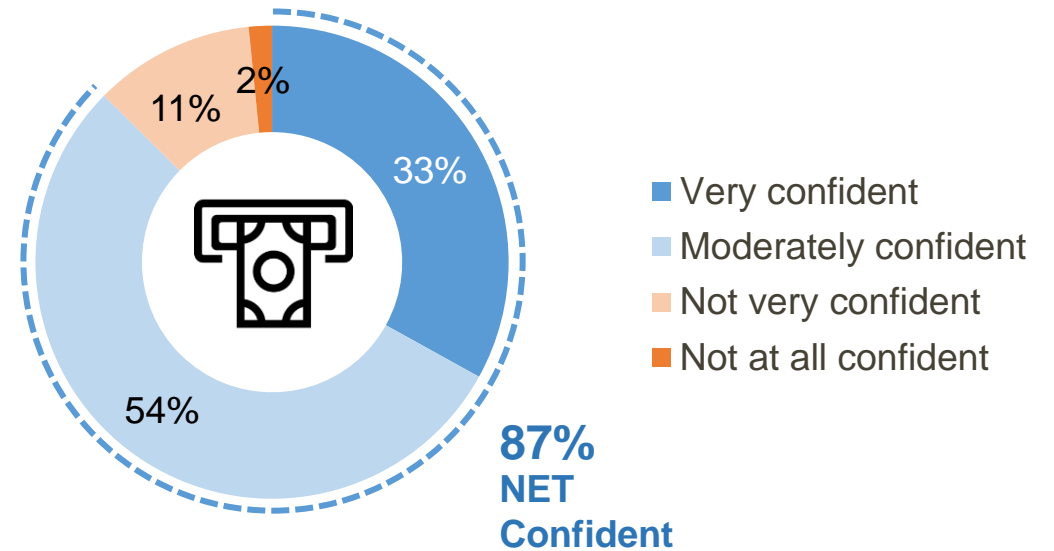
### Financial Products Owned

(Self and/or Spouse/Significant Other)



66% are protected, meaning they have either a pension or an annuity.

### Confidence will Have Income to Cover All Expenses Throughout Retirement



**92%** of those who are protected with an annuity or a pension are confident they will have the income to cover expenses in retirement vs. 79% who are not protected.

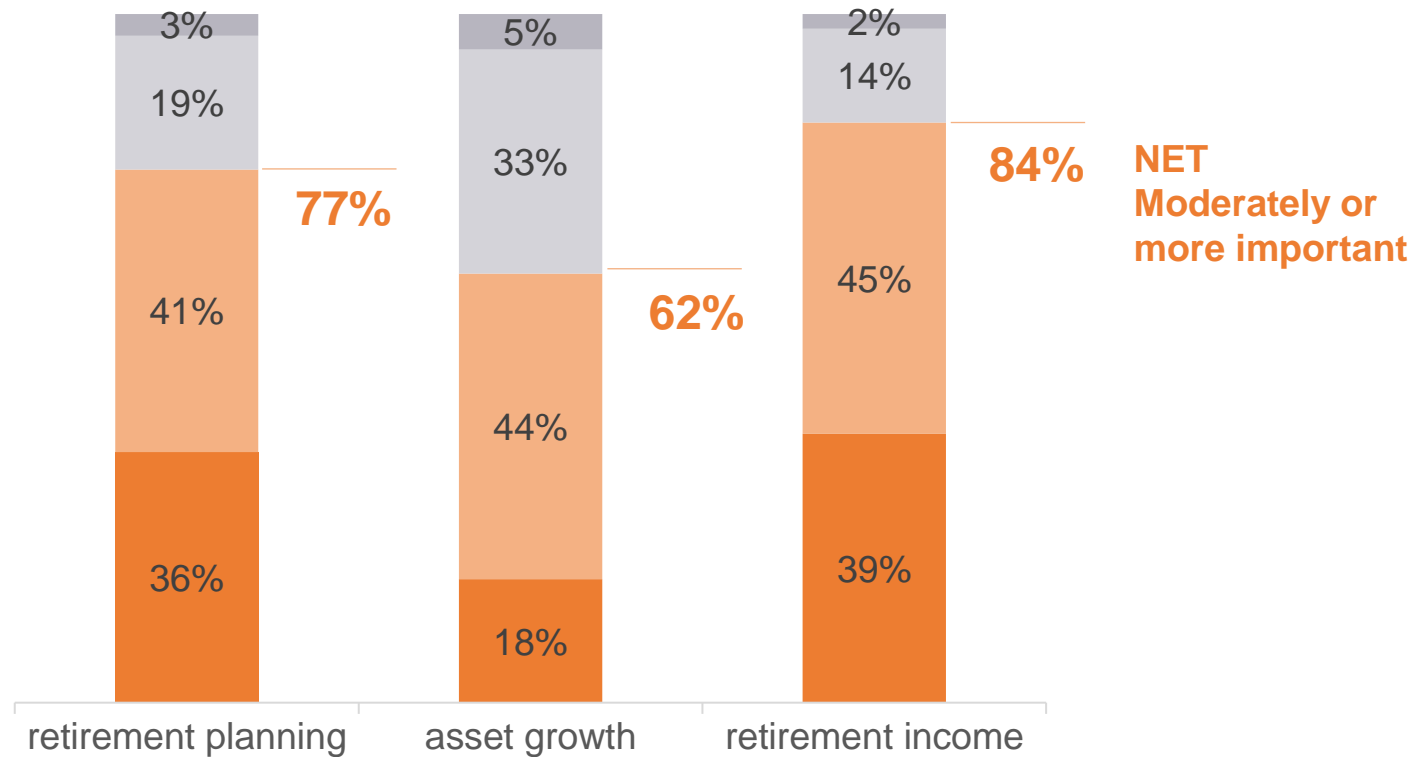
**Over three quarters of financial professionals value protection when working with clients on retirement planning and over eight in ten value protection for retirement income.**



## Financial Professionals

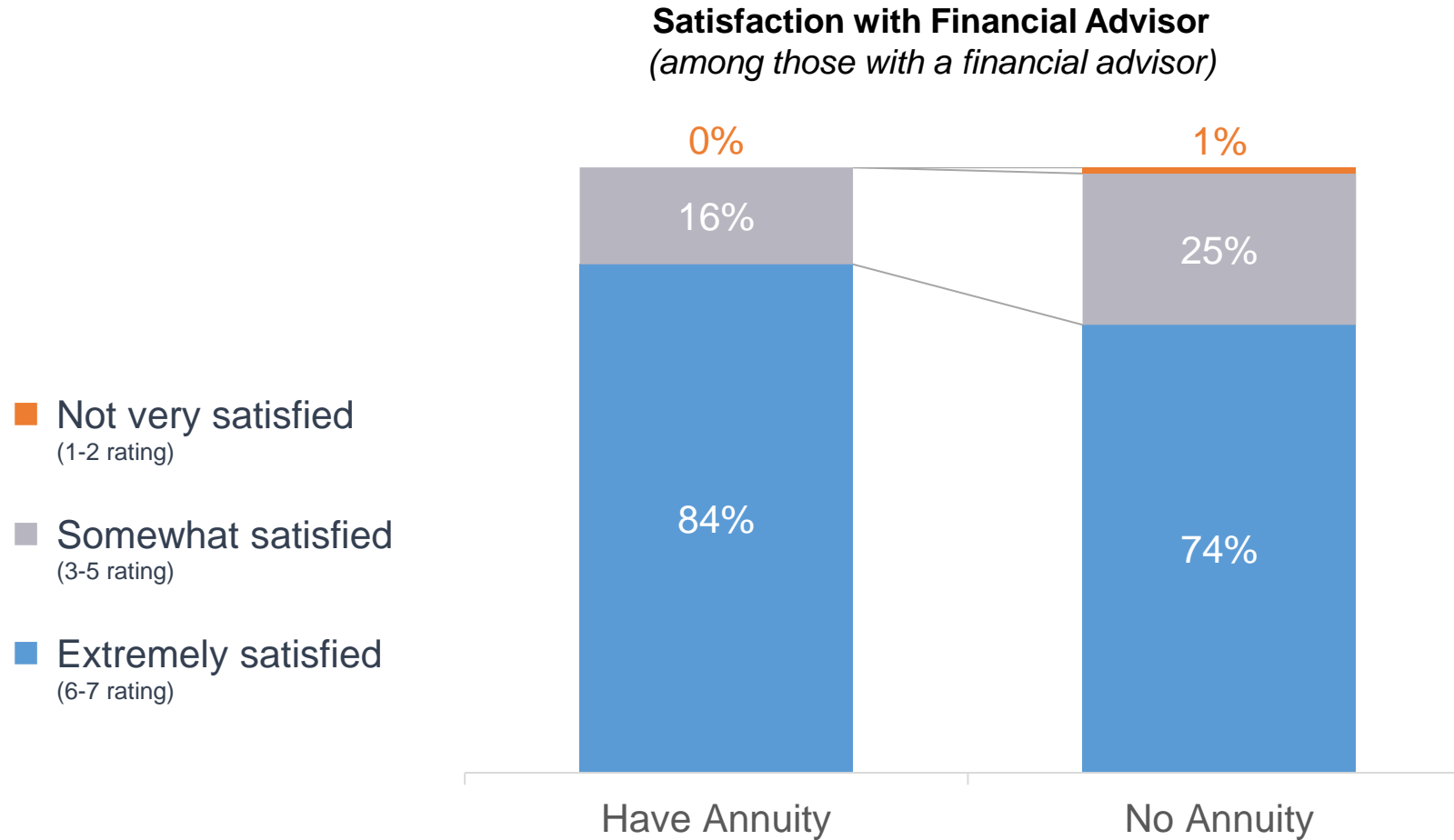
Importance of the concept of protection when working with clients on...

- Not at all important
- Only somewhat important
- Moderately important
- Very important



*Protection = designed to provide a guaranteed income payment or reduce asset loss*

# Investors who have annuities are more satisfied with their financial professional.





# Appendix



# Investor Respondent Profile

## Gender

Male	50%
Female	50%
Other, non-binary/-conforming, prefer not to say	0%

## Age

45-54	22%
55-64	41%
65-75	36%

## Region

Northeast	17%
South	38%
Midwest	21%
West	24%

## Race/Ethnicity

White/Caucasian	77%
Black/African American	7%
Hispanic/Latin origin	7%
Asian	14%
Amer. Indian / Alaska Native	1%
Other	2%

## Marital status

Married	74%
Living with partner	4%
Single, never married	8%
Divorced or separated	10%
Widowed	4%

## Education

High school or less	13%
Some college/Assoc. degree	30%
College graduate	29%
Graduate school (any)	28%

## Current employment status

Employed full-time	50%
Employed part-time	8%
Temp. layoff or furlough	0%
Unemployed (COVID related)	2%
Unemployed (non-COVID)	1%
Homemaker	4%
Retired, but working part-time	4%
Fully retired	30%
Other	1%

## Household income for 2020

Less than \$50K	6%
\$50K < \$100K	31%
\$100K < \$250K	55%
\$250K or more	7%
Prefer not to say	<1%

## Household's total investable assets

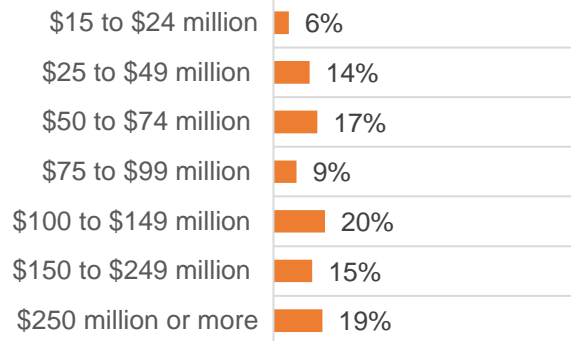
\$100K < \$150K	12%
\$150K < \$500K	36%
\$500K < \$1M	25%
\$1M < \$2M	14%
\$2M < \$3M	6%
\$3M or more	8%

## Work with a Financial Advisor

Yes	52%
No	46%
Not sure	2%

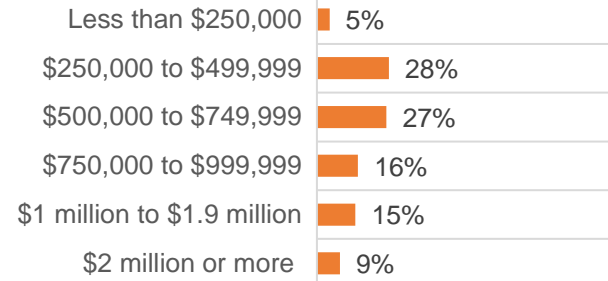
# Financial Professional Respondent Profile

## FP's Assets Under Management (AUM)



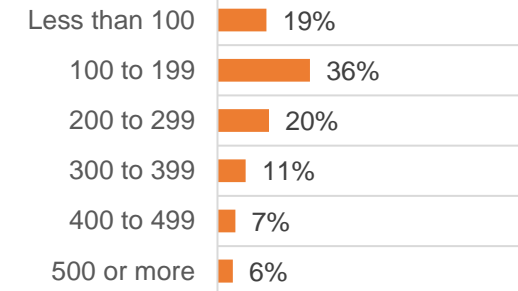
**Mean:** \$146 million - **Median:** \$125 million

## Average HH Investable Asset Level of FP's Clients



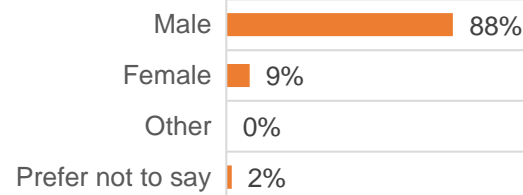
**Mean:** \$925,000 - **Median:** \$625,000

## Number of HHs FP Actively Serves (Est.)

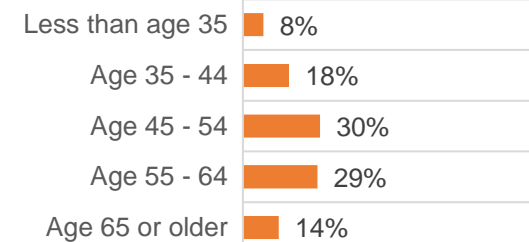


**Mean HHs:** 223 - **Median HHs:** 150

## FP Gender



## FP Age



**Mean Age:** 52 - **Median Age:** 53