ALI Cannex
Protected Retirement Income and Planning (PRIP) Report

September 2022
This is a study among consumers ages 45-75. It is a corollary to a study of financial professionals focused on retirement planning approaches and the role of annuities.

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 consumers and financial professionals consider or use annuities in addressing different income approaches and needs.
Methodology

Consumers

• This online survey of 2,025 consumers was conducted by Artemis Strategy Group April 28 to May 31, 2022. Respondents include people ages 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

• 35% of the sample is retired (either fully retired or retired, but working part-time)

Financial Professionals

• This online survey of 514 financial professionals was conducted by Artemis Strategy Group April 27 to May 18, 2022, and represents major segments of financial professionals:
  • Registered investment advisor (n=153)
  • Independent broker-dealer (n=160)
  • National wirehouse or full-service broker-dealers (n=91)
  • Regional broker-dealers (n=51)
  • Insurance broker-dealers (n=48)
Half of consumers are more interested in protecting retirement income since the start of the pandemic.

Interest in Protecting Retirement Income Since the Start of the Pandemic

- Less interested in protecting retirement income
- Just as interested in protecting retirement income
- More interested in protecting retirement income

Consumers

- Less interested: 7%
- Just as interested: 50%
- More interested: 43%

Financial Professionals

- Less interested: 4%
- Just as interested: 34%
- More interested: 62%
Just under half of consumers believe their savings will last their lifetime.

- 2021
  - 55% Yes
  - 45% No

48% Yes
Feel their retirement savings and sources of income will last for their lifetime

52% No

74% of those with an annuity believe their retirement savings and sources of income will last for their lifetime while only 43% of those without an annuity believe their savings and sources of income will last.
Nearly two-thirds of consumers worry about their finances several times a month or more; one-quarter worry about their finances every day.
Seven in 10 say they will be able to fund their basic needs in retirement; only a third will be able to fund their “wants.”

### Likelihood to Be Able to Fund in Retirement

<table>
<thead>
<tr>
<th>Category</th>
<th>Not sure</th>
<th>Not a chance to fund this</th>
<th>Hope to be able to fund this</th>
<th>Will be able to fund this</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your basic needs</td>
<td>4%</td>
<td>23%</td>
<td>70%</td>
<td>7%</td>
</tr>
<tr>
<td>Your “wants”</td>
<td>5%</td>
<td>11%</td>
<td>49%</td>
<td>16%</td>
</tr>
<tr>
<td>A few “splurges”</td>
<td>7%</td>
<td>16%</td>
<td>46%</td>
<td>36%</td>
</tr>
<tr>
<td>A lot of “splurges”</td>
<td>15%</td>
<td>36%</td>
<td>35%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Consumers
Nearly a third of those not yet retired believe they have a high or moderate risk they will be forced to retire early for a reason beyond their control.

Amount of Risk that They May Need to Retire Early

Among not retired and still working

- High risk: 9%
- Moderate risk: 22%
- Somewhat of a risk: 35%
- No risk at all: 28%
- Not sure: 7%

31% have high or moderate risk of having to retire early.
Nearly one-quarter of consumers don’t have any kind of financial plan and another quarter have goals or a direction in mind, but not a well-developed financial plan.

<table>
<thead>
<tr>
<th>Have a Financial Plan</th>
<th>27%</th>
<th>23%</th>
<th>28%</th>
<th>23%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Have a specific financial plan that I follow</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Have a general financial plan, but it doesn’t go far enough</td>
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<tr>
<td>Have a set of goals or a direction in mind but it’s not a well-developed plan</td>
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</tr>
<tr>
<td>Don’t have any kind of plan</td>
<td></td>
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</tbody>
</table>
Nearly half of non-retired consumers are saving less than 10% of their income annually for retirement.

Percentage of Income Saving/Investing for Retirement
Among not retired

- Less than 5%: 27%
- 5% to less than 10%: 18%
- 10% to less than 15%: 17%
- 15% to less than 20%: 11%
- 20% to less than 25%: 12%
- 25% to less than 30%: 5%
- 30% to less than 40%: 4%
- 40% to less than 50%: 3%
- Half or more: 3%

45% are saving less than 10% of income
Only three out of 10 who are not retired and have a financial professional have talked with their FP and have a plan in place if they need to retire early.

Had Discussion on What They Would Do Financially If They Had to Retire Early Due to Circumstance Beyond Their Control

Among not retired who have a financial professional:

- Yes, we’ve talked about it and have a plan in place if it happens: 31%
- Yes, we’ve talked about it but don’t have a plan: 37%
- No, we’ve never talked about it: 32%
Just over half with an FP would give them an “A” for how much they listen and understand needs.

Among those with a financial professional

Grade Given to Financial Professional on How Much They Really Listen and Understand Needs

<table>
<thead>
<tr>
<th>Grade</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>54%</td>
</tr>
<tr>
<td>B</td>
<td>35%</td>
</tr>
<tr>
<td>C</td>
<td>10%</td>
</tr>
<tr>
<td>D</td>
<td>2%</td>
</tr>
<tr>
<td>F</td>
<td>0%</td>
</tr>
</tbody>
</table>
Over four out of 10 consumers believe financial professionals have a responsibility to present guaranteed lifetime income products to their clients.

Agreement with Statements

Financial professionals have a responsibility to present financial products that provide guaranteed lifetime income in retirement as an option to their clients

44% AGREE

51% - Neutral
5% - Disagree

If your financial professional did not present all of the possible strategies for producing income in retirement to you, you would consider leaving that advisor

42% AGREE

50% - Neutral
9% - Disagree
Consumers rate protection as more important in the context of retirement planning than financial professionals (89% vs. 73%).

**Consumers**

<table>
<thead>
<tr>
<th>Importance of Protection When Thinking About Your Retirement Planning</th>
<th>Consumers</th>
<th>Financial Professionals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all important</td>
<td>8%</td>
<td>3%</td>
</tr>
<tr>
<td>Only somewhat important</td>
<td>36%</td>
<td>24%</td>
</tr>
<tr>
<td>Moderately important</td>
<td>53%</td>
<td>73%</td>
</tr>
<tr>
<td>Very important</td>
<td>89%</td>
<td>NET Moderately or Very important</td>
</tr>
</tbody>
</table>

*Protection = designed to provide a guaranteed income payment or reduce asset loss*
Consumers who work with a financial professional are more likely to think their retirement savings and sources of income will last throughout their lifetime.

Among those who work with a financial professional

73% Yes
Feel their retirement savings and sources of income will last for their lifetime
27% No

69% have a pension or annuity

Among those who do not work with a financial professional

36% Yes
Feel their retirement savings and sources of income will last for their lifetime
64% No

32% have a pension or annuity