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Factors in retirement confidence

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GEN-to-GEN

33229Z | PRT 2-21

Factors in **retirement confidence**

Despite the hurdles many consumers are facing, confidence in retirement is attainable.

Right now, many people may be aware that they're somewhat unprepared for retirement, and concerned about how they will fund retirement. In fact, just **16%** give themselves an **'A'** grade on retirement planning, and **41%** give themselves a **'C'** or lower.

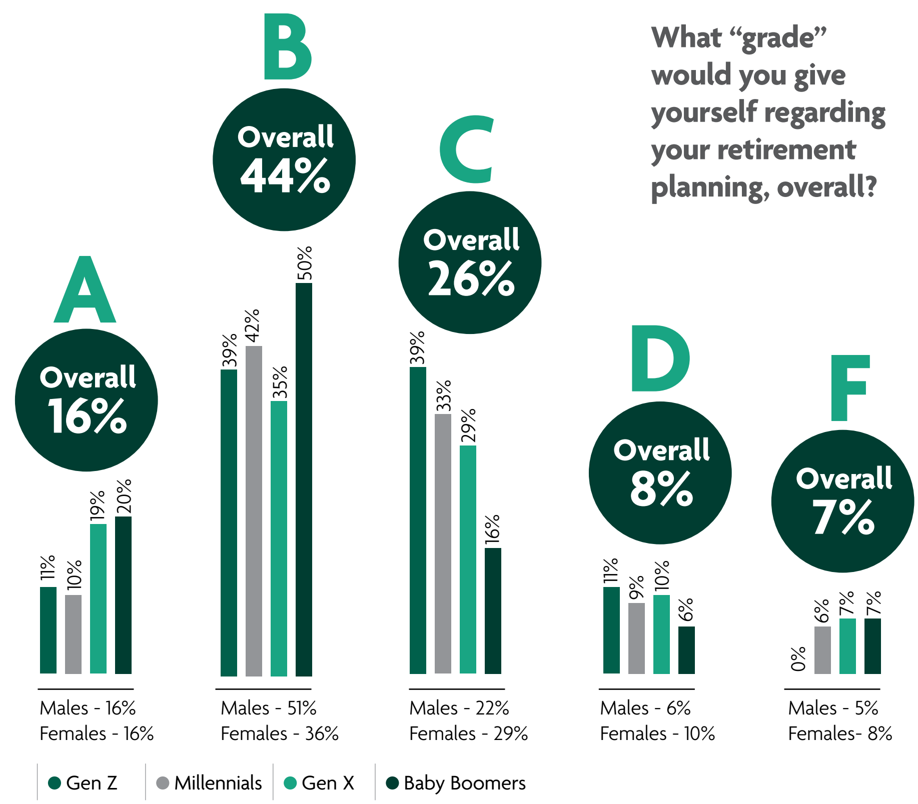
We asked the hard questions about retirement confidence, and we'll take a look at **1)** How consumers view their current retirement preparedness, **2)** Some of the factors that influence how consumers feel about retirement, and **3)** How to help forge the path for consumers to face retirement with confidence.

How do consumers feel about the road to retirement?

Key learning 1:

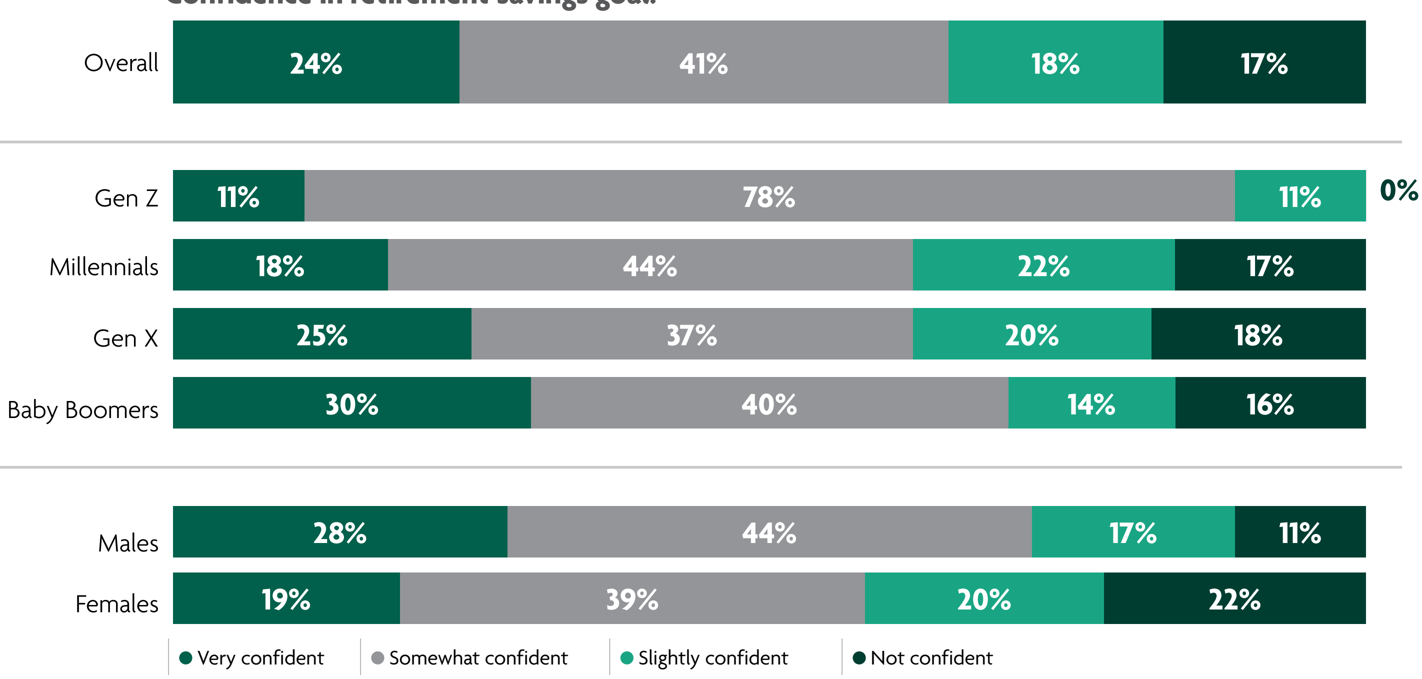
Consumers most often give themselves a 'B' in retirement planning success, and are optimistic about the future.

Overall, more consumers give themselves a 'B' for their retirement planning success. Baby Boomers appear to be the most confident, with 70% giving themselves an 'A' or 'B' grade, followed by Gen Xers (54%), Millennials (52%), and Gen Zers (50%). There were clear differences between males and females, too, with 67% of males giving themselves an 'A' or 'B' compared to 52% of females.



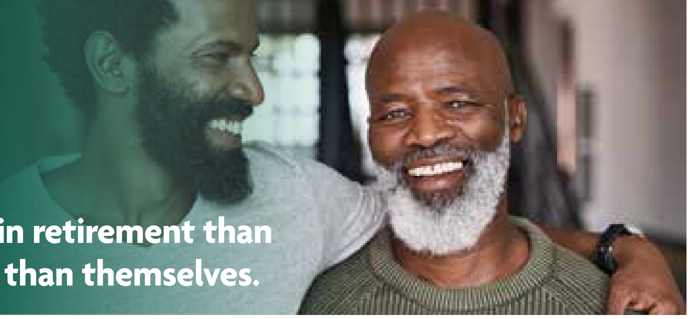
Regardless of how they feel about their progress now, younger generations have confidence they will meet their retirement savings goals.

Confidence in retirement savings goal:



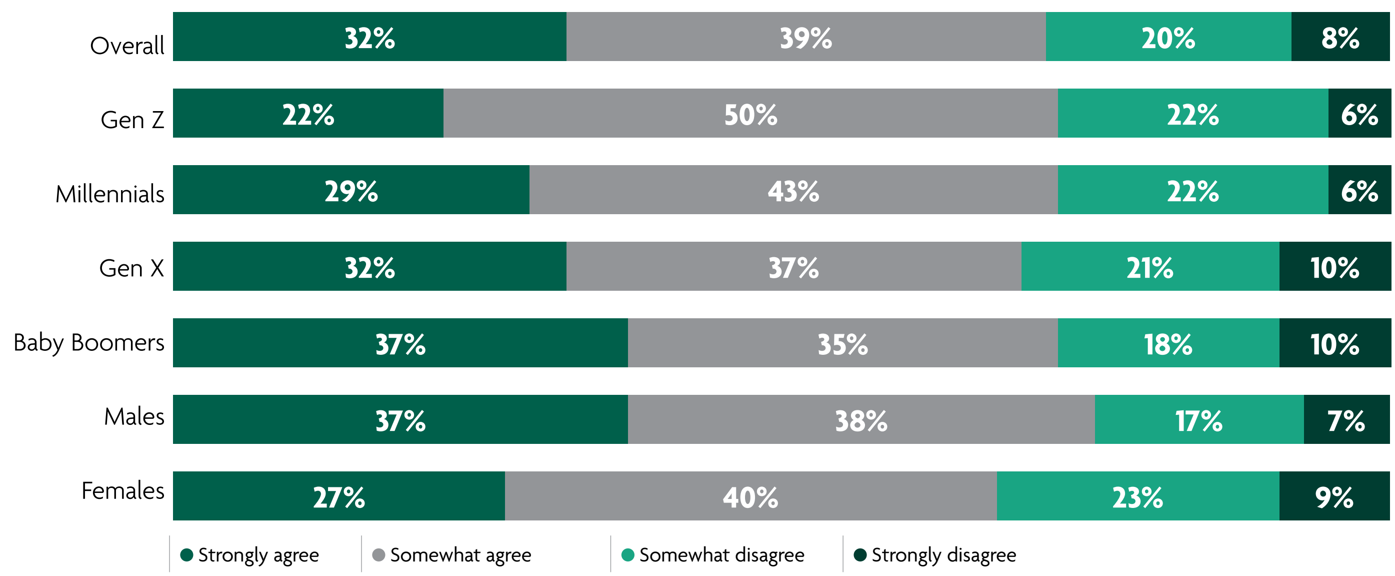
Key learning 2:

Majority of consumers agree they'll be better off in retirement than their parents, and their children will be better off than themselves.



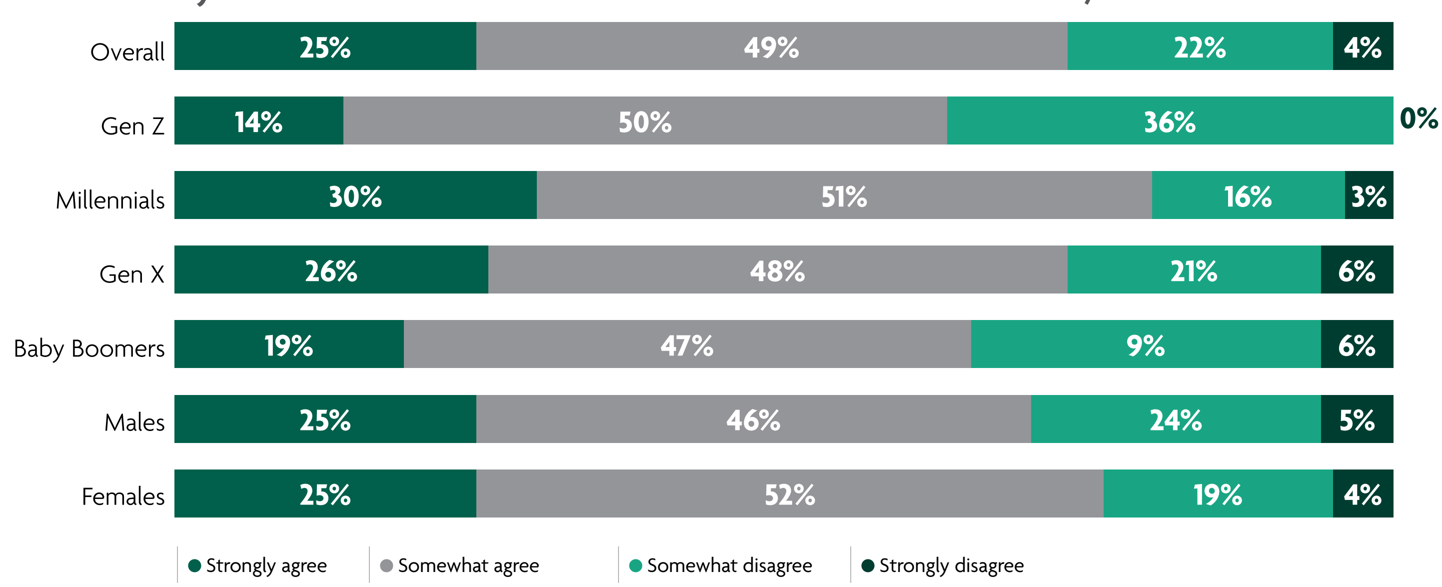
Consumers are optimistic they will be better off in their retirement compared to their parents. Overall, **71%** of consumers feel optimistic about their retirement relative to their parents, with Baby Boomers **(72%)** and males **(75%)** citing the most optimism.

To what extent do you agree with the following statement?
I will be better off in my retirement than my parents, family member(s) are/will be.



Consumers are also optimistic that their children will be better off in their retirement compared to themselves. Overall, **74%** agreed that their current or future children will be better off in retirement, with Millennials **(81%)** and females **(77%)** citing the most optimism.

To what extent do you agree with the following statement?
My current or future children will be better off in retirement than I am/will be.



What keeps consumers from being confident in their retirement plans?

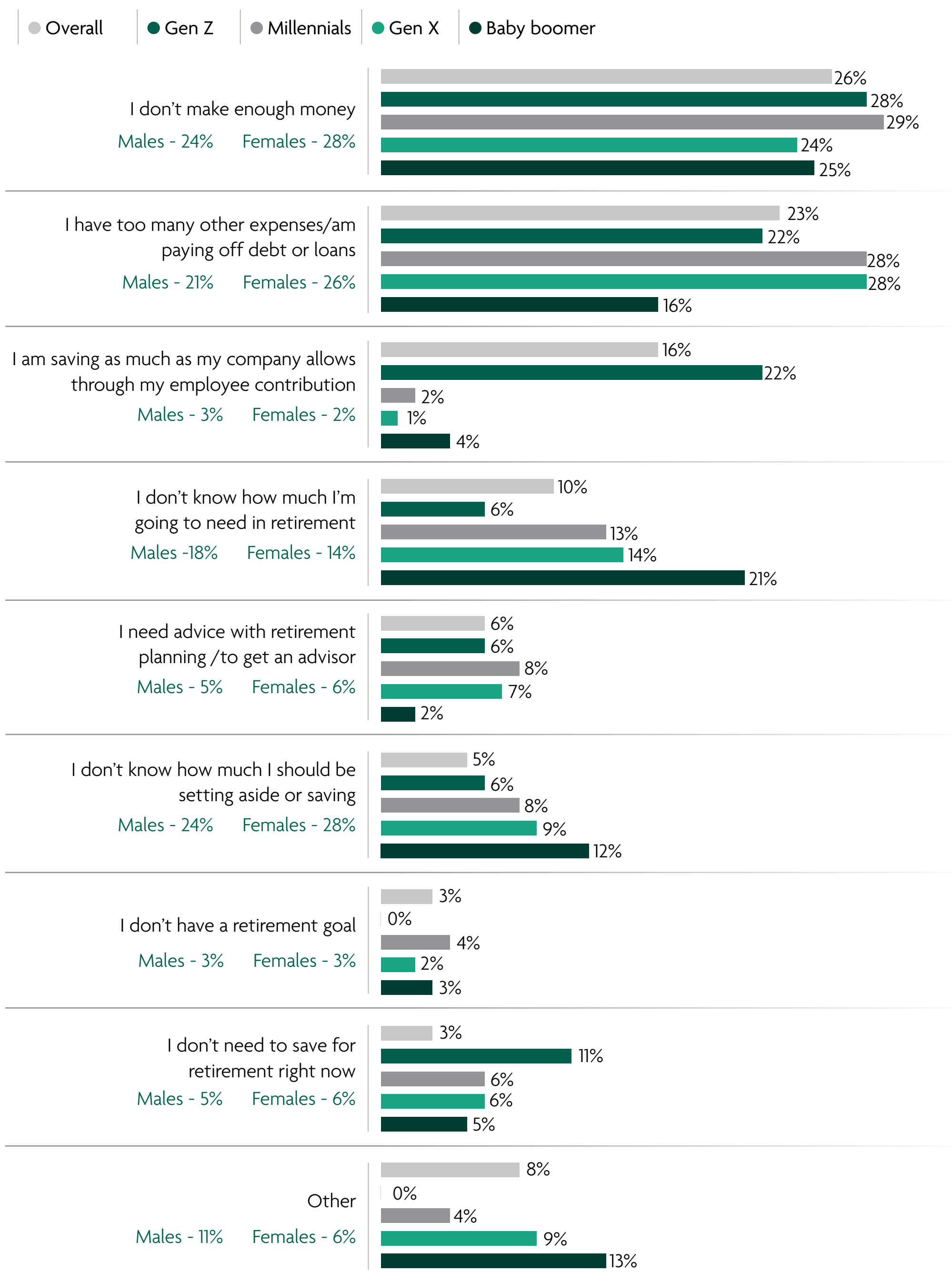
While a degree of confidence is commendable, there are sizeable and meaningful barriers that could erode that financial optimism moving forward. These potential barriers relate to not only each individual's situation but also the impact their families could have on their financial future.

Key learning 1:

Barriers and mistakes contribute to some consumers' lack of retirement preparedness.

Consumers chose from a list of barriers to putting away money for retirement, and not having a high-enough income topped the list. The second most prevalent impediment was having too many other expenses and paying off debt, most widely cited among Gen Xers and Millennials.

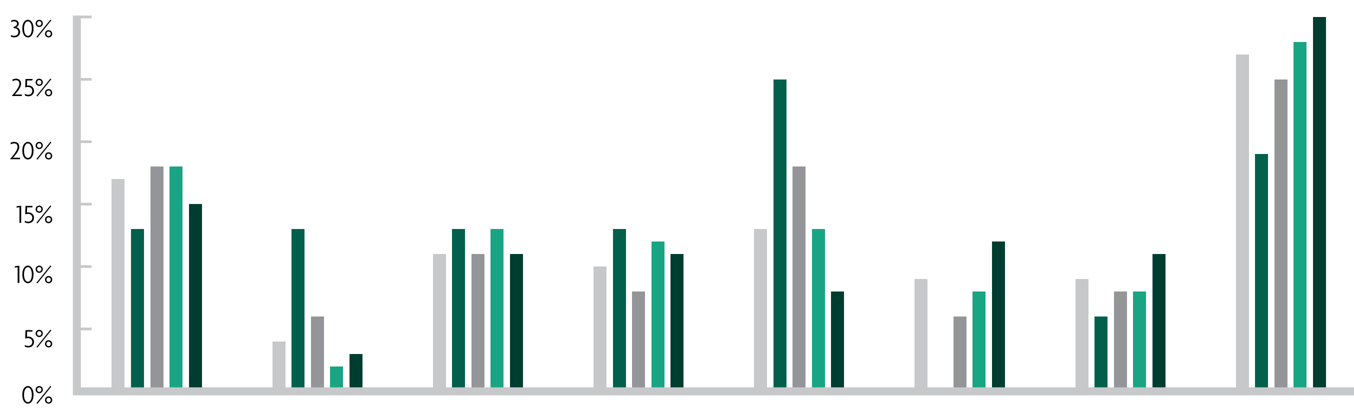
What is the biggest impediment to you putting away money for your retirement?



Key learning 1 *(Continued)*

Financial mistakes also may have contributed to some consumers' lack of retirement confidence. Among those who did make mistakes when planning their retirement, the largest mistake was that they did not start saving enough money for retirement or unexpected expenses.

What's the biggest financial mistake you made when you started to plan for retirement?



	Didn't start saving money for retirement or unexpected expenses	Took out too much money in loans	Carried a balance on my credit card for more than a year	Made too many risky financial investments	Spent money that I didn't have/didn't budget my money well	Other	Unsure	I haven't made any financial mistakes
Overall	17%	4%	11%	10%	13%	9%	9%	27%
Gen Z	13%	13%	13%	13%	25%	0%	6%	19%
Millennials	18%	6%	11%	8%	18%	6%	8%	25%
Gen X	18%	2%	13%	12%	13%	8%	8%	28%
Baby Boomers	15%	3%	11%	11%	8%	12%	11%	30%
Male	16%	4%	11%	14%	11%	7%	10%	28%
Female	18%	4%	13%	7%	15%	10%	8%	28%

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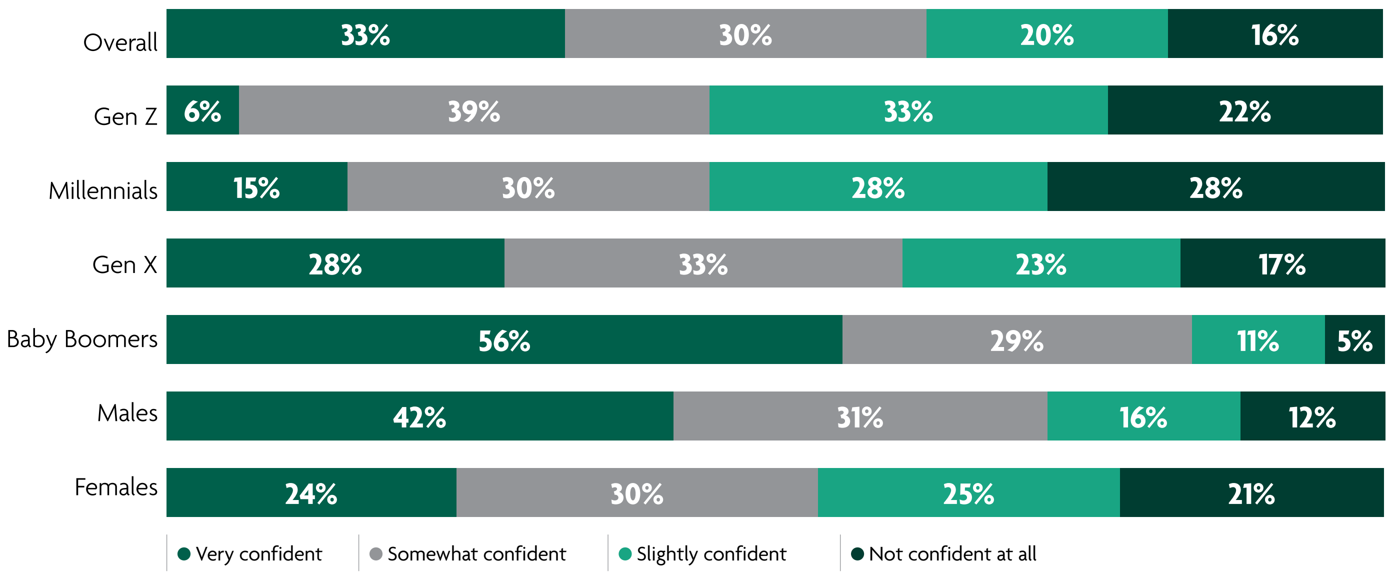
Key learning 2:

Social in(Security) is certainly impacting consumers' retirement confidence

As older consumers become increasingly dependent on Social Security for retirement checks, each younger generation is showing decayed confidence in the program's future. Following this trend, Gen Z and Millennials have the lowest overall confidence in receiving Social Security. They also have the highest level of respondents claiming they are "not confident at all" that it will be there for them.

How confident are you that you will receive Social Security during your retirement?

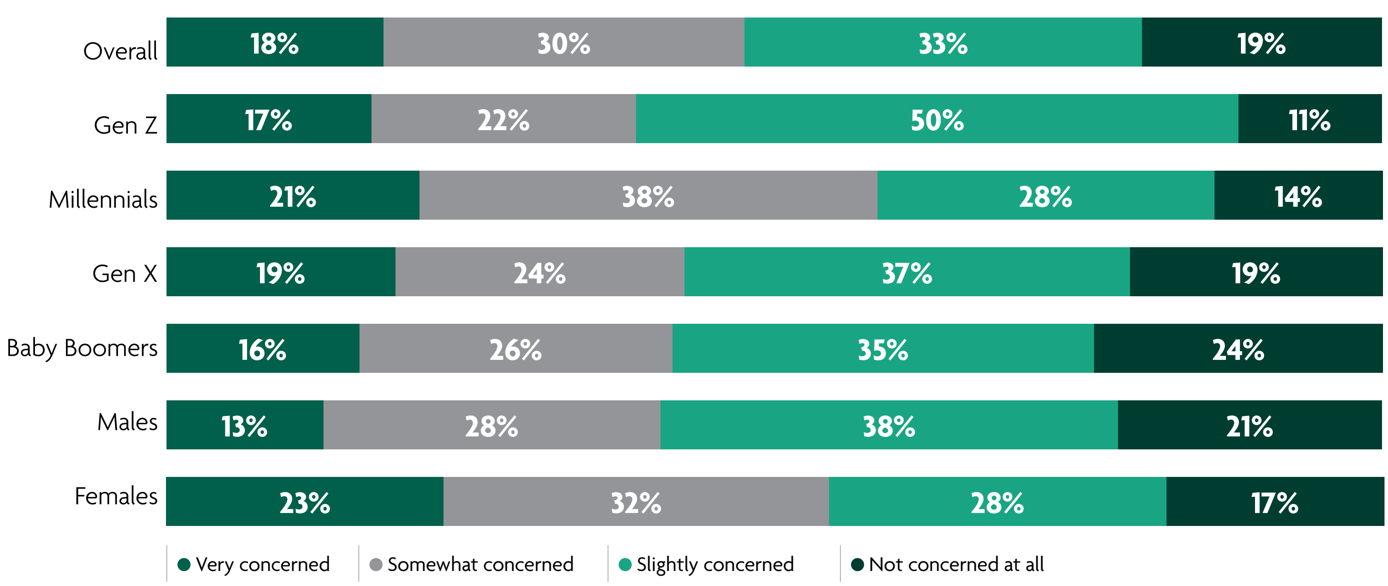


Key learning 3:

Consumers fear outliving their retirement savings

In addition to financial mistakes, barriers, and insecurity about Social Security, the vast majority of consumers are at least slightly concerned they will outlive their retirement savings. Of the generations, Millennials share the biggest concern by far. Twenty-three percent of females say they are 'very concerned' they will outlive their retirement savings, compared with 13% of males.

How concerned are you that you will outlive your retirement savings?



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Ensuring your savings can last a lifetime starts with assessing your current retirement strategy, including benefits such as Social Security and any other income streams, as well as future financial needs. **Adding a fixed index annuity to your portfolio can help protect your nest egg from market volatility and generate steady lifetime income.**

Hello retirement confidence!

Forging the path to retirement confidence

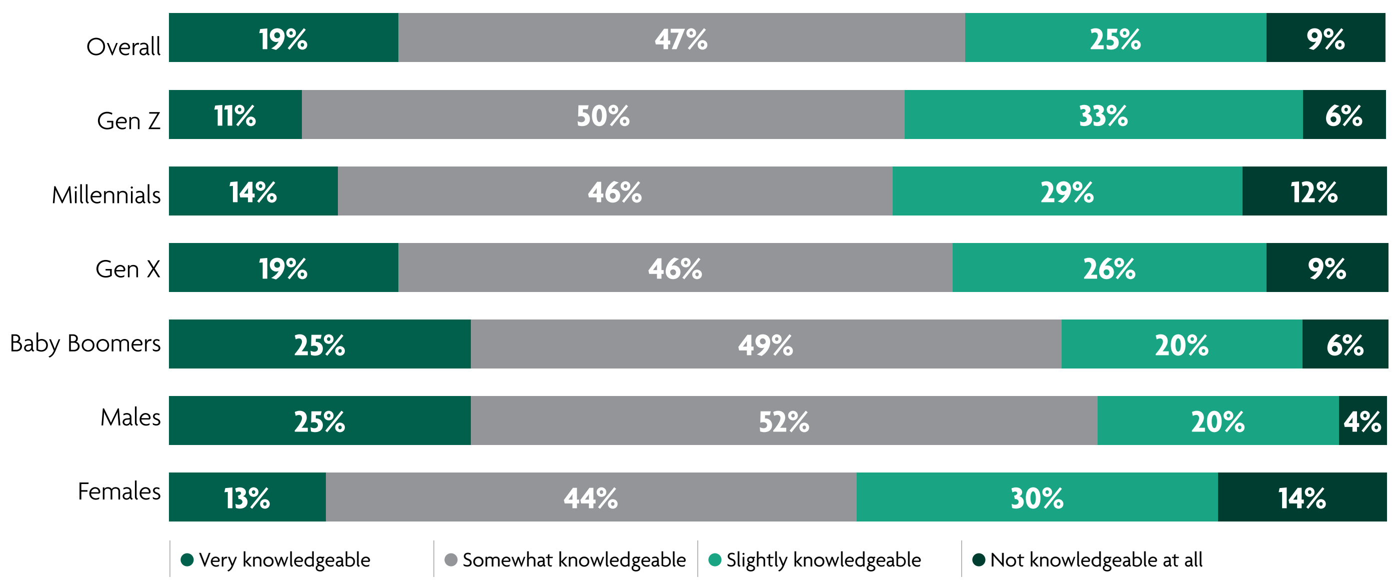
Despite the fears, insecurities, and potential barriers standing in their way, consumers seem to know what they need to reach that next level of retirement readiness. Whether it's making more money and paying off debts, access to greater guidance and planning tools, or having even more investment options, consumers are seeking help to increase their confidence in retirement planning.

Key learning 1:

Consumers want knowledge, information, guidance, and tools.

Most consumers feel like they are at least slightly knowledgeable about the retirement process and the resources available to them, though Millennials and females report having less knowledge compared to the other groups.

How knowledgeable do you feel you are about the retirement process, options available to you, and strategies for saving for retirement?



Consumers were asked the open-ended question: What things do you wish were available or more accessible to help you feel more confident in retirement planning? **Themes that emerged are listed, in order of prevalence, throughout this section.**

1. Higher salary

Most consumers wish they had a "better job" with a higher pay rate or salary so their yearly income was higher, allowing them to have more money available after paying bills and everyday expenses to set aside.

"A higher paycheck so I could save more."

"I wish I had a better job and less bills so that I was able to save more."

2. More, affordable guidance

Consumers want more guidance from trained financial professionals or planners on how to save for retirement. They are looking for answers such as how to consolidate accounts, how much money they should be saving to comfortably retire, how and where to invest their money, etc. Consumers are looking for advice they can afford and someone they can trust with their investments.

"A trusted advisor whom I can turn to for advice, tips, info and to answer questions I may have about saving and investing for retirement."

"Financial advice or calculating how much I really need to have and how to get there. And less bills so that I was able to save more."

"Having an advisor that can make sure I'm investing correctly and on the right track."

"I need more confidence and trust to allow financial planners or stockbrokers to touch my money!"

"Advice that was easy to access and not expensive."

3. Information and education

Many consumers would like greater access to information to gain a better understanding of how to manage their finances. Some say they wish they were better educated and understood what investment options are available, how and where to invest their money, how to diversify and best manage their portfolio, tax liability and codes, among other financial questions. A few mention they didn't learn how to manage their finances at an early age and are now investing time doing their own research to 'figure it out;' seeking informational materials, workshops, or seminars to help educate themselves.

"I do not feel like I know exactly what I need to do to save. So, something that gives me that information would be helpful."

"Wish retirement saving/planning/budgeting money were a part of school curriculum, at least in high school. More women mentor groups to help possibly?"

"I wish I could be more educated about the consequences of not saving enough for retirement."

4. Financial planning tools

Consumers mention wanting more tools available at their disposal, such as a guidebook to help plan for different scenarios, financial planning mobile app, calculator to estimate how much is needed to save based on certain lifestyles or life expectancy, sample budget/spreadsheet, or projected earnings statements. Others mention a free online dashboard or banking tools where it is easier to move funds or gain access to free resources to help them plan for retirement.

"An easier way to track in real time what we have saved and how much it would equate to in monthly balance both now and in the future."

"I wish there were better tools to help me estimate specific details about my own situation. How much will my expenses actually be, not just a "rule of thumb." I don't want to just talk to an advisor but have more sophisticated tools available for my own use."

5. Better economy

The economy taking a 'hit' has made consumers less confident in the way they are –and should be – investing their money and saving for retirement. Many have pulled their money out of savings or have stopped contributing to their retirement plans due to the uncertainty of the stock market.

"Safer retirement savings plans. I don't feel comfortable investing in the stock market, so I don't feel like I have any way to get a good return on my investment."

"We invest in a LOT of stock market which has been rather/very volatile; we wish there were more/ better alternatives for investing, such as better return/interest rates on bank deposits."

6. Better investment options

Fewer restrictions and limitations are sought on some plans (i.e. IRA), so consumers have more freedom to invest their money where and how they want. Some consumers note that they want affordable (low/no fees, tax-deferred options), safer, more accessible investment opportunities.

"Better ability to put my investments where I wanted them to go – my work thrift savings was limited in options for many years."

"Banking options that actually pay a decent rate of return."

7. Company-provided retirement plan

Some consumers' jobs do not offer a retirement plan or pension and wish they had access to one, especially to obtain the company match. Others wish their job offered a "better match" or contributed a higher percentage toward their plan or pension.

"My new employer doesn't have a match, which I feel would be super helpful."

"A higher company matching retirement plan."

It's clear that despite the hurdles, barriers and fears, consumers are looking for guidance on how to confidently face retirement. If you share similar insecurities as our respondents above, such as outliving your retirement savings, you don't have to navigate them alone. Ensuring your retirement savings can last a lifetime starts by working with a financial professional to assess your current retirement strategy and future financial needs, **which may include adding a fixed index annuity to your portfolio.** Contact your financial professional to help address your concerns and find ways to approach retirement with confidence.

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Methodology

For analysis purposes, when you see references to each generational group in the report, they have been grouped and categorized as such: Gen Z = Age 18-24, Millennials = Age 25-44, Gen X = Age 45-54, Baby Boomers = Age 55+

This survey was conducted online between June 12 and June 29, 2020, and included 1,203 adults, age 18 and above. Data was weighted by gender, race, ethnicity, and region to be representative of the national adult audience. Survey results have been rounded to nearest whole numbers. Some totals may not equal 100%.

Analysis is for educational purposes only. The experience of the participants of the 2020 North American Company for Life and Health Insurance® Generations Retirement Study may not be representative of the experience of all.

Fixed index annuities are not a direct investment in the stock market. They are long term insurance products with guarantees backed by the issuing company. They provide the potential for interest to be credited based in part on the performance of specific indices, without the risk of loss of premium due to market downturns or fluctuation. Although fixed index annuities guarantee no loss of premium due to market downturns, deductions from your accumulation value for additional optional benefit riders or strategy fees associated with allocations to enhanced crediting methods could exceed interest credited to the accumulation value, which would result in loss of premium. They may not be appropriate for all clients. Interest credits to a fixed index annuity will not mirror the actual performance of the relevant index.

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