ALI Protected Retirement Income and Planning (PRIP)

Summary Report For Release

December 6, 2021

CANNEX
Simply reliable data

Alliance for Lifetime Income

ALI Protected Retirement Income and Planning (PRIP)

Background and Objectives

This is a study among consumers ages 45-75 and financial professionals. It is focused on retirement planning approaches and the role of annuities.

The purpose of this work is to help educate consumers and financial professionals about the need for protected retirement income and the merits of annuities.

Methodology

Consumers

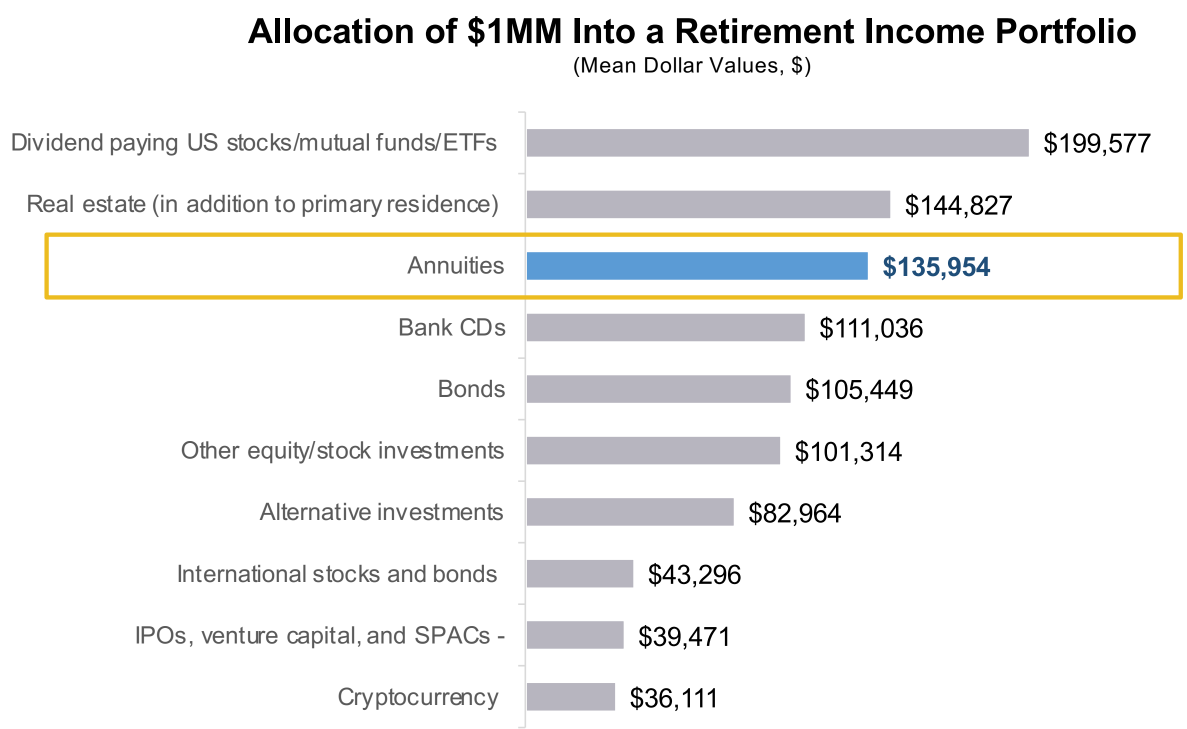
- This online survey of 2,004 consumers was conducted by Artemis Strategy Group August 20 to September 15, 2021
- Respondents include people age 45 to 75
- Data is weighted to align with the population on age, income by gender, race/Hispanic ethnicity, region, work and retirement status, assets, and education

Financial Professionals

- This online survey of 505 financial professionals was conducted by Artemis Strategy Group August 13 to September 9, 2021, and represents major segments of professionals:
  - **RIA:** Registered investment advisor
  - **IBD:** Independent broker-dealer
  - **Nat BD:** National wirehouse or full-service broker-dealers
  - **Reg BD:** Regional broker-dealers
  - **Ins BD:** A insurance broker-dealers
  - **Bank Broker Dealers**

CANNEX Simply reliable data
Alliance for Lifetime Income

When investors design a hypothetical $1 million retirement income portfolio, they allocate about 20% to dividend paying stocks and 13% to annuities.

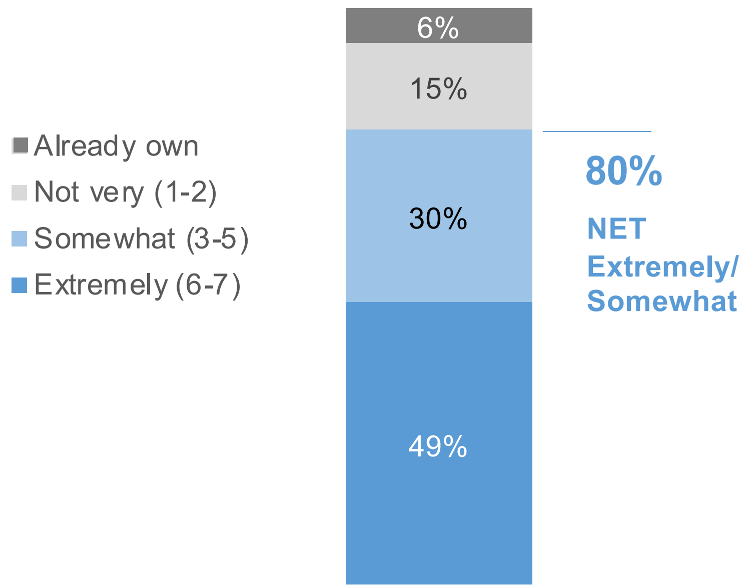


Question: Imagine that you are creating your own, ultimate retirement income portfolio and you are retiring at age 65. You have $1 million to spread across these product categories. You do not have a pension. You do have access to Social Security and will receive $3,000 per month for your benefit. How much would you put in each category?

A significant majority of investors (85%) are interested in owning, or already own, an annuity that guarantees regular income for life.

Consumers

Interest in owning an annuity that guarantees you (and spouse/partner) regular income for rest of life



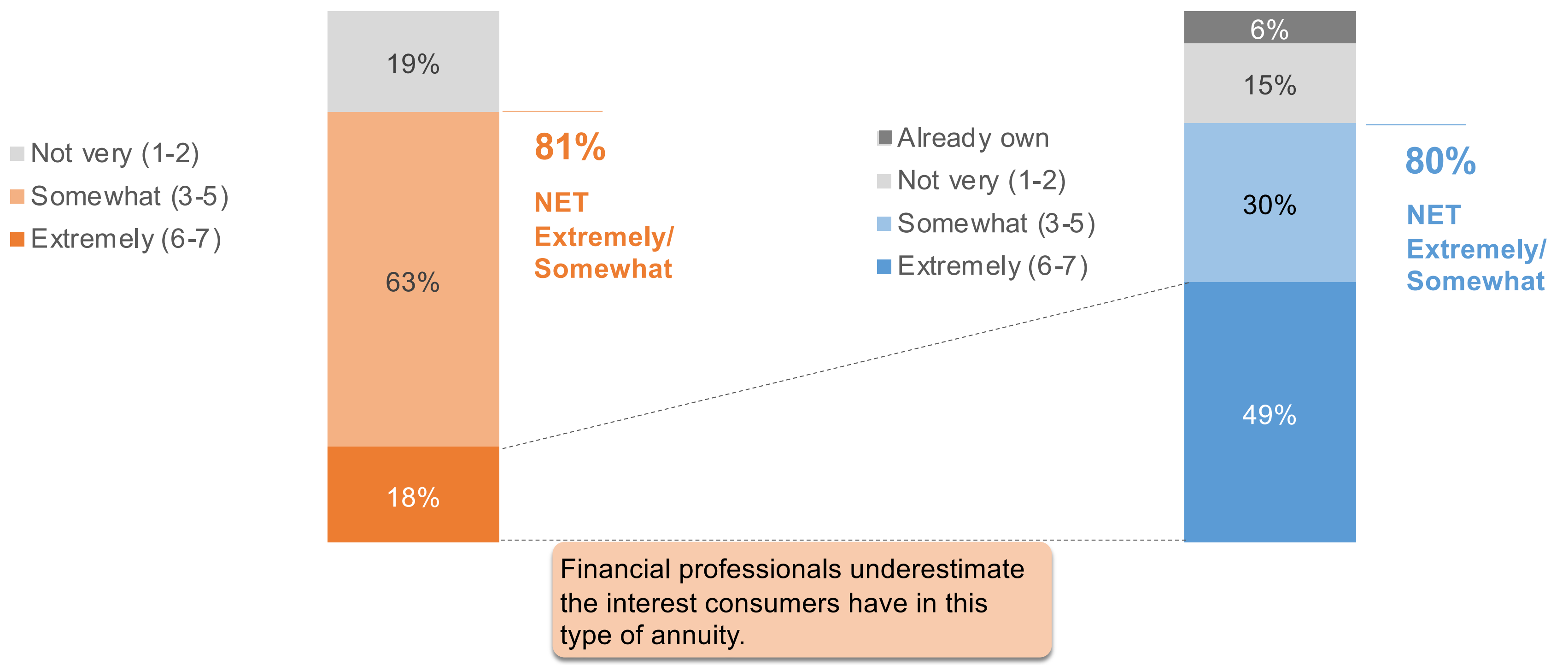
The intensity of the interest in owning annuities that guarantees income is much stronger among consumers than financial professionals believe.

Financial Professionals

Interest of average client in purchasing annuities that provide guaranteed lifetime income

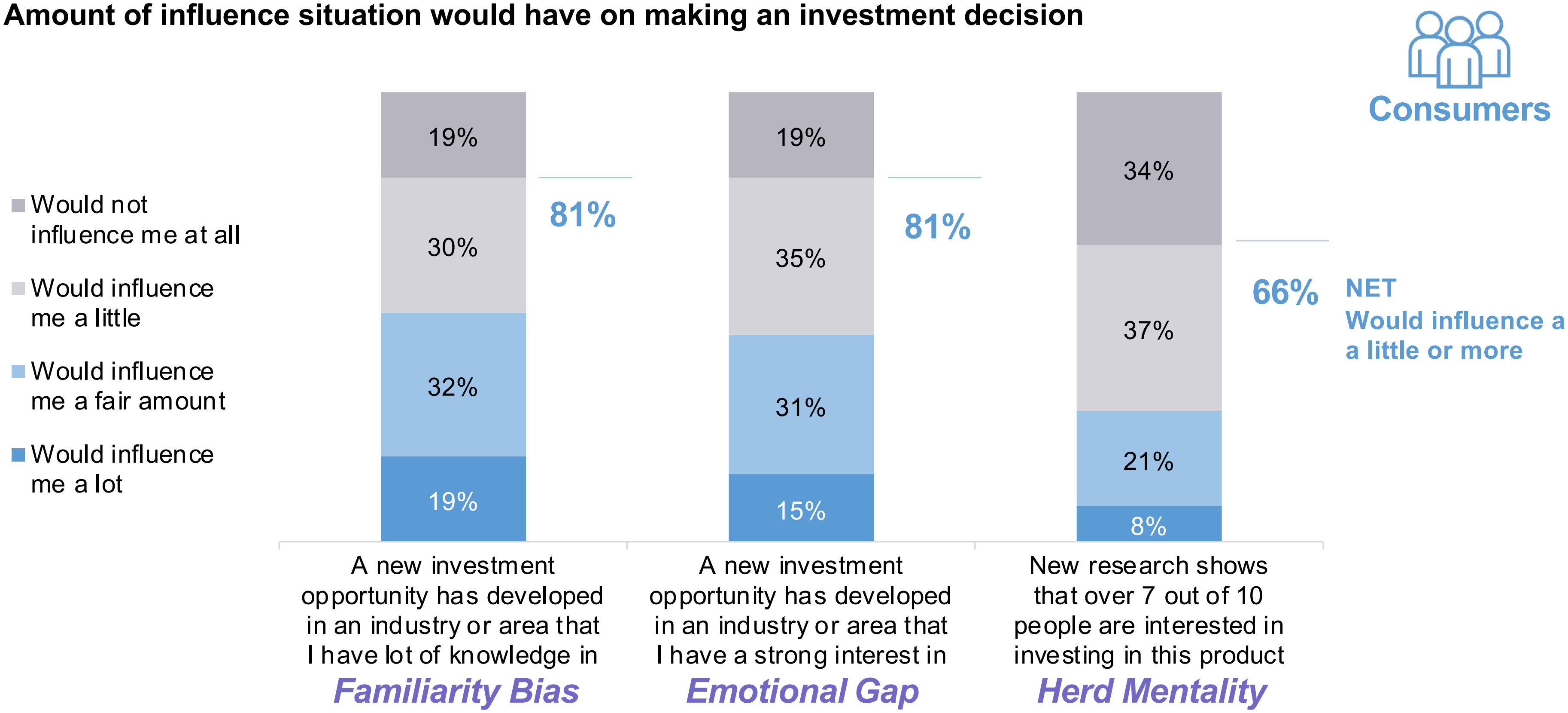
Consumers

Interest in owning an annuity that guarantees you (and spouse/partner) regular income for rest of life



Most consumers admit to being influenced by behavioral finance biases that could hinder their investing decision making.

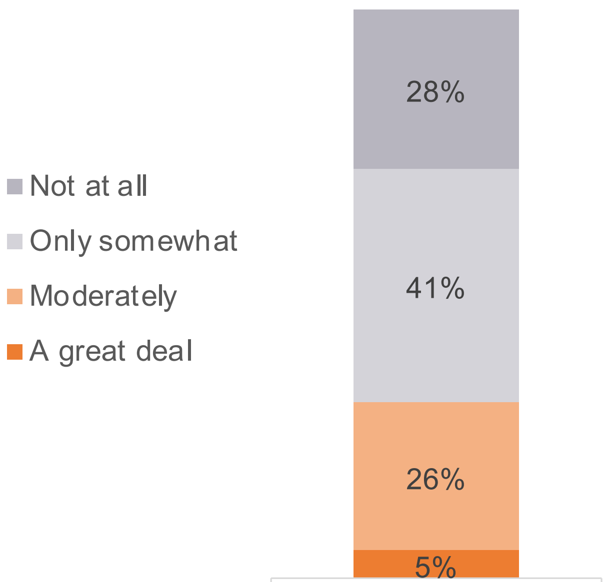
Amount of influence situation would have on making an investment decision



Over seven in ten FPs say their retirement planning approach changed in the past year; low interest rates is the top reason.

Financial Professionals

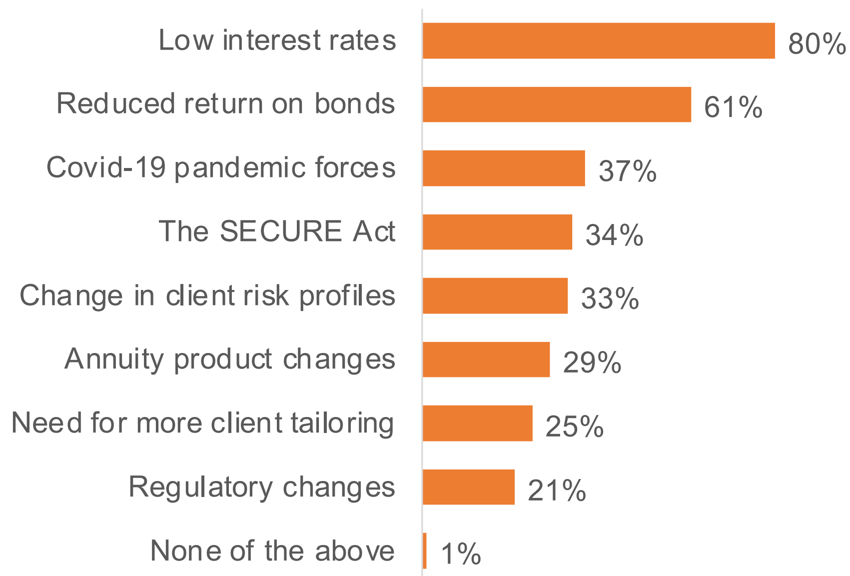
Extent Retirement Planning Approach Changed in Past Year



Financial Professionals

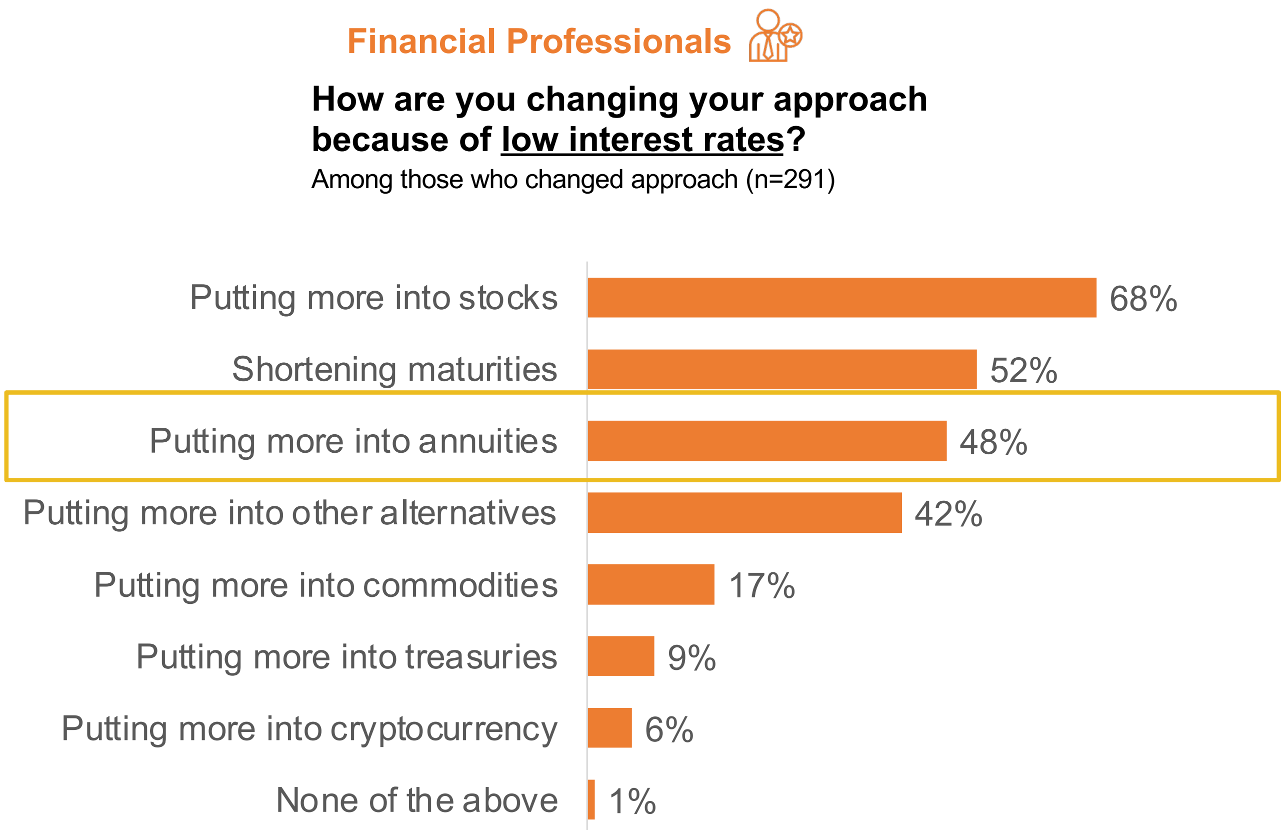
Reasons for Change in Approach in Past Year

(among those whose approach changed)



CANNEX Simply reliable data | Alliance for Lifetime Income

Among FPs who changed their approach in the last year, two-thirds are moving clients' money into stocks. Half are putting more into annuities.

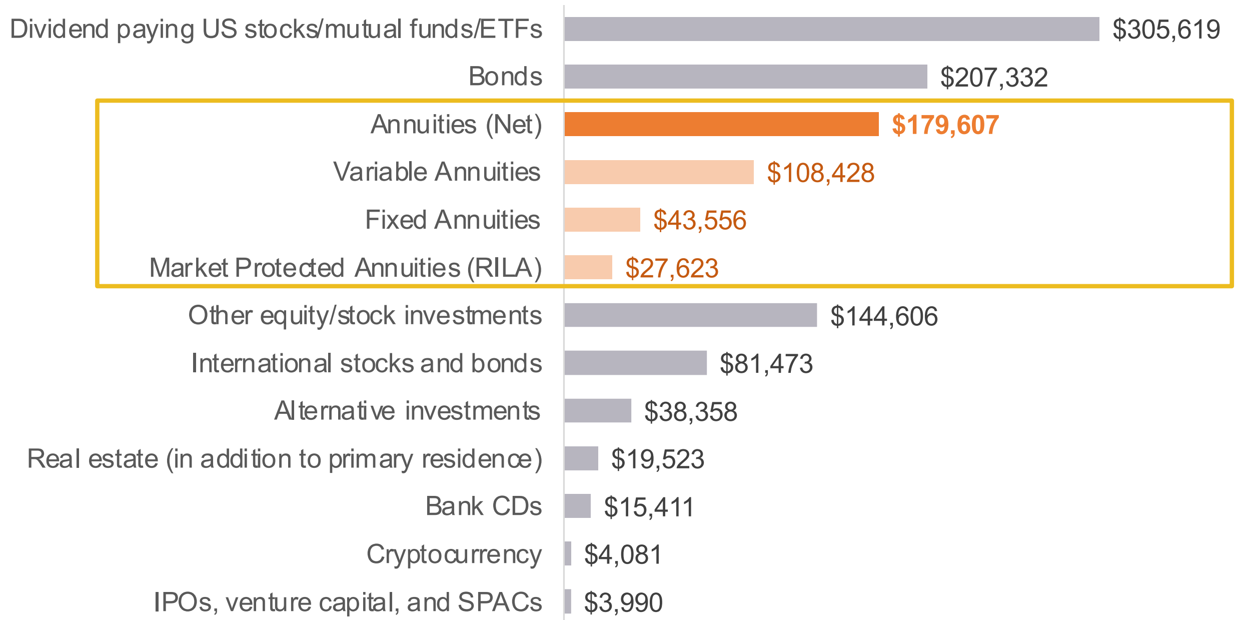


CANNEX Simply reliable data | Alliance for Lifetime Income

Financial professionals charged with creating the ultimate retirement income portfolio for a 65-year-old client with $1 million would allocate 20% of the assets to bonds while putting 18% into annuities.

Allocation of $1MM Into a Retirement Income Portfolio

(Mean Dollar Values, $)



Question: Imagine that you are creating an ultimate retirement income portfolio for an average client household retiring at age 65 with $1 million to spread across these product categories. This client household **does not** have a pension. They **do have** access to Social Security and will receive $3,000 per month for their benefit. They are seeking $60,000 per year for retirement income. Recognizing that there are lots of individual differences, what would be your starting posture for how much you put in each category?

These findings contradict the longstanding 60/40 strategy in which 60% of a retirement portfolio's assets are invested in stocks, while the remaining 40% are invested in bonds – an approach originally designed to simultaneously grow assets and provide income.

CANNEX Simply reliable data | Alliance for Lifetime Income