

# Annuities, Retirement, and the Pandemic

Where Are We Now? Assessing  
America's Retirement Readiness



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# Great Expectations

“Planning for retirement” holds a permanent spot on our never-ending to-do list. But it took something as devastating as the COVID-19 pandemic—which shook our economy and redefined the nature of work—to face a hard truth: retirement readiness cannot be left to chance. Preparing for our financial futures means taking steps to shield our savings from unexpected twists and turns. And the data illustrates that Americans are ready to take hold of their future.

At the Indexed Annuity Leadership Council (IALC), we partnered with Opinium to find out how Americans are feeling about their financial and retirement situations since the pandemic. We learned that most Americans desire increased security and peace of mind during retirement in the form of guaranteed income. The research shows that many of us (42%), understandably, have become more risk-averse when it comes to our finances. As a result, a vast majority of Americans, 86%, say that guaranteeing their income in retirement is important.

The pandemic’s impact on our finances has confirmed some other harsh realities – such as the widening financial gap between high- and low-income earners, and the increased likelihood of younger people and minorities dipping into their savings during uncertain times. Sixty-three percent of Black/African Americans and 53% of Hispanic respondents had to access their savings to pay for daily expenses during the pandemic.

Despite these financial stressors, there is good news. More people are opening up about their financial situations and having conversations with friends, family, and professionals about savings and retirement. Additionally, over three quarters of Americans say it is important that they don’t outlive their income streams. This suggests that they are ready to embrace annuities and other retirement products which can provide lifetime income throughout retirement.

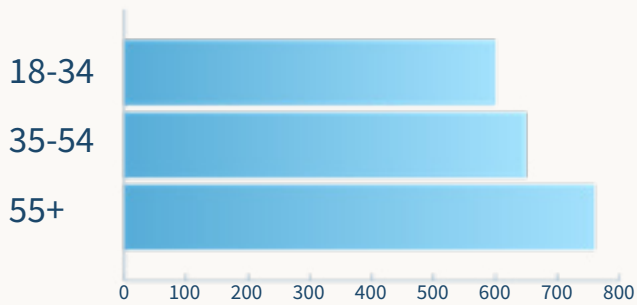
Whatever we decide to do, the time to prepare for our future is now. Although a lot has changed in the last year and half, what remains the same is our desire to enjoy our retirement years. So long as we adapt and learn from our experiences today, a well-earned future is within our reach.

Jim Poolman  
Executive Director  
Indexed Annuity Leadership Council

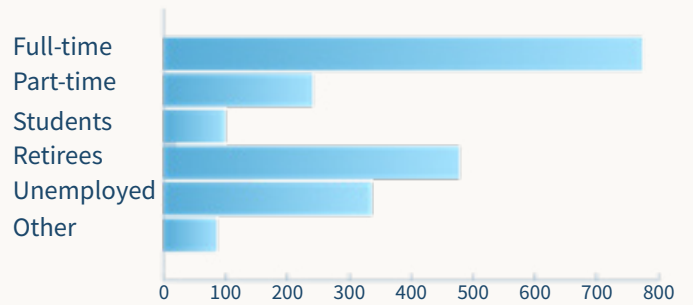
# We surveyed 2,010 adults living in the United States on their opinions of annuities, retirement, and the pandemic.



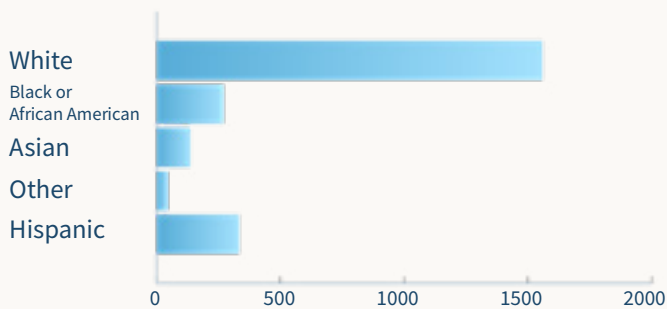
Age



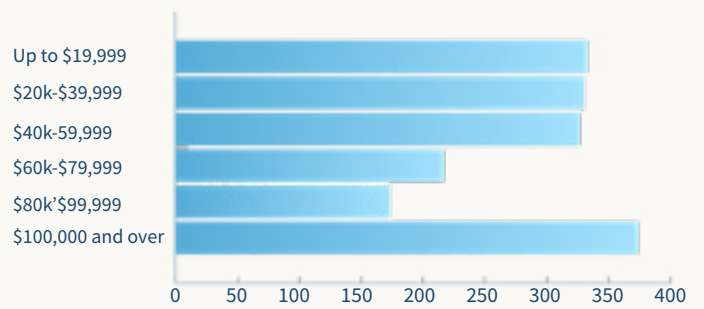
Employment



Ethnicity



Household Income



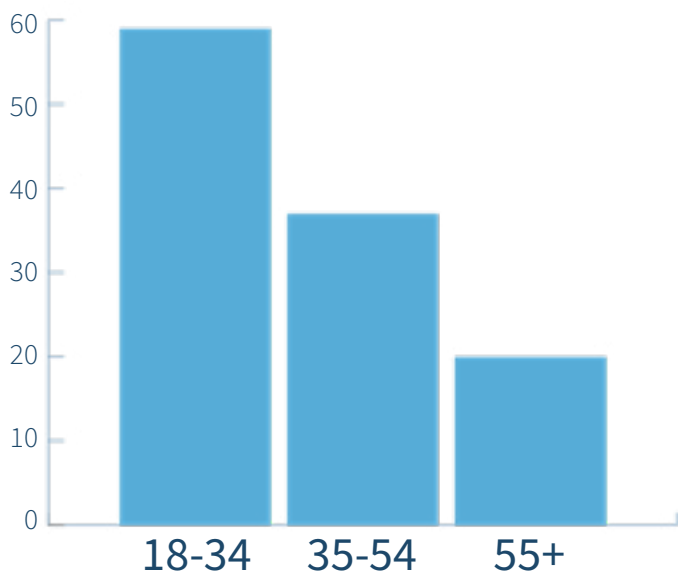
# Americans have been adversely impacted by the pandemic and many are worried about their finances.

**42%** of Americans say the pandemic has made them more risk-averse when it comes to their finances.

**40%** of Americans say they have had to dip into savings to cover daily expenses since the pandemic began. 15 percent say they have had to dip into them “a lot.”

## Younger people are more insecure and risk-averse in their finances than older age groups.

Share of Americans who have had to dip into their savings to cover daily expenses since March 2020



**61%** of people aged 18 – 34 are risk-averse when it comes to their finances.



## But Americans are also having more conversations around finances indicating that there's a desire to find solutions to those fears.



At least 35% of Americans have had more conversations about their finances since March 2020, whether with family, friends, or professionals.



Of those who have a financial advisor (60%), 31% are having more conversations with them since 2020 and 12% said they are having significantly more.



One in four people (24%) who have a financial advisor say they spoke to them because they were worried about their financial insecurity due to the pandemic.

## The pandemic has highlighted insecurities and concerns Americans feel about their retirement.

**30%** of American workers who plan to retire at some point, say the pandemic has delayed plans for retirement. This rises to 33% among those planning to retire in the next five years.

**40%** say the pandemic has made them more concerned about planning for retirement.

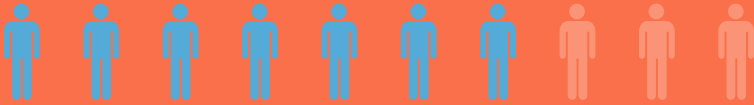
**45%** say that saving for the future is more of a concern since the pandemic.

**42%** are more worried about running out of money in retirement since the pandemic.

# Americans are deeply concerned about safeguarding their current savings and finding ways to secure lifetime income for their future.



76% of Americans say protecting their retirement nest egg/account from loss is important to them.



77% of Americans say it is important that they don't outlive their income in retirement. Half (50%) say it is very important.



54% of Americans say they would consider working-part time to supplement their retirement income. This rises to 69% among those considering retiring in the next five years and 73% among those planning to retire in five years or beyond.

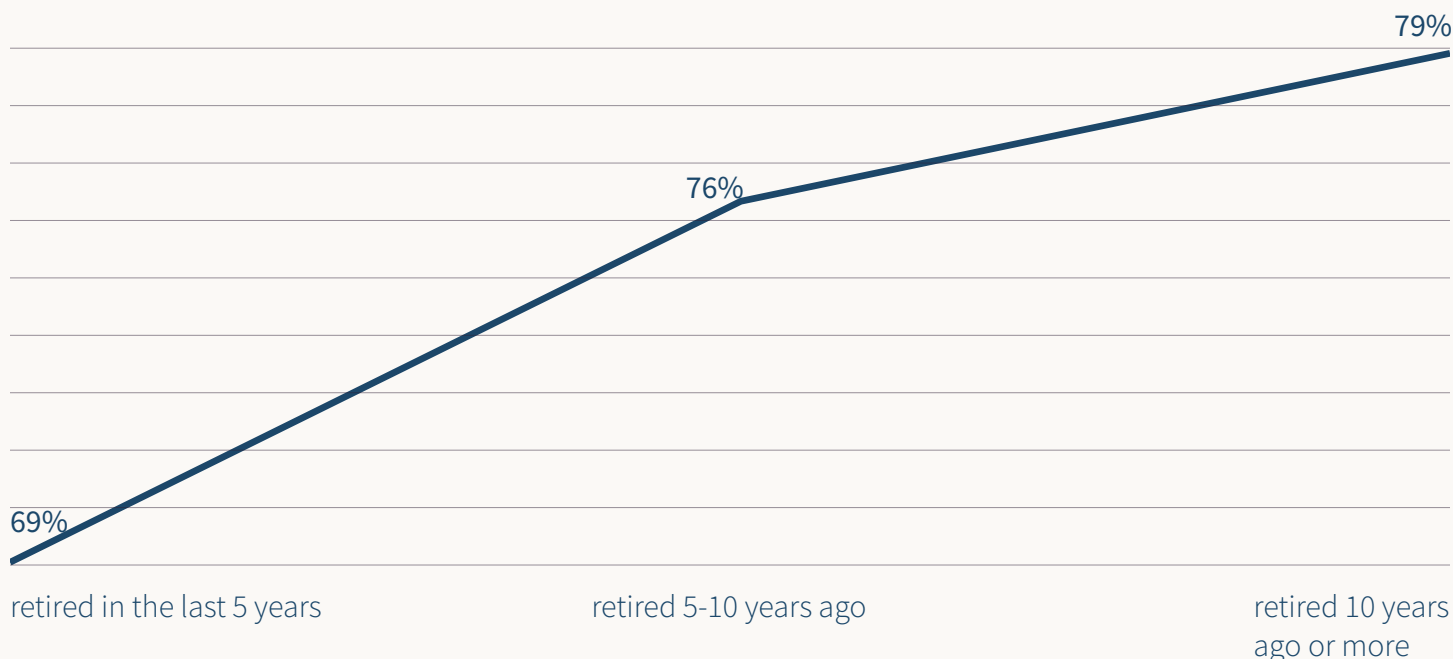


# 86%

Percentage of Americans who plan to retire say guaranteeing their income in retirement is important.

**Overall, older Americans (55+) and those who are currently retired have been less impacted by the pandemic. They are less likely to have no savings or to dip into existing savings as a result of the pandemic.**

Three-quarters (76%) of current retirees say they are satisfied with their quality of life in retirement.



**72%**

of American workers who plan to retire at some point, say the pandemic has delayed plans for retirement.

**42%**

say the pandemic has made them more concerned about planning for retirement.



# What We Can Do



It's obvious that Americans are in search for answers to their retirement questions and concerns. We can address this by focusing on three things:



Increase education around Retirement planning, savings, and products to assuage long-term fears about retirement



Invest in tools which will protect retirement nest eggs



Identify retirement products which will generate lifetime income streams

# A Little- Known Lifeline

Fixed Indexed Annuities (FIA) offers the peace of mind Americans are looking for in their retirement futures. FIAs offer a steady, guaranteed, and lifetime income stream while protecting the principal from the uncertainty of market volatility. Specifically, FIAs offer:

- A guaranteed income stream
- Portfolio diversification
- Secured principal
- Predictable earnings, and
- Tax-deferred growth

An FIA is a contract between you and an insurance company. You agree to pay for it in either a single lump sum or multiple payments over time, in exchange for the insurance company assuming the risk of market downturns to protect your annuity value. The company also promises to provide guaranteed lifetime income and makes payments from the annuity to you in a single payment or a series of payments over a fixed number of years.

**54%** Americans who have never heard of an FIA.

**51%** Americans who would consider setting up an FIA in the next 12 months once an FIA was explained.

**77%**

of Americans aged 18 – 34 say they are more likely to consider FIAs once it was explained to them what they were. This is compared to only 30 percent of those aged 55+.

