

IRI Study Reveals Tomorrow's Retirees Feel Less Financially Secure Than Today's

WASHINGTON, D.C., UNITED STATES, March 10, 2022 /EINPresswire.com/ -- A [recent survey](#) of retirees and near-retirees demonstrates the comparative financial security today's retirees enjoy, in contrast to the expectations of workers who will be retiring in the years and decades to come. The study was conducted by the Insured Retirement Institute (IRI) in partnership with American Equity Investment Life Insurance Co. and Eagle Life Insurance Company.



The November 2021 survey of 2,000 respondents was evenly divided among workers 15 or fewer years from planned retirement age and those who have been retired for at least five years. All survey respondents reported at least \$100,000 in retirement savings, not including the value of real estate. Several key findings from the survey illustrate significant differences between current and future retirees:

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- Forty-six percent of near retirees do not expect income from a defined benefit pension compared to only 23 percent of retirees. Notably, many respondents may mistakenly believe their defined contribution plan (401(k), 403(b), etc.) is the same as a pension. Bureau of Labor

Statistics data shows only 16 percent of private-sector workers have access to a defined benefit pension plan.

- Sixty-five percent of retirees believe their Social Security benefits and pension provide adequate income. Only 40 percent of near retirees believe this will be the case.
- Eight in ten near-retirees fear that costs related to retirement medical care will be overwhelming, prompting concern about the adequacy of their retirement income.

“Preparing for and managing retirement risks such as exhausting financial resources and being hit with significant health care expenses can be complex, challenging, and frankly daunting even

when markets are generally favorable,” said Frank O’Connor, IRI Vice President, Research and Outreach. “But the risk of running out of money during retirement has been highlighted in recent days as a result of extreme market volatility that complicates investment decisions. Retirees and near-retirees alike often turn to financial advisors for help and are more likely to look to their advisors for information and assistance in financial product selection than other sources.”

Seven in 10 survey respondents believe financial advisors are trustworthy.

- More than half want to obtain financial product information from a financial advisor, compared to 37 percent preferring recommendations from family or friends. Other sources were much less preferred, such as e-mail (26 percent), mailed brochures (19 percent), and advertising (12 percent).
- Six in 10 want advisors to select products for them but explain them thoroughly.
- Comparatively few survey respondents are interested in either a do-it-yourself approach (17 percent) or giving the advisor full discretion (6 percent).

The survey found that the concept of an annuity, an investment option that can provide guaranteed lifetime income, resonates strongly with retirees and near-retirees. However, many lack knowledge about the product and are more likely to reject it when called an “annuity.”

- Nine in 10 say they are likely to purchase an annuity when described by features such as guaranteed lifetime income and principal protection.
- Two-thirds say they would purchase a guaranteed lifetime withdrawal benefit, a feature that is only available with annuities.
- However, only 45 percent say they would purchase an annuity when no context is provided for the value, indicating consumers often do not connect annuities by name with the valuable benefits they provide.

“Annuities can be an integral and important part of a retirement income plan, particularly for individuals without defined benefit pension plans to supplement Social Security benefits,” O’Connor said. “Annuities are the only financial product that can guarantee lifetime income, as well as provide protection against the extreme market volatility we see in equities markets today.”

“We repeatedly see in our research that consumers value both the benefits offered through annuities and the expertise and guidance provided by financial advisors,” said Wayne Chopus, IRI President and CEO. “When consumers are shown how annuities are integrated into a comprehensive financial plan that helps them achieve their retirement dreams and addresses the risks they face, we are providing precisely the guidance and support they value.”

“Our mission at American Equity® and Eagle Life® is to help people retire with dignity,” said Eagle Life President Graham Day. “That means we seek out independent research, like the IRI survey, to help us better understand the concerns of pre-retirees and retirees. With that kind of insight, we can offer products and services that help them as they work with a financial professional to

develop a retirement income strategy that they can feel good about.”

Daniel Zielinski

Insured Retirement Institute

+1 202-469-3026

[email us here](#)

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