

Alliance for
Lifetime
Income

Protected Lifetime Income Index Study – Wave 2

July 2019

Objectives



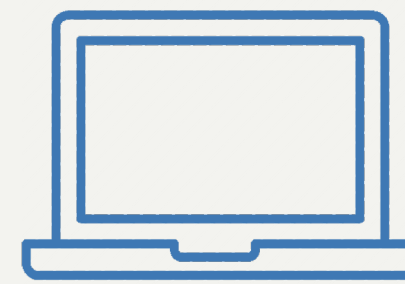
The Alliance for Lifetime Income's Protected Income Index Study is an ongoing research program that tracks the level of protected and unprotected households in the United States. It provides valuable insights into Americans' attitudes and behaviors around retirement-income planning.



Protected Lifetime Income Index Study Methodology



Participants
N=3,119



Online Quantitative Study
National



Field Dates
May 15 - 30, 2019

General Specifications

1. Age 25 to 74
2. Census balanced on age, gender, income, education, race, Hispanic ethnicity and region
3. Data was weighted (on age, income, education, race, Hispanic ethnicity and region)
4. 20% are retired (fully or partially)

Survey conducted by [Artemis Strategy Group](#)

Americans are anxious about the financial aspects of retirement but lag in planning for it.

While many Americans are optimistic and hopeful about their retirement years, most also find that anticipating this enjoyable next step in life is overshadowed by concerns about having enough income to last their lifetime.

Americans face a conundrum when it comes to planning for retirement. Many *believe* they can plan, yet fewer actually try to seriously envision life in retirement or take the actions needed for a successful retirement.

Those who have had more success have entered a virtuous cycle of preparation and planning activities.



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Concerns About Financial Aspects of Retirement Intrude

Eighty percent of non-retired Americans are at least somewhat anxious that their savings may not provide them enough to live on in retirement.

The #1 question people have as they face retirement:
How much monthly income will I have?

Fifty-eight percent of non-retired Americans don't expect their income to last their lifetime.

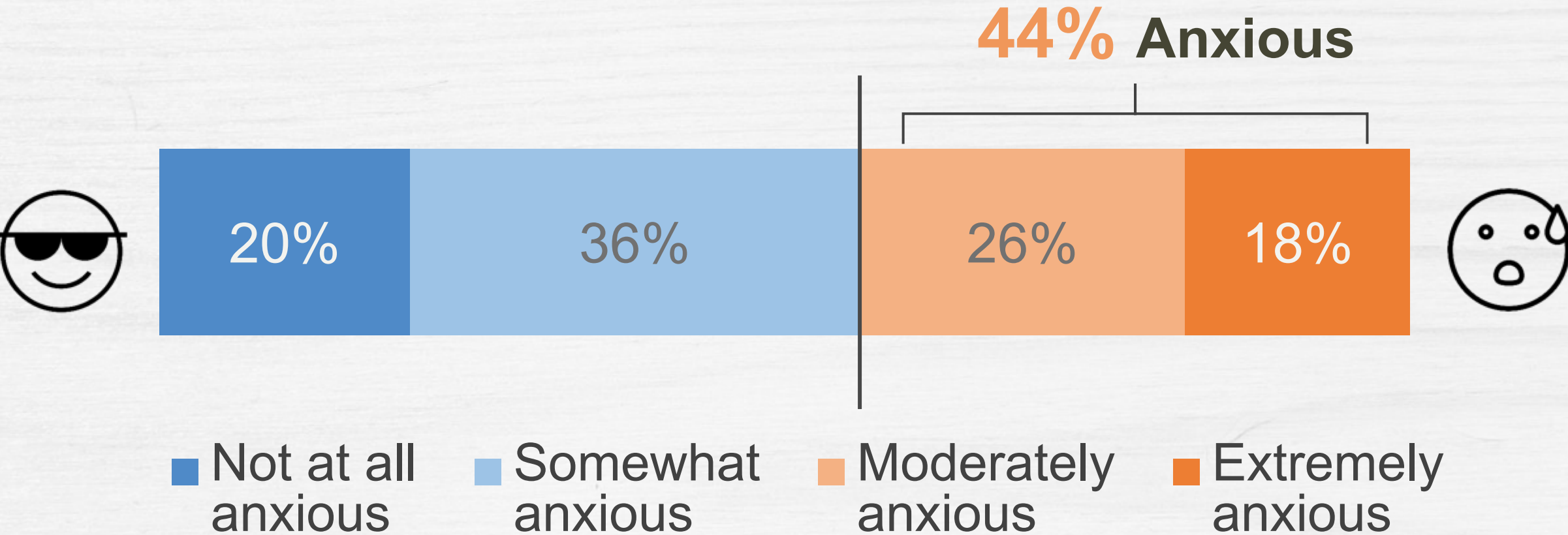
Only 3 in 10 non-retired Americans have a source of protected lifetime income. Those who have it are more confident about their retirement finances.

Financial issues are a major retirement concern for many.

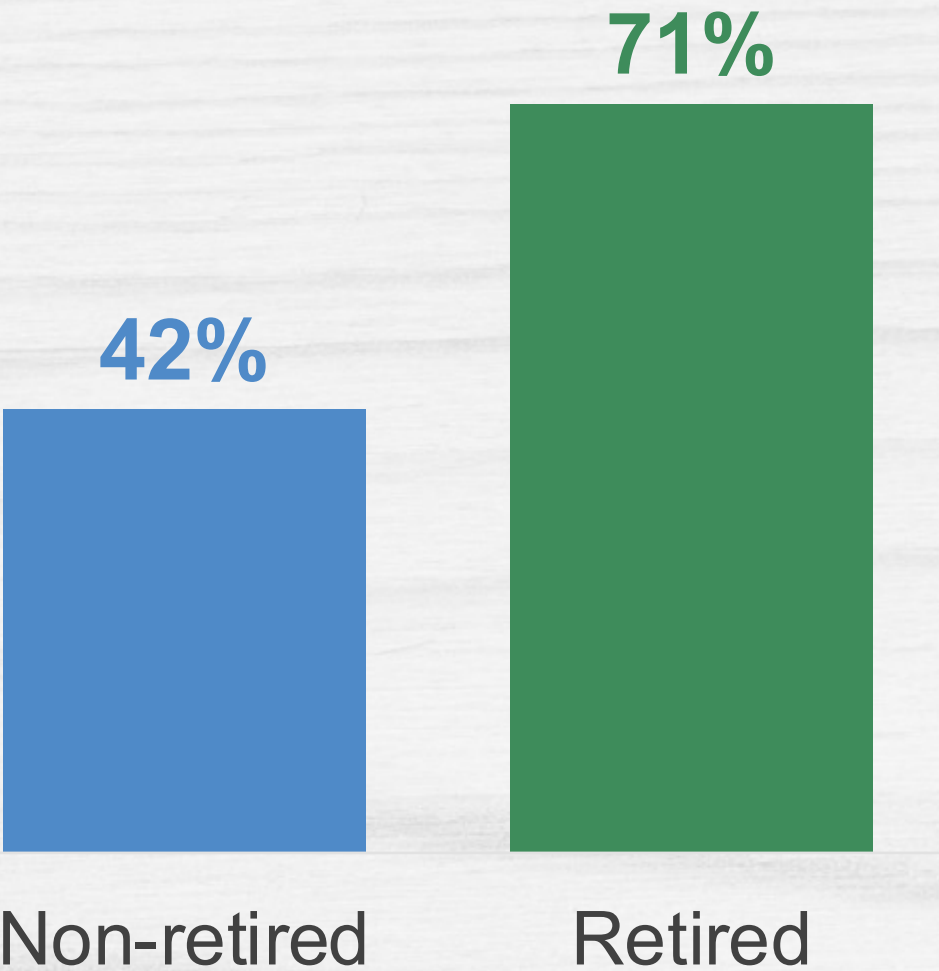
Forty-four percent of those who are not yet retired are extremely or moderately anxious their savings **may not provide enough to live on** in retirement.

Only 4 out of 10 non-retired Americans expect their retirement savings and sources of income to **last their lifetime**, while 71% who are retired expect their savings and income to last.

How anxious are you that your savings may not provide enough for you to live on in retirement?
(Among non-retired)



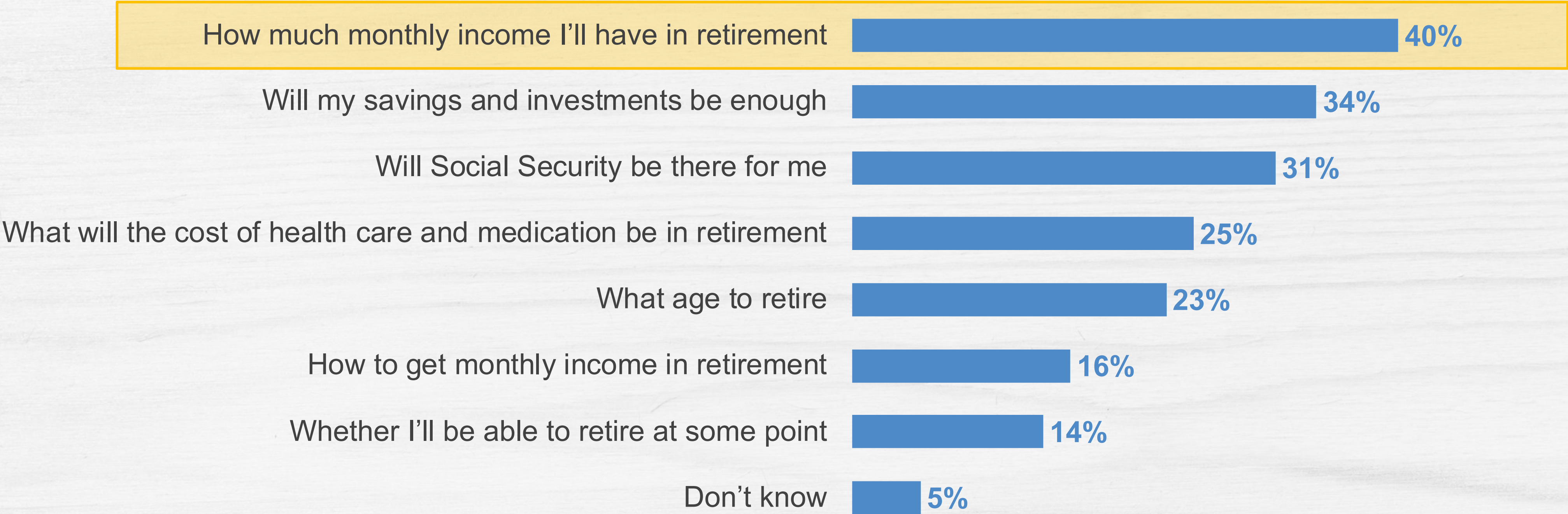
Do you think your retirement savings and sources of income will last for your lifetime:



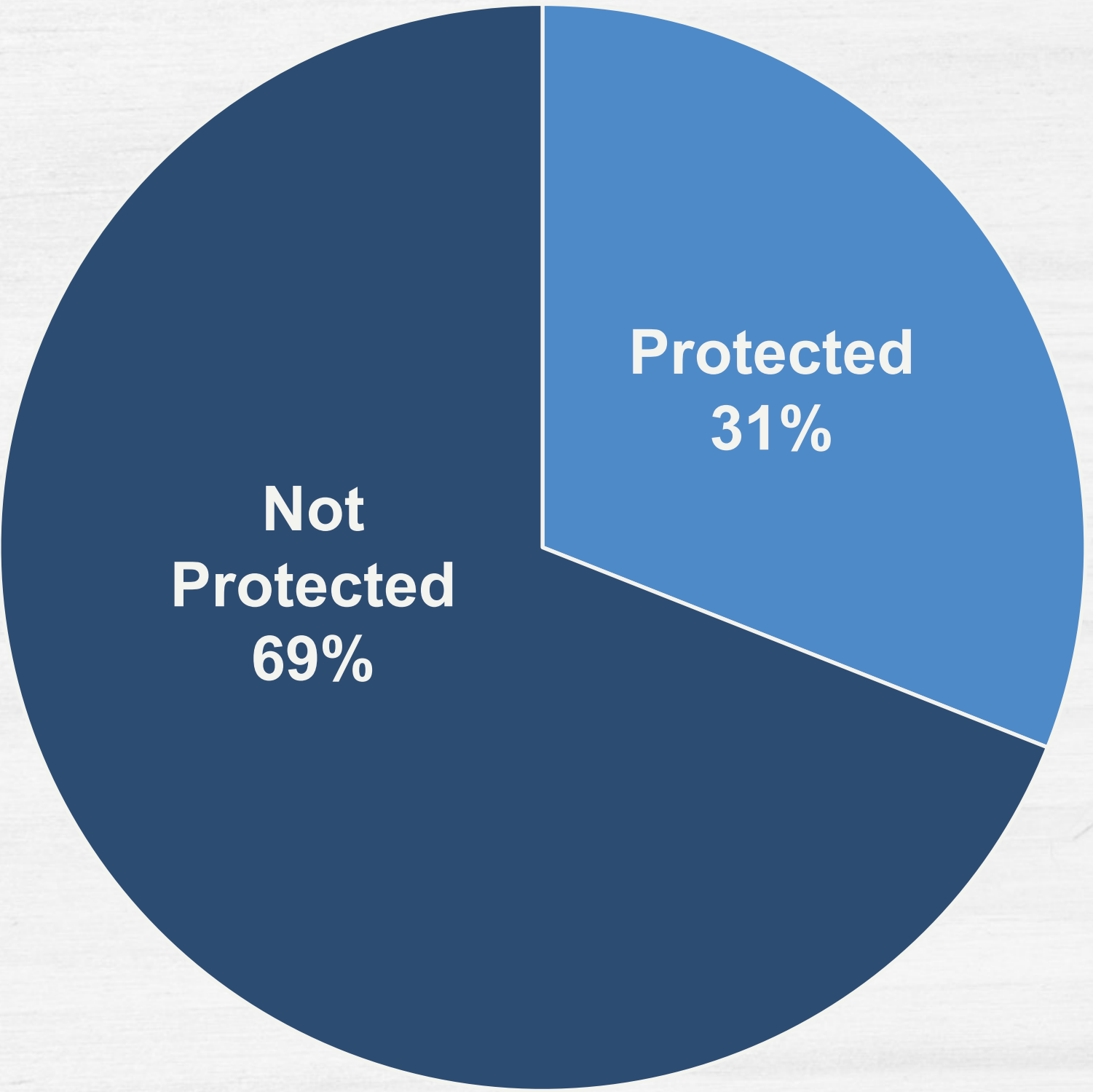
Financial issues dominate questions about retirement.

Monthly retirement income tops the list, followed by “*Will savings and investments be enough?*” and “*What will the cost of health care and medication be in retirement?*”

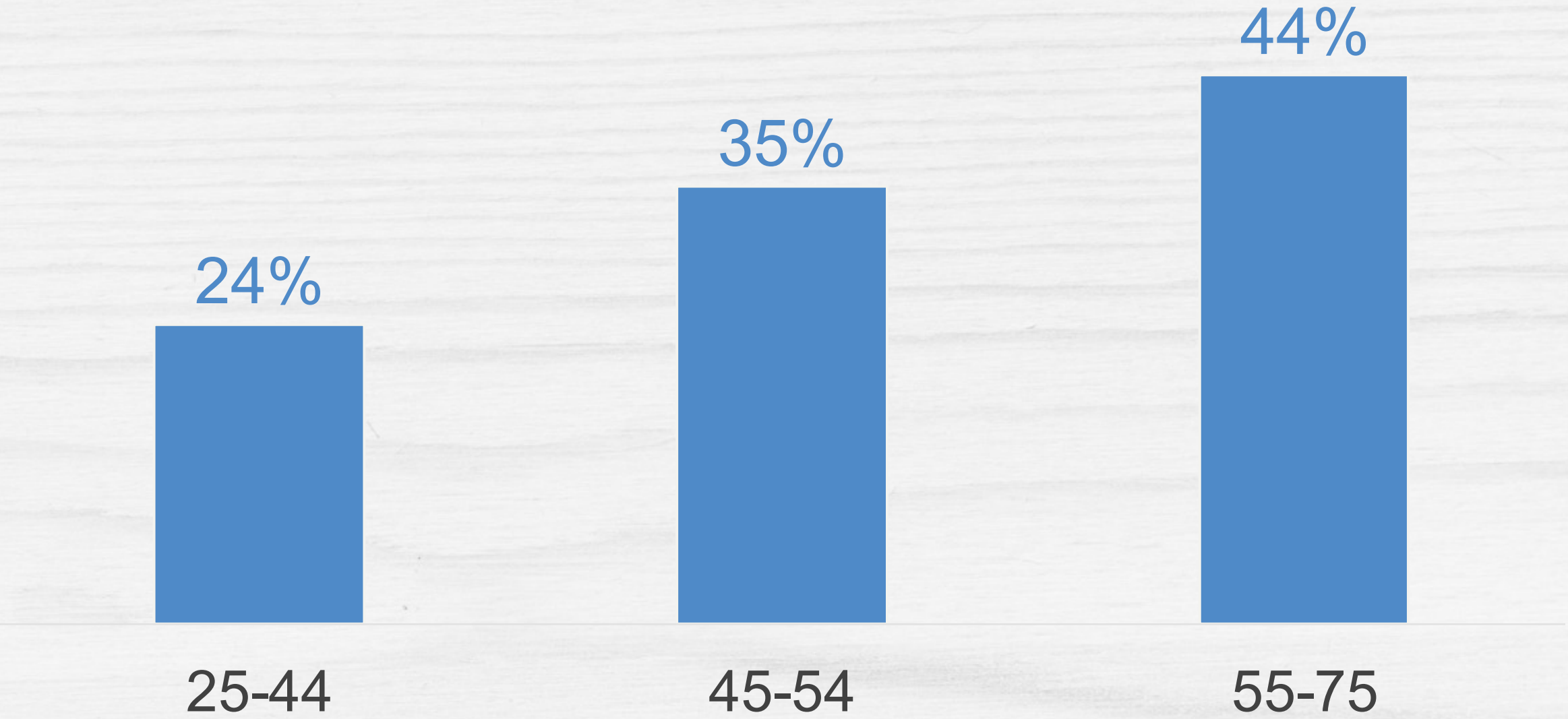
What are the most important questions or decisions you face about retirement?
(Among non-retired)



Only 3 in 10 non-retired Americans (31%) have some **protected retirement lifetime income** (pension or annuity).
Among those who are retired, 60% are protected.



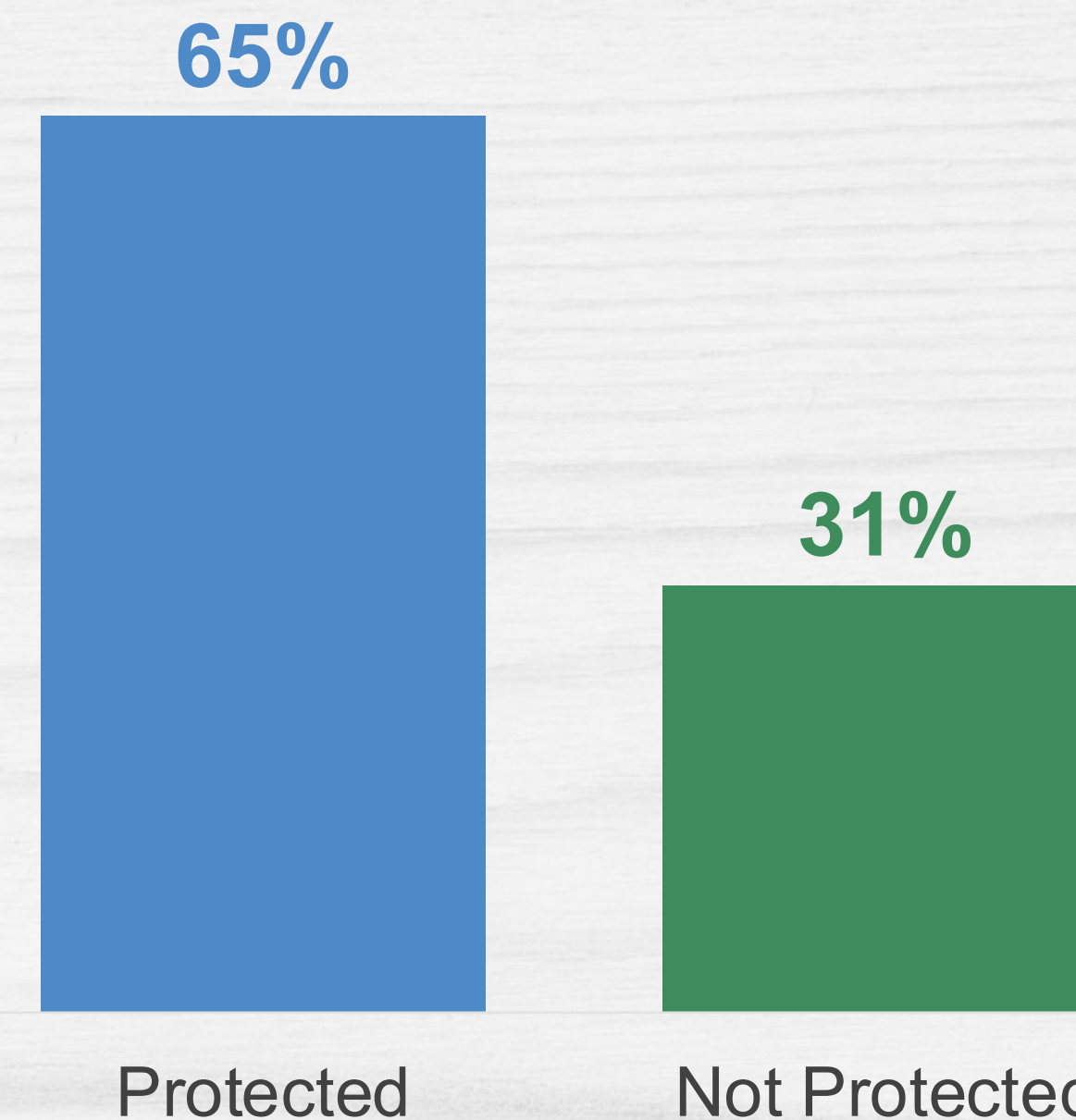
The level of **lifetime income protection** declines precipitously with age.
(Among non-retired)



Being protected leads to considerable differences in outlook and confidence:
Two-thirds of protected non-retired Americans think their retirement income will last their lifetime.

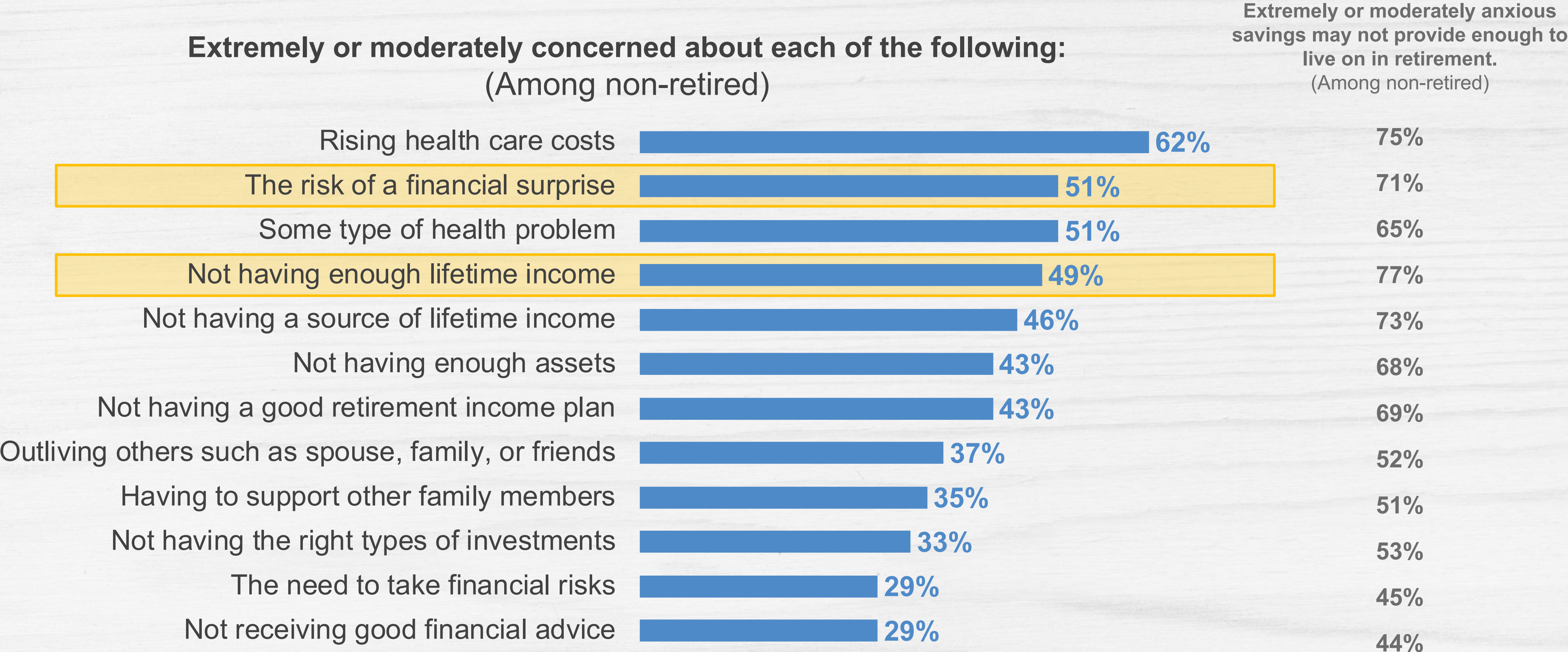
42%
of total non-retired
Americans think their
retirement income will
last their lifetime

**Percentage who think their retirement savings and
sources of income will last for their lifetime**
(Among non-retired)



Health and health care costs are top concerns in retirement.

Two other concerns round out the top four: the risk of financial surprise and not having enough lifetime income.





The Retirement Planning Deficit

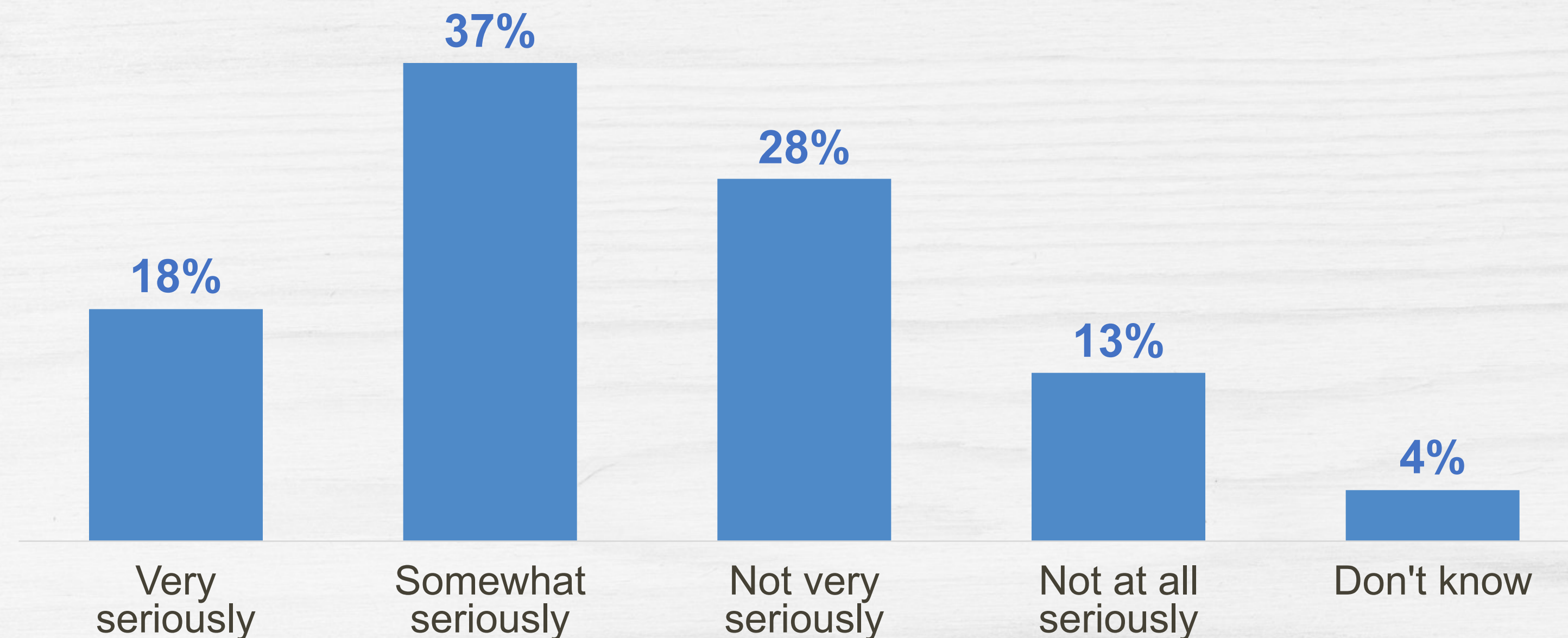
Just 1 in 5 Americans have seriously envisioned life in retirement. Of greater concern, only 1 in 5 have a specific financial plan that they follow.

Having a financial plan contributes to confidence.

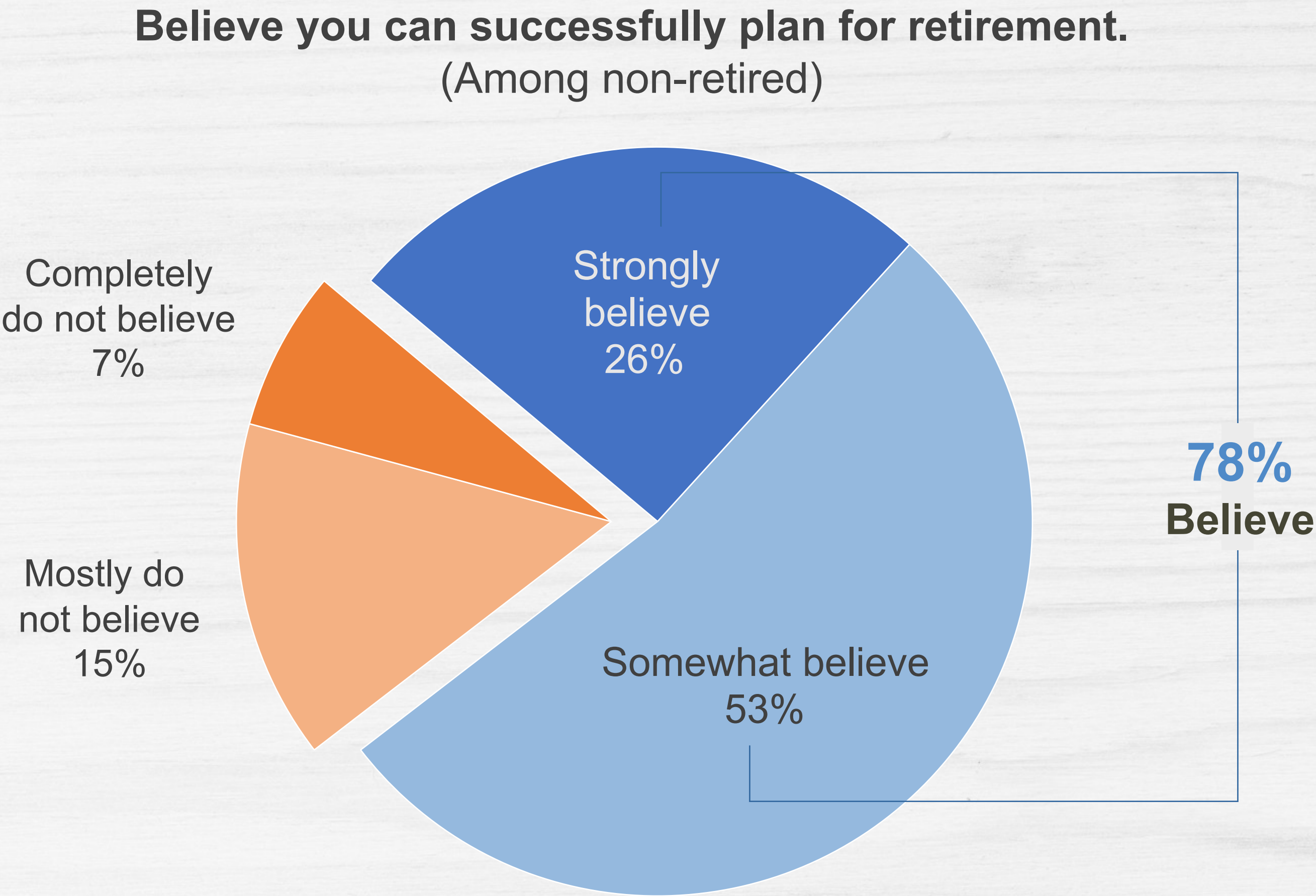
Among not-yet-retired Americans, only 1 in 5 have *very seriously* envisioned life in retirement – and this does not vary by age.

A third of people very close to retirement haven't given it any serious thought.

How seriously have you envisioned life in retirement?
(Among non-retired)

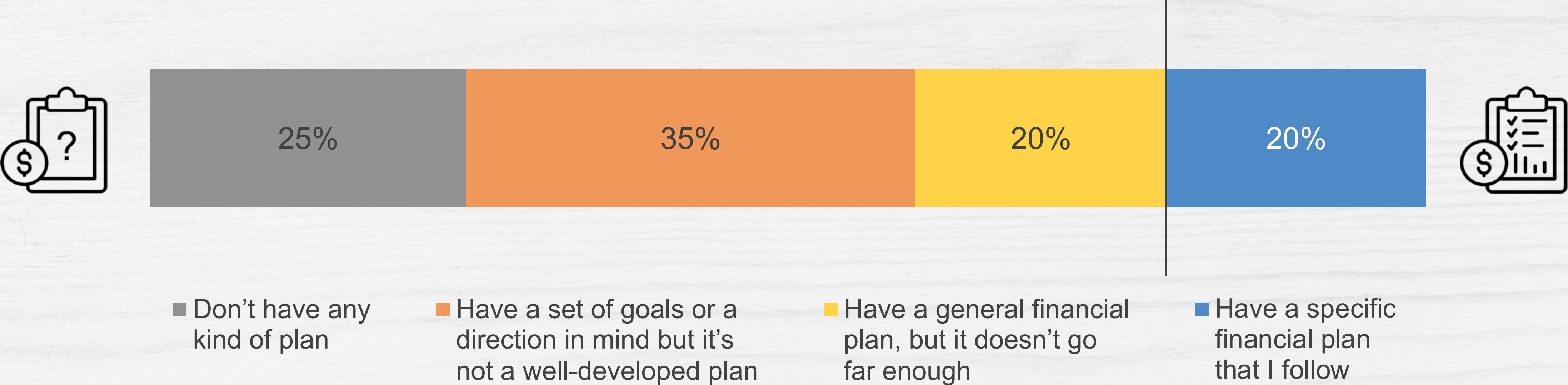


Eight out of 10 non-retired Americans believe they can successfully plan for retirement but only one quarter strongly believe they can.



When it comes down to it, 8 out of 10 do not have a specific financial plan that they follow.

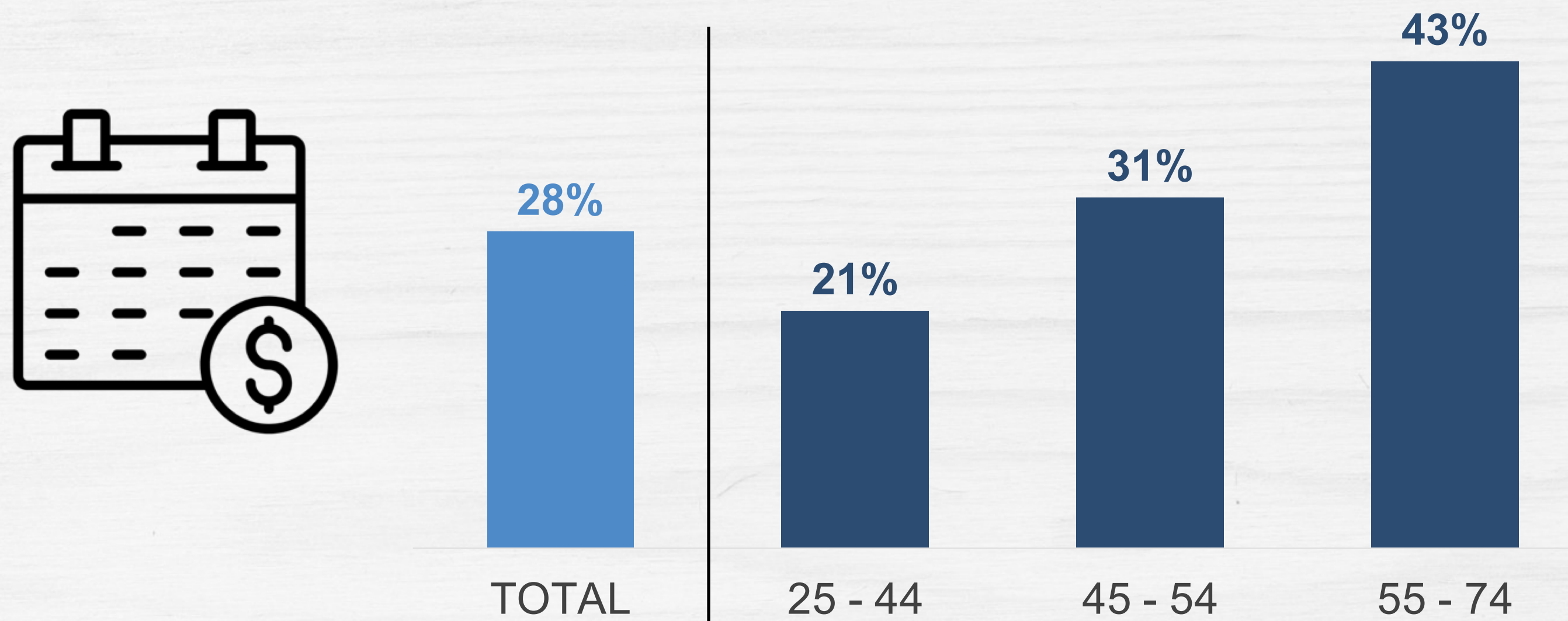
Type of financial plan.
(Among non-retired)



Only 3 in 10 have taken the critical step to calculate monthly financial needs in retirement.

Those closer to retirement are more likely to have calculated expenses in retirement, yet still fewer than half have taken this step.

Calculated the amount of money needed each month to cover expenses in retirement.
(Among non-retired)





Uncertainty About Next Steps and Barriers to Action

Most believe they are taking some steps to prepare for retirement, but a significant proportion can't name an action they have taken or expect to take.

Money or other financial concerns are prominent barriers for many, but uncertainty and the seeming distance to retirement slow many from acting.

Most people have taken at least some steps to prepare for retirement, though 2 in 10 (21%) cannot think of a thing they've done.

What actions have you taken related to retirement?

- Younger people have focused more on saving-related activities; those in the older group have taken more steps to think about the when, where and what of retirement.
- Not that many of any group have investigated the planning steps: figuring out a financial plan, speaking with a financial advisor, investigating health costs, researching retirement income options.

What will your next action be related to retirement?



Savings-related actions are a priority for 3 in 10

- Saving more: 16%
- Adjust 401(k) amount: 8%
- Start a new account: 4%



One-quarter expect to seek advice or plan

- Talk with FA: 9%
- Research/plan: 6%
- Research retirement income: 5%
- Investment allocations 5%



Two in ten are planning the when, what and where

- When to retire: 7%
- What to do: 7%
- Where to live: 6%



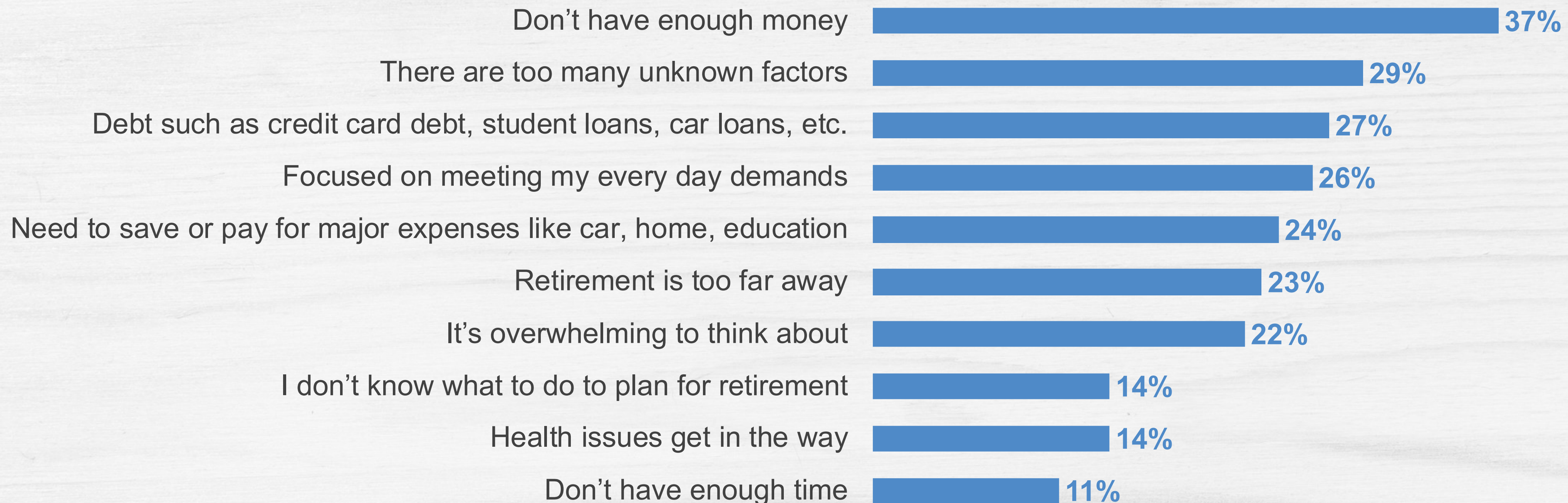
Two in 10 don't know their next step related to retirement

What holds people back?

Three big barriers: financial constraints, distance and uncertainties.

One quarter of those aged 55 to 74 say health issues get in the way, while the younger age group is more likely to say they don't have enough money, they need to pay for other expenses, retirement is too far away, they don't know what to do, and they don't have time.

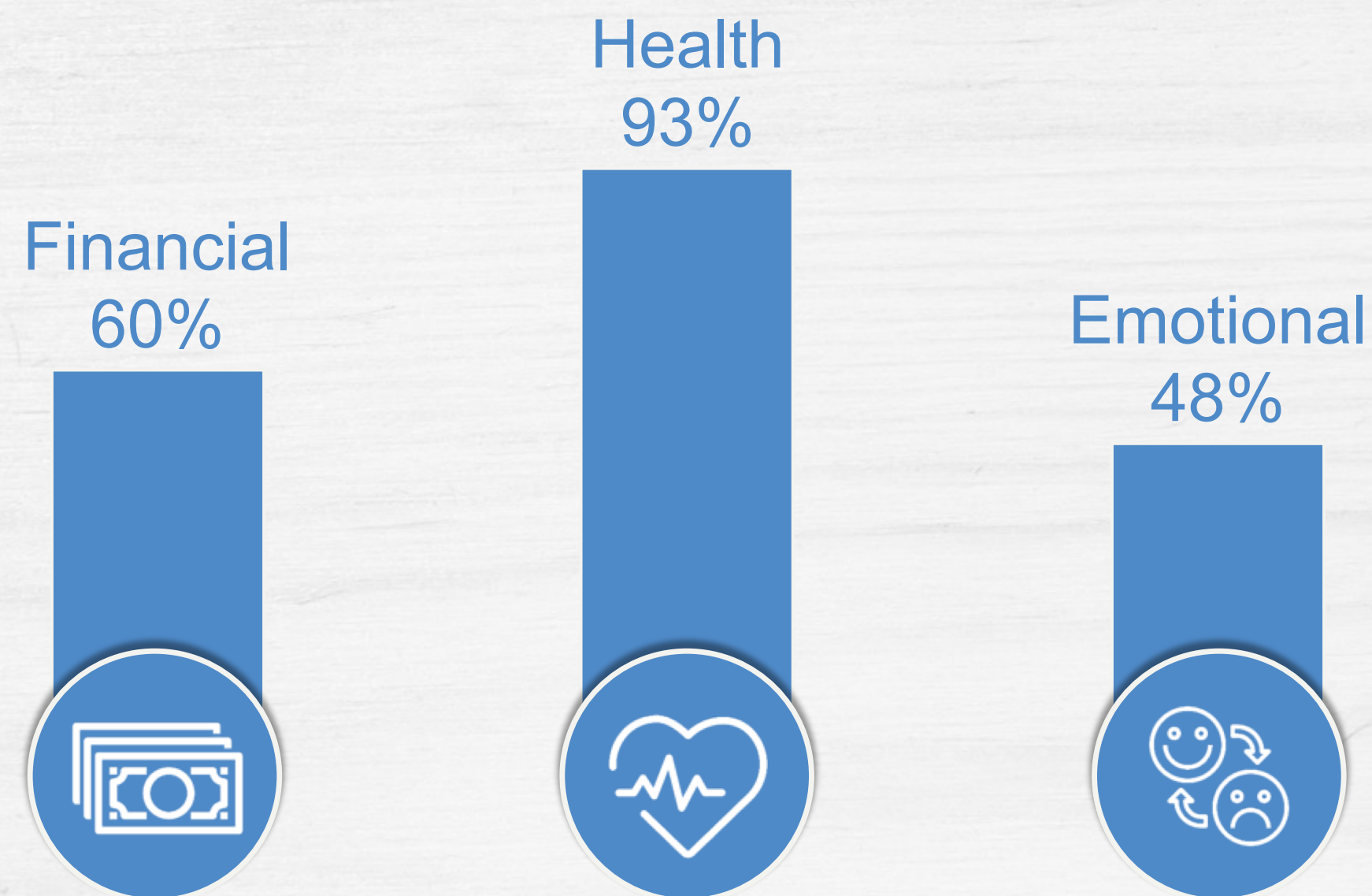
Top three barriers to taking more actions to prepare for retirement. (Among non-retired)



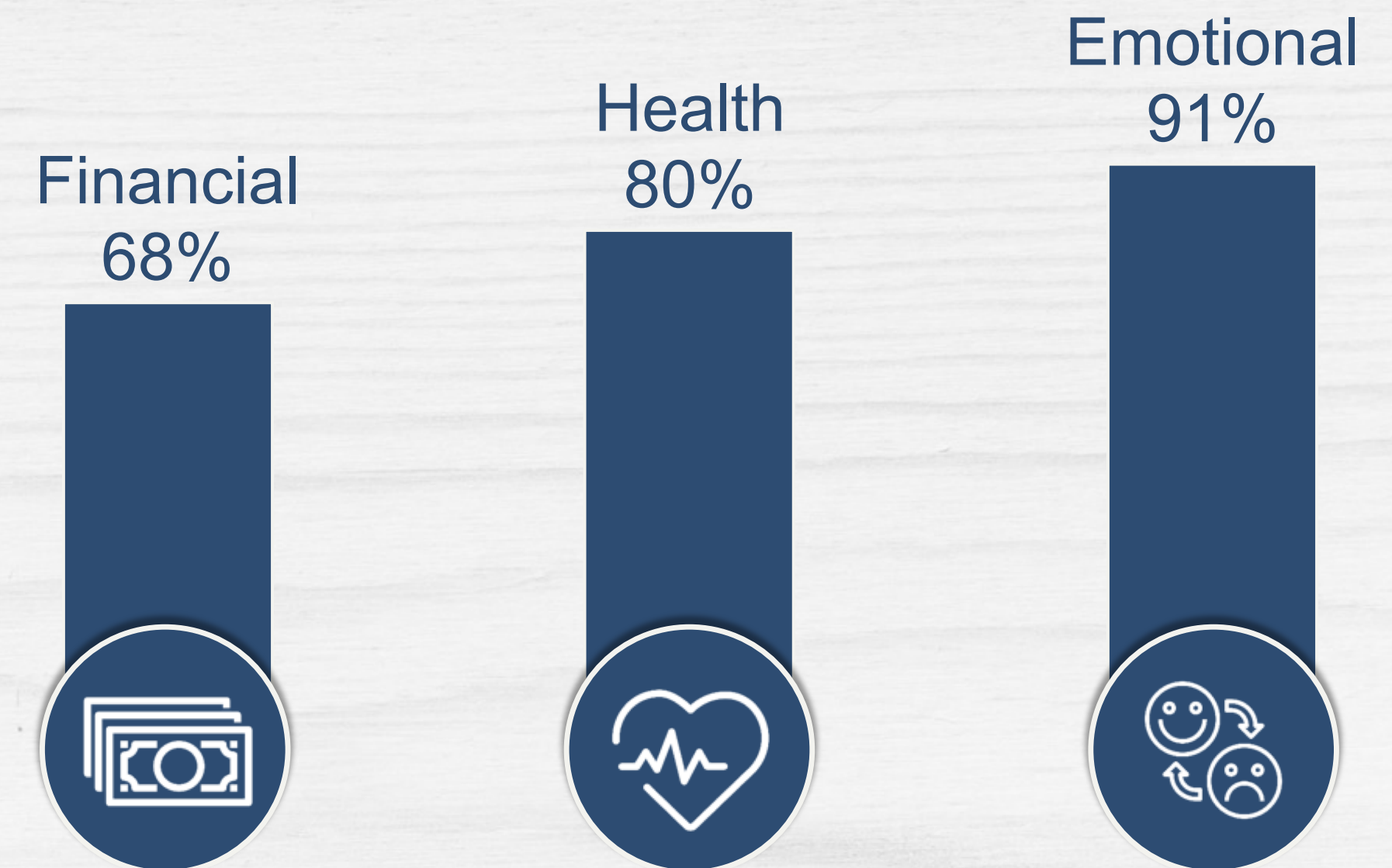
Most Americans have either a family or professional support system in place for important decisions related to their financial, emotional or health related questions.

But significantly fewer have financial support systems than health support systems, either professional or casual.

Have support from **a professional** to offer expertise.
(Among those non-retired)



Have support from **family or friends**.
(Among those non-retired)





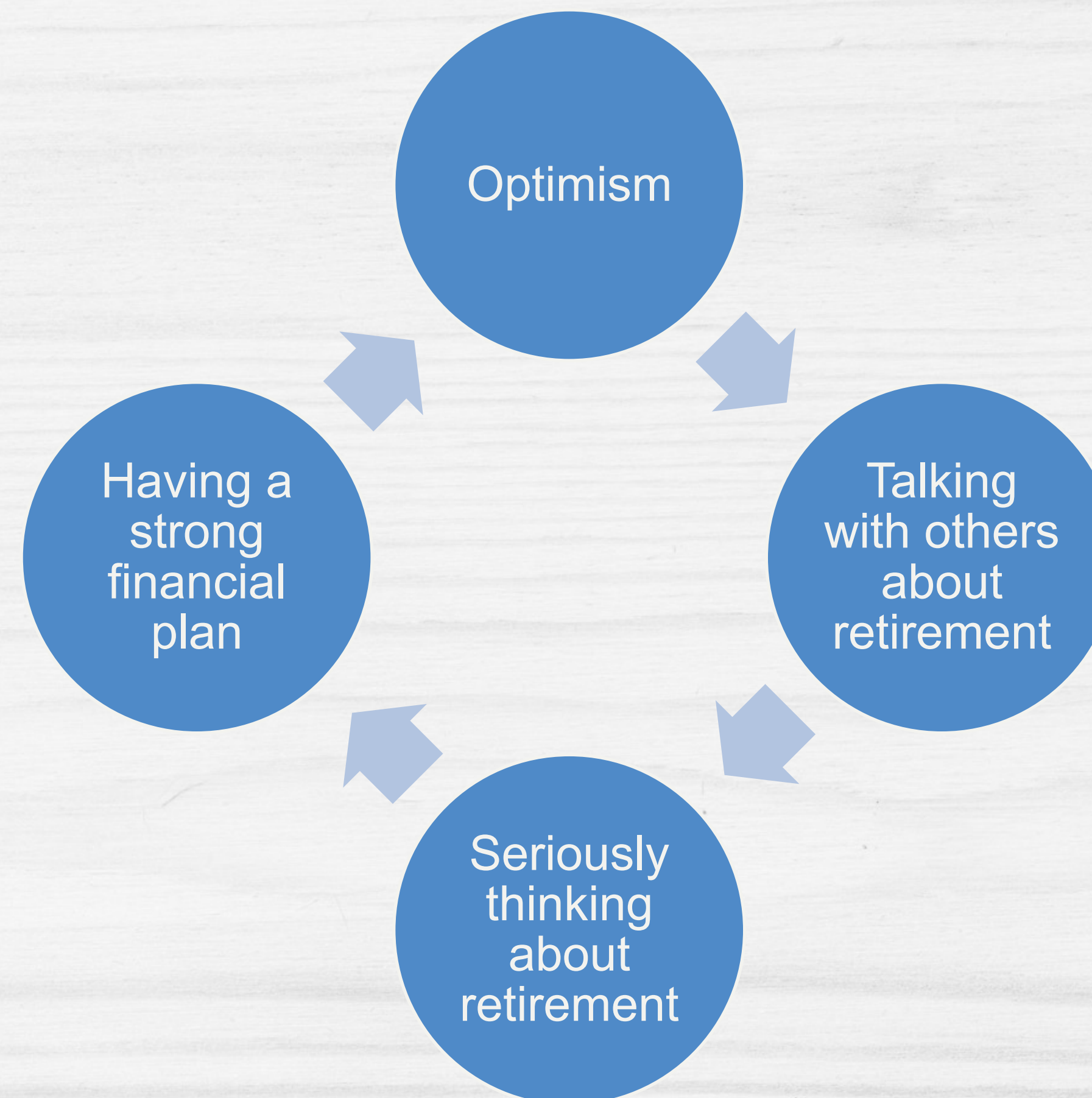
A Good First Step: Talking With Others

Half of non-retired Americans have talked *some* or *a lot* with their spouse/family about retirement.

Those who talk *a lot* with their spouse or family are much more likely to have a next step in mind.

Retirement planning is a virtuous cycle.

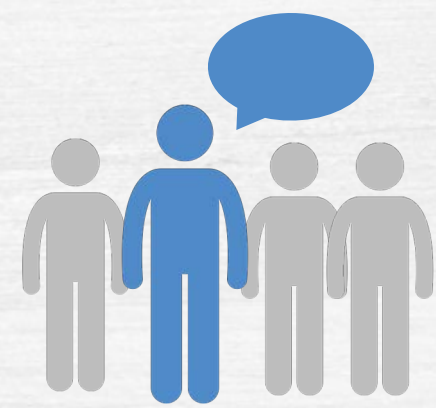
Those who are optimistic talk with others about planning, they have a strong financial plan and they think seriously about retirement. Likewise, those who talk with others about retirement are optimistic, have a plan, and are seriously thinking about retirement.



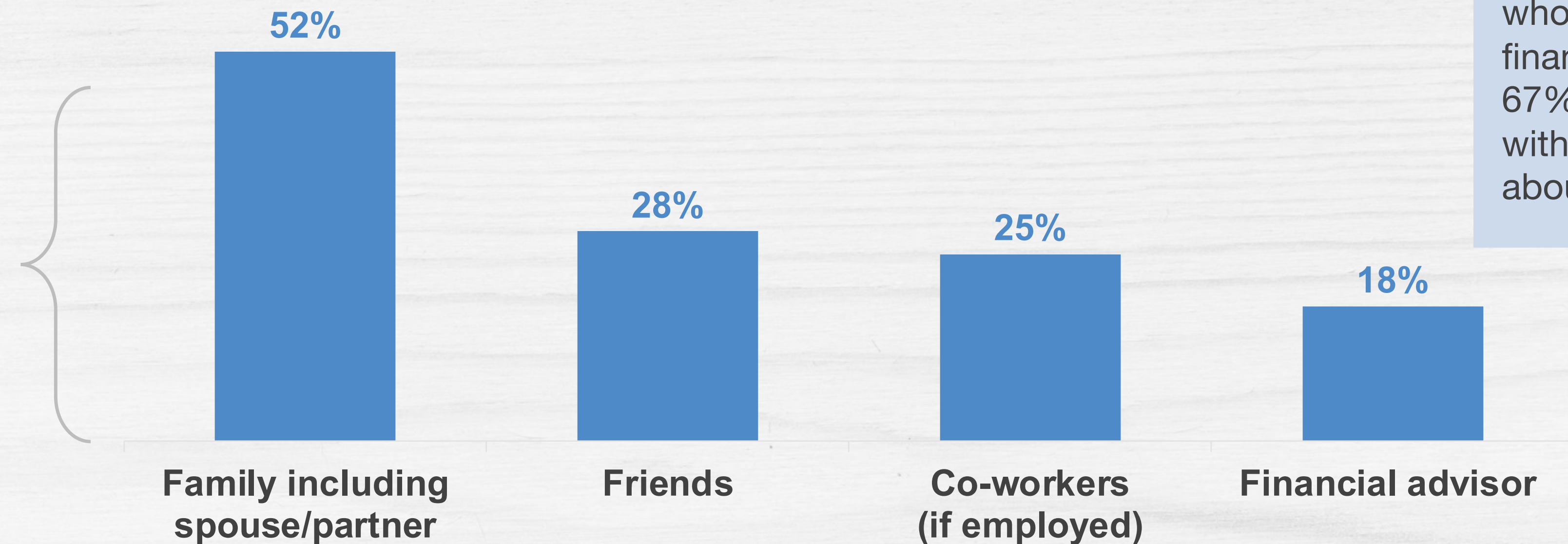
Retirement is a topic of discussion – most often with family.

Among those who have a financial advisor, two-thirds discuss retirement with their advisor some or a lot.

Talk a lot or some about retirement.
(Among non-retired)



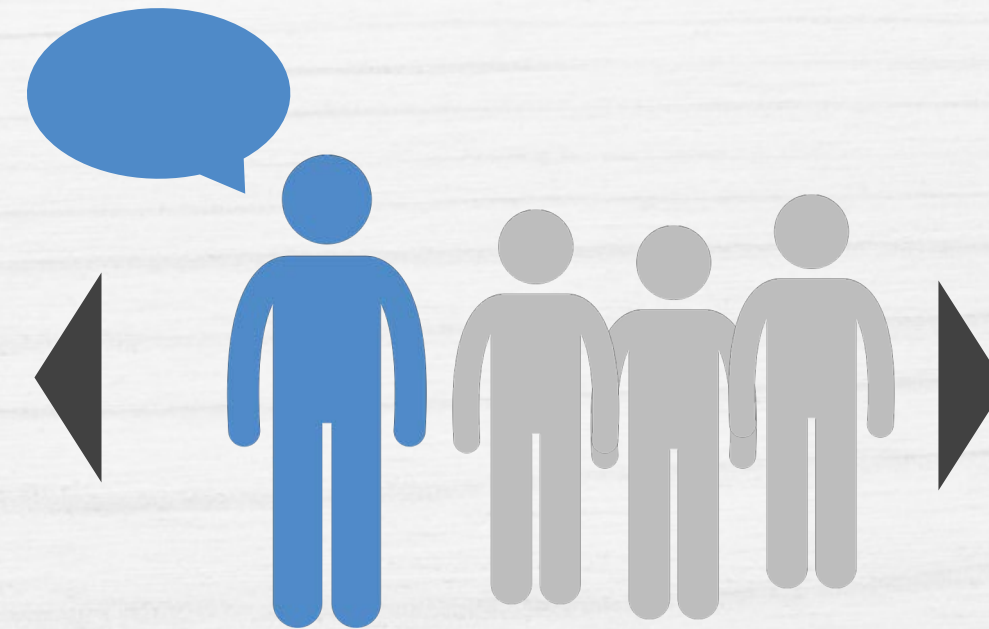
24% have talked a lot about retirement with their spouse or family



Among those who have a financial advisor, 67% have talked with him or her about retirement.

Those who talk *a lot* about retirement with spouse or family have higher expectations.

24% of non-retired Americans have talked a lot about retirement with their spouse or family:



76% of non-retired Americans have not talked a lot about retirement with their spouse or family:

- 85% are married/partnered
- **58% believe their income will last their lifetime**
- **91% believe they can successfully plan for retirement**
- **83% are very/somewhat optimistic** about retirement
- One-third (34%) have a **specific financial plan**
- Half (49%) have calculated how much money they will need each month to cover expenses in retirement
- Are more likely to expect to have **more interests and pursuits**, be more **active physically**, be more **healthy**, have more **friends**, and **enjoy managing finances** in retirement

- 63% are married/partnered
- 37% believe **their income will last their lifetime**
- **75% believe they can successfully plan for retirement**
- **60% are very/somewhat optimistic** about retirement
- Only 16% have a **specific financial plan**
- Less than one-quarter (22%) have calculated how much money they will need to cover expenses in retirement

Taking the next steps toward retirement.

These non-retired Americans **who have talked a lot about retirement with their spouse or family**:



- **Think about the next step** to prepare for retirement (85% think *a lot* or *some* vs. 47% who don't talk a lot about retirement).
- Eight in 10 have **thought about where their income will come from in retirement** (82% vs. 66%).
- Four in 10 say their **next action related to retirement will be researching** where to live, how to plan and receive income in retirement, health care options, talking with a financial advisor, or requesting information about income products. This compares to only 28% of those who don't talk a lot about retirement.
- Are more likely to **work with a professional financial planner** (42% vs. 22%) and, of those who do, 49% have talked *a lot* about retirement with their financial advisor.
- More are ***very familiar* with the phrase “retirement income”** (49% vs. 27%).