



A closer look  
at the solvency  
of Social  
Security

A3

Exploring the  
benefits of  
VAs with  
guarantees

A4

The key  
components  
of immediate  
annuities

A6

# Insight

## Boomers Near Retirement Are Hungry for Advice

**B**aby Boomers who consider themselves within shouting distance of retirement are actually very interested in hearing about financial options for their Golden Years—as long as that chat is face to face.

So says “Boomers Nearing Retirement,” a new report from the Insured Retirement Institute (IRI), conducted by Strategic Business Insight. The report culled MacroMonitor data to discover how this generation is planning for their transition from full-time work.

Through the study, IRI found that opportunities abound for financial advisors who work with clients within this age group, especially among those investors IRI calls Boomers near retirement (those who said they are planning to retire within five years). This demographic prefers to work in person with a financial professional.

Nearly half—or 45% of Boomers near retirement—do use the Internet to glean



information on how they invest funds and make financial decisions. This will likely not surprise many financial planners, who often use online tools as well. However, a full 75% of this group, who tend to be age 59+, want to handle the specifics of their financial planning in person, after they’ve finished their research.

“Thus, financial providers looking to help those Boomers near retirement transition into retirement should keep in mind this desire for personal interaction,” notes the report. (To access the report visit [www.myIRIonline.org](http://www.myIRIonline.org).)

### Retirement Challenges

Baby Boomers are heading into their retirement years swiftly, with 10% of Boomer households, or 3.9 million, reporting to researchers that they were enjoying their after-work years already.

However, the devastating drop in the market in the fall of 2008 may have changed outlooks for those who were planning to retire soon. In 2008, Boomers closest to retirement had about \$297,000 in investable assets, with total assets at about \$817,000, according to IRI. And many believed they would depend in part on Social Security.

*continued on page A2*

## Building Business and Better Serving Clients

**I**n today’s competitive business world, what advice can broker-dealers and annuity providers offer to help advisors build their book of business?

To begin to answer this important question, Jim Komoszewski, Vice President, Strategic Business Consulting for National Planning Holdings, offers some expert practice management advice to advisors: “Position yourself as the client’s primary financial advisor.” This seemingly simple mantra is worth repeating because it is a powerful insight. A \$1 million dollar client can have \$5 million in total assets. As the client relies more and more upon the primary advisor, the assets will follow.

### Steps to Success

Komoszewski outlines concrete steps for becoming the primary financial advisor, which really is an umbrella category serving

different client needs. For one, he encourages advisors to think “outside the portfolio.” There are many ways to do this. Defined contribution plans, for example, sometimes allow participants to withdraw assets early without penalty, which can be transferred to the advisor.

Also overlooked are client surveys, which can identify opportunities for the advisor and the underserved needs of clients. Says Komoszewski, “You have to look deeper and dig deeper.” Surveys can reveal, for instance, other assets such as variable annuities of which the advisor wasn’t aware. And offering to provide consolidated reporting for clients is another effective positioning technique.

Becoming the primary financial advisor, through these types of strategies, ultimately does more than increase business; it benefits clients. An advisor who understands the total portfolio is the one who can make the most informed asset allocation decisions.

*continued on page A7*

## ...Boomers *continued from cover*

While the market had already started its decline at the time of the study, assets have dropped considerably since then, including real estate holdings. And today this age group may find itself even more dependent on Social Security and searching, as researchers noted, for a more dependable income source.

That shift from investors—a craving for something steady to provide insurance against a rocky market—could give financial advisors help as they investigate the products that clients closest to retirement may want. And IRI discovered that annuities, offering guarantees of an income stream, had already appeared fairly high on the list in early 2008. This was even before the crash later that year, as declines had already generated a slight increase in anxiety for those thinking of retiring within the next five years.

### Retirement Opportunities

The opportunity to introduce this group to annuities appears strong, note researchers, with just 6% of Boomers nearing retirement saying they owned a variable annuity and another 7% owning a

fixed annuity. Most striking to the report's authors however, was discovering that "an overwhelming 71% of Boomers near retirement report that they do not know how their annuities continue," when asked if they understood if annuity payments would continue when a spouse passed away. "Combined with their concerns about inflation, this lack of awareness suggests a significant opportunity for financial institutions and intermediaries to provide advice on helping Boomers near retirement manage their annuities."

In fact, researchers discovered that 40% of these Boomers were already open to advice on how to prepare more fully for their coming retirement years. And 42% said they would actively seek out and obtain retirement planning assistance to help manage assets during those years, intending to contact a professional within the next 12 months. Comparatively, just 30% of what researchers called other nonretired Boomers, who were younger and farther away from retirement, were planning to search for financial advice.

What's interesting is that only about 11% of those closer to retirement actually have a

written financial plan in place prepared by a financial professional. This presents quite an opportunity for advisors to educate this portion of the Boomer population on how to secure solid financial footing for their retirement years.

Still, as many financial advisors have experienced, getting investors through the door is a big hurdle. Having clients actually listen to why they need help and planning assistance is an even bigger leap. Plus, as researchers noted in the report, a noticeable increase in distrust of financial institutions and financial professionals has blossomed since the crash.

Luckily, IRI discovered that those Boomers closest to retiring were fairly excited to learn about the financial pathways in front of them, with three out of five telling researchers that "they enjoy learning about different investment opportunities." With that attitude, Boomers may be able to overcome the doubt seeded during the crash and listen to suggestions from a patient and thorough professional. ●

To view the executive summary and purchase the report, go to [www.myIRIonline.org](http://www.myIRIonline.org).



## 3 Questions with Jackson National Life's Clifford Jack

### What was the biggest lesson you learned over the past 18 months during the crisis?

Looking at the industry as a whole, it is clear that sound judgment was undervalued. I don't mean to say that there aren't smart people running companies across our industry. Rather, the bull market created an environment for hyper-competition among annuity providers, and many decisions were made without sustainability in mind. As we entered and progressed through the crisis, the impact of those decisions became more pronounced, particularly when you compare the firms that performed well during the past 18 months to those that did not.

At the end of the day, it's important to give your best and brightest talent the latitude to make business decisions that can benefit your company. But ultimately, those decisions need to be made within the context of a long-term perspective, and in some cases they need to be offset by strict corporate governance checks and balances.

### How are you applying what you learned during the crisis in your business today?

We try to take a step back from Jackson and analyze the behavior of companies that have succeeded, as well as those that failed to navigate the crisis in a positive way.

We work very hard to keep an eye on the space as a whole, and also those companies outside our sector that we admire for their business acumen and management style. We try to apply the lessons we learn from those companies within a Jackson context. How do they manage risk? How do they create cost efficiencies? How do they compete without sacrificing sustainability?

At the same time, we look at the companies who may have made questionable decisions, and take steps to avoid those mistakes within our model.

*continued on page A7*

# How Secure is Social Security?

**S**ocial Security's long-term solvency is heading for financial crutches by 2037, when its trust fund is emptied and income from taxes will only meet 78% of the amount retirees will be pulling from benefits. However, cures being proposed by Social Security's trustees and other federal sources may potentially cause financial harm to Baby Boomers with retirement close on the horizon.

The annual "Social Security Trustees Report," released in August after two delays, was hardly reassuring to Americans. In the report, trustees blame the recession for sending the benefit program into the red this year (sooner than expected), with the trust fund likely to tip back into solvency for just a few years until 2015, fully depleting 27 years from now.

## Funding Solutions

The report does suggest options to stabilize Social Security, such as raising the tax on income from the current rate of 12.4%—which is split between employers and employees—to 14.24%, plus "an immediate and permanent reduction" of current benefits by 12%. In addition, the authors noted that even "larger changes would be required to maintain solvency beyond 75 years."

The Congressional Budget Office (CBO) issued its own report in July, "Social Security Policy Options," offering additional options to fix the national program, including raising the income cap, so more of a worker's salary could be taxed for Social Security. If this suggestion from the CBO is combined with suggestions from the Social Security trustees, affluent investors could experience a triple play: more income exposed to potentially higher Social Security taxes, and fewer benefits in the end. "You could have people on the high end paying more in Social Security and potentially getting less out of it than before," says David Certner, Legislative Policy Director for AARP.

And, adds Certner, increasing the income cap taxed by Social Security, currently at \$106,800, is likely as most taxpayers back that choice, according to a recent AARP survey. "Raising the income cap is the most preferred option," he says. "Very few options have agreement from the American public, but that one has the most support."

While the certainty, and timing, of any of these options is unknown, the annual report by the trustees states: "The projected trust fund shortfalls should be addressed in a timely way so that necessary changes can be phased in gradually and workers can be given time to plan for them. Implementing changes sooner will allow the needed revenue increases or benefit reductions to be spread over more generations."

In terms of the stability of the overall program, most experts believe the government is unlikely to allow Social Security to disappear, as it affects "54 million beneficiaries and 155 million covered workers and their families," according to the trustee's report. "There's no question it [Social Security] will continue, particularly for those in the lower- and middle-income groups," says Certner. "Obviously for people with the highest-income stream, they have other sources. But even for those at the top of the bottom 75%, Social Security remains their largest income source."

## Understanding the Program

To better understand the question of payouts, it's helpful to consider how Social Security is funded. The Social Security trust fund takes the excess money it collects—after paying out benefits—and uses it to buy Treasury bonds, which accrue interest and help the fund grow. But starting this year, the fund is taking in less from payroll taxes than it's paying out; fewer people are working and more people are choosing to take an early retirement.

As such, Social Security has to use some of its interest to pay benefits, which means the government has to pony up cash to Social Security to pay the interest due on the Treasury bonds. Because of this, notes Certner, many people have questioned Social Security's solvency, given that the government is in a deficit. "Now the Federal government has to begin to pay Social Security back," says Certner. "It will be tough given that we have a \$1 trillion deficit, but that's a Federal government budgetary problem, not a Social Security problem. It will be paid back."

For investors approaching retirement soon, their concerns are probably less on the Federal deficit, and more on their upcoming, personal needs. Making a solid plan when a planned retirement income stream and current take-home income may—or may not—change makes it difficult to know how to structure a retirement income strategy. Financial advisors can use these concerns as wake-up calls to clients on how to create other income sources for retirement.

## Creating Retirement Income

With guaranteed pensions now a thing of the past for most retirees, annuities are one hedge that is slowly picking up steam, notes IBISWorld, which released a report on the topic in April. The research group cited that 51% of payments being made to life insurance companies are now going to annuities rather than traditional life insurance policies. "The long-term trend is quite favorable to annuity growth," says George Van Horn, a Senior Analyst with research house IBISWorld. "A lot of that is because life expectancy and dual-income needs have been going up."

With 78 million Baby Boomers poised to enter retirement soon, annuities are becoming more attractive to investors—particularly on the heels of the 2008 market crash and the likelihood that Social Security payments will be affected in some way. Many investors, especially those with time before retirement, would benefit from taking a hard look now at how they can securitize their retirement years, to avoid surprises later.

"Despite the projection that Social Security can continue to pay full benefits for nearly 30 years, the sooner action is taken the more options for reform will be available and the fairer reforms will be to our children and grandchildren," says U.S. Treasury Secretary Timothy Geithner. "Now that we have taken meaningful steps to put Medicare on a sustainable path and moved quickly and aggressively to rescue our economy, we must work to address the other intermediate- and long-term fiscal imbalances that the federal government faces as well." ●

# Creating Guaranteed Income for Life

America, and America's financial services industry, is undergoing a shift from accumulation to decumulation planning as the Baby Boomers face retirement. This change requires new strategies—and products—to serve the Boomers' retirement income needs. More pointedly, what may have been appropriate savings vehicles for asset accumulation are no longer necessarily a fit during decumulation when retirement income is the focus. The optimal retirement income solution, according to a growing body of research, relies upon using annuities—both immediate and deferred variable annuities with guaranteed minimum withdrawal benefits (GMWBs)—to create guaranteed income for life.

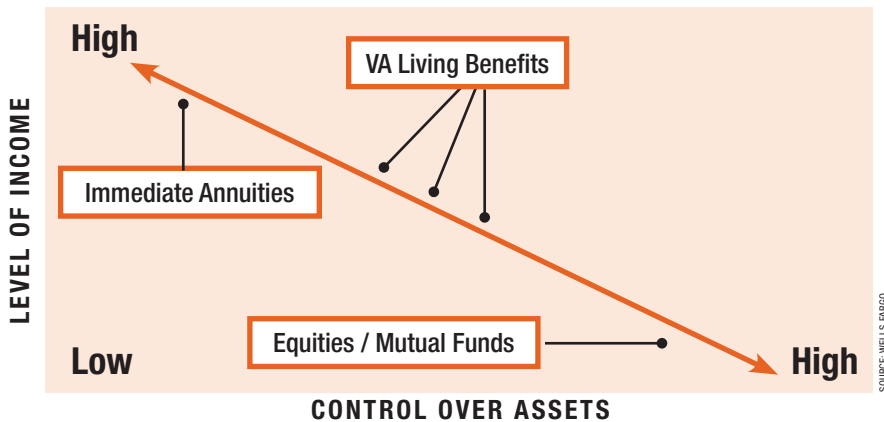
viding a hedge against market downturns. The actual optimal asset class mix was dependent on participants' risk tolerance, age and life expectancy. In general, the lower the participant's risk tolerance and the higher his or her estimated life expectancy, the higher the optimal allocation to the VA plus GMWBs.

Tom Duncan, Director of Advanced Sales at Nationwide, interprets the Ibbotson study this way: "Retirement income portfolios are more efficient and more likely to grow with the addition of a VA with GMWBs." The reasons for this reflect the underlying math and historical returns of various asset classes. As Duncan points out, equities have historically had higher returns than other

rider. Says Duncan, "With the VA and GMWB rider, the retirement income portfolio has the potential to increase, but with the insurance protections provided by the rider."

The mechanics of the VA with GMWBs play a role here. Though the details can vary, virtually all contracts provide a "step up" also referred to as a "high-water mark" feature that captures gains in the market. The issuer takes a snapshot of the account value of the contract on a certain date (which varies from contract to contract), and if it's higher than the current income base, it is used to calculate a new income benefit. "The step up is really a one way street, allowing gains but not losses to effect a client's retirement income portfolio—though at a cost of course," says Duncan.

## Explaining the Benefits—The Cost of Control



### Meeting Immediate Needs

VAs with GMWBs provide the opportunity for growth, but some retirees have an immediate objective: They need guaranteed income now. Using fixed immediate annuities, advisors can simultaneously guarantee retirement income while improving the efficiency of the overall portfolio. The reason fixed immediate annuities offer unparalleled income is because of the "mortality credits" that come from insurance pooling, in addition to their bond-like interest. This combination means fixed annuities are a way for a retiree with a lump sum to earn the highest guaranteed income.

Bernie Gacona, Senior Vice President/Director for Annuities, Wells Fargo, explains, "When it comes to a guaranteed payout, there is no more efficient way than using an immediate annuity." However, as he points out, many near retirees are still trying to build back their portfolios, but are fearful of losing more in today's volatile markets. For retirees in this rebuilding phase, Gacona says a VA makes sense. But for those with a lump sum who need income, "the immediate option will provide you with the best return," he says.

In a recent study, Ibbotson Associates developed a framework "for the construction of optimal retirement portfolios." The paper, "Allocation to Deferred Variable Annuities with GMWB for Life," by James X. Xiong, Thomas Idzorek and Peng Chen (*Journal of Financial Planning*, February 2010), spelled out a retirement income solution that "properly mitigate[s] the primary risks faced by retirees: longevity risk and investment performance risk."

Using extensive Monte Carlo simulations, researchers showed that adding a VA with GMWBs to a portfolio of traditional assets could accomplish both required tasks: creating income for life while pro-

viding a hedge against market downturns. asset classes, so a potentially good way to grow a retirement income portfolio is through equity participation. But equities bring market risk, which can be devastating for retirees in the retirement income phase.

Using a VA with GMWBs allows the best of both worlds. Within the VA clients can safely increase their allocation to equities (by decreasing their allocation to fixed income). This increases the potential for retirement income portfolio growth, while decreasing the market risk to the retirement income portfolio because of the guarantee provided by the GMWB rider—as compared to direct investment in equities without the protections of the

## Making Allocation Decisions

Given these choices, how can advisors decide how much to allocate among immediate fixed annuities, VAs with GMWBs and traditional asset classes for their clients in or facing retiring? There is, of course, the time horizon of clients to consider. During early accumulation, traditional mutual fund-type investments offer market access at low costs. But when retirement income becomes a priority, VAs with GMWBs combine both accumulation and decumulation functions, while immediate annuities are useful once retirement is imminent and high income is needed.

Candace Roane, of Wells Fargo Annuity Product Group, offers an interesting typology which helps illuminate this investment allocation decision. She charts investment and insurance products along an income-versus-control axis (see graph). In the upper left-hand corner, immediate annuities offer the highest income but the least control. In the lower left-hand corner, traditional mutual funds offer the most control but the lowest guaranteed level of income.

Roane says, “With immediate annuities you pay a lump sum up front which is turned into a steady stream of income for a specific period of time, or for your life. By doing this, you may limit or lose control over the asset.” In most cases, buying an immediate annuity is an irrevocable investment decision. The payout rate is fixed and your overall returns are based on interest rates and how long you live.

## The optimal retirement income solution, according to a growing body of research, relies upon using annuities—both immediate and deferred variable annuities with GMWBs—to create guaranteed income for life.

“VAs with GMWBs offer added control to the client,” she says. This product is at the midpoint of the control-return frontier. Unlike immediate fixed annuities, clients have a choice of how the underlying as-

sets in the VA are invested while they take income. They can make allocations appropriate for their risk tolerance. And the step-up features mean clients have the opportunity to “essentially get a raise” in good markets, in Roane’s words.

**“With the VA and GMWB rider, the retirement income portfolio has the potential to increase, but with the insurance protections provided by the rider.”** Tom Duncan, Nationwide

Says Roane, “The income-control axis is something all advisors and clients need to consider.” Understanding and thinking through the tradeoff is a useful way to plan for retirement income.

### By the Numbers

The Ibbotson findings that adding annuities to a retirement portfolio improve its efficiency have been replicated in study after study. For instance the Employee Benefits Research Institute’s (EBRI’s) issue brief, “Measuring Retirement Income Adequacy” (Brief 297, September 2006), also pointed to the advantages of adding immediate annuities to a portfolio. The issue brief’s author, Jack VanDerhei, found that “Annuitization may help those desiring higher probabilities of adequate retirement income to achieve

it with lower replacement rates.” The study clearly demonstrates the value of an immediate annuity for those at retirement age.

Annuities, both immediate fixed and VAs with GMWBs, improve the efficiency of the

retirement income portfolio and can provide guaranteed income for life. Annuitization is an excellent hedge against longevity risk, while VAs with GMWBs mitigate, or in some cases even eliminate, market turmoil. So the real question is, given these advan-

tages, why aren’t annuities even more common in the portfolios of individuals facing retirement?

For Gacona, one reason is that clients question the guarantee. The health of Social Security itself is in doubt, so why shouldn’t potential clients worry about the safety of their annuities? Gacona’s answer is to point to the recent crisis, where many investments failed or collapsed, but not annuities.

### Changing Perceptions

Acknowledging the benefits of annuities in retirement portfolio construction and creating guaranteed income for life may require a change in mindset by many planners, who continue to rely upon large caps with dividends or fixed income for income in retirement. But clients have realized only negligible returns from those strategies. And even worse, mutual fund-based systematic withdrawal strategies have been afflicted by the flat performance in equities, and from an advisor perspective, can only lead to diminished AUM. This is why industry experts have noticed a new receptiveness to annuities among planners and clients.

Frank Zafran who heads Morgan Stanley Smith Barney’s Annuity Business says, “We’ve had tremendous success in our educational outreach efforts.” In other words, clients and advisors are now ready for annuities. What’s needed is more education about how annuities fit into a retirement portfolio. As Zafran says, “I think it really comes back to education and effective positioning. Education is critical.” ●

# Immediate Annuities: Beyond Interest Rates

There are three components to the payout rate of a fixed immediate annuity: the interest rate, the return of premium and mortality credits. “These last two factors distinguish fixed immediate annuities from CDs or bonds,” says Paul Horrocks, Vice President, Individual Annuity Department of New York Life. And in a low interest rate environment, these added components to return make fixed immediate annuities particularly attractive. Moreover, there are additional compelling reasons not to wait to purchase a fixed product.

“Fixed immediate annuities are different from withdrawals from a bond fund because you are adding ‘mortality credits,’ which are essentially funds generated from other people’s money,” explains Lowell Aronoff, CEO of CANNEX Financial Exchanges Limited. As he points out, when you purchase a fixed immediate annuity, your money is put into an insurance pool with other annuitants. The impact of pooling your funds is a higher payout rate while you are alive in comparison to a bond fund.

In addition, in a managed payout bond fund, there is a point in time when the premiums are fully returned and the payments end. In contrast, the annuity can continue to payout for a longer period, dependent of course on the terms of the contract and the longevity of the contract holder.

Given today’s low interest rates, fixed immediate annuity payout rates look particularly good relative to other options, such as CDs or laddered bonds. Nonetheless, purchasers may be tempted to wait, perhaps hoping that interest rates will increase. Horrocks, however, doesn’t think this is the best strategy. “In the same way we discourage investors from trying to time the equity markets, we should also discourage them from trying to time the fixed-income market.” Horrocks argues that, although interest rates are low by historical standards, they could stay the same or even go lower.

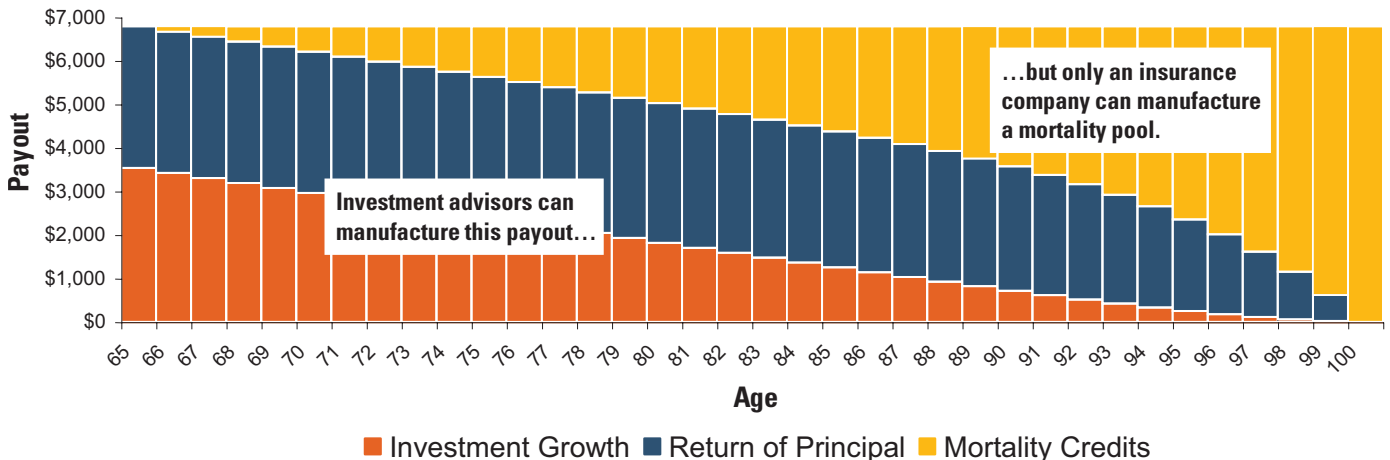
Says Aronoff, “Retirees should be more concerned about the size of their income checks or payout rates, than interest rates. The two key determinants of fixed immediate annuity payout rates are interest rates and mortality credits. In a low interest rate environment mortality credits have a larger relative impact on the size of a retiree’s income check.”

And of course, from a big picture perspective, the impact of fixed immediate annuities on diversification of the overall portfolio is a critical consideration. According to Aronoff, “With fixed immediate annuities you receive guaranteed lifetime income—product diversification that is not typically included with narrow investment diversification. You gain exposure to mortality credits, improving the payout and efficiency of the portfolio.” ●

## LIAs Generate a Form of Alpha that Advisors Cannot

Lifetime income annuities deliver higher payouts because, in addition to distributing gains and principal, they subsidize those who die late with the capital of those who die early.

**Components of Lifetime Income Payout**  
Male age 65, \$100,000 investment



Source: New York Life, 2009.  
Source: Professor David Blake.  
Issued by New York Life Insurance and Annuity Corporation (a Delaware Corporation), a wholly owned subsidiary of New York Life Insurance Company, 51 Madison Avenue, New York, NY 10010. Guarantees are based on the claims-paying ability of the issuer.

...Building Business *continued from cover*

### Products that Protect

Another area where advisors can expand their reach is by educating clients about insured income products. Fortunately, annuity producers have an array of effective messages and methods at their disposal to help advisors educate their clients about the benefits of annuities, including retirement income, protection against market volatility and, most critically, protection against outliving retirement assets. And producers are helping advisors better understand how their clients aren't the only ones who benefit; the financials make sense for their business as well.

Tom Johnson, Head of Business Development for Retirement Income Security at New York Life, says, "My fundamental mission is to make income annuities a normal asset class." Making these products a normal asset class involves educating advisors not just about the ins and outs of annuities and their unique strengths from a client perspective, but what they offer from a business perspective. In starkest terms, what's in it for the advisor?

under management. As study after study has shown, deploying annuities improves the efficiency of the portfolio, while guaranteeing that clients don't outlive assets. From the advisor perspective, this means more assets to manage over the long term. Some planners may find the idea counterintuitive but they and the client ultimately end up with a bigger pot of money by giving up a sizeable allocation to an annuity, because the remaining AUM is left to grow.

### Replacing Defined Benefits

For clients, presenting variable annuities as an income product that can be used with Social Security and retirement savings requires even less of a mental jump. Clients are already thinking along the lines of how much income they need in retirement. Education by plan sponsors about the impact of the rise in defined contribution plans and the decline of defined benefit plans means clients already understand they have to somehow find a way to create their own pension plan. The ease with which fixed annuities or

**“When a fee-only advisor commits an allocation to an annuity, as opposed to a commission, they can receive a wrap for advisor services.”**

Tom Johnson, New York Life

One pillar of the advisor business case for annuities can be described in very simple terms: They can be treated as a wrap-able asset and advisors can receive a wrap fee for their advisory services. For fee-only advisors who aren't taking a commission, this is fiduciary friendly. After all, the revenue stream from an annuity is part of the planning process and can be part of the client's statement. Johnson puts it this way, "When a fee-only advisor commits an allocation to an annuity, as opposed to a commission, they can receive a wrap for advisor services."

The second pillar supporting the argument of how advisors benefit from utilizing annuities has to do with preserving assets

variable annuities with guaranteed minimum withdrawal benefits fill this role makes them a natural fit for retirement planning.

When it comes to the benefits of adding annuities to a portfolio, advisors, clients and annuity producers find themselves in an extremely rare situation in finance: Their interests are aligned. Annuities can preserve portfolios and guarantee income in retirement, fulfilling the planning needs of advisors and clients. Moreover, viewing annuities as a normal asset class with unusual benefits only adds to their appeal. Says Johnson, "Advisors now understand there is a role for annuities with guaranteed income. You take people through the arguments and they see it is a win, win, win." ●

...3 Questions *continued from page A2*

### How can advisors apply what you learned to make their futures successful?

I would recommend a simple axiom: Build your business by doing what is right for the client. It sounds easy, but it can be a hard road to travel. It takes more education, more communication and more time and energy than the quick fix or the quick sale. Sometimes it involves making difficult decisions on behalf of your client, and that can take advisors outside of their comfort zone.

The path of least resistance may have worked prior to the economic crisis, but the past 18 months have shown that approaching your business, your clients or your partners in such a way becomes a major issue over the long term. The hard road takes more work, and it may not deliver immediate results. But the long-term benefit is stronger relationships that are built on trust, which sets the foundation for sustainable success. ●

*Clifford Jack is Executive Vice President and Chief Distribution Officer for Jackson National Life Insurance Company.*



## Unretired Boomers Rank “Living within a Fixed Income” as Top Retirement Focus



The **Insured Retirement Institute (IRI)** exclusive research report has found that *unretired Boomer households that are more than five years out from retiring consider “living within a fixed income” to be their top retirement focus.* And they *want to receive their advisors’ advice face-to-face and not electronically,* the report shows.

Other **highlights of the report**, commissioned by IRI and written by Strategic Business Insights (SBI), include:

- Among this group, the overall attitude toward retirement preparedness is pessimistic, with six out of 10 expressing **concern about outliving their savings and investments** and seven out of 10 **“afraid” that their household is not saving enough** to cover future needs.
- Nearly half of all unretired Boomers surveyed stated that they would put **most of their assets in an investment that provides guaranteed income for life, even if it pays a low return.**
- Almost eight in 10 Boomers within five years of retirement state that they will **try to live on income alone** (Social Security, pensions, interest, etc.).
- For Boomers more than five years out from retiring, more than half — 55% — **do not know how much they need to save for retirement.**
- Approximately six out of 10 Boomers within five years of retirement **prefer to consult a specialist when making financial decisions.**
- Unretired Boomers **cite retirement planning as the top financial advice that they would like to receive in the next 12 months,** expressing a clear preference to gaining that information in a face-to-face exchange, rather than via online and electronic methods.



**To purchase the report:** Simply go to [www.myIRIonline.org](http://www.myIRIonline.org) and click on Research/Thought Leadership. IRI members can download the executive summary for FREE and can purchase the entire report at a 50% discount.

**Questions?**

Call 202.469.3000