

2009 Gallup Survey of Owners of Non-Qualified Annuities

The Committee of Annuity Insurers has partnered with The Gallup Organization and Mathew Greenwald & Associates to conduct 10 comprehensive surveys of non-qualified annuity owners between 1992 and 2009. The surveys create a unique profile of non-qualified annuity owners and their attitudes toward saving for retirement. The 2009 survey, conducted among 1003 annuity owners across the country, found that non-qualified annuities contribute greatly to the retirement security of middle-class Americans.

Annuity Owners Are Overwhelmingly Middle Class

- Eight out of 10 non-qualified annuity owners (80%) have annual household incomes below \$100,000, and only 4% have annual incomes greater than \$200,000.
- In fact, almost half (42%) have annual household incomes below \$50,000.

Majority of Annuity Owners Are Women

- Non-qualified annuity owners are more likely to be female (58%) than male (42%). With the exception of the 2001 survey, females have outnumbered males in every survey since 1997.
- The average owner is retired, 70 years old, a woman, and has a moderate income.

Annuity Owners Are an Older and Loyal Group

- Almost all non-qualified annuity owners (93%) report that they still own their first annuity.
- Seven in 10 (69%) are retired, which is up from 58% in 2005.
- The average age of annuity owners increased in 2009 to 70, compared to 66 in 2005.

Annuity Owners View Themselves as Financially Prepared for Retirement

- While many Americans believe that they are not financially prepared for retirement, 91% of non-qualified annuity owners say that the statement “you have done a very good job of saving for retirement” describes them well.
- In that regard, almost 3 in 4 (73%) say that they have set aside more money for retirement than they would have if the tax advantages of annuities were not available. Almost 9 in 10 (88%) say that keeping those advantages is a good way of encouraging long-term savings, and more than 9 in 10 (91%) say that the prospect of paying tax on money withdrawn from their annuities makes them try not to do so before they retire. The latter suggests that the current tax rules successfully encourage them to retain their savings until needed in retirement.

A Safe and Secure Way to Save for Retirement

- Despite the recent market turmoil, which led to a decline in consumer confidence about preparedness for retirement, almost 8 in 10 annuity owners (79%) say that annuities are secure and safe, are an important source of retirement security, and make them feel more secure in times of financial uncertainty.
- The vast majority of annuity owners say that annuities are an effective way to save for retirement (86%) and that their annuity was a safe purchase (89%).
- More than 3 in 4 (76%) say that they intend to use their annuities for retirement income. Other intended uses include a financial cushion in case they or their spouse live well beyond their life expectancy (83%) or to avoid being a financial burden on their children (81%).
- Almost 9 in 10 (85%) agree that investment and insurance guarantees available in annuities are a very important benefit of the product.

Gallup and Greenwald indicated that they are confident that the survey results represent the characteristics of non-qualified annuity owners with a sampling error of plus or minus three percentage points at the 95% confidence level.