Alliance for Lifetime Income

2020 Protected Lifetime Income Study and Segmentation Report

October 26, 2020

Objective

The Protected Lifetime Income Study is the Alliance for Lifetime Income's primary public release research. Now completing its third year this survey of a representative sample of the national adult population provides an in-depth look at Americans' financial views, preparation, and aspirations for retirement. It tracks the proportion of Americans reporting that they have a source of Protected Lifetime Income and how that impacts attitudes.

In 2020 the Alliance introduces a new dimension to its research: a statistical segmentation of the population based on a spectrum of personal characteristics.

Contents

1. Overall Retirement Outlook and the Role of Protected Income

2. Segmenting the Population

3. Segment Profiles or Personas

4. Primary PLI Measures by Segment

5. Appendix: Methodology Details
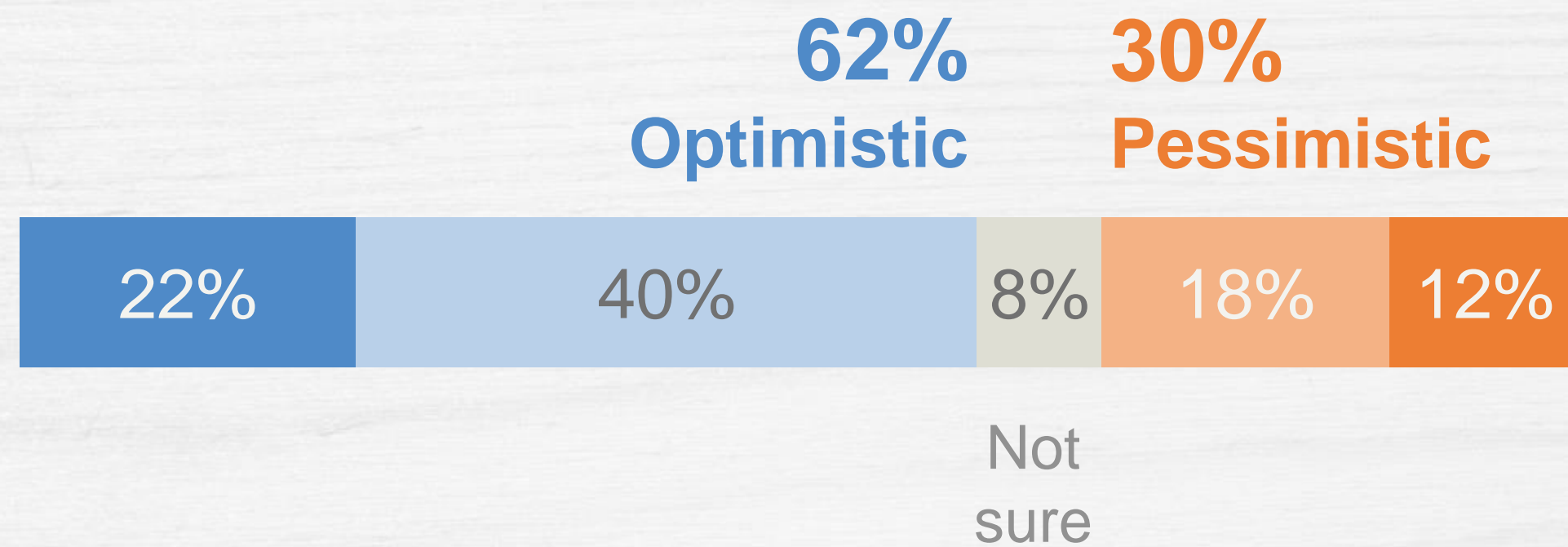
Alliance for Lifetime Income

1. Overall Retirement Outlook and the Role of Protected Income

Americans look forward to retirement as a time for growth, yet financial concerns temper their enthusiasm.
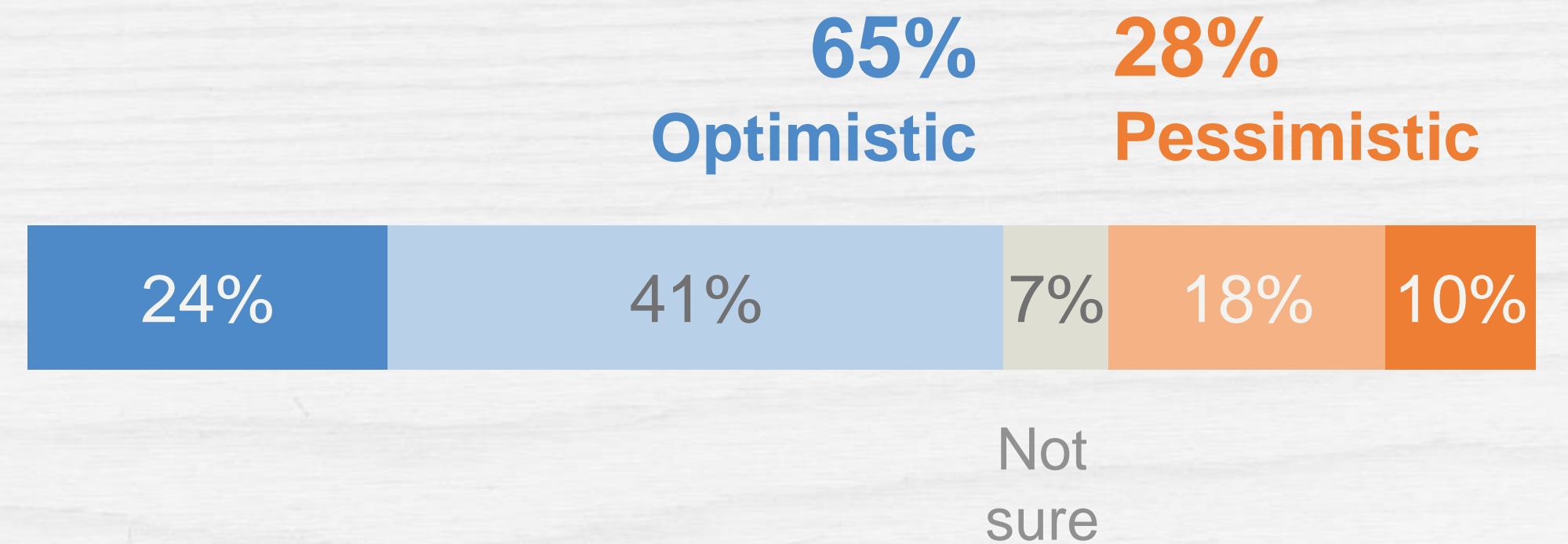
Those who have protected income in the form of a pension or an annuity feel more confident about their retirement prospects.

More than six in ten non-retirees are optimistic about their financial preparation for retirement but three out of ten are pessimistic; a similar proportion are optimistic about their ability to enjoy their retirement years.

Feeling about financial preparation for retirement years
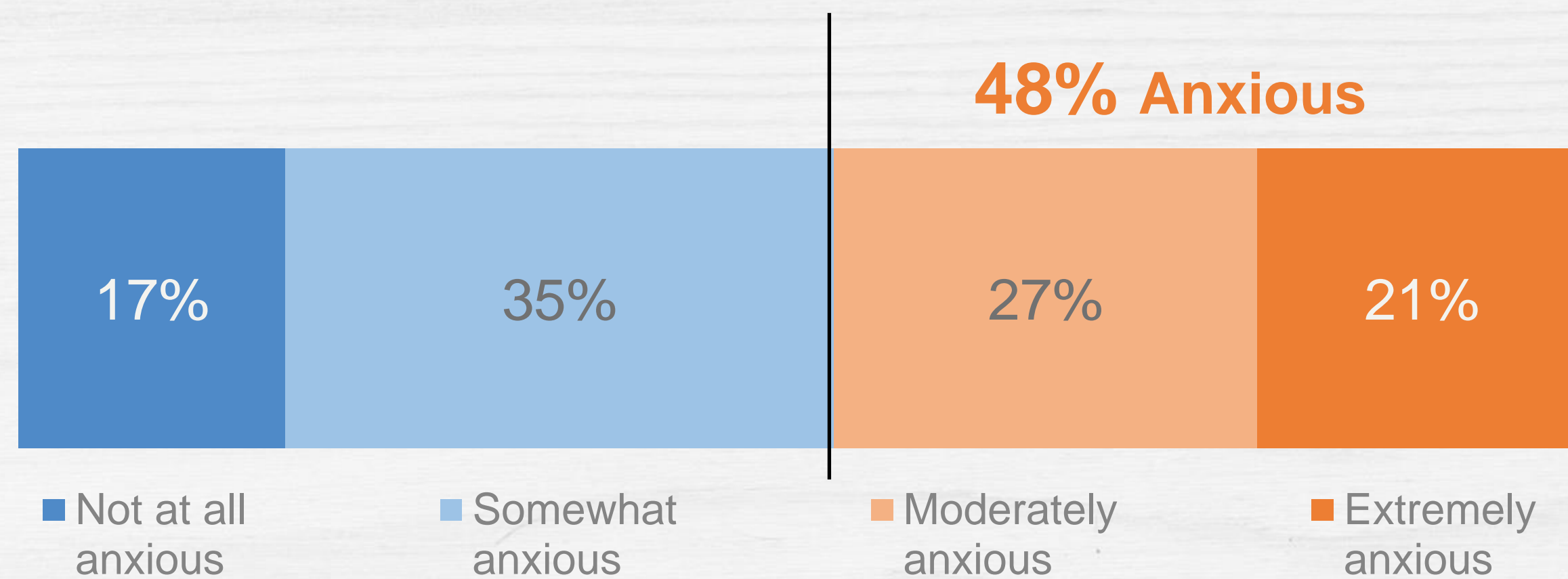(Among non-retired)

62%
Optimistic

30%
Pessimistic

22%	40%	8%	18%	12%

Not sure

Perspective on ability to fully enjoy retirement years
(Among non-retired)

65%
Optimistic

28%
Pessimistic

| 24%	41%	7%	18%	10%

Not sure

Alliance for Lifetime Income

Nearly half of those who are not yet retired are extremely or moderately anxious their savings **may not provide enough to live on** in retirement.

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

48% Anxious

17%	35%	27%	21%

■ Not at all anxious ■ Somewhat anxious ■ Moderately anxious ■ Extremely anxious

Alliance for Lifetime Income

Four out of ten Americans have some form of **protected income** (pension or annuity). Among those who are retired, 55% are protected.

Retired

Not Protected 45%

Protected 55%

Total

Protected 40%

Not Protected 60%

For the first time since the launch of the PLI Study, the number of protected households has increased – to 40% (from 37% the year prior) – representing approximately 3.1 million newly protected households. This rise is attributable to the increase in annuity ownership.
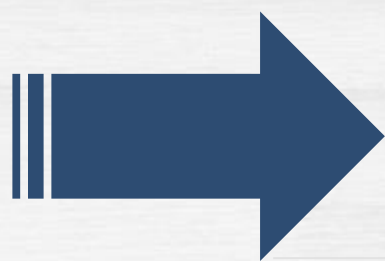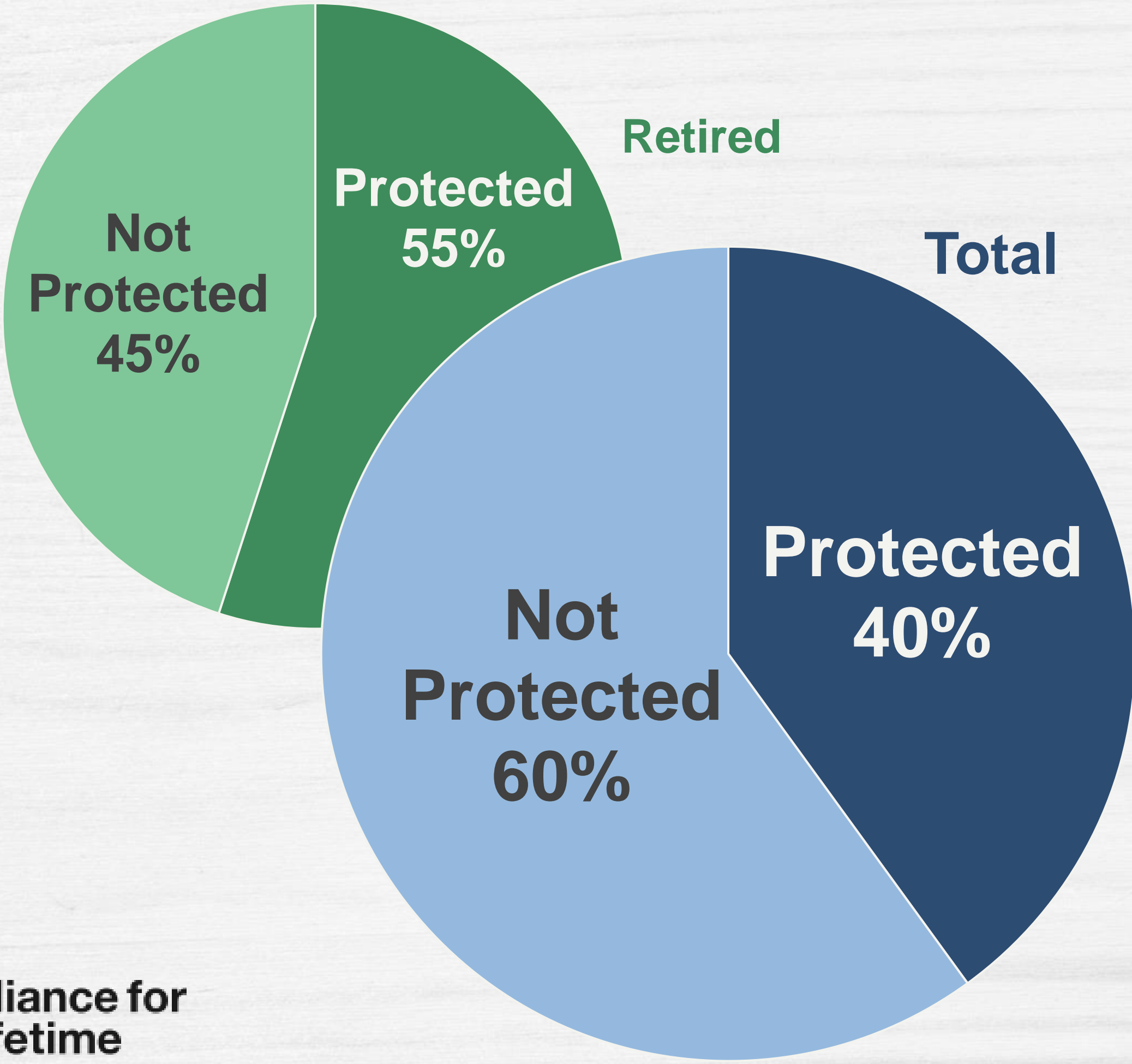
The level of **income protection** grows with age.

28%
25-44

40%
45-54

53%
55-74

Alliance for Lifetime Income
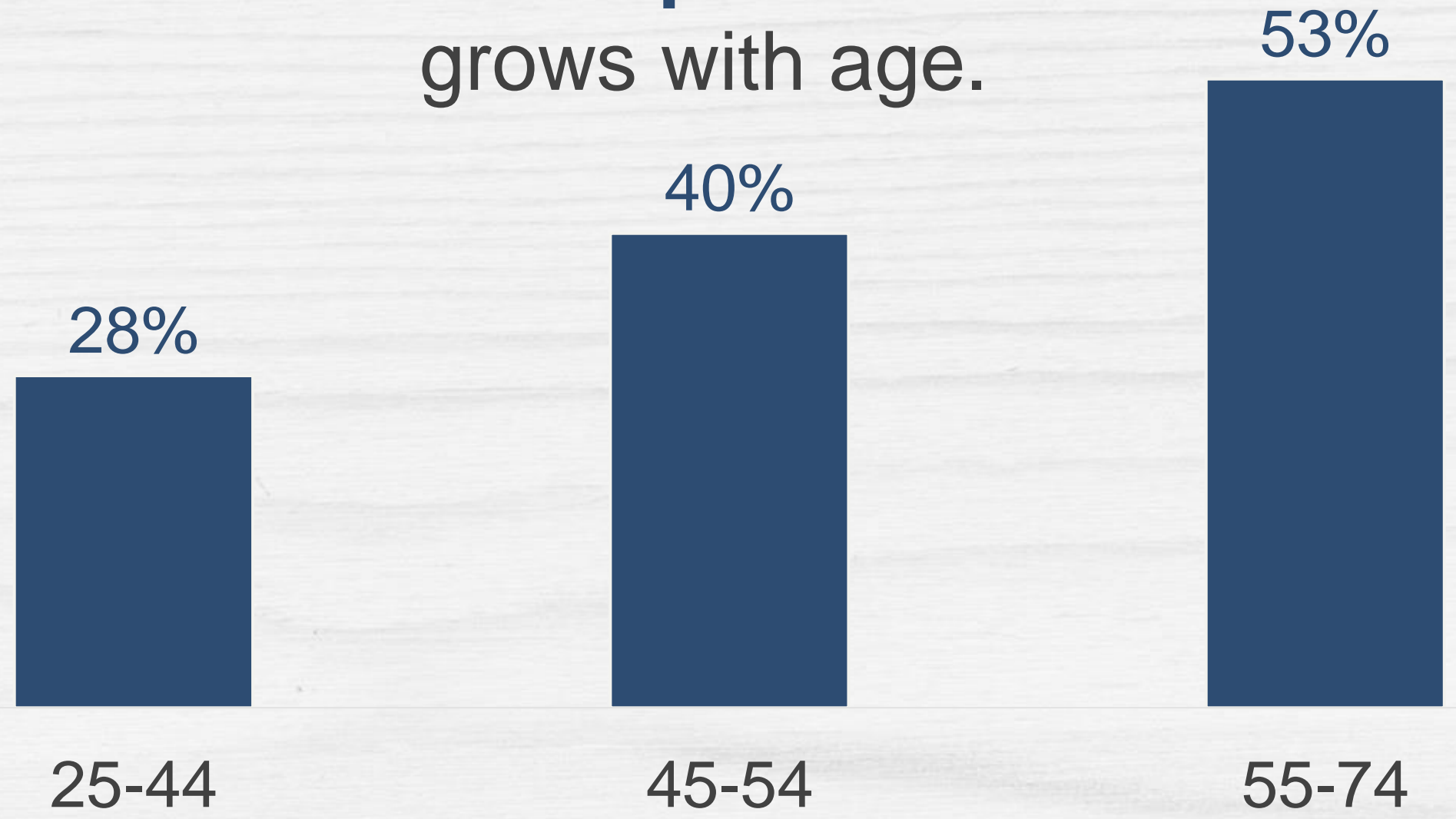
Being protected leads to considerable differences in outlook and confidence: Three-quarters of protected Americans think their retirement income will last their lifetime.
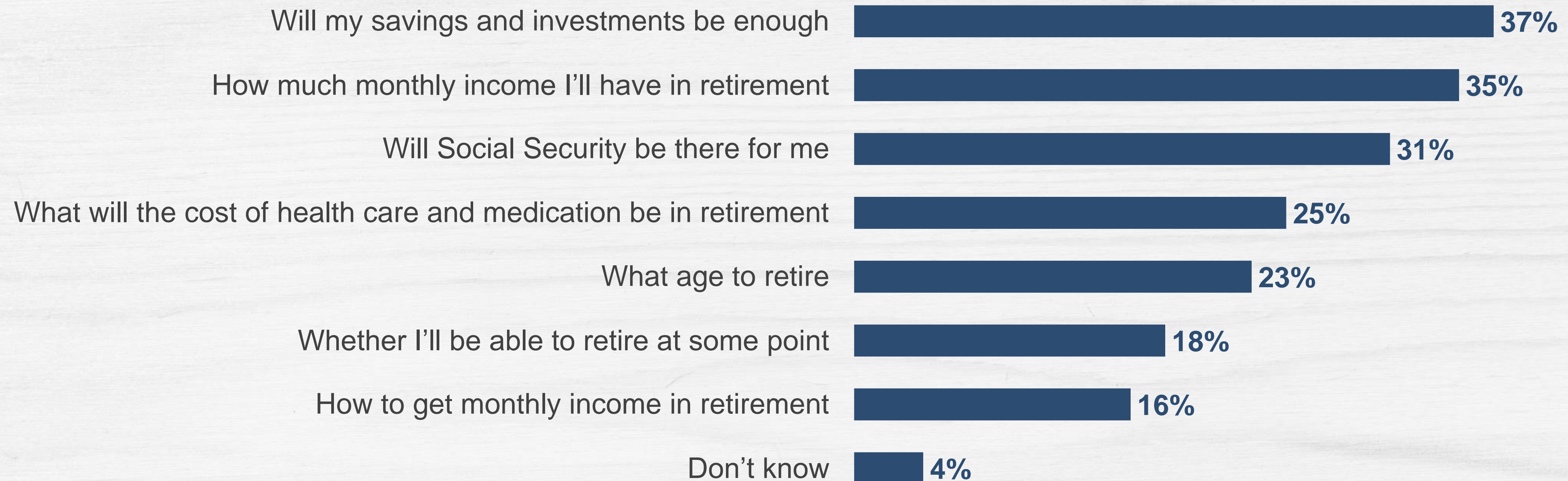
56%

of Americans think their retirement income will last their lifetime

Percentage of Americans who think their retirement savings and sources of income will last for their lifetime

78%

41%

Protected

Not Protected

Alliance for Lifetime Income
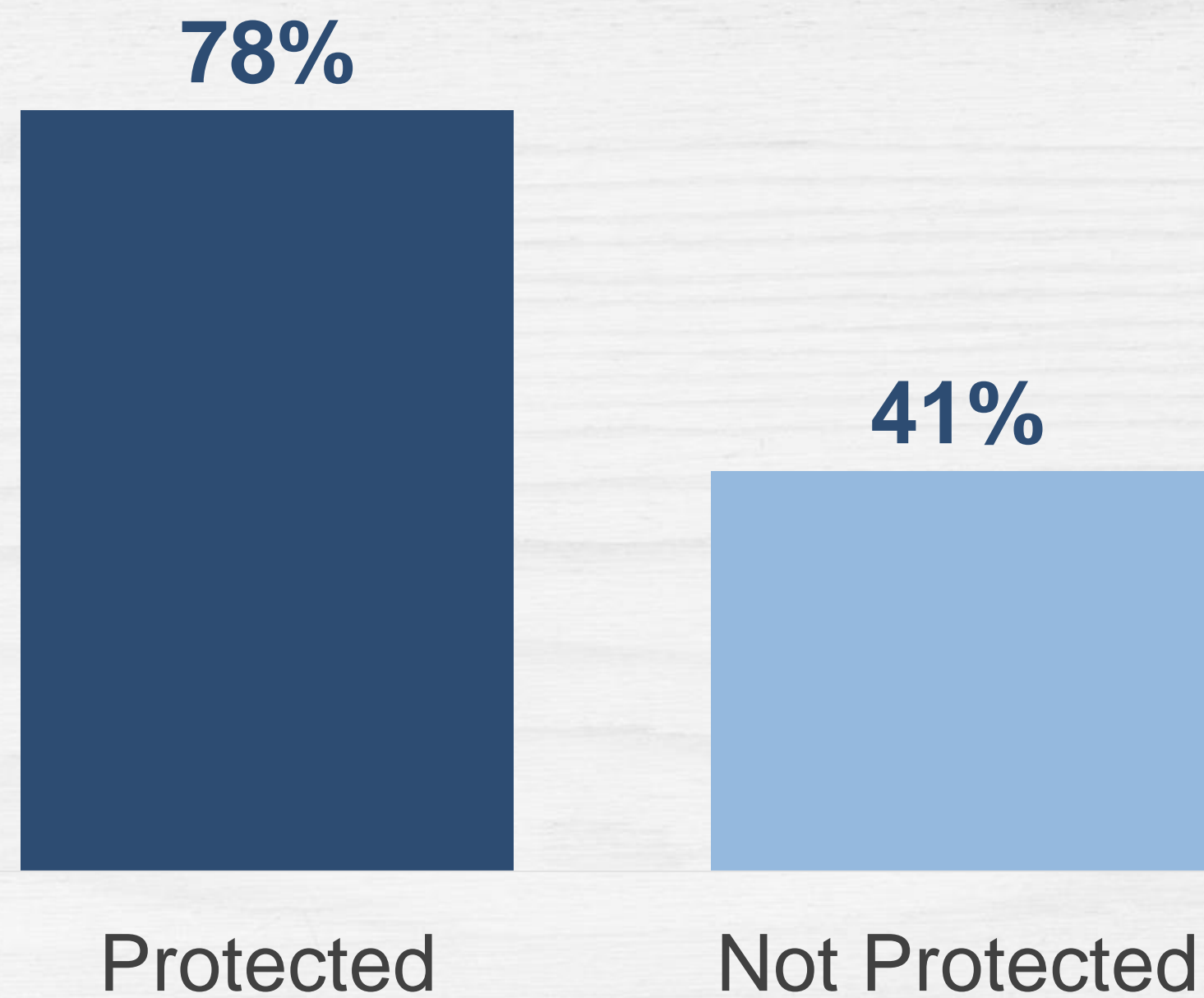
Top questions about retirement:
Will savings be enough? How much monthly income will I have?

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

Question	Percentage
Will my savings and investments be enough	37%
How much monthly income I'll have in retirement	35%
Will Social Security be there for me	31%
What will the cost of health care and medication be in retirement	25%
What age to retire	23%
Whether I'll be able to retire at some point	18%
How to get monthly income in retirement	16%
Don't know	4%

Alliance for Lifetime Income

Six in ten non-retirees say the following benefits and characteristics of financial products are very important: **guaranteed lifetime income,** a **steady income stream** and **principal protection**.

**Importance of benefit/characteristic of financial product/ tool/service to use to achieve financial security goals**
6 or 7 on 7-point scale
(Among non-retired)

Investments that…

provide guaranteed income for as long as you live	**60%**
generate a steady income stream in retirement	**59%**
won't lose the original money you invested (principal protection)	**57%**
are easy to understand	**55%**
provide a stable rate of return	**55%**
provide a source of income that is protected from adverse events	**55%**
are low risk, but opportunity to make money isn't as high	**29%**
have opportunity to make money but have higher risk	**26%**

Alliance for Lifetime Income

Most non-retired Americans claim **limited knowledge of annuities**. Only one in ten say they understand annuities very well, and 28% understand them somewhat well. More than **six out of ten don't understand them.**
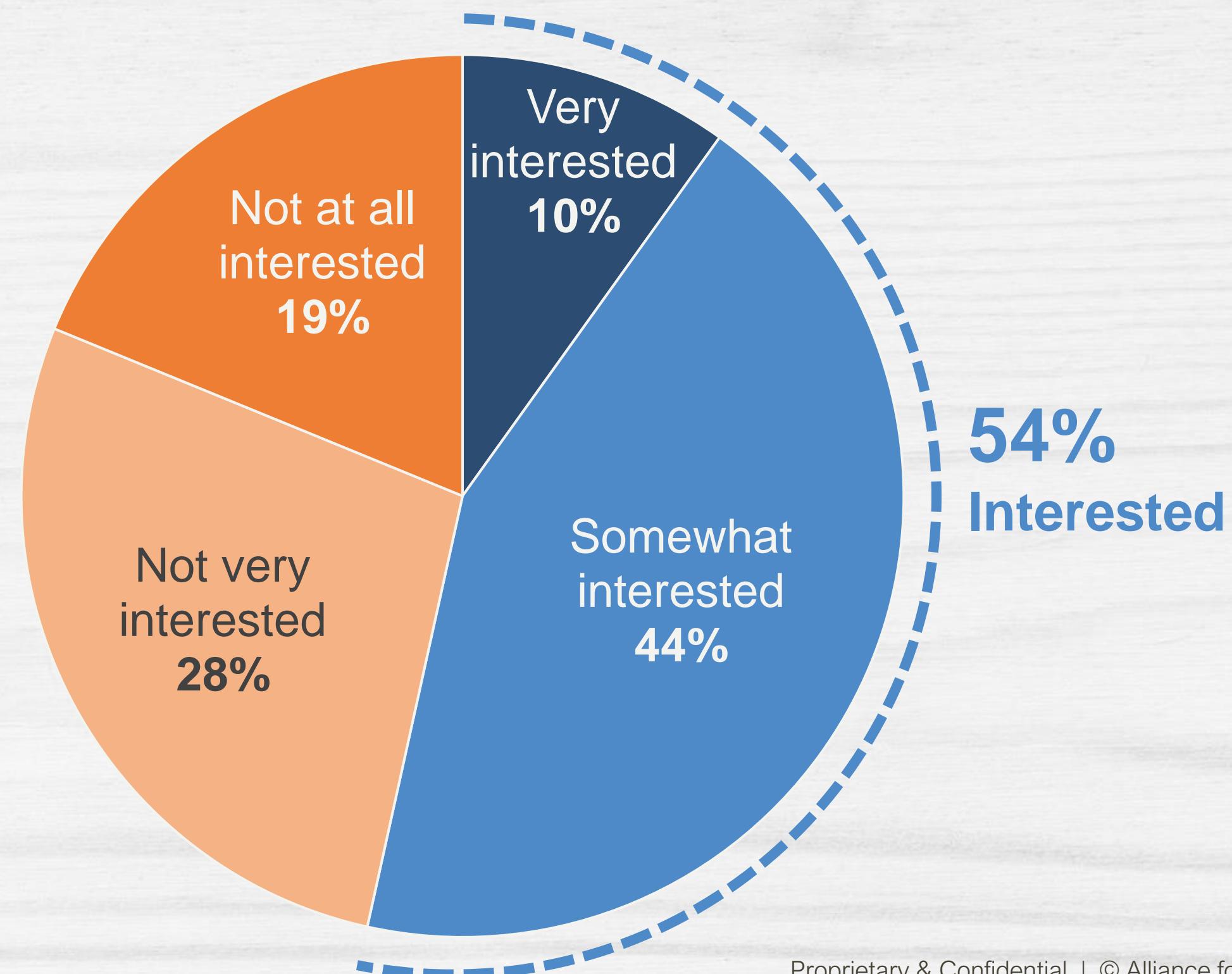
Understand annuities and the role they plan in a retirement plan
(Among non-retired)

Very well
11%

Somewhat well
28%

39%
Well

Not very well
32%

Not at all
29%

Alliance for Lifetime Income
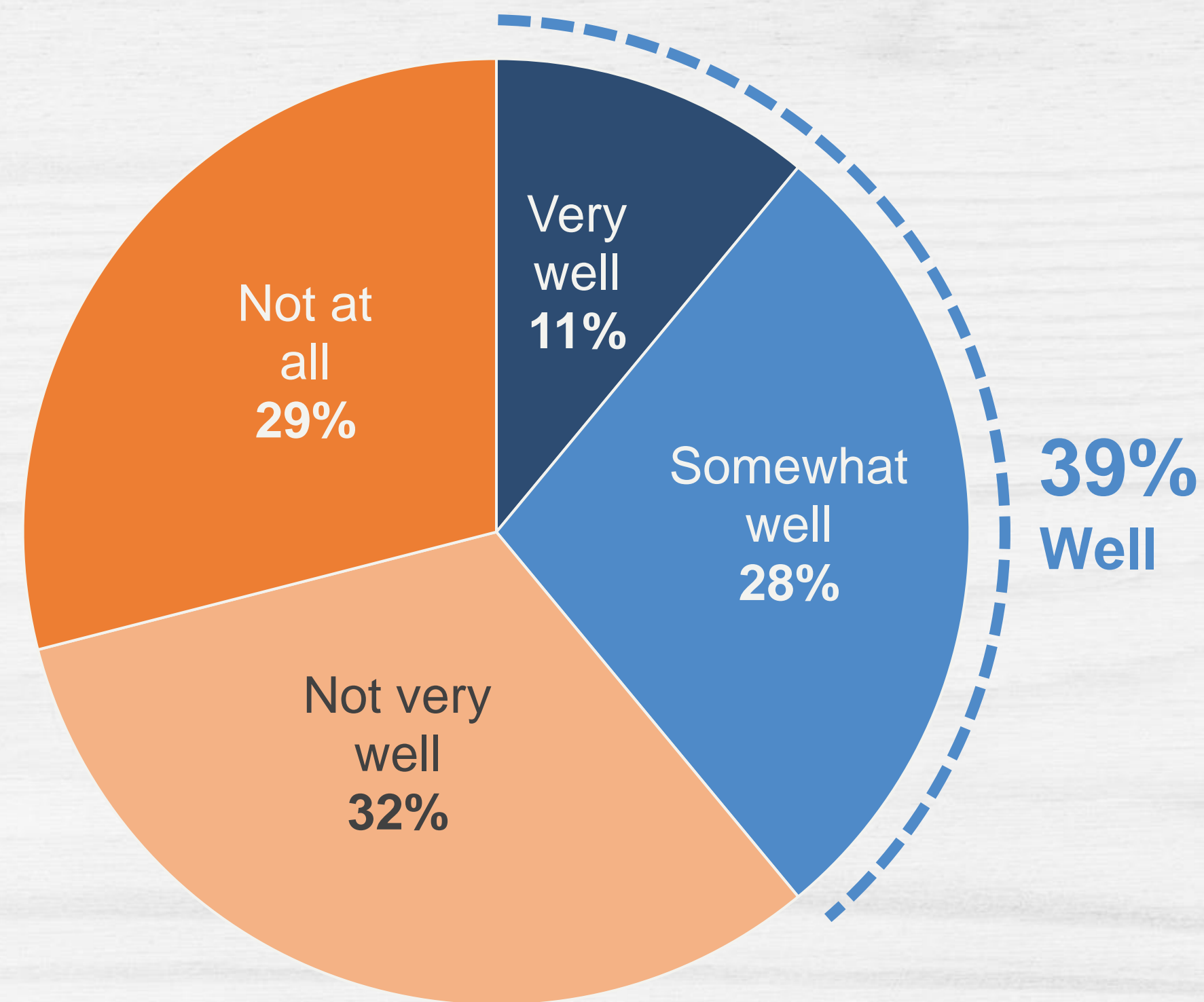
More than half of non-retired Americans are at least somewhat interested in investing in annuities as <u>part of their retirement plan</u>.

Younger non-retirees are more likely to have high interest in annuities.

Level of interest in investing in annuities as part of retirement plan
(Among those without annuities and non-retired)

Very interested
10%

Not at all interested
19%

54%
Interested

Somewhat interested
44%

Not very interested
28%

Alliance for
Lifetime
Income

2. Segmenting the Population

This segmentation provides a new way to think about Americans' retirement conceptions, and their associated financial needs.

Everyone age 25-74 fits into one of the five segments: the segments broadly represent Americans of all ages, income levels and backgrounds.

The segments are primarily distinguished from one another by their differences in retirement outlook, financial decision-making characteristics, and financial planning and preparation.
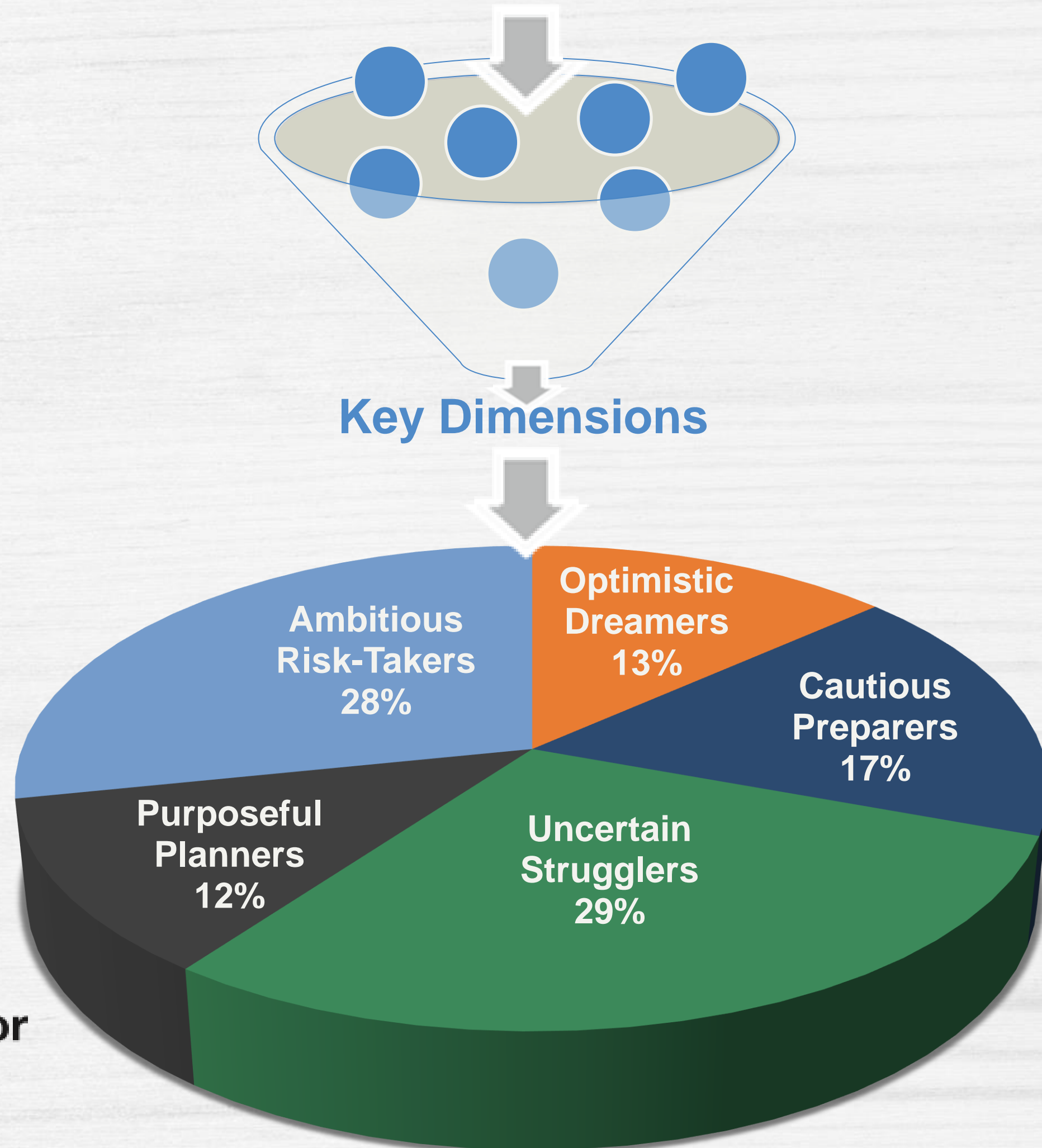
13

Five distinct segments were created based on three dimensions of retirement:

- **Dream:** how do individuals think about their retirement, and what underlying personality traits shape their thinking
- **Decide:** what shapes individuals' financial decisions, including perceptions of risk and sources of information and advice
- **Do:** what personal traits and tangible steps toward financial preparation do individuals display?

DREAM

Overall outlook and life expectations
- Personality Characteristics:
  - Regulatory Focus (Prevention vs. Promotion)
  - Extraversion, optimism*, openness*, conscientiousness*

Expectations for retirement
- Optimism on ability to fully enjoy retirement years
- Optimism about ability to afford retirement*

Retirement vision
- Expectations for retirement years:
  - More strategic or more adaptable
  - More or less: take risks, enjoy managing finances, active, healthy, social, busy, etc.*
- Aspirations for life in retirement (values) *
- Concerns about income in retirement*

DECIDE

Decision-making style
- How typically make financial decisions

Risk tolerance
- Acceptable level of financial risk when managing household assets (self descriptor)

Inputs for decision making
- Trusted sources for financial decision making*
- Financial advisor*

DO

Retirement Planning
- Time and attention spent on retirement planning
- Level of knowledge about retirement planning
- Extent to which have a retirement plan

*Secondary variable

14

The five segments

Range of attitudes, characteristics and behaviors that shape retirement vision, planning and finances

Key Dimensions

Pie chart segments:
- Optimistic Dreamers 13%
- Cautious Preparers 17%
- Uncertain Strugglers 29%
- Purposeful Planners 12%
- Ambitious Risk-Takers 28%

The analysis relies on sophisticated statistical techniques to divide the population into clusters of people based on their answers to the most powerful variables.

The analysis **maximizes differences between clusters** and **minimizes differences within clusters.**

Alliance for Lifetime Income

15

Americans fall into five distinct retirement orientation groups

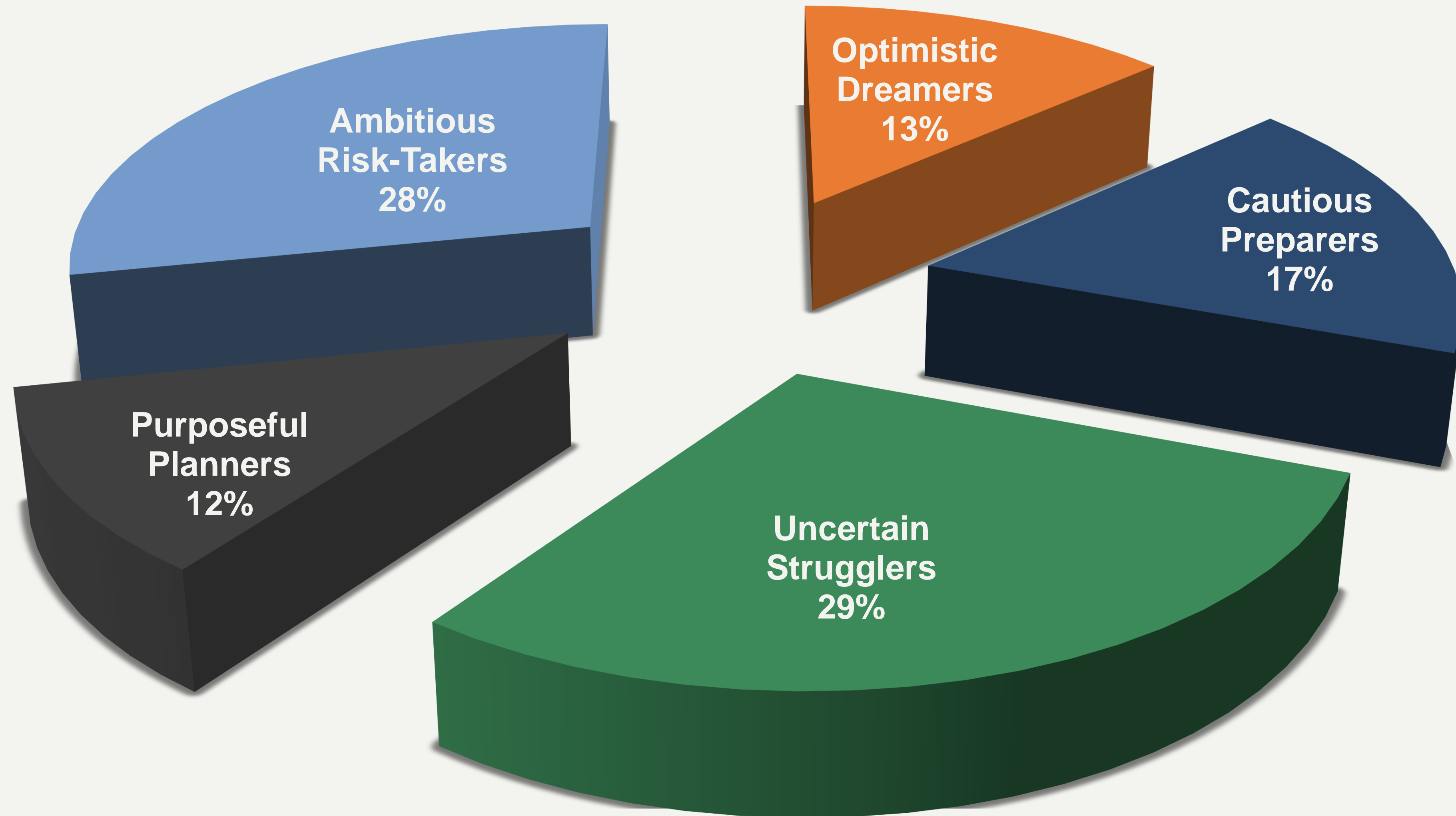| Optimistic Dreamers: 13%	Cautious Preparers: 17%	Uncertain Strugglers: 29%	Purposeful Planners: 12%	Ambitious Risk-Takers: 28%
Have an optimistic and open view of retirement even though their knowledge and planning tends to be light. They are demographically diverse but skew younger with many less educated and incomes lower on average.	Have modest retirement expectations; they are careful and conservative in their planning approach. They are moderately well-educated and many have good incomes, tend to be older and more often retired than other segments.	Are looking for more control, with low expectations and high uncertainty about retirement, and they don't have a wide range of trusted advisors. Least educated, concentrated in the middle age ranges and lower income levels, most with low assets.	Are cautiously optimistic about retirement with strong hopes for a full and balanced retirement life, and they plan well for it with strong supportive networks. Concentrated in the ages close to retirement, they are well-educated, most with good income and assets.	Want it all, upbeat about life and retirement and planning to make it happen with good support, plans and confidence in themselves. They're younger, most well-educated and many with higher incomes though moderate assets.
31% have a form of protected lifetime income	53% have a form of protected lifetime income	17% have a form of protected lifetime income	58% have a form of protected lifetime income	52% have a form of protected lifetime income

Summary of key characteristics across the segments

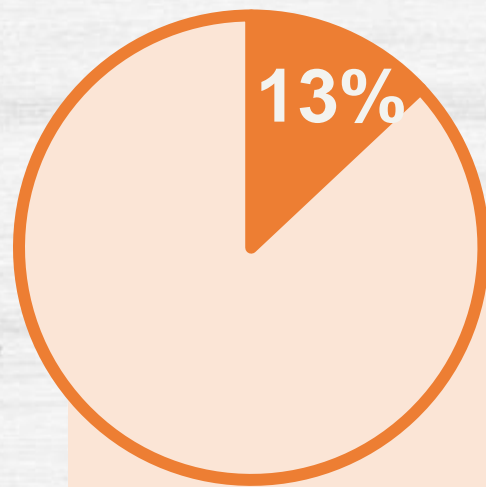|	Optimistic Dreamers – 13%	Cautious Preparers – 17%	Uncertain Strugglers – 29%	Purposeful Planners – 12%	Ambitious Risk-Takers – 28%
Dream	• **Outlook**: Plan for best • Open to new and different opportunities • **Value**: creativity and success – want to do good for society • **Expect**: to be more active • **Optimistic will enjoy** retirement but less certain about financial preparation	• **Outlook:** Prepare for the worst • Stick to tried and true way of doing things • **Value**: being prepared, secure, and healthy in retirement • **Expect**: to spend more time alone and less time caring for others in retirement • **Cautiously optimistic** will enjoy retirement • Concerned about risk of surprises	• **Outlook:** Prepare for the worst • **Low expectations** for ability to enjoy retirement • **Expect**: to be adaptable and take things as they come in retirement; hope to spend more time pursuing other interests and less time caretaking • **Value**: health - want to be physically able to do things and get in control over life direction	• **Outlook:** Prepare for the worst • **Optimistic** about ability to enjoy retirement • Have concerns about financial risk and volatility • **Value**: having a well-rounded life and making time for fun in retirement • **Expect**: to enjoy managing finances more in retirement	• **Outlook:** Always plan for best • Wide open to new and different opportunities, very outgoing • **Highly optimistic** both in life and about retirement • **Value**: achievement, adventure and excitement but also want to do good • **Expect**: to be strategic and plan in retirement, also expect to be more engaged and care for others
Decide	• **Financial decisions:** Instinct, family and friend recommendations • **Trust**: friends and family • **Risk profile**: low to none	• **Financial decisions**: do their own research or expert opinions • **Trust**: financial advisors • **Risk profile**: balanced	• **Financial decisions**: Instinct, family and friend recommendations • **Trust**: family or no one • **Risk profile**: not relevant or none	• **Financial decisions**: expert opinions or own research • **Trust**: financial advisors • **Risk profile**: balanced or moderate risks	• **Financial decisions**: do their own research • **Trust**: financial advisors • **Risk profile**: balanced to substantial
Do	• **Plan**: set of goals or direction or no plan • **Knowledge**: Basic understanding of retirement planning but not comfortable and don't spend much time on it	• **Plan**: set of goals or direction in mind if not a well-developed plan • **Knowledge**: Know quite a bit about retirement planning but still have questions; some spend time on it	• **Plan**: none • **Knowledge**: Don't know much about retirement planning and don't spend any time on it	• **Plan:** have specific or at least general financial plan • **Knowledge**: Know quite a bit or feel are experts on retirement planning and spend at least a moderate amount of time on it	• **Plan:** have specific or at least general financial plan • **Knowledge**: Know quite a bit or feel are experts on retirement planning and spend time on it

17

3. Segment Profiles or Personas

While the segments are formed by differences in retirement attitudes, personality characteristics and behaviors, there are also stark differences across the segments on financial product ownership and demographics. The largest two segments (Uncertain Strugglers and Ambitious Risk-Takers) are most differentiated from one another in terms of socioeconomic status and financial products.

The Optimistic Dreamers and Ambitious-Risk Takers are youngest, while the Cautious Preparers are the oldest, however, it is important to note that there are Americans of all ages represented solidly across each segment.

Alliance for
Lifetime
Income

Get to know the segments

Ambitious Risk-Takers 28%

Optimistic Dreamers 13%

Cautious Preparers 17%

Purposeful Planners 12%

Uncertain Strugglers 29%

13%

DREAM

- **Outlook:** Plan for the best, optimistic will enjoy retirement but less so about financial preparation for retirement
- **Value:** Creativity, success, do good
- **Expect:** To be more active, adaptable
- **Concerns:** Healthcare, having enough savings, risk of financial surprise
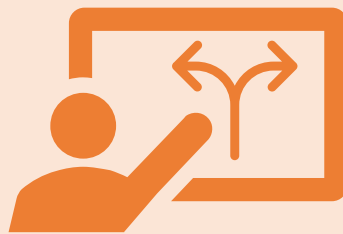
DECIDE

- **Basis for Decisions:** Instinct, family and friend recommendations
- **Trust:** Friends and family
- **Advised:** 19%
- **Risk Profile:** low to none

DO

- **Plan:** Set of goals or direction or no plan
- **Knowledge:** Basic understanding of retirement planning but not comfortable
- **Actions:** Don't spend much time on retirement planning, few have calculated what they will need for retirement
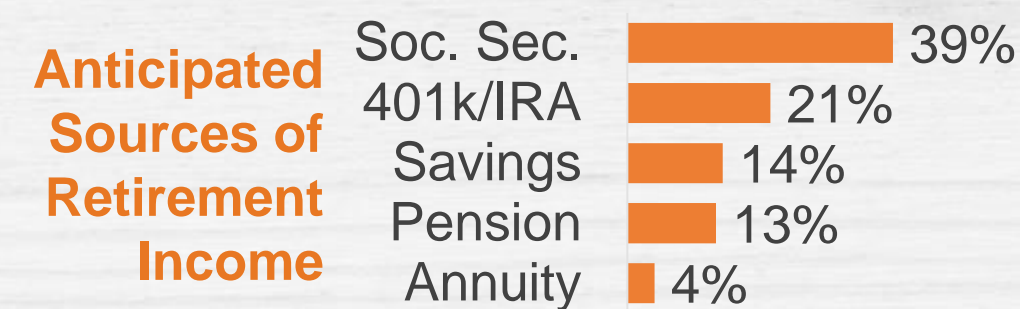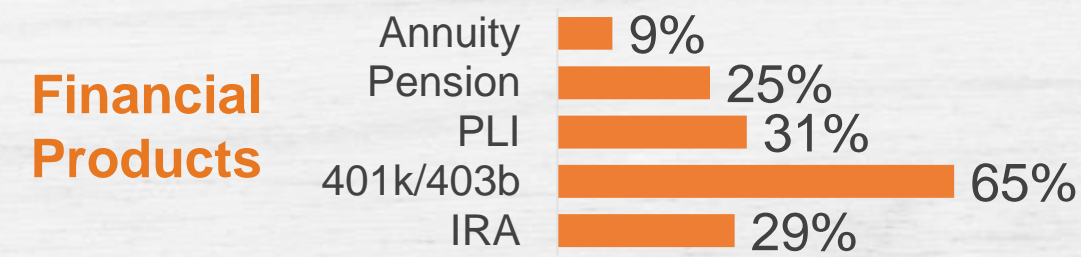
Optimistic Dreamers

"I'm sure I will enjoy my retirement when it comes but it seems a long way off at this point. I am not all that comfortable with retirement planning and it's a bit overwhelming, so I haven't done much other than save in my 401k. I generally trust my instincts but frankly I'm a little anxious that my retirement savings will not provide enough for me to live on for the rest of my life."
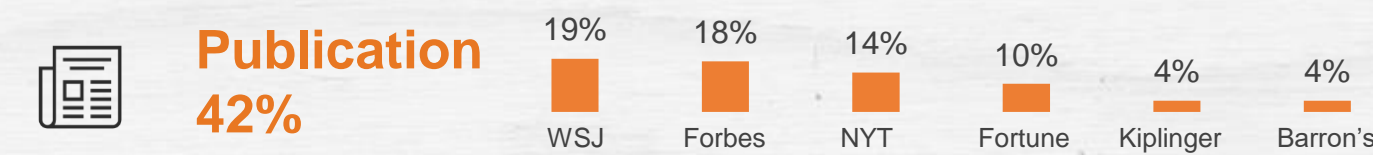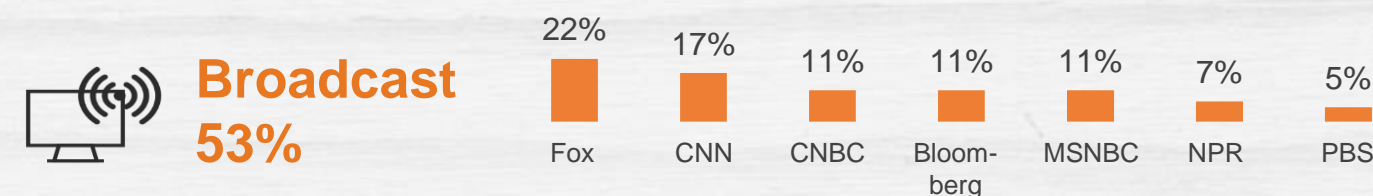
FINANCIAL

Median HH Income	$62K
Median HH Assets	$38K

Financial Products

Annuity	9%
Pension	25%
PLI	31%
401k/403b	65%
IRA	29%

Anticipated Sources of Retirement Income

Soc. Sec.	39%
401k/IRA	21%
Savings	14%
Pension	13%
Annuity	4%

Familiarity, Interest in Annuities: Low familiarity, moderate interest; 63% Swing

SOURCES OF FINANCIAL INFORMATION

Broadcast 53%

Fox	CNN	CNBC	Bloomberg	MSNBC	NPR	PBS
22%	17%	11%	11%	11%	7%	5%

Publication 42%

WSJ	Forbes	NYT	Fortune	Kiplinger	Barron's
19%	18%	14%	10%	4%	4%

Internet 22%

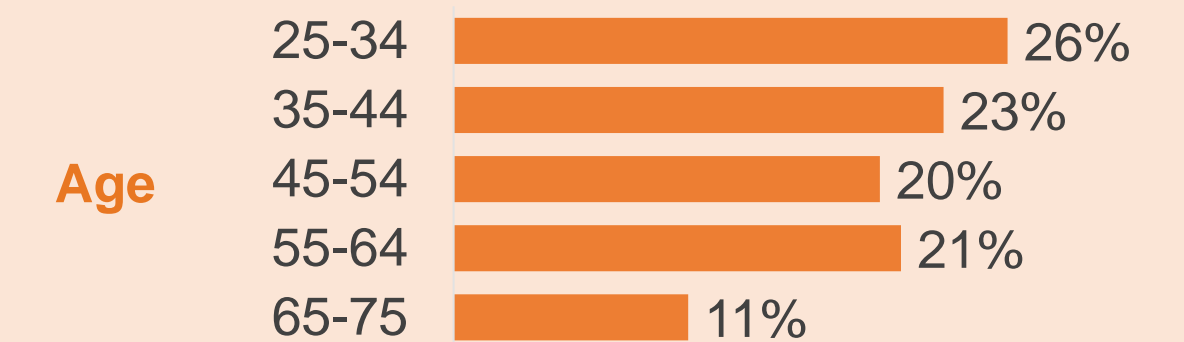| Yahoo Finance	Google Finance	The Street	Seeking Alpha	HerMoney
12%	12%	3%	2%	2%

PERSONALITY TRAITS

Optimistic, sunny outlook

- Extroverts
- Moderately conscientious
- Moderately open to new ideas

DEMOGRAPHICS

Age

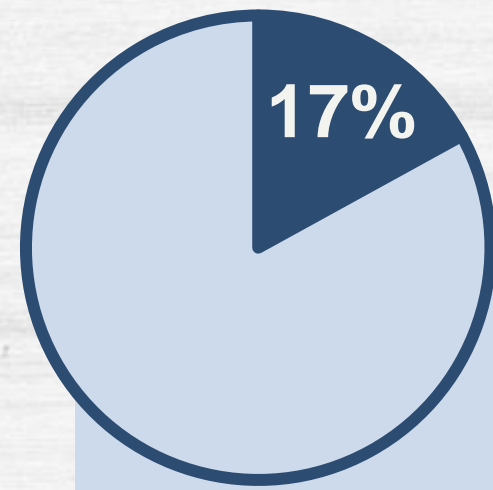|	
25-34	26%
35-44	23%
45-54	20%
55-64	21%
65-75	11%

|	
Gender	57% Female
Ethnicity/ Race	71% White Non- Hispanic 22% Hispanic 18% Black
Education	Lower: 46% HS or Less
Work Status	55% Full-time 14% Part-time 17% Retired

17%

Cautious Preparers

DREAM

- **Outlook:** Prepare for the worst. Stick to tried and true way of doing things
- **Value:** Being prepared, secure, healthy in retirement
- **Expect:** To spend more time alone, less time caring for others in retirement
- **Concerns:** Healthcare costs, risk of financial surprises, market volatility

DECIDE

- **Basis for Decisions:** Do own research or expert opinions
- **Trust:** Financial advisors
- **Advised:** 35%
- **Risk Profile:** Balanced
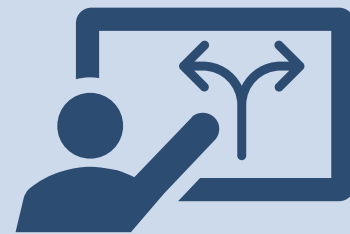
DO

- **Plan:** Most have set of goals or direction in mind if not a well-developed plan
- **Knowledge:** Know some about retirement planning but still have questions
- **Actions:** Spend time on retirement planning, some have calculated what they will need for retirement
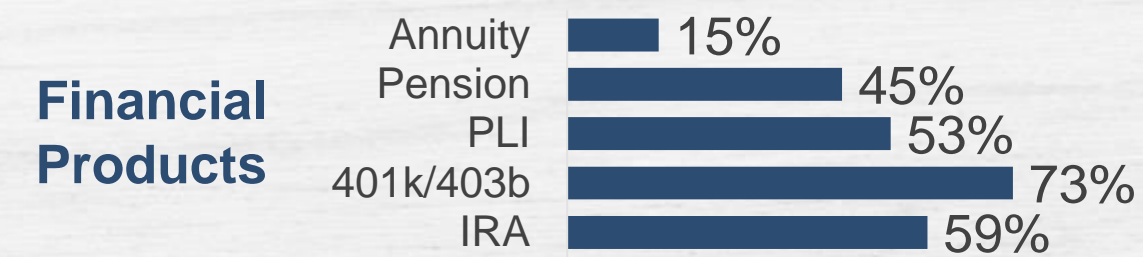
FINANCIAL

Median HH Income	$88K
Median HH Assets	$125K

Financial Products
- Annuity: 15%
- Pension: 45%
- PLI: 53%
- 401k/403b: 73%
- IRA: 59%

Anticipated Sources of Retirement Income
- Soc. Sec.: 31%
- 401k/IRA: 25%
- Savings: 15%
- Pension: 20%
- Annuity: 4%

Familiarity, Interest in Annuities Moderate familiarity and interest; 58% Swing

SOURCES OF FINANCIAL INFORMATION

Broadcast 56%
- Fox: 18%
- CNN: 17%
- CNBC: 14%
- Bloomberg: 13%
- MSNBC: 13%
- NPR: 7%
- PBS: 7%

Publication 43%
- WSJ: 22%
- Forbes: 16%
- NYT: 10%
- Fortune: 9%
- Kiplinger: 7%
- Barron's: 2%

Internet 20%
- Yahoo Finance: 12%
- Google Finance: 7%
- The Street: 2%
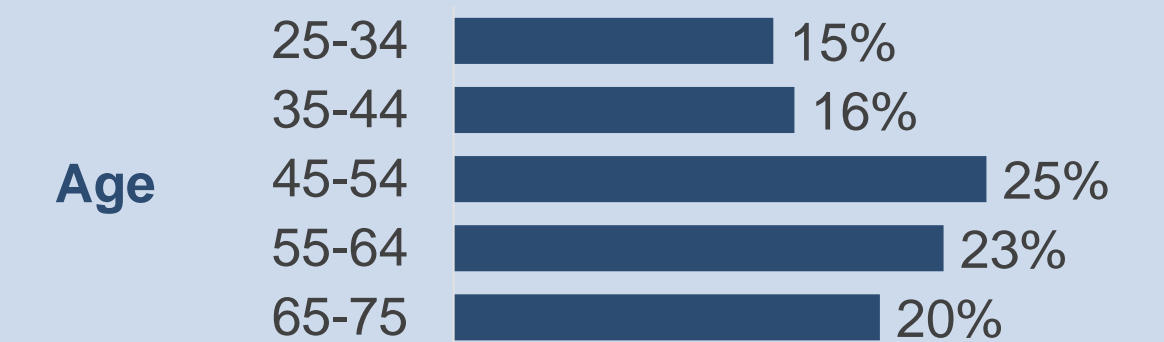- Seeking Alpha: 1%
- HerMoney: 2%
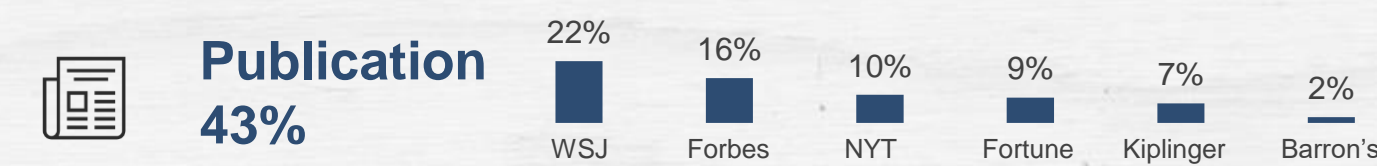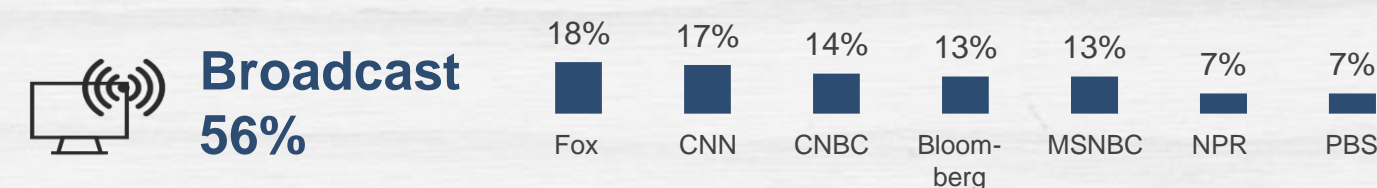
PERSONALITY TRAITS

Quiet, predictable, and steadfast
- Introverts
- Conscientious, prepare for the worst
- Prefer to stick to the familiar and avoid abstractions

DEMOGRAPHICS

Age
- 25-34: 15%
- 35-44: 16%
- 45-54: 25%
- 55-64: 23%
- 65-75: 20%

Gender	56% Male
Ethnicity/ Race	79% White Non-Hispanic
	13% Hispanic
	11% Black
Education	Higher: 40% Bachelor's degree or higher
Work Status	56% Full-time
	5% Part-time
	27% Retired
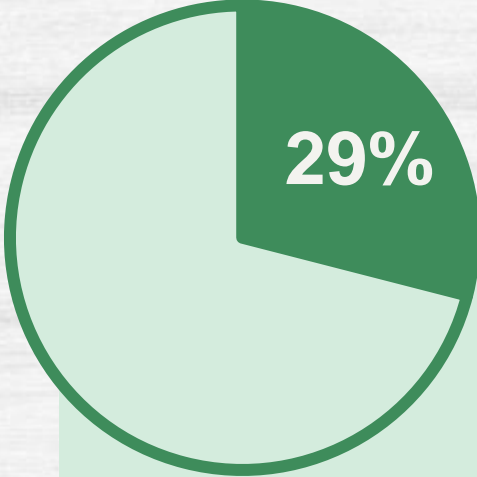
Alliance for Lifetime Income
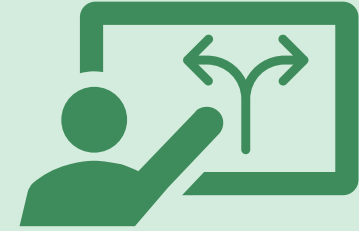
Uncertain Strugglers

29%

DREAM

- **Outlook:** Prepare for the worst. Low expectations for ability to enjoy retirement
- **Value:** Health, but it's a struggle, want to be physically able to do things and get in control over life direction
- **Expect:** To be adaptable and take things as they come in retirement
- **Concerns:** Not enough savings/assets, healthcare costs, no lifetime income

DECIDE

- **Basis for Decisions:** Instinct, family and friend recommendations
- **Trust:** Family or no one
- **Advised:** 6%
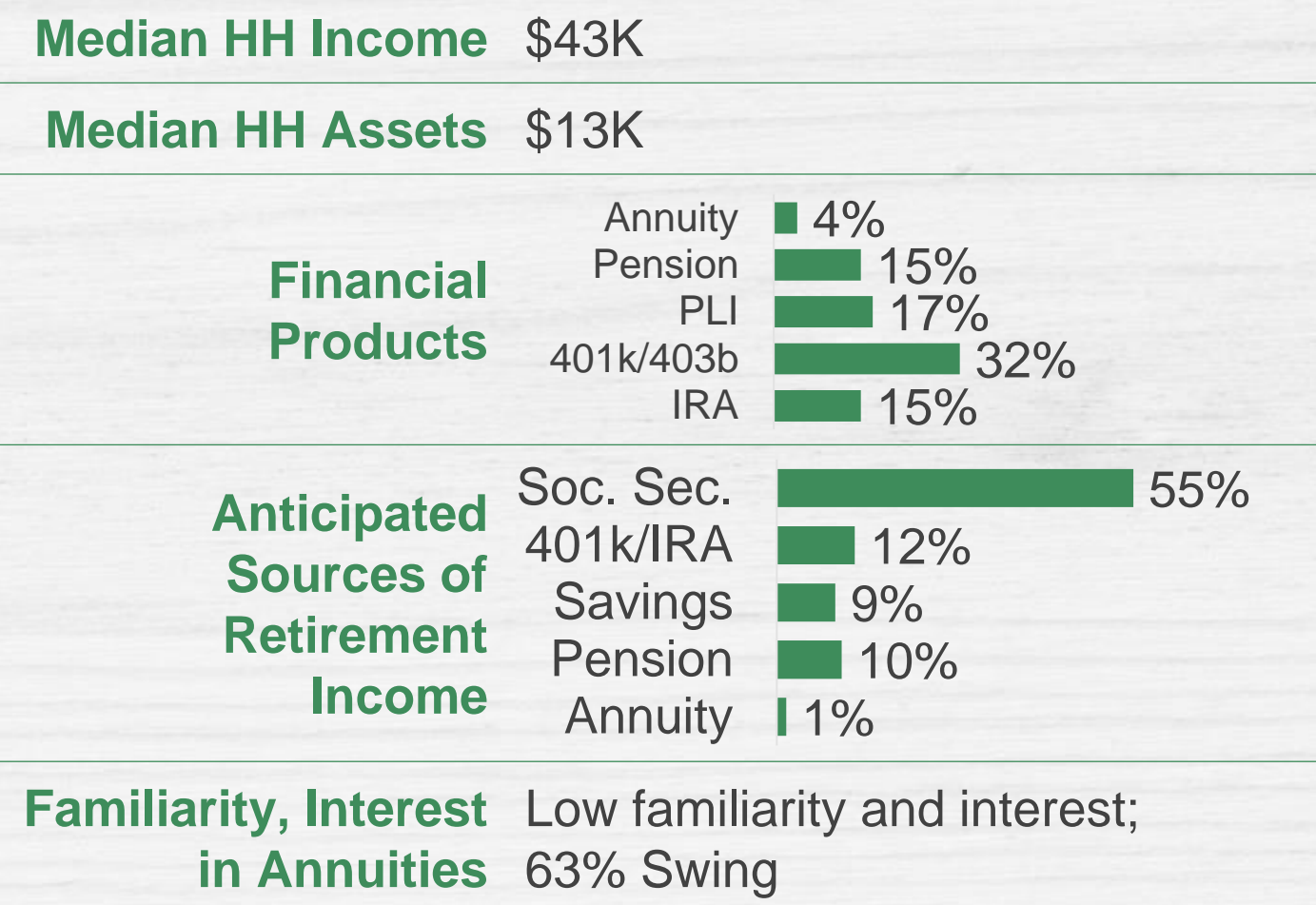- **Risk Profile:** Not relevant or none

DO

- **Plan:** Don't have any kind of plan
- **Knowledge:** Don't know much about retirement planning
- **Actions:** Don't spend any time on retirement planning; very few have calculated what they will need for retirement
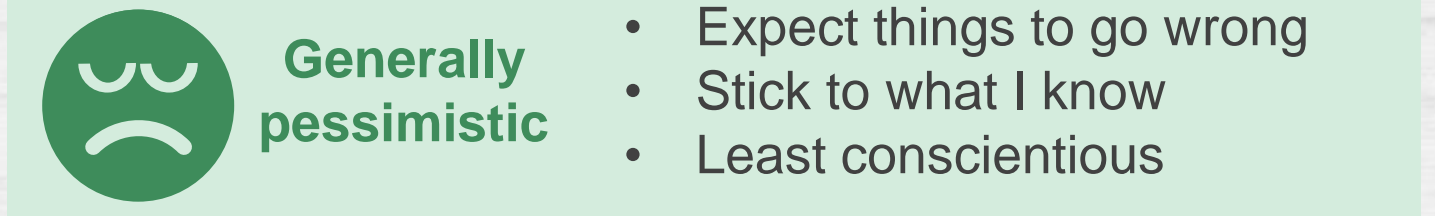
FINANCIAL

Median HH Income	$43K
Median HH Assets	$13K

Financial Products
- Annuity: 4%
- Pension: 15%
- PLI: 17%
- 401k/403b: 32%
- IRA: 15%

Anticipated Sources of Retirement Income
- Soc. Sec.: 55%
- 401k/IRA: 12%
- Savings: 9%
- Pension: 10%
- Annuity: 1%

Familiarity, Interest in Annuities: Low familiarity and interest; 63% Swing

SOURCES OF FINANCIAL INFORMATION

Broadcast 35%
- Fox: 16%
- CNN: 14%
- CNBC: 6%
- Bloomberg: 4%
- MSNBC: 8%
- NPR: 4%
- PBS: 6%

Publication 23%
- WSJ: 10%
- Forbes: 12%
- NYT: 8%
- Fortune: 5%
- Kiplinger: 1%
- Barron's: 1%

Internet 13%
- Yahoo Finance: 7%
- Google Finance: 8%
- The Street: 1%
- Seeking Alpha: <1%
- HerMoney: 1%

PERSONALITY TRAITS

Generally pessimistic
- Expect things to go wrong
- Stick to what I know
- Least conscientious

DEMOGRAPHICS

Age
- 25-34: 21%
- 35-44: 23%
- 45-54: 21%
- 55-64: 21%
- 65-75: 15%

Gender: 61% Female

Ethnicity/Race:
- 74% White Non-Hispanic
- 20% Hispanic
- 13% Black

Education: Lower: 56% High school or less

Work Status:
- 39% Full-time
- 9% Part-time
- 22% Retired

Alliance for Lifetime Income

Purposeful Planners

12%

"I look forward to enjoying a good retirement and I have laid the groundwork to be comfortable financially as long as market volatility doesn't throw me off my plan. I've done both my own research and consulted my advisor and feel comfortable that I have developed a good plan. I am confident my plan will provide me with adequate retirement savings for my lifetime."
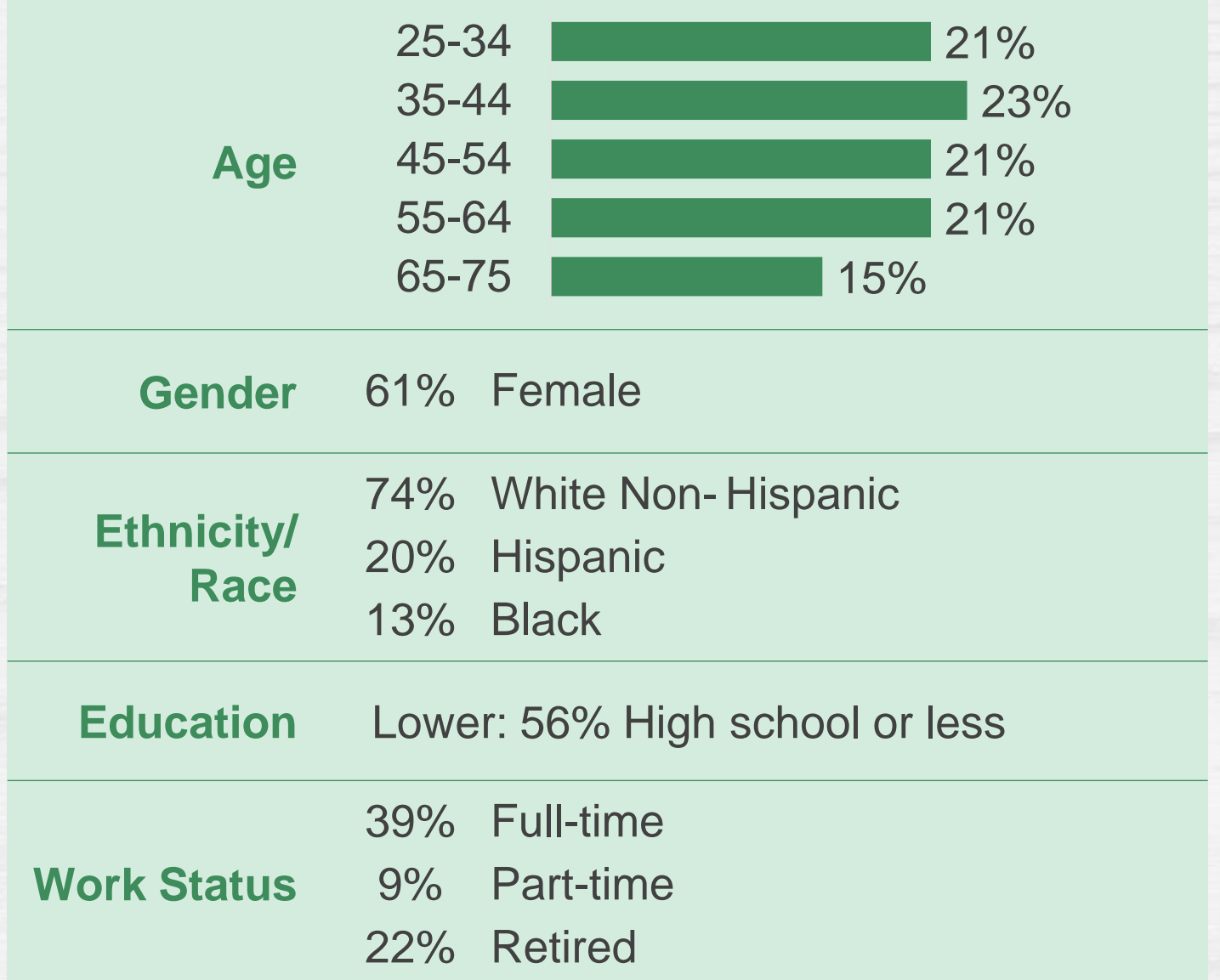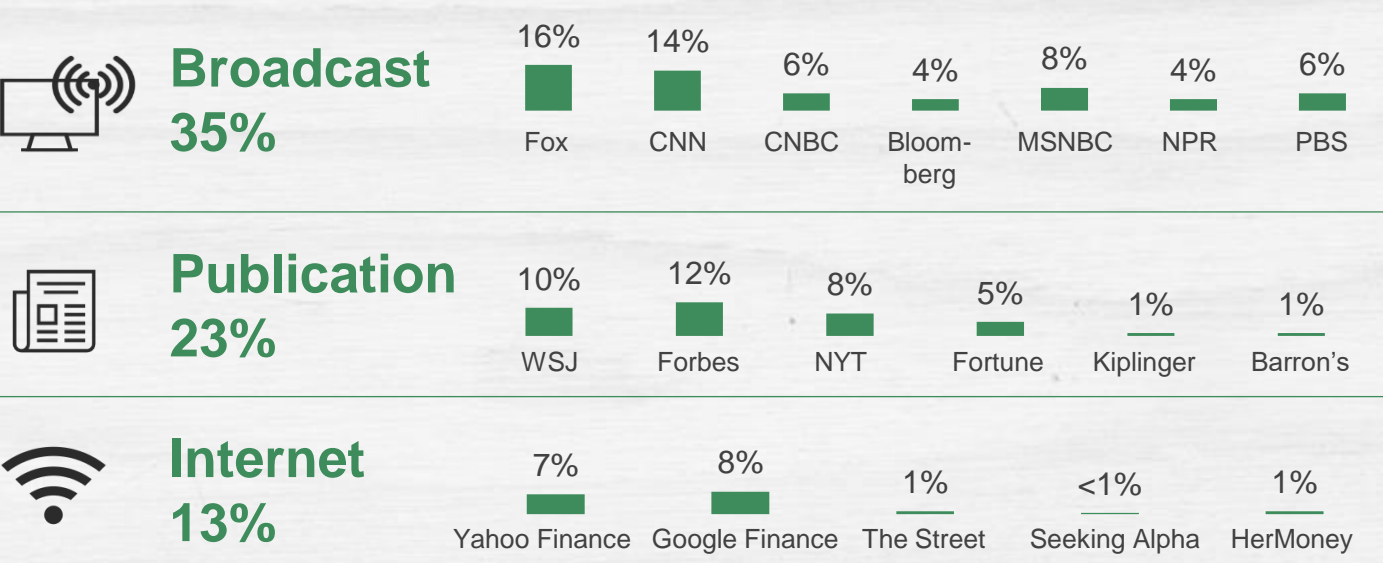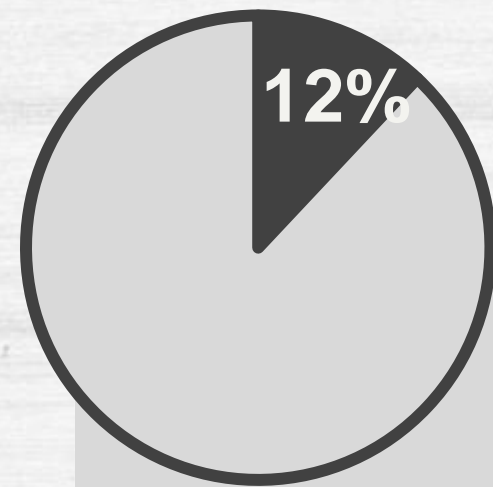
DREAM

- **Outlook:** Prepare for the worst but optimistic about ability to enjoy retirement
- **Value:** Having a well-rounded life and making time for fun in retirement
- **Expect:** To enjoy managing finances more in retirement
- **Concerns:** Healthcare costs, risk of financial surprise, market volatility

DECIDE

- **Basis for Decisions:** Expert opinions or own research
- **Trust:** Financial advisors
- **Advised:** 55%
- **Risk Profile:** Balanced or moderate risks
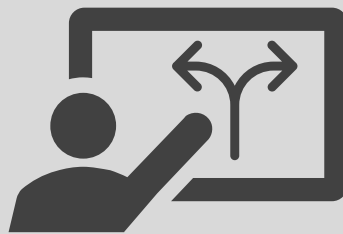
DO

- **Plan:** Have at least a general if not a specific financial plan
- **Knowledge:** Know quite a bit or feel are experts on retirement planning
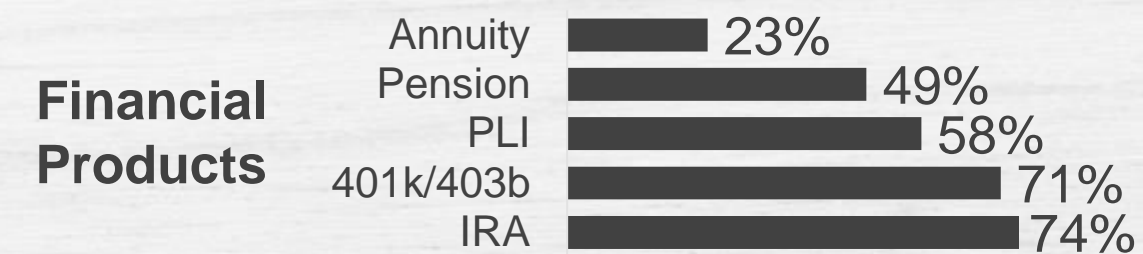- **Actions:** Spend at least a moderate amount of time on retirement planning

FINANCIAL

Median HH Income	$125K
Median HH Assets	$325K

Financial Products
- Annuity: 23%
- Pension: 49%
- PLI: 58%
- 401k/403b: 71%
- IRA: 74%

Anticipated Sources of Retirement Income
- Soc. Sec.: 27%
- 401k/IRA: 28%
- Savings: 16%
- Pension: 18%
- Annuity: 5%

Familiarity, Interest in Annuities: High familiarity and moderate interest; 48% Swing

SOURCES OF FINANCIAL INFORMATION

Broadcast 59%
- Fox: 20%
- CNN: 18%
- CNBC: 19%
- Bloomberg: 15%
- MSNBC: 12%
- NPR: 8%
- PBS: 5%

Publication 48%
- WSJ: 20%
- Forbes: 19%
- NYT: 16%
- Fortune: 10%
- Kiplinger: 8%
- Barron's: 4%

Internet 23%
- Yahoo Finance: 11%
- Google Finance: 9%
- The Street: 5%
- Seeking Alpha: 2%
- HerMoney: 1%
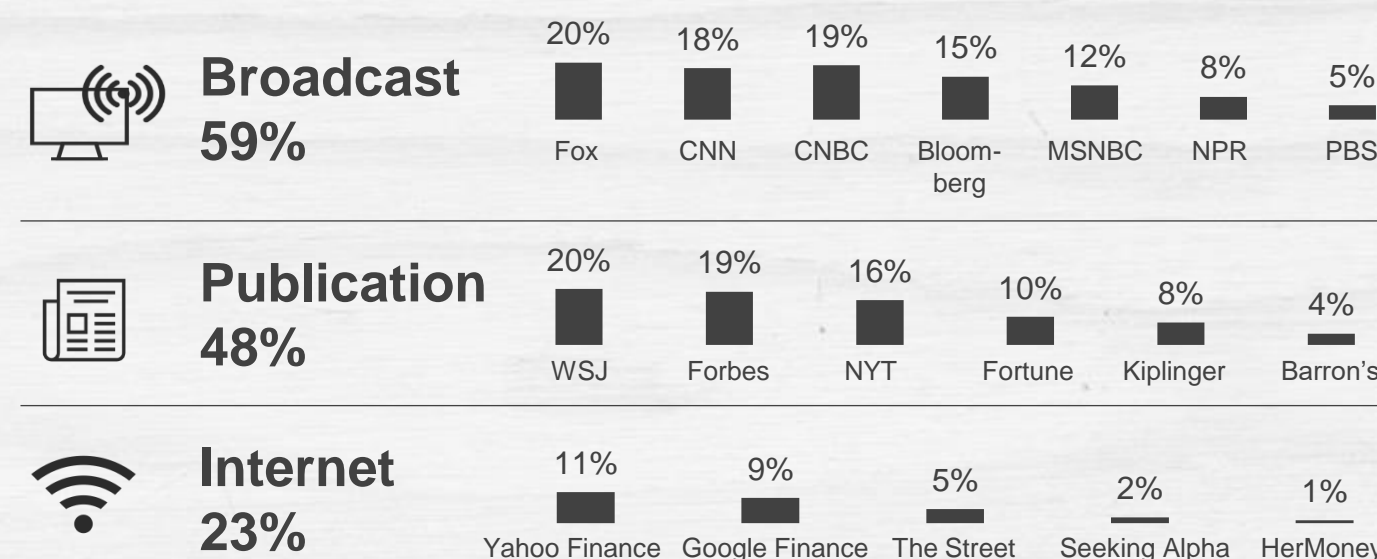
PERSONALITY TRAITS

Self-Assured and confident
- Optimistic
- Conscientious
- Ambiverts
- Moderately open

DEMOGRAPHICS

Age
- 25-34: 20%
- 35-44: 17%
- 45-54: 20%
- 55-64: 25%
- 65-75: 17%

Gender: 58% Male

Ethnicity/Race:
- 80% White Non-Hispanic
- 12% Hispanic
- 10% Black

Education: Higher: 52% Bachelor's degree or higher

Work Status:
- 62% Full-time
- 7% Part-time
- 24% Retired

Alliance for Lifetime Income

23

Ambitious Risk-Takers

28%

"I know I will enjoy my retirement when it comes but I'm in no hurry. I have put a lot into my 401k and researched and sought out a range of ways to invest. I am always looking for new options from financial experts so I can be confident I will be well-funded through my lifetime. I get ideas from a broad range of sources and bounce my ideas off others, so I don't miss new opportunities to grow my assets."

DREAM

- **Outlook:** Always plan for best; open to new and different opportunities, very outgoing; highly optimistic both in life and about retirement
- **Value:** Achievement, adventure and excitement, doing good
- **Expect:** To be strategic in retirement, also to be more engaged and care for others
- **Concerns:** Healthcare costs, risk of financial surprise, market volatility
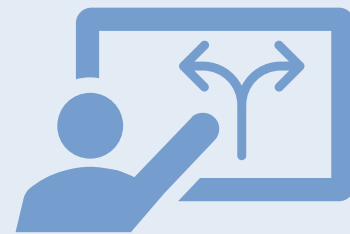
DECIDE

- **Basis for Decisions:** Own research
- **Trust:** Financial advisors
- **Advised:** 43%
- **Risk Profile:** Balanced to substantial

DO

- **Plan:** At least a general if not a specific financial plan
- **Knowledge:** Know quite a bit or feel are experts on retirement planning
- **Actions:** Spend time on retirement planning; have calculated what they will need for retirement

FINANCIAL

Median HH Income	$125K
Median HH Assets	$125K

Financial Products
- Annuity 20%
- Pension 43%
- PLI 52%
- 401k/403b 80%
- IRA 60%

Anticipated Sources of Retirement Income
- Soc. Sec. 27%
- 401k/IRA 27%
- Savings 17%
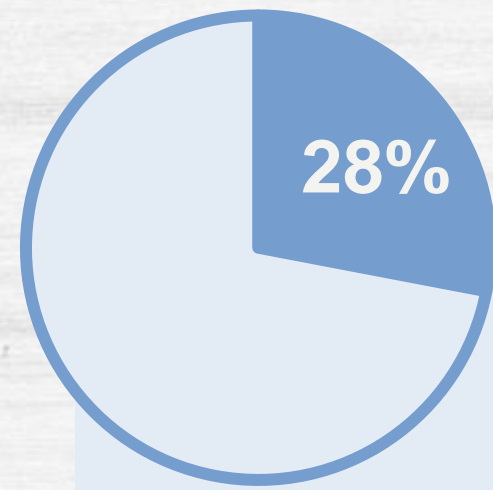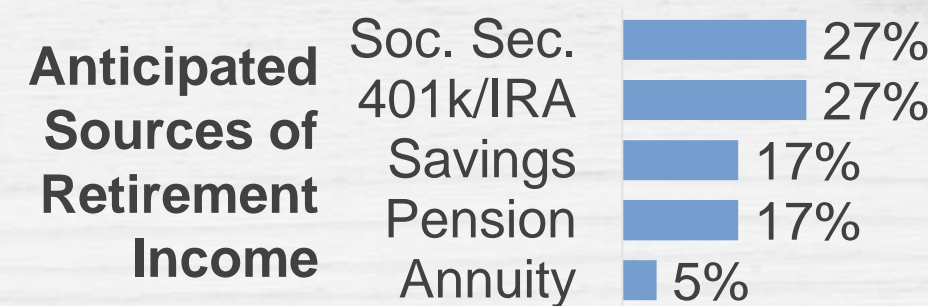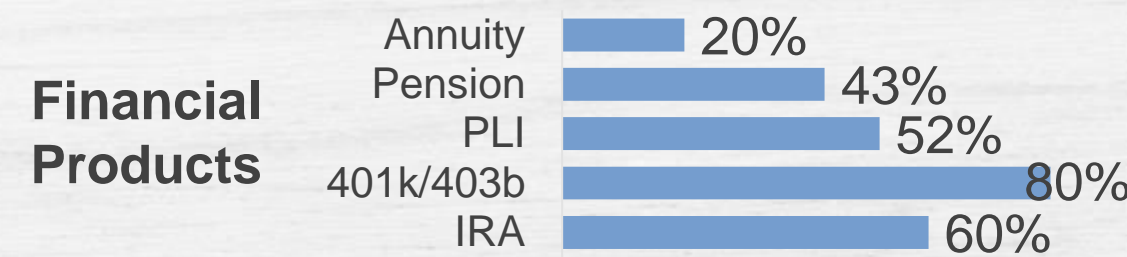- Pension 17%
- Annuity 5%

Familiarity, Interest in Annuities High familiarity and interest; 56% Swing

SOURCES OF FINANCIAL INFORMATION

Broadcast 62%
- Fox 20%
- CNN 22%
- CNBC 14%
- Bloomberg 18%
- MSNBC 13%
- NPR 7%
- PBS 5%

Publication 52%
- WSJ 26%
- Forbes 20%
- NYT 16%
- Fortune 10%
- Kiplinger 5%
- Barron's 5%

Internet 27%
- Yahoo Finance 16%
- Google Finance 13%
- The Street 4%
- Seeking Alpha 2%
- HerMoney 1%
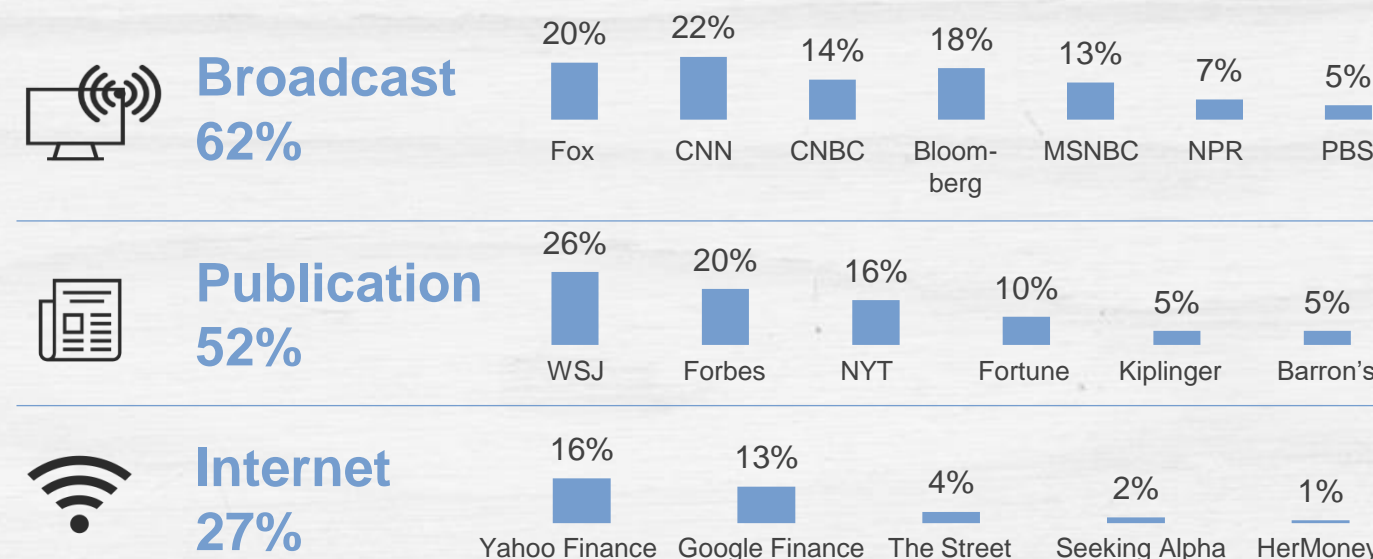
PERSONALITY TRAITS

Super charged confident and outgoing
- Highly social extroverts
- Highly confident
- Conscientious; imaginative
- Look for new and different opportunities

DEMOGRAPHICS

Age	
25-34	28%
35-44	21%
45-54	20%
55-64	18%
65-75	13%
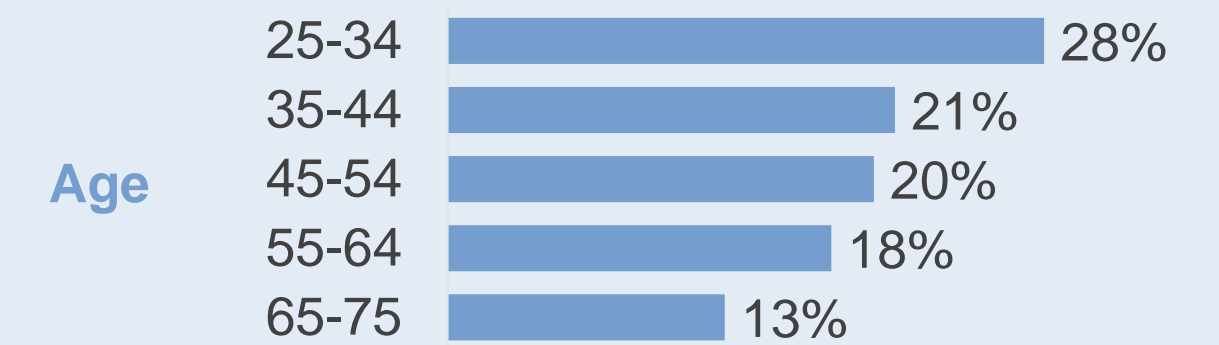
Gender	
54%	Male

Ethnicity/ Race	
72%	White Non- Hispanic
19%	Hispanic
14%	Black

Education	
	Higher: 52% Bachelor's degree or higher

Work Status	
72%	Full-time
7%	Part-time
15%	Retired

Alliance for Lifetime Income

Summary of the Segments

Buoyant in their outlook on life, these individuals want to achieve great things for both themselves and society and are confident in their ability to plan for a financially secure retirement.

Creative and open-minded, these individuals want to do good for society, and are hopeful that they will enjoy retirement, but are uncertain of how to financially prepare for it.

Ambitious Risk-Takers 28%

Optimistic Dreamers 13%

Cautious Preparers 17%

Purposeful Planners 12%

Uncertain Strugglers 29%

Individuals who enjoy leading well-rounded lives who spend considerable time and energy to ensure that they can afford the same lifestyles in retirement.

Individuals who adhere to tried-and-true practices in life, including when planning for a financially secure retirement, but are concerned about the risk of costly surprises.

Individuals who aspire to gain control over the direction of their lives and expect to take things as they come in retirement to the extent that they don't have a financial plan for it.

25

4. Primary PLI Measures by Segment

On several primary study measures there are notable differences by segment.

Three quarters of Purposeful Planners, and Ambitious Risk-Takers, and two-thirds of Cautious Preparers think their savings and sources of income will last for their lifetimes. Only half of Optimistic Dreamers and one quarter of Uncertain Strugglers think their savings and income will last.

Correspondingly, Uncertain Strugglers are the most anxious their savings may not provide enough to live on in retirement.

56% of Americans think their retirement income will last their lifetime: that number rises to 78% for Purposeful Planners and 75% for Ambitious Risk-Takers.

Think retirement savings and sources of income will <u>last for lifetime</u>
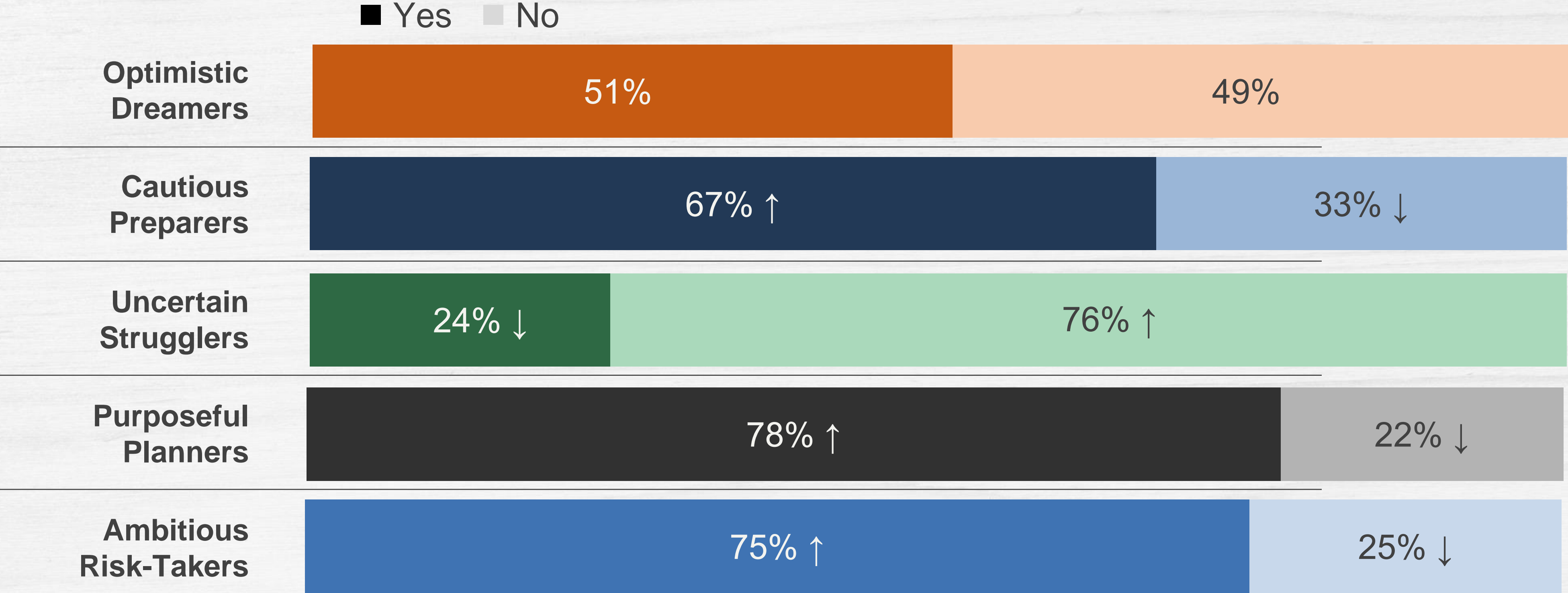
■ Yes   ■ No

Optimistic Dreamers	51%	49%
Cautious Preparers	67% ↑	33% ↓
Uncertain Strugglers	24% ↓	76% ↑
Purposeful Planners	78% ↑	22% ↓
Ambitious Risk-Takers	75% ↑	25% ↓

Arrows to the right of a number indicate it is statistically significantly different (higher ↑ or lower ↓) compared to all other segments.

Alliance for Lifetime Income

All segments display some form of anxiety that their savings may not provide enough to live on in retirement; Uncertain Strugglers are most anxious.

Anxiety savings will provide enough to live on for rest of life

■ Extremely anxious ■ Moderately anxious ■ Somewhat anxious ■ Not at all anxious

Optimistic Dreamers	14% ↓	34% ↑	32%	20%
Cautious Preparers	11% ↓	22%	40% ↑	27% ↑
Uncertain Strugglers	36% ↑	23%	27% ↓	14% ↓
Purposeful Planners	10% ↓	24%	36%	30% ↑
Ambitious Risk-Takers	12% ↓	22%	36%	30% ↑

Arrows to the right of a number indicate it is statistically significantly different (higher ↑ or lower ↓) compared to all other segments.

Alliance for Lifetime Income

28

Four out of ten Americans have protected income in the form of a pension or annuity; three of the segments have more than half with protected income.

Protected Lifetime Income (Pension or Annuity)
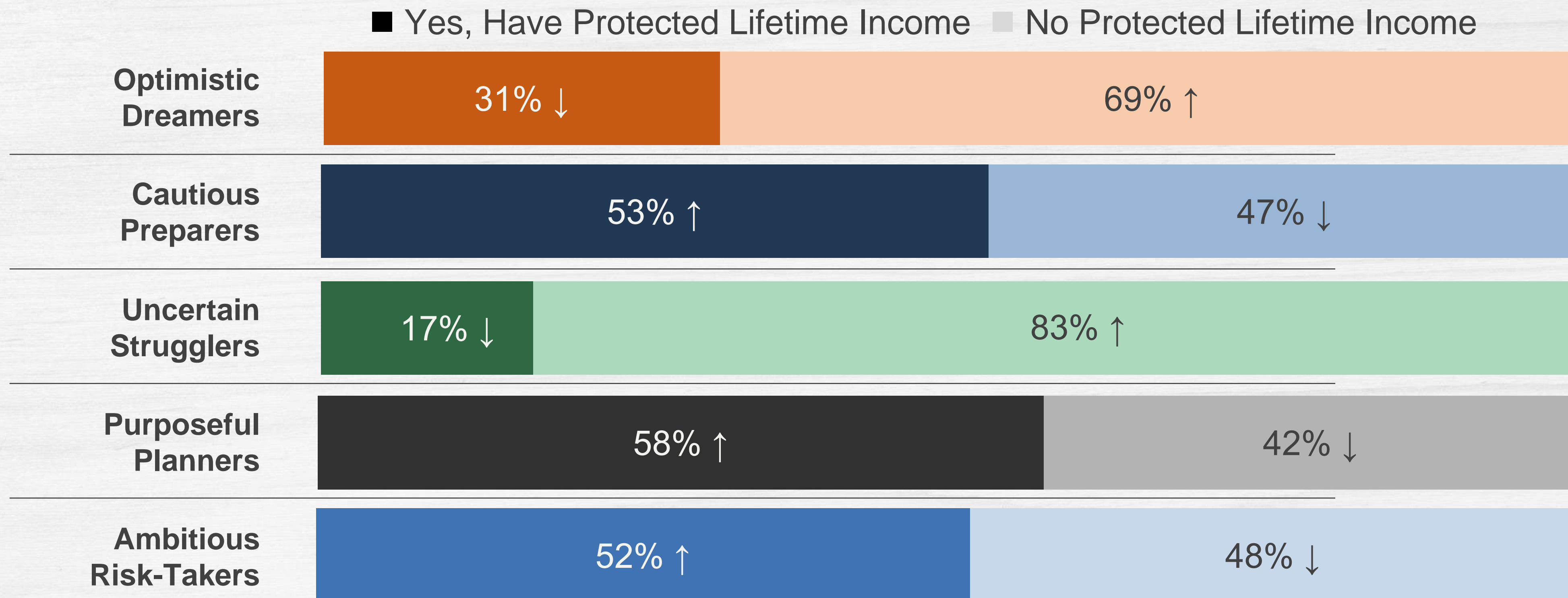
■ Yes, Have Protected Lifetime Income ■ No Protected Lifetime Income

Optimistic Dreamers
| 31% ↓ | 69% ↑ |

Cautious Preparers
| 53% ↑ | 47% ↓ |

Uncertain Strugglers
| 17% ↓ | 83% ↑ |

Purposeful Planners
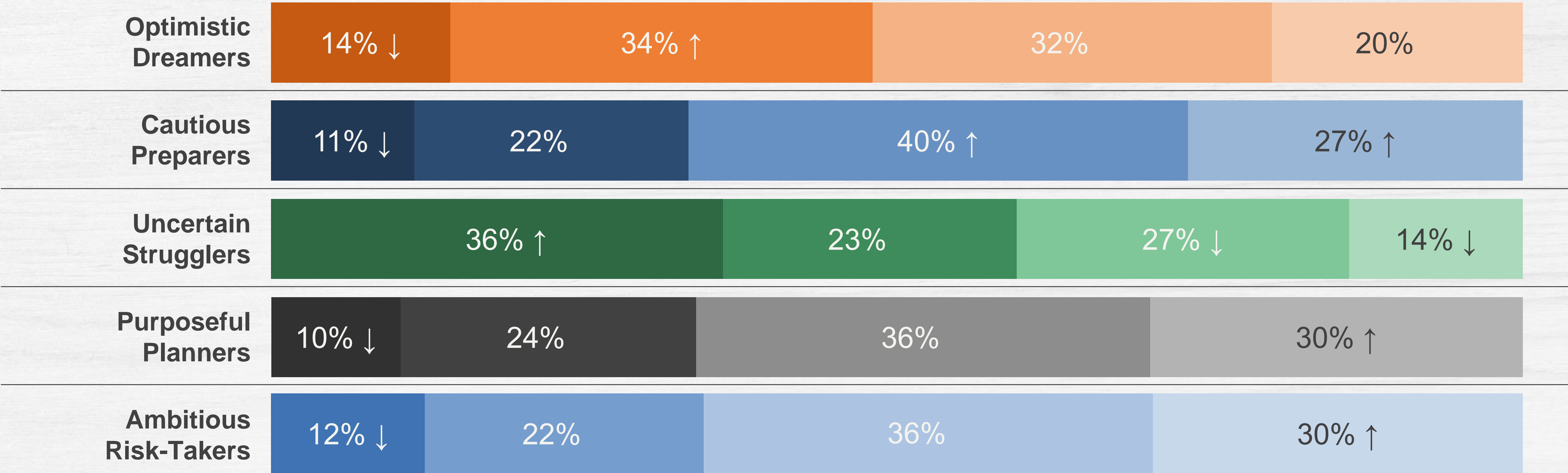| 58% ↑ | 42% ↓ |

Ambitious Risk-Takers
| 52% ↑ | 48% ↓ |

Arrows to the right of a number indicate it is statistically significantly different (higher ↑ or lower ↓) compared to all other segments.

Alliance for Lifetime Income

More than six out of ten Americans don't understand annuities. Purposeful Planners and Ambitious Risk-Takers are most likely to understand them.

Understand annuities and role they play in retirement plan
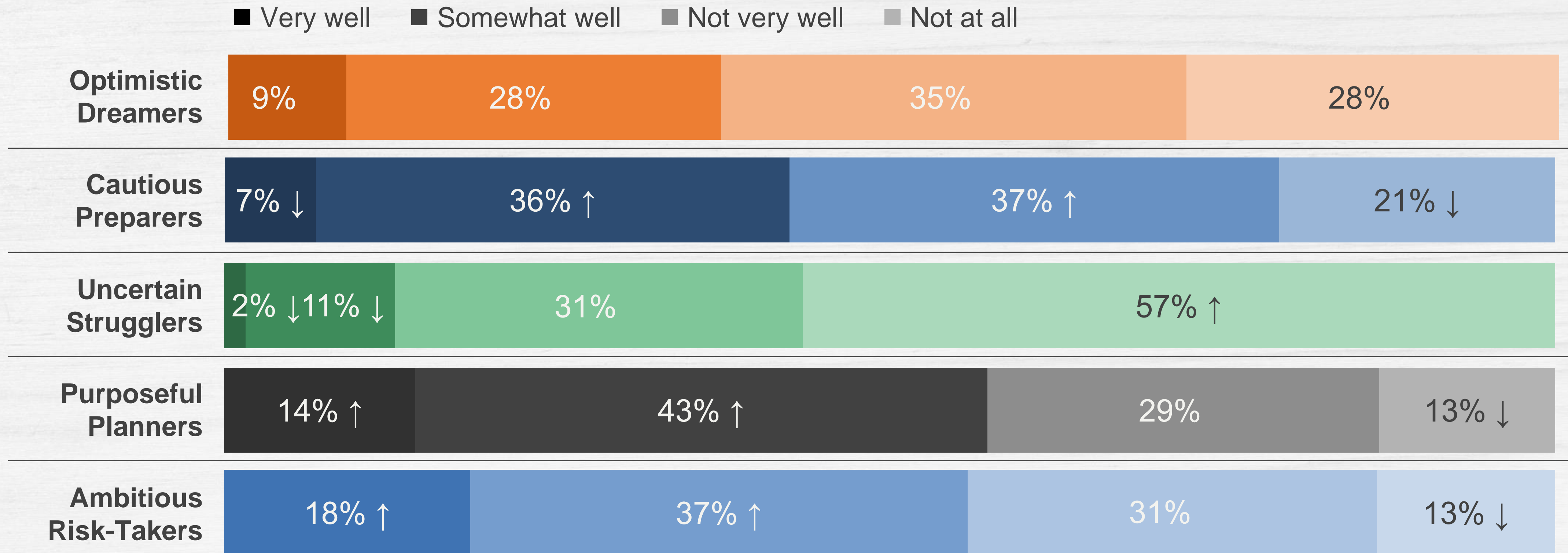
■ Very well   ■ Somewhat well   ■ Not very well   ■ Not at all

	Very well	Somewhat well	Not very well	Not at all
Optimistic Dreamers	9%	28%	35%	28%
Cautious Preparers	7% ↓	36% ↑	37% ↑	21% ↓
Uncertain Strugglers	2% ↓	11% ↓	31%	57% ↑
Purposeful Planners	14% ↑	43% ↑	29%	13% ↓
Ambitious Risk-Takers	18% ↑	37% ↑	31%	13% ↓

Arrows to the right of a number indicate it is statistically significantly different (higher ↑ or lower ↓) compared to all other segments.

Alliance for Lifetime Income

Among those who don't have annuities currently, nearly half are at least somewhat interested in investing in annuities as part of their retirement plan. Ambitious Risk-Takers demonstrate the most interest.

Level of interest in investing in annuities as part of retirement plan
(Among those without annuities)

■ Very interested   ■ Somewhat interested   ■ Not very interested   ■ Not at all interested

	Very interested	Somewhat interested	Not very interested	Not at all interested
Optimistic Dreamers	9%	43%	30%	18% ↓
Cautious Preparers	8%	41%	29%	23%
Uncertain Strugglers	3% ↓	32% ↓	29%	36% ↑
Purposeful Planners	12%	37%	31%	21%
Ambitious Risk-Takers	14% ↑	46% ↑	26%	15% ↓

Arrows to the right of a number indicate it is statistically significantly different (higher ↑ or lower ↓) compared to all other segments.

Alliance for Lifetime Income
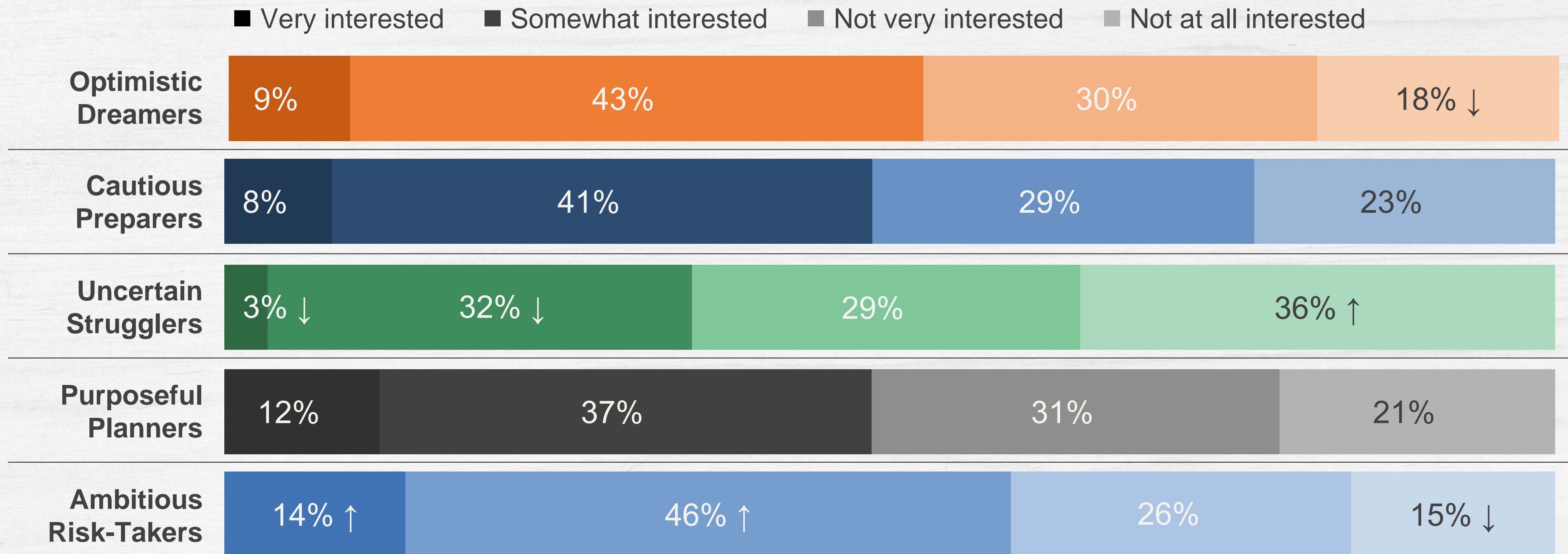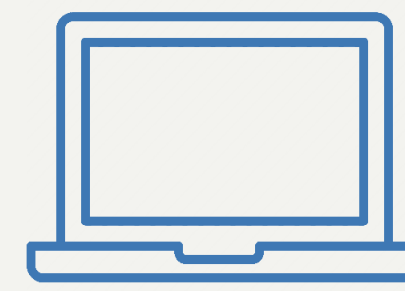
APPENDIX: METHODOLOGY DETAILS

Protected Lifetime Income Study Methodology

This general population study has a robust sample size allowing for the creation of segments that center on retirement preparation and measure many aspects of retirement.

Participants
N=3,036

Online Quantitative Study
National

Field Dates
August 6 - 21, 2020

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, gender, income, education, race, Hispanic ethnicity and region)
4. 20% are retired (fully or partially)

For context: Dow Jones Industrial Average

28,500
26,500
24,500
22,500
20,500
18,500

2020-01-02 2020-02-02 2020-03-02 2020-04-02 2020-05-02 2020-06-02 2020-07-02 2020-08-02

Survey and Segmentation Analysis conducted by
Artemis Strategy Group

Methodology: Segmentation Analysis

- The analytical process involved iterative testing of hundreds of models with different combinations of input variables, numbers of segments, and statistical adjustments.

- Each potential cluster segmentation solution was assessed and compared to determine the strongest candidates for further review based on both statistical characteristics and judgement:
  - Do they make sense? Are they meaningful and useful?
  - Are there significant differences between groups on other important variables?
  - What is the relative contribution of each variable toward explaining the variation across groups?

- The final model has eight key variables. Within each dimension there are also several important secondary variables. While these provide good differentiation for characterizing the segments, they aren't included in the algorithm for classification. They do not improve the clustering results and the goal is to identify a shorter and simpler set of variables that can form the basis for an eventual interactive quiz/typing tool.

Segmentation Analysis
Latent Class cluster technique used to classify respondents into groups that maximize the differences between the groups and minimize the differences within groups

**Alliance for
Lifetime
Income**