

ALI PRIP Background

Protected Retirement Income and Planning (PRIP) examines the rapidly changing retirement planning landscape, its effects on advisors and their clients, sentiments around traditional investment strategies and retirement security, shifts in retirement planning strategies and the emerging role of annuities in portfolio allocations.

PRIP is the only research of its kind that surveys both consumers and financial professionals simultaneously. The study evaluates 2,507 consumers ages 45 to 75, of which 546 are investors ages 45 to 72 who work with a financial advisor and have \$150,000 or more in investable assets. They are referred to in the study as investors.

Additionally, the report includes 519 financial professionals who conduct retirement planning for individual clients. PRIP also includes an oversample of Peak 65 consumers ages 61 to 65.



ALI PRIP Objectives

The primary focus of PRIP is to identify how protected retirement solutions play a role in retirement planning today, and how often investors* and financial professionals consider or use annuities in addressing different income approaches and needs.

Chapter 2: Financial Professionals Change Approaches to Planning and Investment Allocations is a study of financial professionals focused on retirement planning approaches.

It is a corollary to **PRIP Chapter 1: Americans Change Retirement Savings Strategies**.

*Investors have \$150K+ in assets, work with a financial professional, and are ages 45 to 72







Financial professionals know their clients want protected income.

- Advisors rate the importance of retirement income protection higher (81%) than asset growth protection (66%).
- 52% say the topic of "retirement income" with Peak 65ers increased.





Both financial professionals and clients benefit when annuities are part of a portfolio.

- 83% of consumers who made investment changes in 2022 are extremely or somewhat satisfied with their choices.
- 93% of consumers who protected their portfolio with an annuity in 2022 are satisfied with their investment choices.
- 70% of financial professionals cite positive changes in client relationships after an annuity sale, with less stress about market fluctuations topping the list.





Both investors and financial professionals view annuities as an important protected income solution.

- >90% of investors* believe protection of one's retirement assets is important.
- 42% of financial professionals who changed their retirement planning approach in the past year are putting more into annuities now.
- 54% of advisors believe their clients could spend more money if they added the protection of an annuity to their retirement income plan.

*Investors have \$150K+ in assets, work with a financial professional, and are ages 45 to 72





A disconnect remains – financial professionals do not discuss protection as often as they think and underestimate investors' interest in annuities.

- 73% of financial professionals say they raise the topic of protection with clients; only 33% of investors say the same.
- 78% of advisors say protection is important when working with clients on retirement planning; however, 9 out of 10 clients say the same.
- Nearly 50% of investors are extremely interested in owning an annuity. Only 19% of financial professionals believe their clients have this level of interest.



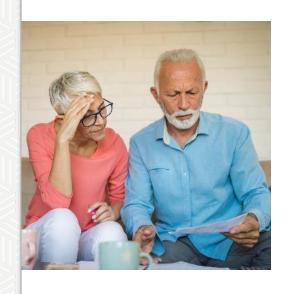


Financial professionals report several changes in their practice and approach to retirement planning for clients.

- 8 of 10 advisors changed their retirement planning approach in the last year.
- While over half believe the 60/40 stock/bond model remains a viable approach, 43% say other asset classes should be added.
- Close to half say the 4% rule is no longer valid because of changes, like inflation, market volatility, and longevity.



Corollary Consumer Study



Changes in Consumer Investment Strategies

- **43% of consumers** believe the 2022 market setback represents a longer-term change that negatively alters their retirement outlook.
- 32% of consumers made changes to their investments in 2022 17% shifted portions of their portfolios to more conservative investments, 6% sold some investments to avoid losses, 5% invested in annuities to protect part of their portfolios and 10% made other changes.



Corollary Consumer Study



Changes in Consumer Investment Strategies

- 51% of consumers report uncertainty whether the 60/40 stock/bond portfolio allocation remains viable.
- 28% say the 60/40 structure is outdated and other asset classes should be implemented.
- 37% find the 4% rule is no longer valid due to changes, such as inflation, longer lifespans and market volatility, and that the model should be replaced with other retirement income approaches.

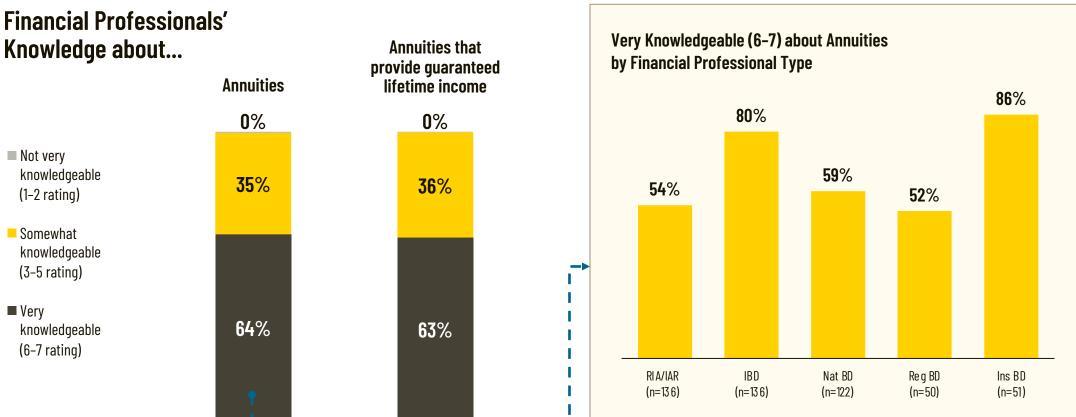


Perceptions & Use of Annuities



Two-thirds of financial professionals are very knowledgeable about annuities, with considerable differences by type of financial professional







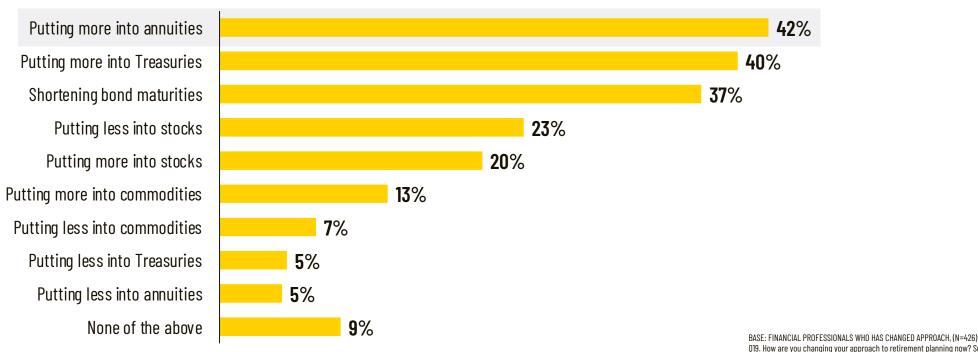


More than 40% of financial professionals who changed their retirement planning approach in the past year are putting more into annuities now



Changes in Retirement Planning Approach Now

Among those whose approach changed (n=426)
Multiple responses accepted







Two-thirds of financial professionals recommend annuities at least sometimes when talking with clients over 45

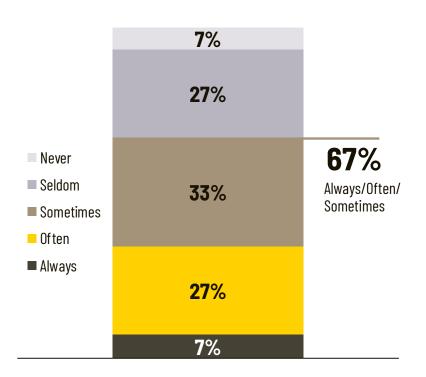
BASE: FINANCIAL PROFESSIONALS (N=519)
049. When talking with clients over the age of 45, how often do you consider recommending an annuity as part of their retirement/financial plan? Select one.



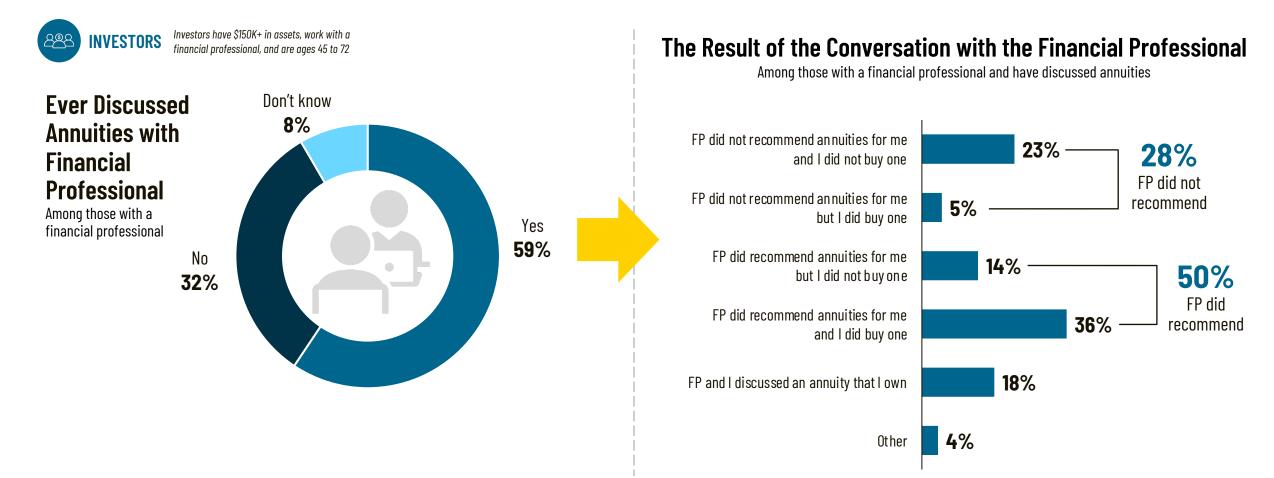


Among Financial Professionals with Clients Over the Age of 45...

Frequency FP Considers
Recommending an Annuity
to These Clients



Six out of 10 investors discuss annuities with their financial professional; when discussed, 50% of financial professionals recommended annuities to clients



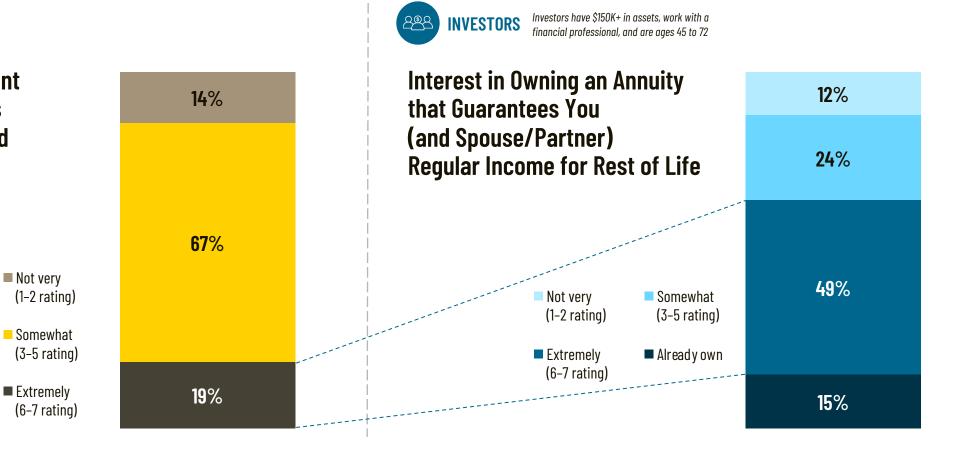




Investors are more likely to be extremely interested in owning an annuity that guarantees income, than financial professionals perceive



Interest of Average Client in Purchasing Annuities that Provide Guaranteed Lifetime Income

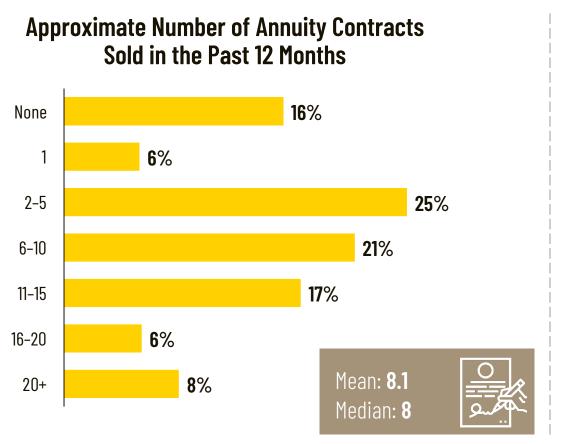






Three out of 10 financial professionals sold more annuities than they did 12 months ago, with national and insurance broker dealers outpacing the others





Compared to 12 Months Ago...

National and Insurance BDs are more likely to have **More, 31%** increased sales of annuities in the past 12 months Percent sold more: NatBD (n=122): 41% **InsBD** (n=51): **39**%

The same.

61%

Less, 8%

IBD (n=136): **24**%

- **RIA/IAR** (n=136): **21**%

RegBD (n=50): **26**%

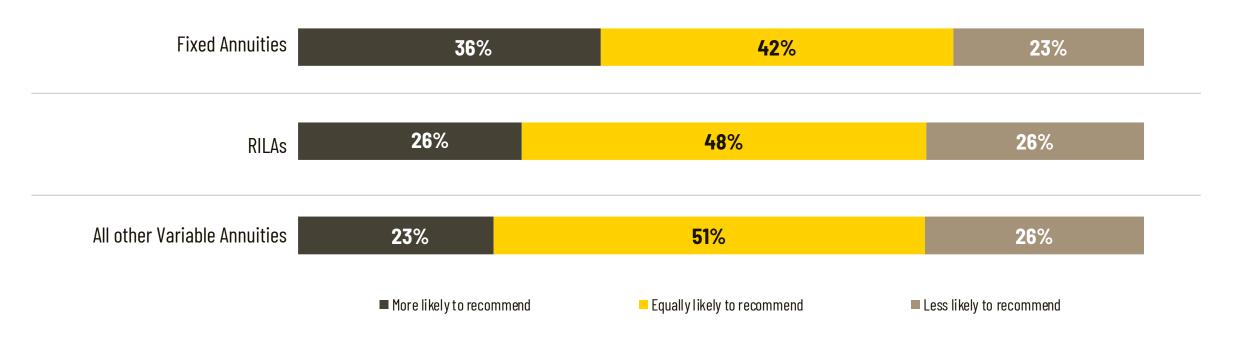




Over a third of financial professionals are more likely to recommend fixed annuities given rising interest rates, inflation, and instability



Likelihood to Recommend Annuities Due to Rising Interest Rates, Inflation, and Instability in the Market and World Events



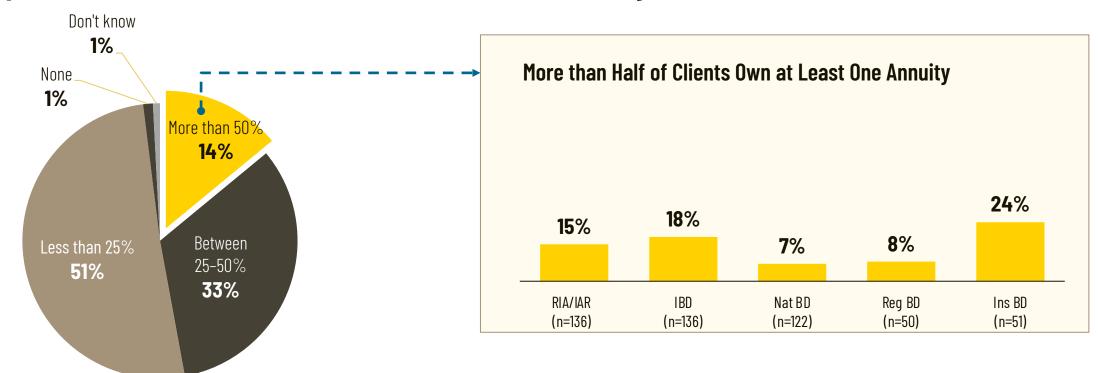




Most financial professionals say that fewer than 25% of their clients own an annuity; significant differences occur by type of financial professional



Proportion of Their Clients Own at Least One Annuity







70% of financial professionals

cite positive changes in client relationships after an annuity sale, with less stress about market fluctuations topping the list

BASE: FINANCIAL PROFESSIONALS (N=519)
Q55. What changes have you noticed in your relationships with clients after they have purchased an annuity? Select all that apply







Change in Relationships with Clients After They Have Purchased an Annuity

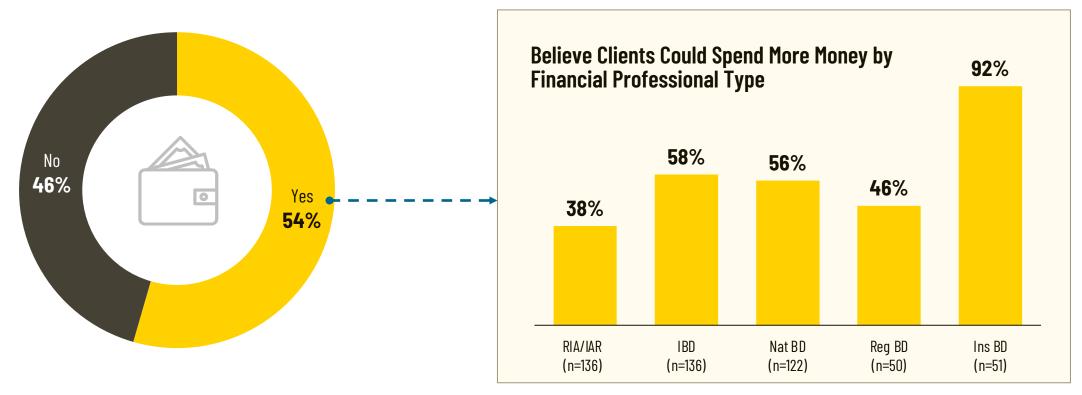
Multiple responses accepted



Over half of financial professionals believe their clients could spend more money if they added an annuity to their plan



Believe Clients Could Spend More Money if They Added an Annuity to Retirement Income Plan







One-third of consumers made investment changes in 2022; over 9 out of 10 who protected their portfolio with an annuity in 2022 are satisfied



32% Made Changes to Investments in 2022

Multiple responses accepted



17% Shifted some of my portfolio to more conservative investments

Sold some investments to avoid losses

5% Protected part of my portfolio by investing in an annuity

10% Other changes in my investments

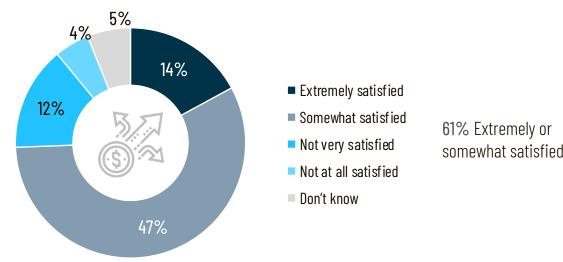
58% Made no changes

11% Don't have investments

93% of consumers who protected their portfolio with an annuity in 2022 are satisfied and 44% are extremely satisfied



Satisfaction with Investment Choices in 2022



Type of Change	% Satisfied	N
NET Made any investment change in 2022	83%	790
Shifted some of my portfolio to more conservative investments	86%	423
Sold some investments to avoid losses	79%	143
Protected part of portfolio by investing in an annuity	93%	104
Other changes in my investments	83%	250





Over half of investors made investment changes in 2022, and most are satisfied with their overall investment choices



Investors have \$150K+ in assets, work with a financial professional, and are ages 45 to 72

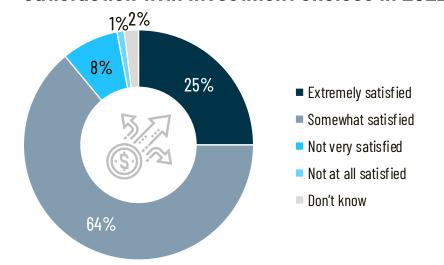
55% Made Changes to Investments in 2022

Multiple responses accepted



- 37% Shifted some of my portfolio to more conservative investments
- 8% Sold some investments to avoid losses
- 10% Protected part of my portfolio by investing in an annuity
- **14%** Other changes in my investments
- 44% Made no changes

Satisfaction with Investment Choices in 2022



100% of investors who protected their portfolio with an annuity in 2022 are satisfied with their investment choices in 2022



Type of Change	% Satisfied	N
NET Made any investment change in 2022	91%	294
Shifted some of my portfolio to more conservative investments	91%	181
Sold some investments to avoid losses	94%	50
Protected part of portfolio by investing in an annuity	100%	58
Other changes in my investments	91%	76





Consumer Investment Strategies



43% of consumers believe the 2022 market setback represents a longer-term change that negatively alters their retirement outlook



Effect of 2022 Market Setback on Outlook

57%

I'm confident the market will bounce back over the next year or two

43%

The nature of the market setback seems to represent a longer-term change that alters my retirement situation

- Those who work with a financial professional are more confident (63% vs. 54% who don't work with one)
- Males are more confident than females (62% vs. 52%)
- Those protected by a pension or annuity are more confident than those with no pension or annuity (65% vs. 51%) that the market will bounce back

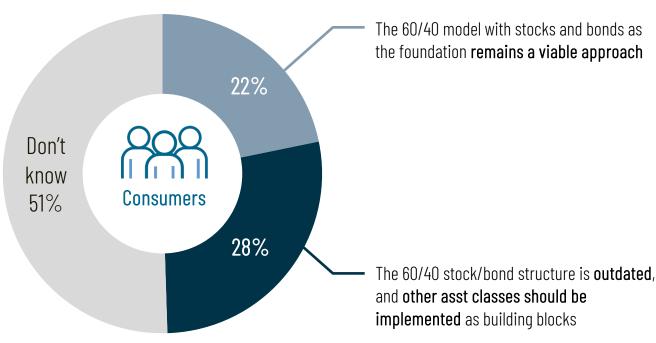




Almost 1 in 3 consumers say the 60/40 allocation rule is outdated and other asset classes should be implemented

Q: In 2022 stocks and bonds experienced significant losses. Major asset management and investment banking companies have strongly different views on the classic 60% stock and 40% bond portfolio.





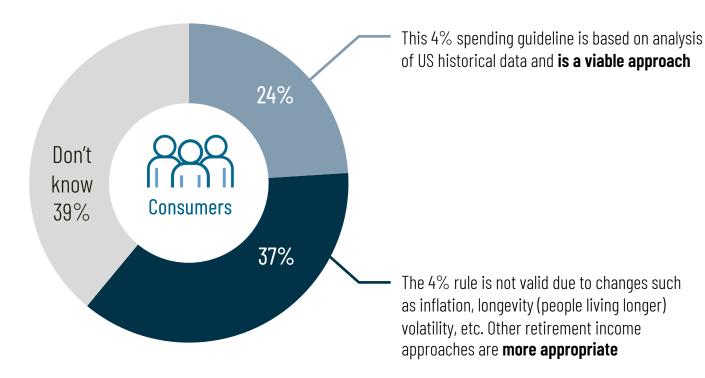




A third of consumers say the 4% rule is no longer valid and are open to new approaches

Q: The "4%" rule is based on the idea that an investor seeking a safe retirement income plan can safely withdraw 4% of their initial investment portfolio and increase this amount by the rate of inflation each year for 30 years.

Viability of 4% Rule







Financial Professional Retirement Income Strategies



More than 80% of financial professionals changed their retirement planning approach in the past year; inflation concerns are the top reason



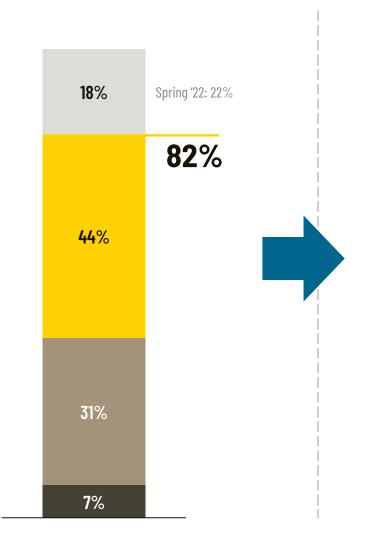
Extent Retirement Planning Approach Changed in Past Year

- Not at all
- Only somewhat
- Moderately
- A great deal

BASE: FINANCIAL PROFESSIONALS (N=519) 017: How much has your retirement planning approach changed in the last year? BASE: FINANCIAL PROFESSIONALS WHO HAS CHANGED APPROACH, (N=426) 018. Which of these reasons influenced the change in your approach in the last year? Select all that apply.

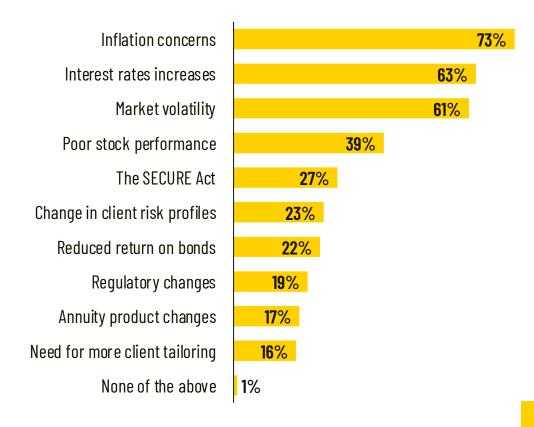
Alliance for Lifetime Income





Reasons for Change in Approach in Past Year

Among those whose approach changed (n=426) • Multiple responses accepted



Financial professionals rate the importance of retirement income protection higher than asset growth protection



FINANCIAL PROFESSIONALS

Importance of the Concept of Protection When Working with Clients on...

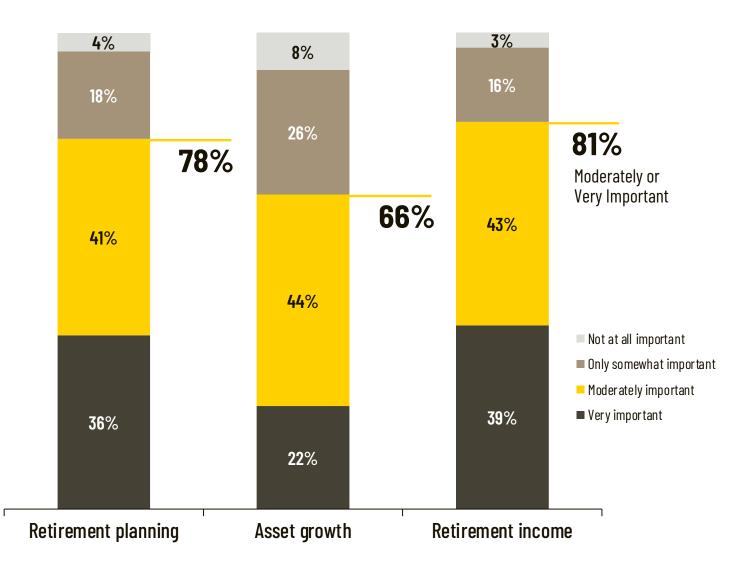
Protection = designed to provide a guaranteed income payment or reduce asset loss

BASE: FINANCIAL PROFESSIONALS (N=519)

Q22 How important is the concept of protection when you work with your clients on retirement income?







^{020.} How important is the concept of protection when you work with your clients on retirement planning?

^{021.} How important is the concept of protection when you work with your clients on asset growth?

Over half of financial professionals believe the 60/40 model remains a viable approach but 43% say other asset classes should be added.





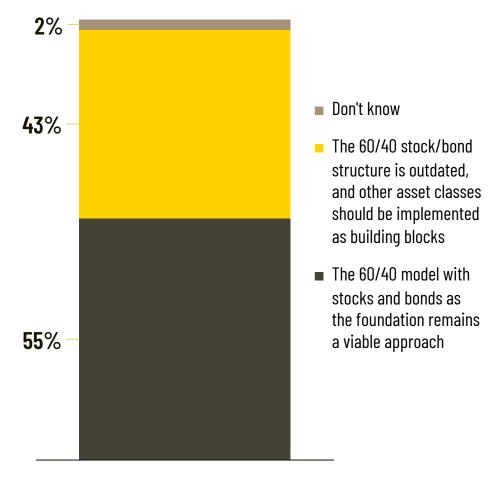
024: In 2022 stocks and bonds experienced significant losses. Major asset management and investment banking companies have strongly different views on the classic 60% stock and 40% bond portfolio. Select the box that best reflects your point of view about stock/bond allocations







60% Stock 40% Bond Asset Allocation Viability

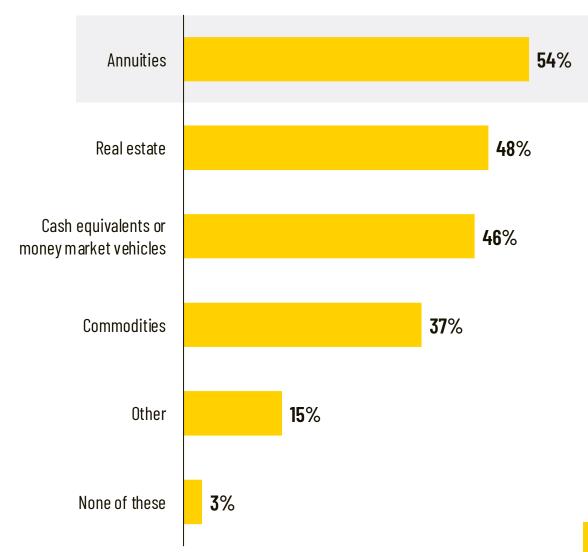


Note: No statistically significantly differences by FP type



Over half of financial professionals would add annuities as an asset class to expand the 60/40 model

Assets Classes to Add to Expand the 60/40 Model



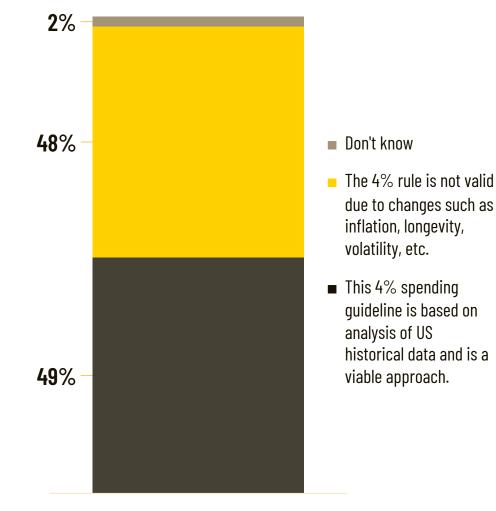
BASE: FINANCIAL PROFESSIONALS (N=519) 025. If you were to expand the 60/40 model, which of these asset classes would you add?





FINANCIAL PROFESSIONALS

Viability of 4% Rule



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Financial

professionals are

of the 4% rule

split on the validity

026: The "4%" rule is based on the idea that an investor seeking a safe retirement income plan can safely withdraw 4% of their initial investment portfolio and increase this amount by the rate of inflation each year for 30 years. Select the box which best reflects your point of view.



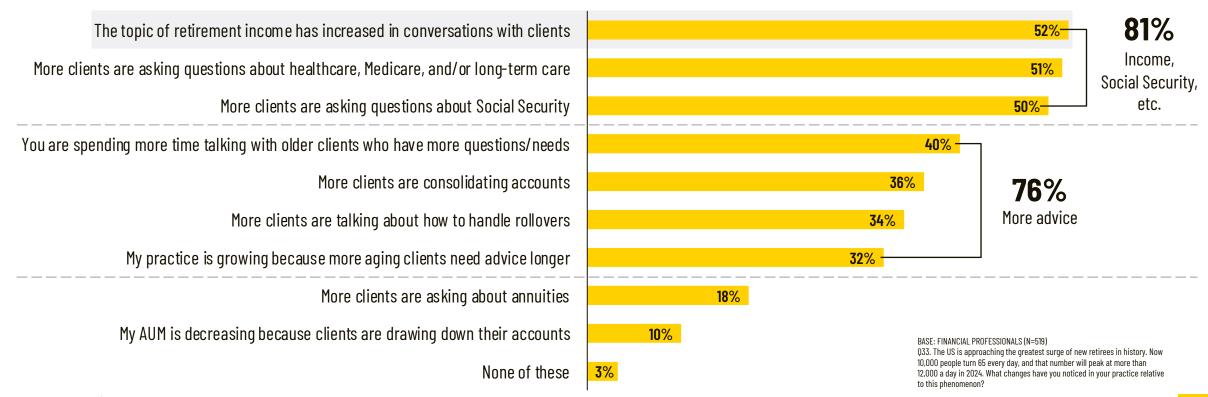


97% of financial professionals have noticed Peak 65 changes, and most are impacted by the surge of clients moving toward their retirement years



Changes in Practice Due to Peak 65

Multiple responses accepted



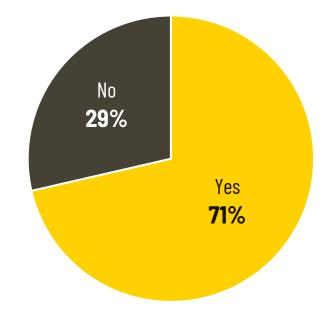




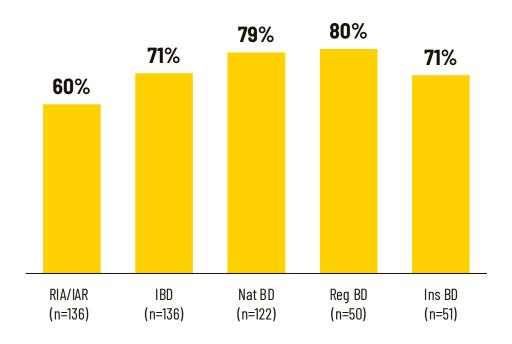
Seven in 10 financial professionals increase allocation to dividend stocks after clients retire to generate retirement income



Increase Clients Allocation to Dividend Stocks
After Retirement to Generate Retirement Income



Percent That Increase Allocation to Dividend Stocks by Type of FP



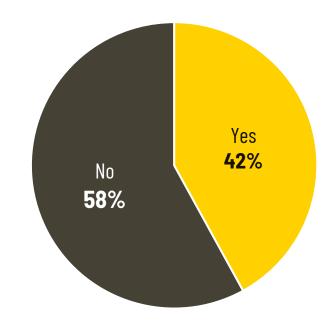




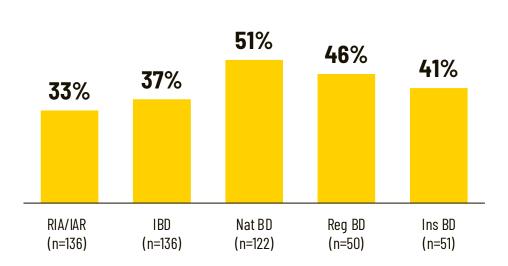
Four in 10 financial professionals use higher-yielding bonds after clients retire to generate retirement income



Increase Clients Allocation to Higher-yielding Bonds
After Retirement to Generate Retirement Income



Percent That Increase Allocation to Higher-yielding Bonds by Type of FP



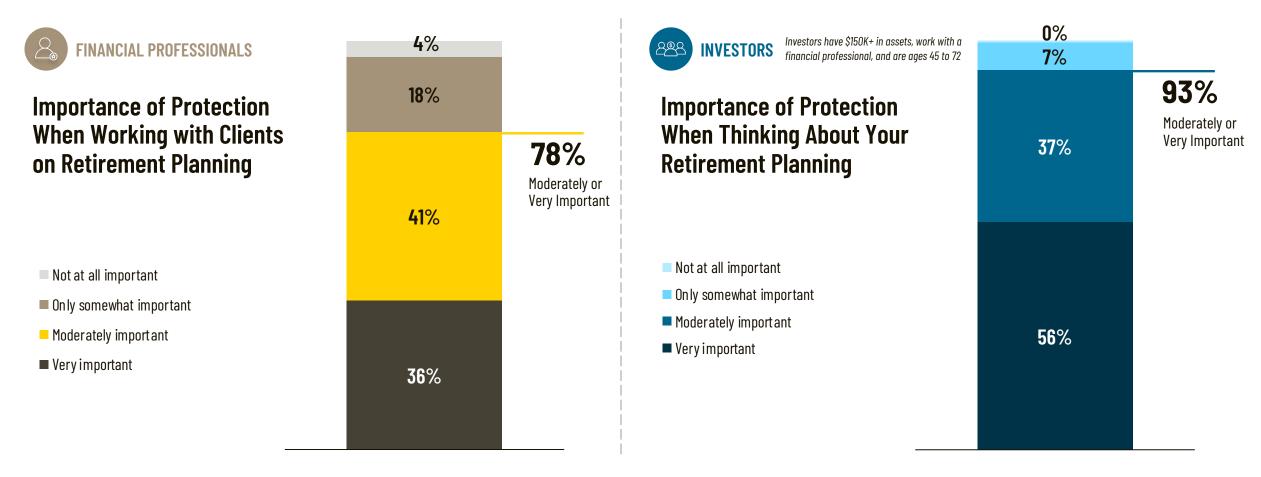




Where do investors and financial professionals not align or disagree?



More than 90% of investors believe protection of one's retirement assets is important compared to nearly 80% of financial professionals







While financial professionals say they raise the topic of protection with their clients, investors say otherwise

023. Thinking again about protection when you work with your clients on retirement income. Who usually raises the topic of protection?

Q18: Thinking about the topic of protection when you talk with your financial professional about retirement income. Who usually raises the topic of protection? Please use this definition of protection: designed to provide a guaranteed income payment or reduce asset loss.





WHO RAISES TOPIC OF PROTECTION?

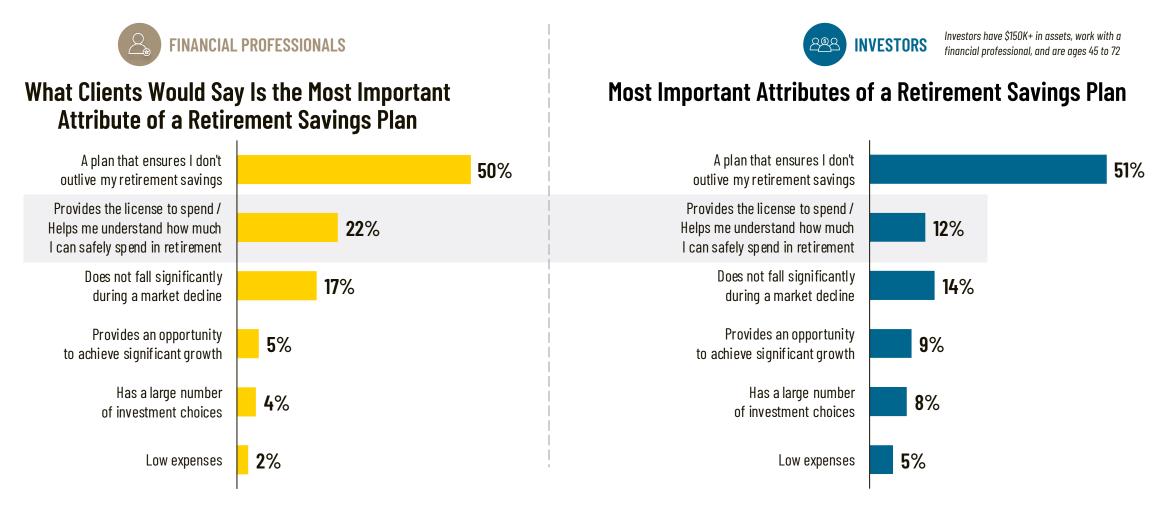
of financial professionals say they bring it up

say financial professional

of investors* brings it up

*Investors have \$150K+ in assets, work with a financial professional, and are ages 45 to 72

Financial professionals align with clients on the idea that retirement plans should ensure one doesn't outlive savings, but financial professionals identify a "license to spend" as being more important than investors do

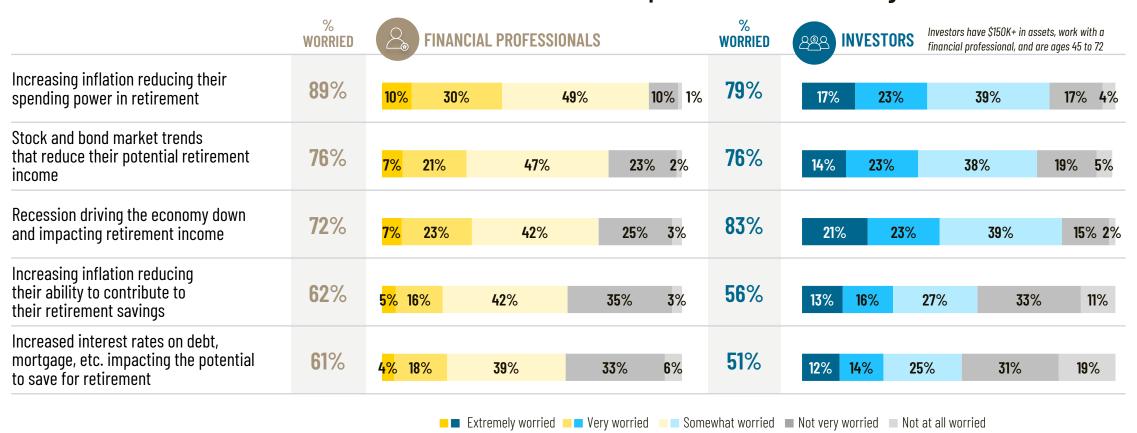






Financial professionals are more worried about the impact of inflation on retirement spending power and ability to contribute to savings than investors

Worries Over Market Impact on Retirement Savings/Income





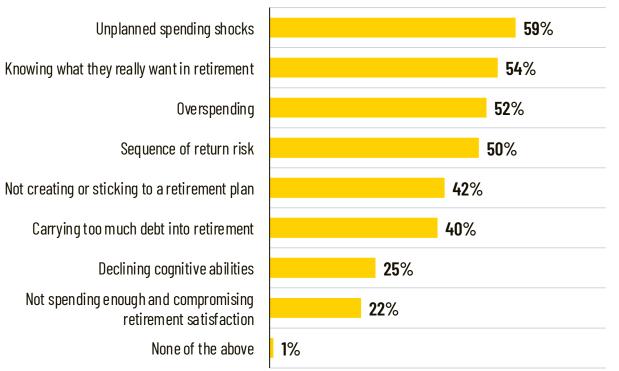


Financial professionals consistently overestimate how much they talk about specific risks with their clients

Multiple responses accepted

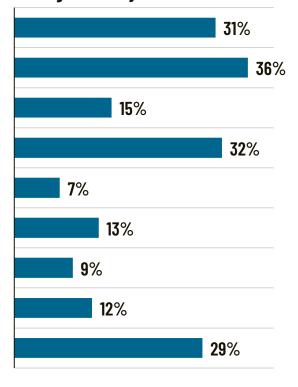








Risks Regularly Discussed with Financial Professionals Among Currently Retired or Plan to in 5 Years







APPENDIX





Methodology



- This online survey of 519 financial professionals was conducted by Artemis Strategy Group February 27 to March 7, 2023, and represents major segments of professionals: (Unweighted n's)
 - RIA: Registered investment advisor (n=136)
 - IBD: Independent broker-dealer (n=136)
 - Nat BD: National wirehouse or full-service broker-dealers (n=122)
 - Reg BD: Regional broker-dealers (n=50)
 - Ins BD: Insurance broker-dealers (n=51)
 - Bank broker dealers are included in the total but not broken out separately due to the base of N=24, which is too small for analysis
- Data is weighted on advisor type to match the proportions of the PRIP Spring 2021 study.



Methodology



- This online survey of 2,507 Consumers includes 2,000 Consumers and an oversample of 507 respondents ages 61 to 65. The study was conducted by Artemis Strategy Group March 1 to 31, 2023. 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. The oversample of ages 61 to 65 is weighted down to reflect their proportion in the population.

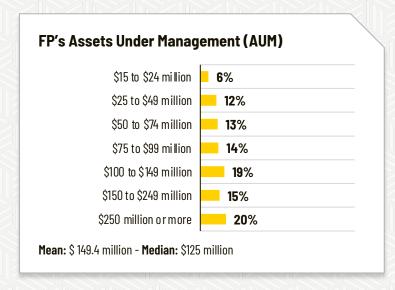


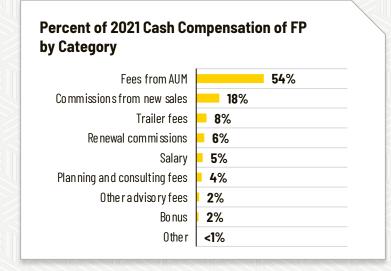
- Among the 2,507 Consumers surveyed, 546 are Investors who have \$150K+ in investable assets, work with a financial professional, and are ages 45 to 72. This group represents ALI's target audience.
- Data is weighted to align with the population on age, income by gender, race/Hispanic ethnicity, region, work and retirement status, assets, and education.

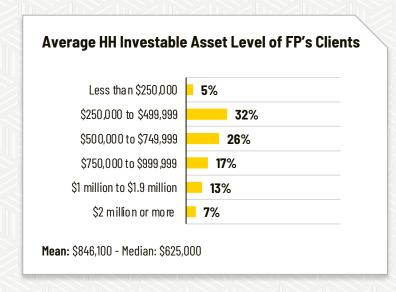


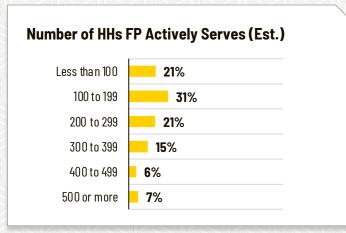
Financial Professional Respondent Profile (n=519)

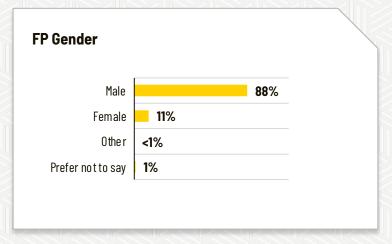


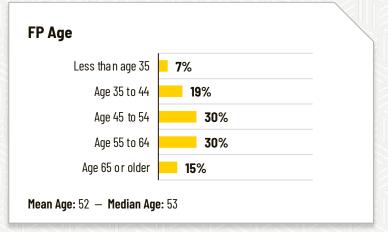
















Consumer Respondent Profile (n=2,507)



Gender	1.00/	
Male	48%	
Female	52 %	
Other, non-binary/-conforming, prefer not	<1%	
to say	S1/0	
Age		
45-54	37 %	
55-64	36 %	
65-75	27 %	
Region		
Northeast	20%	
South	22 %	
Midwest	35 %	
West	23%	
Race/Ethnicity		
White/Caucasian	80%	
Black/African American	12 %	
Asian	5 %	
Amer. Indian / Alaska Native	1%	
Other	3%	
UHIEL	u /e	

Married	57 %
Living with partner	6%
Single, never married	13%
Divorced or separated	18%
Widowed	5 %
Education	
High school or less	38 %
Some college/Assoc. degree	32 %
College graduate	16%
Graduate school (any)	14%
Current Employment Status	
Employed (full or part-time)	59%
Unemployed	2%
Homemaker or other	3 %
Retired, but working part-time	5 %
Fully retired	32 %

Household Income for 2022		
	Less than \$50K	32 %
	\$50K < \$100K	29 %
	\$100K < \$250K	36 %
	\$250K or more	2 %
Household's Total Investable A	Assets	
	<\$100K	51%
	\$100K < \$150K	11%
	\$150K < \$500K	15 %
	\$500K < \$1M	19%

\$1M < \$2M **7**% \$2M < \$3M **2**% \$3M or more **2**%

Works with a Financial Professional

Yes **32**% No or Uncertain **68**%





Investor Respondent Profile (n=546)



No **0%** Not sure **0%**

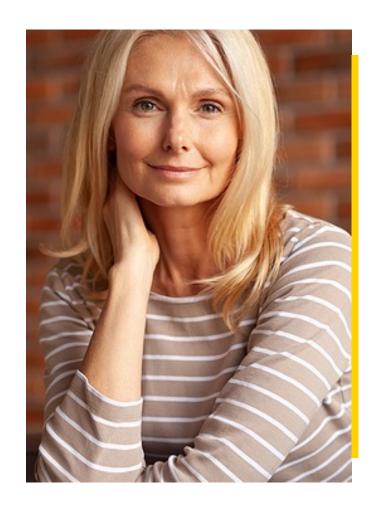
Male	50%
Female	50%
Other, non-binary/-conforming, prefer not	-001
to say	0%
Age	
45-54	21%
55-64	42 %
65-75	37 %
Region	
Northeast	19%
South	30 %
Midwest	27 %
West	24%
Race/Ethnicity	
White/Caucasian	86%
Black/African American	10%
Asian	5 %
Amer. Indian / Alaska Native	2 %
Other	1%
Hispanic/Latin Origin	6%

Married	75 %
Living with partner	5 %
Single, never married	4%
Divorced or separated	11%
Widowed	4%
Education	
High school or less	11%
Some college/Assoc. degree	28%
College graduate	26%
Graduate school (any)	35 %
Current Employment Status	
Employed (full or part-time)	59 %
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	Less than \$50K	5%
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	\$100K < \$250K	58 %
	\$250K or more	10%
ousehold's Total Investable	Assets	
	<\$100K	0%
	\$100K < \$150K	0%
	\$150K < \$500K	27 %
	\$500K < \$1M	33 %
	\$1M < \$2M	25 %
	\$2M < \$3M	7 %
	\$3M or more	8%
ork with a Financial Profess	ional	
	Yes	100%







ABOUT THE ALLIANCE FOR LIFETIME INCOME

A non-profit 501(c)(6) educational organization that creates awareness and educates Americans about the value and importance of having protected income in retirement.











Asset Management



























THANK YOU!

