

10.2020

The Alliance for Lifetime Income's annual Protected Lifetime Income Study reports that an estimated 3.1 million households added a source of protected income in the past year. The study also introduces five profiles of Americans planning for retirement.

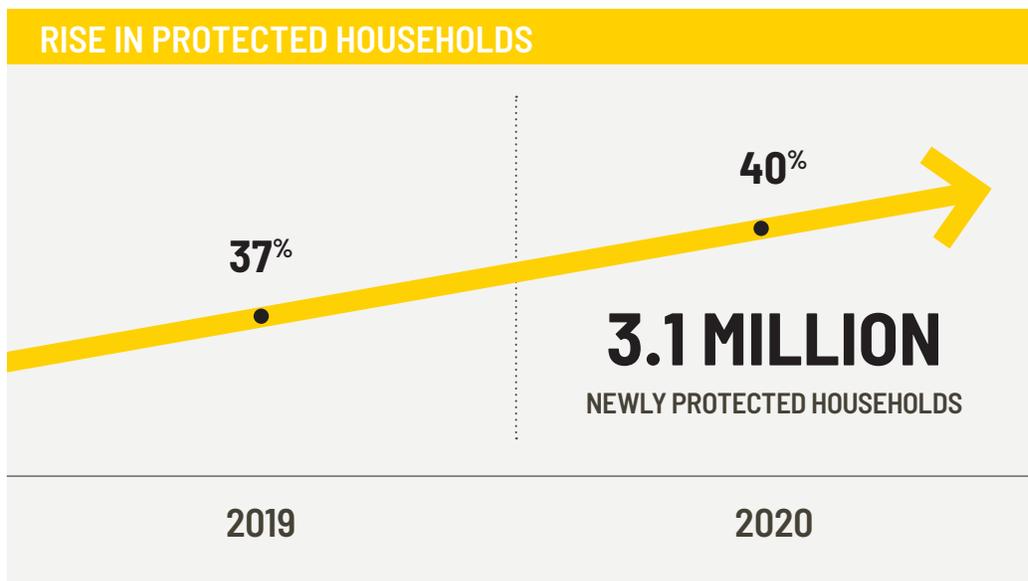
AMERICANS SEEK PROTECTED INCOME AMID UNCERTAINTY FROM PANDEMIC

The Alliance for Lifetime Income's 2020 Protected Lifetime Income Study – the largest protected income study of its kind – finds that Americans are more anxious now about their retirement savings, with nearly half (49%) of pre-retirees concerned their retirement savings and sources of retirement income won't last through retirement. As a result, people are looking for protected income from annuities to ensure they have a reliable stream of income they can count on in retirement.

NUMBER OF PROTECTED AMERICAN HOUSEHOLDS INCREASES

An estimated 3.1 million American households became newly protected over the past year, meaning they have a source of protected income – an annuity or pension – to supplement what they will receive from Social Security. **The pandemic has reset how many Americans plan for their retirement, but these households have taken an important step in protecting themselves against running out of money during this stage of their lives.**

This Census-balanced survey of 3,036 Americans age 25 to 74 spotlights some of the progress and inherent tensions facing Americans thinking about, planning for and living in retirement.



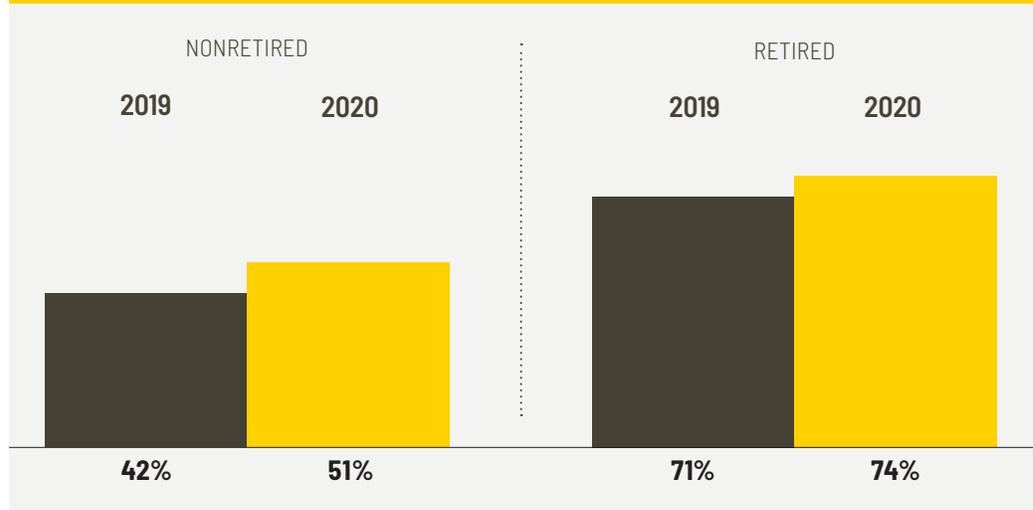
The Alliance for Lifetime Income's annual Protected Lifetime Income Study reports that an estimated 3.1 million households added a source of protected income in the past year. The study also introduces five profiles of Americans planning for retirement.

PEOPLE ARE MORE ANXIOUS ABOUT RETIREMENT, BUT OPTIMISM PREVAILS – ESPECIALLY FOR THOSE WITH PROTECTED INCOME

Because of the COVID-19 pandemic, 41% of nonretired Americans are more anxious about their retirement savings. But people remain generally optimistic that they'll have enough for retirement. The percentage of people – both retired and working – who expect their retirement savings and sources of income to last their lifetime increased in 2020.

Americans with a source of protected income in addition to Social Security are significantly more confident about their retirement income. Among protected households, 78% expect their income to last their lifetime, versus 41% of those who are unprotected.

PERCENTAGE WHO EXPECT RETIREMENT SAVINGS AND INCOME SOURCES TO LAST THEIR LIFETIME



AMERICANS LIKE THE BENEFITS OF ANNUITIES, BUT MORE EDUCATION ABOUT THEM IS NEEDED

When it comes to financial security in retirement, the majority of pre-retirees view annuities' main benefits as very important:

- 60%** Value protected income throughout retirement
 - 59%** Value a steady stream of income
 - 57%** Value protection of their principal
 - 60%** Think the benefits of annuities are very important
 - 54%** Are interested in having annuities in their retirement plan
 - 62%** Believe part of retirement portfolio should be in annuities
- But 61% say they don't understand annuities well**

The Alliance for Lifetime Income's annual Protected Lifetime Income Study reports that an estimated 3.1 million households added a source of protected income in the past year. The study also introduces five profiles of Americans planning for retirement.

But there is still a lack of understanding that annuities have these characteristics.

Only two in 10 say providing protected income and generating a steady income stream throughout retirement describe the benefits of annuities perfectly. **Though the Alliance is breaking through with its efforts to inform consumers about annuities, more education is needed to help people create retirement portfolios built to generate both probable and protected income in retirement.**

Further, the study reveals that three-fourths of Americans aren't following a specific financial plan and only one-third of pre-retirees have calculated their monthly expenses and financial needs in retirement.

THE AMERICAN DISSONANCE IN RETIREMENT PLANNING

OPTIMISTIC about retirement

LESS CERTAIN about their retirement income

VALUE protected income

LACK KNOWLEDGE about products that provide it

TO HELP RESOLVE THE CONFLICTING ATTITUDES AND BEHAVIORS OF AMERICANS AS THEY PLAN FOR RETIREMENT THAT WERE UNCOVERED BY THIS YEAR'S PLI STUDY, THE ALLIANCE CONDUCTED PIONEERING ANALYSIS TO SEGMENT THEM INTO FIVE PROFILES

In developing five profiles of Americans planning for retirement, the Alliance relied on people's hopes and dreams in retirement as well as their approach to financial decisions and their current activities in planning for retirement. The analysis is a behavioral and emotional road map to help:

- Financial professionals better understand how they can serve their clients, and
- Americans better understand their own attitudes, goals and process in preparing for retirement.

Uncertain Strugglers, at 29%, and Ambitious Risk-Takers, at 28%, are the two largest segments. **The differences between the two profiles — one group with high uncertainty about retirement, the other more confident — help explain the tensions revealed in the PLI Study.**

Optimistic Dreamers account for 13% of Americans planning for retirement; Cautious Preparers, 17%; and Purposeful Planners, 12%.

The 2020 PLI Study uncovers Americans' conflicting optimism and anxiety regarding retirement. The study also reveals how a source of protected income besides Social Security, such as an annuity, could help Americans prepare for and feel more optimistic about their retirement.

10.2020

The Alliance for Lifetime Income's annual Protected Lifetime Income Study reports that an estimated 3.1 million households added a source of protected income in the past year. The study also introduces five profiles of Americans planning for retirement.

AMERICANS PLANNING FOR RETIREMENT

OPTIMISTIC DREAMERS

- Optimistic and open view of retirement
- Knowledge and planning tend to be light
- **31%** have protected lifetime income

CAUTIOUS PREPARERS

- Modest retirement expectations
- Careful and conservative in their planning approach
- **53%** have PLI

UNCERTAIN STRUGGLERS

- Looking for more control, with low expectations and high uncertainty about retirement
- Don't have a wide range of trusted advisors
- **17%** have PLI

PURPOSEFUL PLANNERS

- Cautiously optimistic about retirement with strong hopes for a full and balanced retirement life
- Plan well with strong supportive networks
- **58%** have PLI

AMBITIOUS RISK-TAKERS

- Want it all, upbeat about life and retirement and planning to make it happen
- Good support, plans and confidence in themselves
- **52%** have PLI