

2022 Survey of Owners of Individual Annuity Contracts



Conducted by
The Gallup Organization
and
Mathew Greenwald & Associates
for
The Committee of Annuity Insurers

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The Gallup Organization

World Headquarters
The Gallup Building
901 F Street, NW
Washington, DC 20004

Mathew Greenwald & Associates, Inc.

4201 Connecticut Avenue, NW
Suite 620
Washington, DC 20008

The Committee of Annuity Insurers

The Willard Office Building
1455 Pennsylvania Avenue, NW
Suite 1200
Washington, DC 20004
www.annuity-insurers.org

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Introduction

The Gallup Organization (“Gallup”) surveyed 950 owners of individual annuity contracts in August through October 2022 on behalf of the Committee of Annuity Insurers (“Committee”). The Committee is a coalition whose members are a diverse group of life insurance companies that issue annuity contracts and that represent approximately 80 percent of the annuity business in the United States. The results of the Survey of Owners of Individual Annuity Contracts (the “2022 Survey”) are presented in this report. Mathew Greenwald & Associates, Inc. (“Greenwald Research”) consulted with the Committee on the 2022 Survey, including the analysis of results presented in this report.

Gallup, Greenwald Research, and the Committee have conducted the Survey in eleven previous years:

- February 1992,
- October 1993,
- December 1994,
- December 1995,
- February 1997,
- April 1998,
- July 1999,
- November 2000,
- January 2005
- April 2009
- February 2013

All of the prior Surveys are available on the Committee of Annuity Insurers’ website (www.annuity-insurers.org).

The principal purpose of the Survey is to obtain a profile of the demographic characteristics of owners of individual annuity contracts and to gain insight into their attitudes toward a variety of issues relating to retirement savings and security, including how they save for retirement, what they think about saving for retirement generally, what sources of funds they used to purchase their annuity contracts, the reasons they bought them, and how they plan to use them. Individual annuities are sometimes referred to as non-qualified annuities because they are purchased with after-tax income apart from any qualified retirement plan or IRA.

To ensure that only owners of individual annuity contracts were interviewed in the 2022 Survey, sixteen life insurance companies that are members (or affiliates of members) of the Committee provided the names of individuals who currently own such contracts. The companies used specific sampling procedures developed by Gallup and Greenwald Research to ensure that a representative sample of owners of individual annuity contracts was identified. The sixteen companies are geographically diverse, represent a mix of large and small companies, and account for more than 3.2 million individual annuity contracts currently in-force. They also utilize a mix of distribution channels for marketing and selling individual annuity products.

Gallup selected the individuals who were interviewed at random from the samples provided by the sixteen companies. Gallup and Greenwald Research are confident that, based on the sampling procedures used and other research that Gallup has conducted in this area, the results of the 2022 Survey represent the characteristics of owners of individual annuity contracts, with a sampling error of plus or minus 3 percentage points at the 95 percent confidence level.

2022 Key Findings

There is stability in the demographics and attitudes of owners of individual annuities. Demographic characteristics, such as gender, major sources of funds for purchasing annuities, types of annuities purchased, reasons for purchasing annuities, and opinions on saving for retirement are similar to those of previous Surveys. However, there are also some changes. For example, when compared to the 2013 Survey, there has been an increase in the proportion of owners who are confident in their retirement savings and an increase in the proportion of owners who believe the lifetime income guarantee that comes from an annuity is important. Owners of individual annuities also are aging – the average age and the proportion of owners who are retired have increased since the 2013 Survey.

Demographic Profile

- **Age at First Purchase.** The majority of owners of individual annuities purchased their first annuity before age 65 (84%), including 45% who were between the ages of 50 and 64 years old. The average (mean) and median age of owners when they first purchased an annuity is 51. These findings are consistent with prior Surveys.
- **Current Age.** The median current age of owners of individual annuities is 75 and the average current age is 74.
- **Gender.** Consistent with the 2013 Survey, a slight majority of owners of individual annuities are female (51%). Since 1997, female owners have outnumbered male owners in every Survey except in 2001.
- **Employment Status.** Most owners of individual annuities (78%) are retired, a 13 percentage point increase from 2013.
- **Household Income.** The median annual household income of owners of individual annuities is \$79,000. Seven in ten have total annual household incomes under \$100,000. A little less than half (46%) are below \$75,000, and one in four (25%) are below \$50,000. Owners of individual annuities continue to mostly live in households with moderate incomes. When median household incomes from prior Surveys are adjusted for real inflation-adjusted purchasing power, there is little change over the past three decades.

Attitudes Toward Individual Annuities

- **Reasons for Purchase.** Similar to 2013, the most common reason for purchasing an individual annuity is that it is considered a “safe purchase” (89% indicating this was very or somewhat important in their decision).
- **Taxation Important.** The fact that interest or earnings on individual annuities are not taxed until distributed continues to be a strong motivation to use an individual annuity to save for retirement. Eight in ten (81%) cite the tax treatment of individual annuities as important to their savings decision.
- **Guarantees.** More than eight in ten (84%) cite the guaranteed payments for as long as they live as an important reason for purchasing an annuity.
- **Positive Sentiment.** Owners of individual annuities have positive opinions about individual annuities, including the product offering an effective way to save for retirement (87% agree), being secure and safe (87%), and providing protection from losing the money they invest (86%).

Uses of Individual Annuity Savings

- **Retirement.** As expected, one of the biggest intended uses owners have for their individual annuity is for retirement income (81%). Half (52%) of owners of individual annuities who are retired have withdrawn money from their annuities, either on a regular or periodic basis.
- **Other Uses.** Nine in ten owners of individual annuities hope to use their annuities as a way to have peace of mind during retirement (88%). Owners also cite using their annuities as a financial cushion in case they live well beyond their life expectancy (84%), as a financial protection against investment loss (82%), and as a financial resource to avoid being a burden on their children financially (79%).

Taxation

- **Convergence of Tax Policy and Usage.** As in prior years, the 2022 Survey shows that the tax treatment of individual annuities is achieving the desired tax policy goal: the tax deferral benefits incentivize people to save for retirement and allow them to save more, while the tax treatment of distributions discourages them from using those savings prior to retirement:

- o ***Tax Deferral as Incentive to Save.*** As indicated above, a majority (81%) of owners cite the tax treatment of individual annuities as an important reason why they chose to save through an individual annuity. More generally, the proportion of owners who agree that individual annuities have an attractive tax treatment remains high (79%). Likewise, the proportion of owners who agree that keeping the tax advantages of annuities is a good way of encouraging long-term savings remains high (86%).
- o ***Tax Deferral as Facilitating More Savings.*** Seven in ten (69%) owners of individual annuities report that they have set aside more money for retirement than they would have if the tax advantages of individual annuities were not available.
- o ***Treatment of Distributions as Disincentive for Non-Retirement Uses.*** Nine in ten owners of individual annuities (90%) say they try not to withdraw money from their contract before retirement in order to avoid paying extra taxes.

Financial Preparedness for Retirement

- ***General Optimism on Retirement Preparedness.*** The majority of owners of individual annuities (93%) believe they have done a very good job of saving for retirement. This is a 5 percentage point increase from 2013 (88%).

Sources of Retirement Income

- ***Expectations Differ by Employment Status.*** As in 2013, non-retired owners of individual annuities have different expectations of how they will draw income in retirement than owners who are already retired. More non-retired owners of individual annuities continue to expect personal savings, including individual annuities, to be a major source of income in retirement (43%) than retired owners (32%). A majority of retired owners of individual annuities cite Social Security as a major source of income (53%), while just one in three non-retired owners expect Social Security to be a major source (34%).

Characteristics of Individual Annuities

- ***Product Type.*** Similar to 2013, variable annuities are more widely held than fixed annuities (73% vs. 25%).

Profile of Owners of Individual Annuities

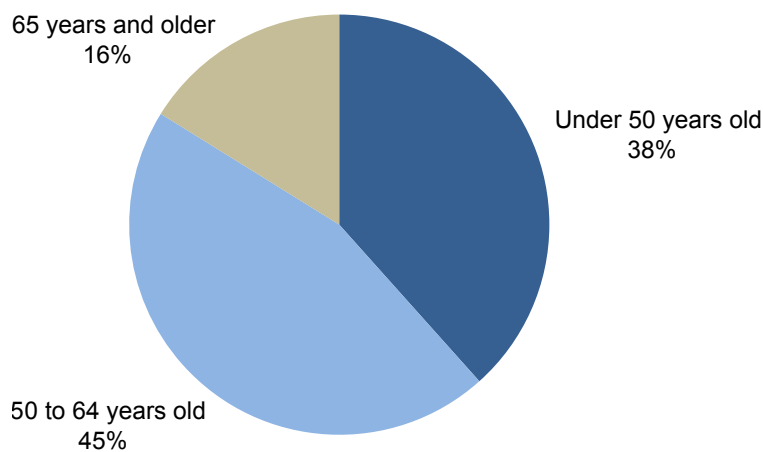
Following are the 2022 demographic characteristics of owners of individual annuities.

Age and Gender of Individual Annuity Owners

Age at First Annuity Purchase

The average (mean) age and the median age at which owners of individual annuities purchased their first annuity is 51. Nearly four in ten (38%) made their first purchase when they were younger than 50. The largest share (45%) purchased their first annuity between the ages of 50 and 64. One in six (16%) purchased their first annuity at the age of 65 or older. (See Figure 1).

Figure 1: Age at Which First Annuity was Purchased



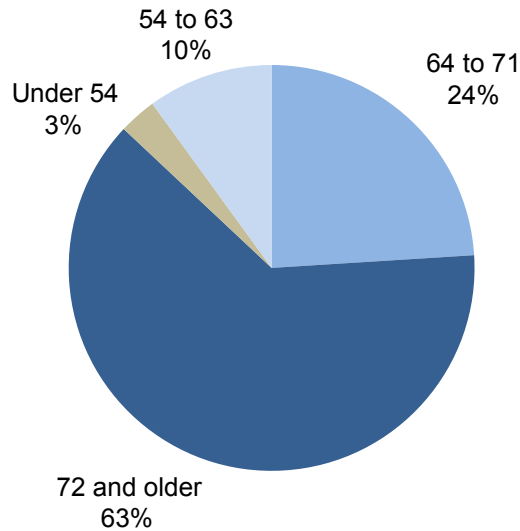
The average age and the median age at which an annuity was first purchased is consistent with the 2013 Survey results. Over nine in ten owners of individual annuities (92%) still own the first annuity they purchased.

Current Age of Owners

Up from 2013, the average current age of owners of individual annuities is 74 (as opposed to the average age when they first purchased an annuity). The median current age is 75 (in 2013, both the average age and median age was 70). Nearly two in three owners are 72 or older (63%), one-quarter are 64 to 71 (24%) and one in ten are between the ages of 54 and

63 (10%). (See Figure 2). The proportion of owners of individual annuities under the age of 54 decreased to 3% (down from 6% in 2013), making this the lowest proportion of this age group in the Survey’s history.

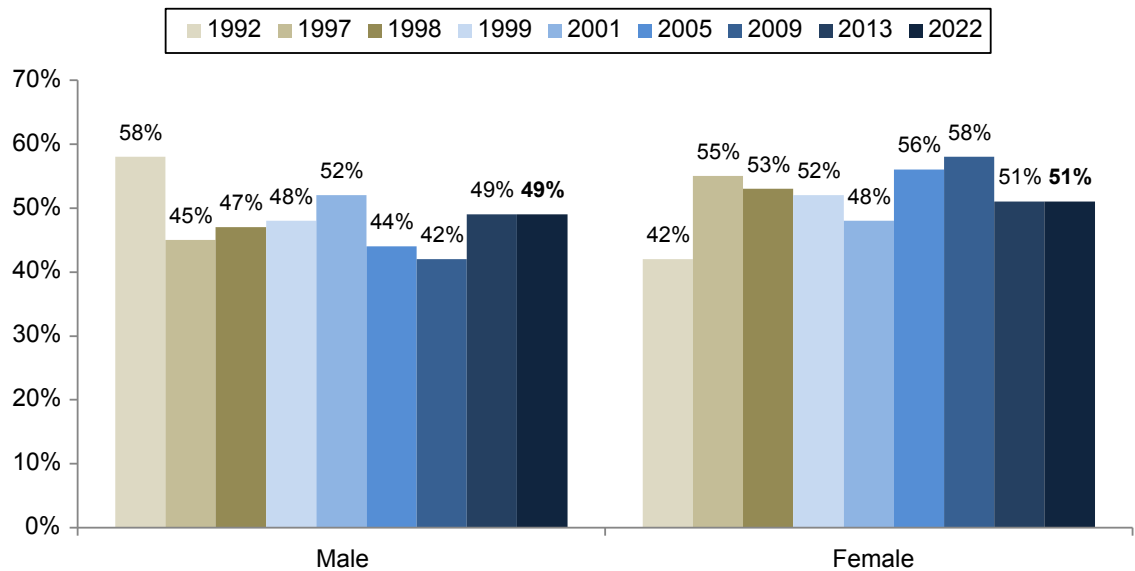
Figure 2: Current Age



Gender of Owners

A very slight majority of owners of individual annuities are female (51%). Since 1997, female owners of individual annuities have outnumbered their male counterparts, with the only exception being 2001 (48% female, 52% male). (See Figure 3).

Figure 3: Gender

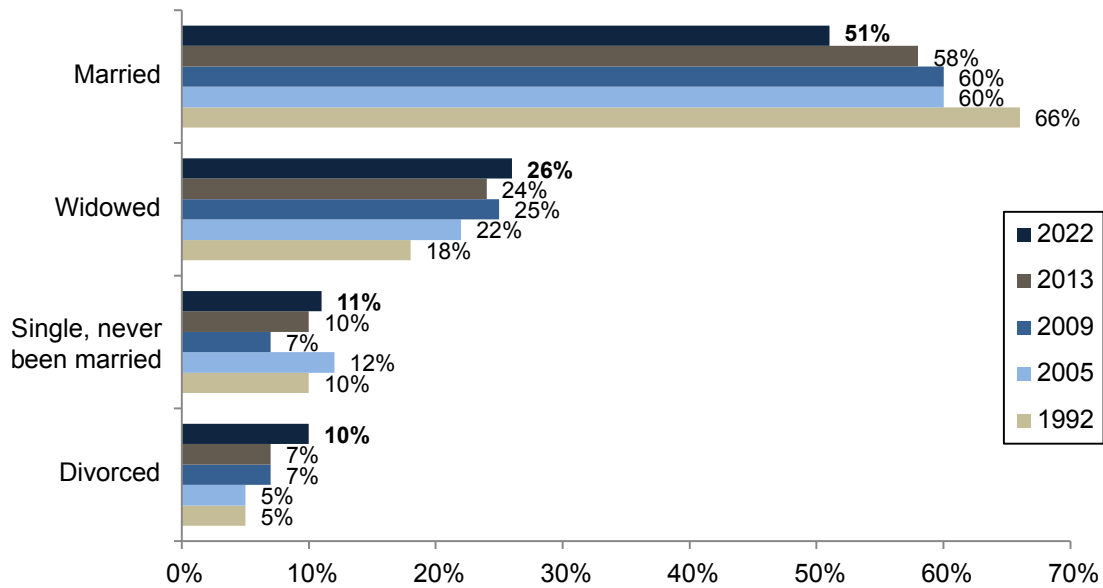


Marital Status and Education of Owners of Individual Annuities

Marital Status

As in previous years, the majority of owners of individual annuities are married, though this is down from 2013 (51% vs. 58% in 2013). Nearly a quarter of owners of individual annuities are widowed (26%), one in ten have never been married, and another one in ten are divorced. (See Figure 4).

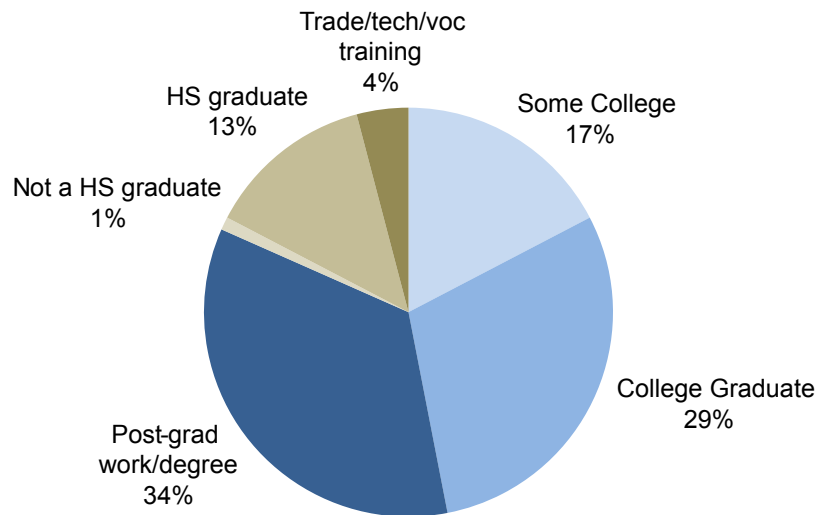
Figure 4: Marital Status



Education

The majority of owners of individual annuities (63%) have a college degree, which is a 10-percentage point increase since 2013. One in three owners of individual annuities (34%) have completed at least some post-graduate work. About one in seven have received either some college education, but no degree (17%), or a high school diploma with no further education (13%). Four percent have received trade, technical, or vocational training, and 1% have not graduated high school. (See Figure 5).

Figure 5: Level of Education



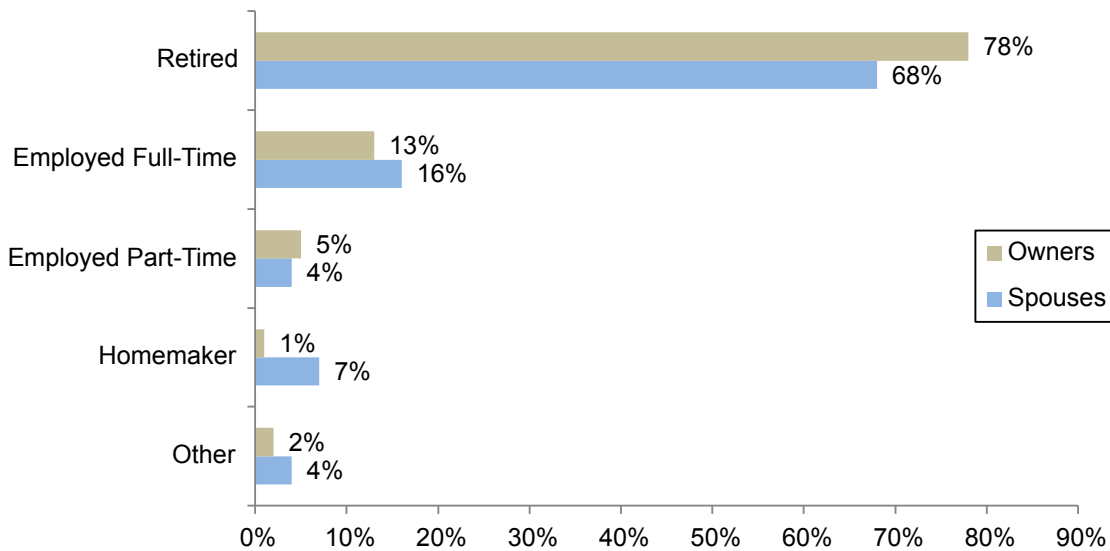
Employment and Income

Employment Status

Employment Status of Owners. The majority of owners (78%) are retired, which is a 13 percentage point increase from 2013 (65%). One in eight owners of individual annuities are employed full-time, while another 5% are employed part-time, representing a decrease of 11 percentage points in the proportion of owners who are employed either full-time or part-time (28% in 2013 and 17% in 2022). (See Figure 6) One percent of owners are homemakers, while 2% are in other categories (e.g., disabled, student).

Employment Status of Spouses. As with owners, the majority of owners' spouses are retired (68%). Two in ten spouses (20%) are employed, including 16% who work full-time and 4% who work part-time. Like owners, fewer spouses are employed than in 2013 (31% in 2013 and 20% in 2022). Additionally, 7% of owners identify their spouse as a homemaker. Four percent of spouses are in other categories.

Figure 6: Employment Status of Owners and Spouses

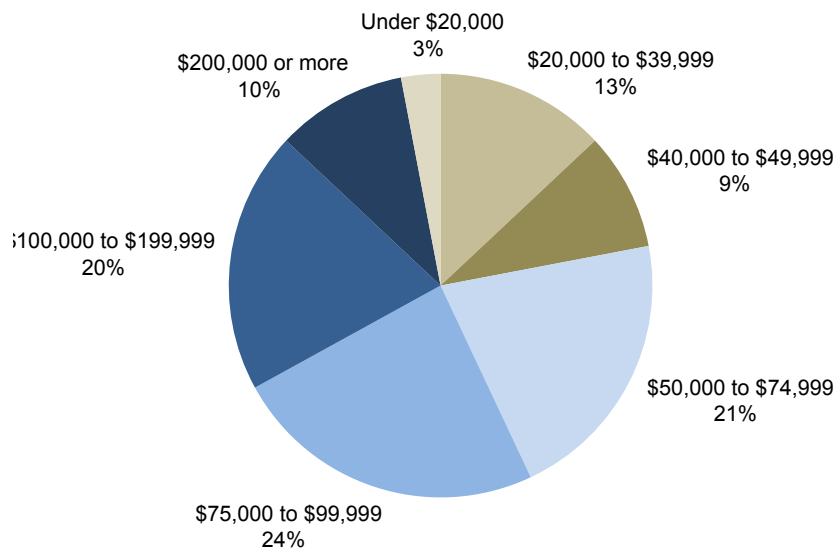


Income

Annual Household Income. Most owners of individual annuities are in households with moderate incomes. Their median annual household income is \$79,000, while the average is just under \$98,000. Seventy percent have total annual household incomes under \$100,000. Less than half (46%) are below \$75,000, and one in four (25%) are below \$50,000. Only 10% have annual household incomes of \$200,000 or more. (See Figure 7)

According to the Pew Research Center, the median income for middle-class households is \$90,131. This places annuity owners solidly in that category.

Figure 7: Annual Household Income



¹Kochhar, R., & Sechopoulos, S. (2022, April 21). *How the American Middle Class has changed in the past five decades*. Pew Research Center. <https://www.pewresearch.org/short-reads/2022/04/20/how-the-american-middle-class-has-changed-in-the-past-five-decades/#:~:text=Household%20incomes%20have%20risen%20considerably,as%20measured%20in%202020%20dollars>

Income and Employment Status. Employment status is related to the income level of owners of individual annuities. The median annual household income from all sources for retired owners of individual annuities is \$76,000. The median annual household income for full-time and part-time employed owners of individual annuities is \$138,500 and \$82,000 respectively. More than four in ten (45%) employed owners and three in four (75%) of retired owners have annual household incomes below \$100,000.

Income and Marital Status. Marital status has a significant impact on the annual household incomes of individual annuity owners. Married owners (and those living with a partner) have a median annual household income of \$94,500, while unmarried owners have a median annual household income of \$60,200. Nearly two in three unmarried owners (64%) have an annual household income under \$75,000, while only 30% of married owners have annual household incomes of that level.

Consistency of Annual Income Findings

These Surveys, conducted periodically over three decades, have consistently found that owners of individual annuities are predominantly middle class. In real, inflation-adjusted dollars, the incomes of annuity owners have changed very little, with the exception of some fluctuation in 1999 and 2001, over the eleven surveys conducted in this series, starting in 1993. Indeed, in real 2021 inflation-adjusted dollars median income in 2021 is only \$5,000 higher than it was in 1993. Each of the eleven surveys found the median income of annuity owners placed them squarely in the middle class.

(See Table 1)

Table 1:
Historical Trend of Annual Household Income in 2021 Real Dollars

	Mean Income	Mean Income in 2021 Real Dollars	Median Income	Median Income in 2021 Real Dollars
1993 Survey (1993)	\$51,800	\$95,900	\$40,000	\$74,000
1994 Survey (1994)	\$53,400	\$96,800	\$42,000	\$76,000
1995 Survey (1995)	\$54,600	\$96,700	\$42,000	\$74,000
1997 Survey (1996)	\$54,800	\$94,500	\$42,000	\$72,000
1998 Survey (1997)	\$63,900	\$107,900	\$48,000	\$81,000
1999 Survey (1998)	\$66,500	\$110,800	\$52,000	\$87,000
2001 Survey (1999)	\$75,600	\$123,300	\$59,000	\$96,000
2005 Survey (2003)	\$69,500	\$102,600	\$52,000	\$77,000
2009 Survey (2008)	\$75,700	\$95,500	\$58,000	\$73,000
2013 Survey (2012)	\$81,400	\$96,200	\$64,000	\$76,000
2022 Survey (2021)	\$97,700	\$97,700	\$79,000	\$79,000

Note: The year listed in parentheses indicates the year for which the annual household income of owners was asked. For example, in the 2022 Survey, the question asked owners for their 2021 annual household income. Real dollar calculations were based on the year asked, not the Survey year.

Characteristics of Individual Annuities

Type of Annuity

Fixed or Variable

The proportion of variable annuity ownership did not change much from 2013 to 2022 (73% in 2022). (See Table 2).

Table 2:
Annuity Type (percent by year)

	1995	1997	1998	1999	2001	2005	2009	2013	2022
Fixed Annuities, including fixed index annuities	67	54	46	49	35	51	44	25	25
Variable Annuities	33	46	54	51	65	49	56	75	73
Registered Index-Linked Annuity	NA	NA	NA	NA	NA	NA	NA	NA	1

Gender. Female owners of individual annuities are more likely than male owners to own variable annuities (77% vs. 70%).

Education. Annuity owners who do not have a college degree are more likely than those with post-graduate education to own a fixed annuity (30% vs. 22%).

Employment Status. Working owners are more likely to own fixed annuities than retired owners (33% vs. 22%).

Sources of Funds for Annuity Purchases

More than half of owners of individual annuities (54%) used existing savings to fund at least part of their annuity purchase. Four in ten (40%) used their current income. Three in ten (30%) report that they drew on investment proceeds to fund the purchase (a 10-percentage point decrease from 2013), while one-third (35%) used an inheritance. Other sources that owners used to fund the purchase of their annuities include a death benefit from a life insurance policy (14%), the sale of a home, farm, or business (17%), or a bonus from an employer (10%). (See Table 3, page 19) [Note that the sum of the percentages for a given year exceeds 100% because respondents often use multiple sources to fund their annuity purchases and therefore give multiple answers to the question.]

Table 3:
Sources of Funds for Owners' Annuities

	1992	2005	2009	2013	2022
<i>(in percent)</i>					
Existing savings	62	58	57	59	54
Their or their spouse's current income	57	50	45	45	40
An inheritance	20	26	26	32	35
Proceeds from another investment	44	30	31	40	30
Sale of family home, farm, or business	16	14	17	14	17
Death benefit from a life insurance policy	15	14	12	16	14
A bonus from their employer	11	9	7	11	10

Marital Status. Those who are married are more likely to have used current income (47% vs. 31%) or a bonus from an employer (13% vs. 7%) to purchase their individual annuity, while those who are not married are more likely to have used an inheritance (40% vs. 32%) or a death benefit from a life insurance policy (17% vs. 11%).

Gender. Male owners of individual annuities are more likely than female owners to cite existing savings (59% of males vs. 50% of females) or current income (52% vs. 29%) as sources used for funding their annuity purchases. Female owners are more likely than male owners to mention an inheritance (45% vs. 25%) as a source of funds for their annuity purchase.

Uses of Individual Annuities

Incidence and Type of Annuity Distributions

Incidence and Type of Annuity Distributions

Half (53%) of owners of individual annuities have withdrawn money from an annuity that they or their spouse currently own, a 16 percentage point increase from 2013. The average age for first withdrawal is 67 years old, which is slightly higher than the average age of first withdrawal in 2013 (65 years old).

Periodic Payments. Forty-five percent of owners of individual annuities currently receive money from their annuity on a regular or periodic basis via a check every month or some other method.

Demographics of Distribution Takers

Employment Status. As would be expected, retired owners of individual annuities are at least twice as likely as working owners to have withdrawn money on a regular or periodic basis from their annuities (52% vs. 20%).

Age. Owners who have reached age 64 are six times as likely as those under age 64 to have begun receiving regular or periodic payments from their annuities (50% vs. 8%).

Intended Future Uses of Annuity Savings

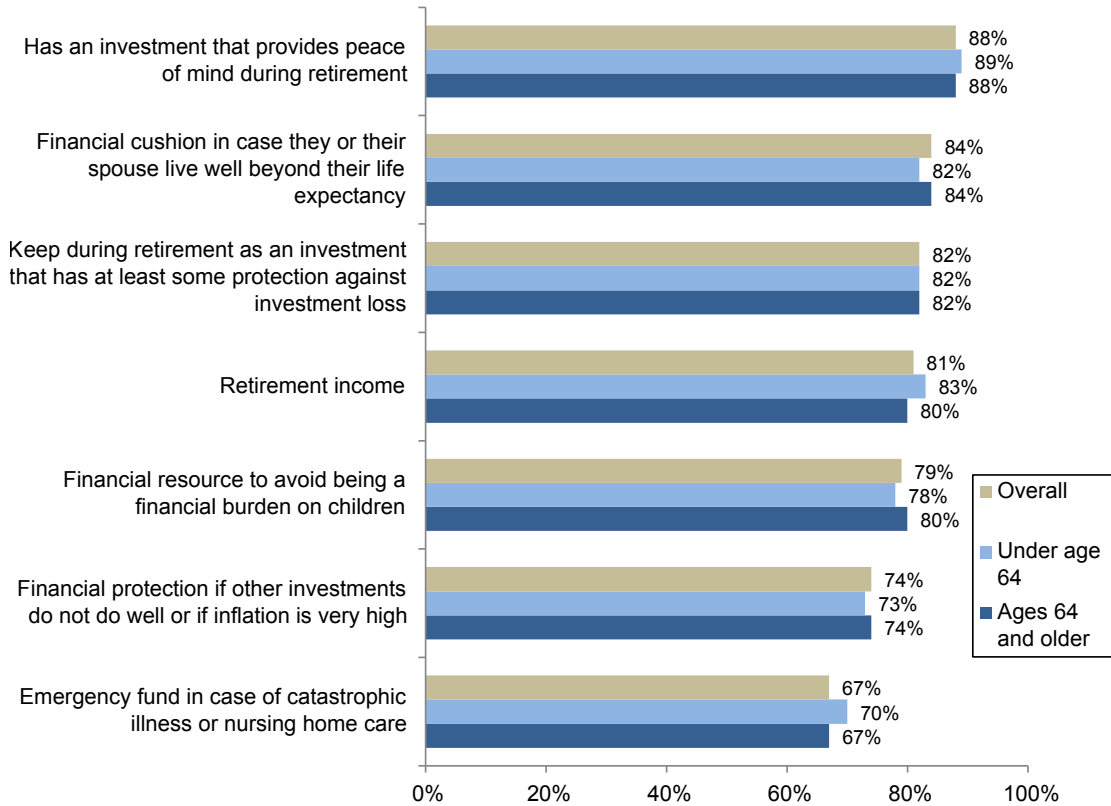
Primary Intended Uses

Owners of individual annuities were asked if they intend to use their annuity savings in each of seven specific ways. The most frequently cited use, by nine in ten (88%), is to have an investment that provides peace of mind during retirement.

Eight out of ten (81%) intend to use the money they receive from their annuity for income during retirement. More than eight in ten owners (84%) view their annuity savings as a financial cushion in case they live well beyond their life expectancy. Eight in ten intend to use their annuity savings for protection against investment loss (82%) and another eight in ten to avoid being a burden to their children (79%). Other intended uses of annuity savings that at least two-thirds of owners cite include financial protection if other investments underperform or inflation is very high (74%) and an emergency fund in case of catastrophic illness or nursing home care (67%).

Use for Retirement Income. Married owners of individual annuities are more likely to intend to use their annuity savings for retirement income (84%, compared to 77% of those not married). Those ages 64 and older are slightly more likely than those under age 64 to intend to use their annuity savings for retirement income. (See Figure 8).

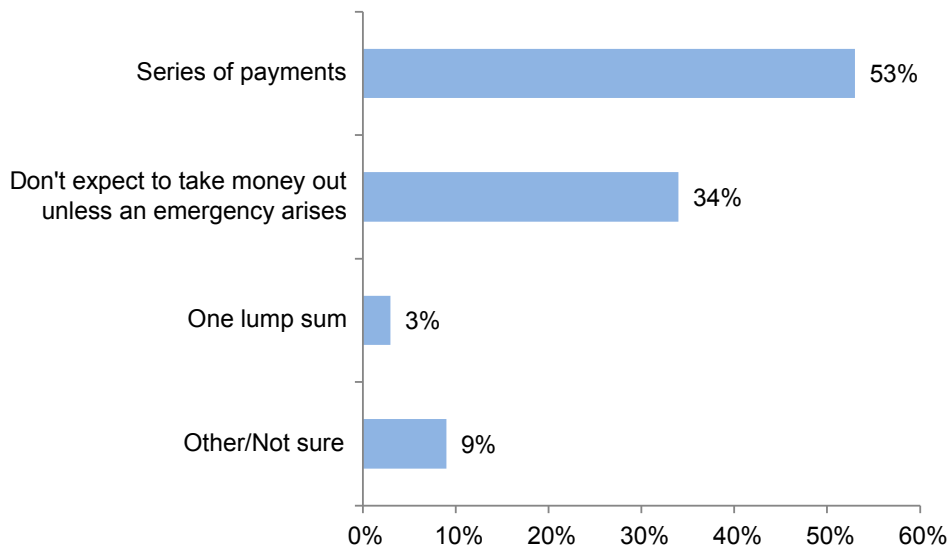
Figure 8: Intended Uses of Annuity Savings by Age



Expected Form of Future Distributions

When asked how they expect to withdraw most of their money from their annuities, half of owners of individual annuities (53%) say they intend to receive most of their annuity contract values in a series of payments. (See Figure 9) Only 3% expect to withdraw most of their money in one lump sum. One in three assert they do not anticipate taking money out except in case of emergency. Nine percent plan to withdraw the money in some other way or are not sure.

Figure 9: Expected Annuity Payout Method



Age. Owners of individual annuities who are age 72 or older are more likely than younger owners to say that they do not plan to take the money out unless an emergency arises (38% vs. 27% of younger owners). On the other hand, individual owners under the age of 72 are more likely than older owners to anticipate withdrawing money in a series of payments (63% vs. 49%).

Attitudes Toward Individual Annuities

The Relationship Between Taxation and Savings Through Annuities

Tax Treatment of Earnings as Incentive to Save Through Annuities

The fact that interest or earnings on individual annuities are not taxed until money is withdrawn continues to be a strong motivation for purchasing individual annuities. Seven in ten (69%) owners of individual annuities report that they have set aside more money for retirement than they would have if the tax advantages of annuities were not available.

Additionally, a large majority cite the tax treatment of annuities as a “very” or “somewhat” important reason why they purchased an annuity (81%). (See Table 4, page 24).

Eight in ten owners of individual annuities (79%) agree “completely” or “somewhat” that annuities “have attractive tax treatment,” and more than eight in ten (86%) agree that “keeping the tax advantage of annuities is a good way of encouraging long-term savings.” (See Table 5, page 25).

Taxation of Distributions as Incentive for Maintaining Retirement Savings

Nine in ten owners of individual annuities (90%) report that they try not to withdraw any money from their annuities before they retire because they would have to pay tax on the money that is withdrawn.

Non-Tax Reasons for Saving Through Annuities

Reasons for Purchasing Annuities

Owners of individual annuities cite a number of reasons other than taxes as being very or somewhat important factors in their decision to buy them. Consistent with 2013, the most frequently mentioned non-tax related reason for purchasing an individual annuity is “it was a safe purchase” (89%). Over eight in ten owners of individual annuities also cite having “a good rate of return” and the ability to “get payments guaranteed to continue for as long as you live” as important reasons (86% and 84% respectively). The latter reason – the lifetime income guarantee – continues to become even more important to owners, with an increase of 3 percentage points in the proportion of owners citing it as important to their decision to purchase an individual annuity since 2013 (in addition to a 9 percentage point increase between 2009 and 2013). (See Table 4, page 24).

Table 4:
Importance of Various Reasons for Buying an Annuity

	Very/Somewhat Important				
	1992	2005	2009	2013	2022
(in percent)					
Was a safe purchase.	95	88	89	90	89
Had a good rate of return.	91	87	86	88	86
Could get payments guaranteed to continue for as long as you live. *	74	74	72	81	84
It provides a way to get the potential for higher gains than CDs or bonds provide and still offers protection against investment loss	NA	NA	NA	NA	84
Earnings would not be taxed until the funds were used.	95	88	89	86	81
Wanted a long-term savings plan.	85	82	80	79	77
Had choices of methods of getting the money.	69	72	71	69	69
Wanted a source of funds that could be used to pay for emergencies, such as catastrophic illness during retirement.	71	73	72	72	68
Provides money in case owner or spouse needs to enter a nursing home.	NA	66	65	68	63

* Prior to 2005: "Could get income guaranteed for as long as you live."

Gender. Females are more likely than males to say the following are very important reasons for buying an annuity: it was a safe purchase (60% vs. 51%), it provides a way to get the potential for higher gains (56% vs. 48%), having a good rate of return (55% vs. 47%), wanting a long-term savings plan (52% vs. 39%), wanting a source of funds that could be used to pay for emergencies (44% vs. 32%), it provides money in case you (or your spouse) need to enter a nursing home (41% vs. 29%), and a choice of methods of getting the money (36% vs. 29%).

Viewing Annuities as a Flexible Financial Tool

Consistent with prior years, the 2022 Survey finds that owners of individual annuities view their contracts as offering a variety of important financial protections. Nearly nine in ten owners of individual annuities in 2022 completely or somewhat agree with the following statements: "annuities are a good way to ensure their surviving spouse has a continuing income" (88%), "annuities are an effective way to save for retirement" (87%), and "annuities are secure and safe" (87%). Eighty-six percent of owners agree that "keeping the tax advantage of annuities is a good way of encouraging long-term savings" and "owning an annuity makes them feel more secure in times of financial uncertainty, such as during declines in the stock market." (See Table 5, page 25).

Table 5:
Agreement with Various Statements about Annuities

	Agree Completely/Somewhat				
	1992	2005	2009	2013	2022
(in percent)					
Annuities are a good way to ensure their surviving spouse has a continuing income.	NA	88	86	92	88
Annuities are an effective way to save for retirement.	95	90	86	90	87
Annuities are secure and safe.	85	86	79	87	87
Keeping the tax advantage of annuities is a good way of encouraging long-term savings.	96	91	88	90	86
Owning an annuity makes them feel more secure in times of financial uncertainty, such as during declines in the stock market.	NA	NA	79	85	86
Annuities are an important source of retirement security.	87	79	79	82	84
Annuities are a good source of emergency funds in old age.	89	86	82	87	81
Annuities offer a good return.	90	80	76	82	81
Being able to invest in the stock market through annuities and still get guaranteed income for life adds to the financial security of retirees.	NA	NA	71	82	80
Annuities are an effective way of assuring money is available to pay for a catastrophic illness or nursing home care.	NA	81	80	83	79
Annuities have attractive tax treatment.	92	85	80	82	79
Annuities will prevent them from being a financial burden on their children in their later years.	80	79	74	81	77

Savings of Individual Annuity Owners

Perception of Retirement Preparedness as a Society

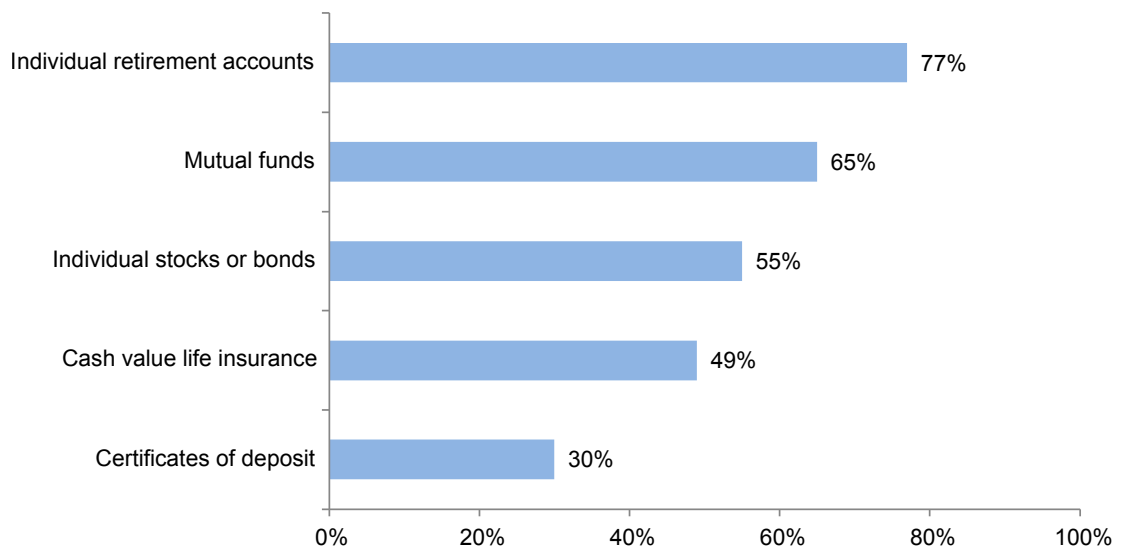
Nine in ten owners of individual annuities (92%) believe that people in the United States do not save enough money for retirement.

Relevance of Age. Age plays a role in whether owners of individual annuities believe that people in the United States save enough for retirement. Specifically, 96% of owners between the ages of 54 and 71 believe that people are not saving enough, compared to only 90% of those ages 72 or older.

Annuity Owners' Savings in Other Financial Products

Owners of individual annuities are likely to own a variety of financial products in addition to their annuities. Majorities report having individual retirement accounts (77%), mutual funds (65%), and individual stocks or bonds (55%). Half (49%) have cash value life insurance and three in ten (30%) have certificates of deposit. (See Figure 10).

Figure 10: Savings in Other Financial Products



Compared to 2013, clearly as the result of the low rates of interest offered by certificates of deposit (CDs), the proportion of owners of individual annuities who have CDs decreased by 11 percentage points (from 41% to 30% in 2022) and the proportion owning cash value life insurance decreased by 9 percentage points (from 58% to 49%).

Additionally, over one-third of owners of individual annuities (36%) have never participated in a retirement program offered through an employer. This is consistent with prior Surveys.

Age. Owners ages 72 or older are twice as likely as younger owners to have never participated in an employer plan (42% vs. 24%).

Education. Owners who have not graduated from college are twice as likely to have never participated in an employer plan than owners who have earned a college degree (53% vs. 27%).

Marital Status. Owners who are not married are more likely to have never participated in an employer plan than owners who are married (43% vs. 29%).

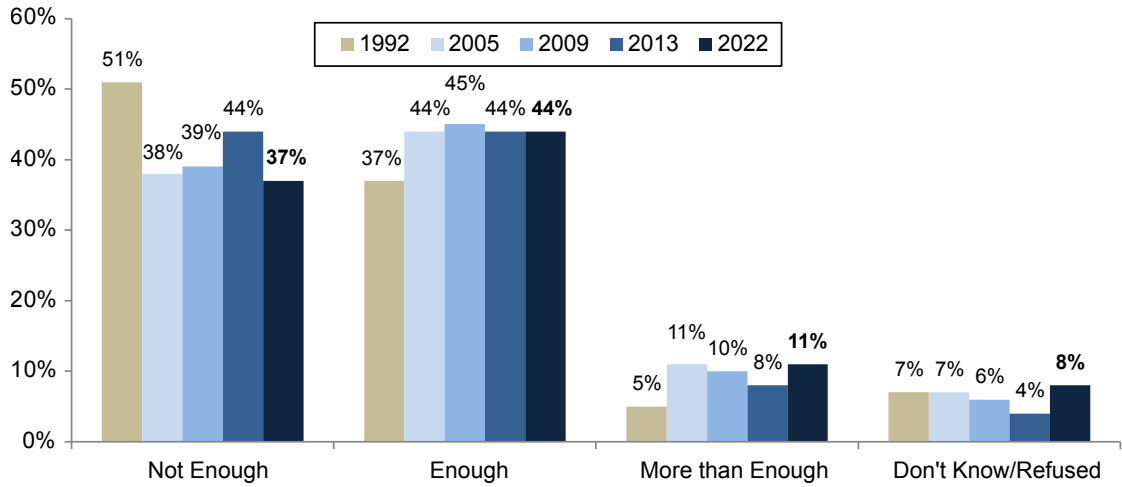
Gender. Female owners are more likely than male owners to have never participated in an employer plan (40% vs. 31%).

Confidence and Concerns with Financial Preparedness for Retirement

General Confidence in Retirement Preparedness

When asked about their confidence in the preparations they have made for retirement, most owners of individual annuities (93%) say that the phrase “you have done a very good job of saving for retirement” describes them as either very or somewhat well (up 5 percentage points from 2013). (See Table 6, page 29). Over one in three (37%) believe the money they will receive from pensions and retirement plans, including Social Security, will not be enough to cover their retirement expenses (a 7-percentage point decrease from 2013). More than half (55%) believe that this money will be enough or more than enough. (See Figure 11, page 28).

Figure 11: Whether Money from Pension and Retirement Plans Will Cover Retirement Expenses

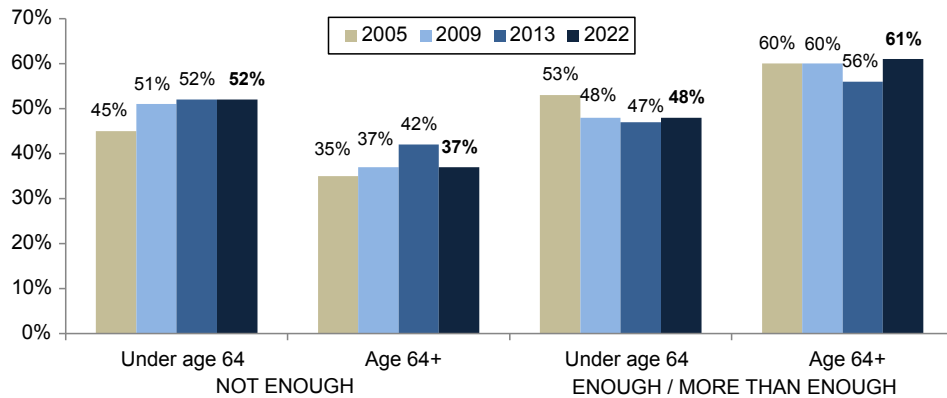


Employment Status. Owners of individual annuities who are employed full-time are more likely than retired owners to expect that pensions and retirement plans will not be enough to cover retirement expenses (44% vs. 36%).

Gender. Female owners are more likely than male owners to think that pensions and retirement plans will not be enough to meet their retirement needs (40% vs. 34%).

Age. Owners who are under age 64 are more concerned than older owners that money from pensions and retirement plans will not be enough to meet their financial needs in retirement (52% vs. 37%). (See Figure 12).

Figure 12: Age and Whether Money from Pension and Retirement Plans Will Cover Retirement Expenses



Concerns over Health and Long-Term Care Costs

Owners of individual annuities express concern about their health and ability to manage health care costs in retirement. Almost half (46%) are concerned that a catastrophic illness or the need for nursing home care could bankrupt them in retirement. (See Table 6).

Other Concerns

Owners of individual annuities are also concerned about other issue areas that could possibly affect their retirement. More than half of owners of individual annuities are concerned that a major decline in the stock market will cause them to lose more money than they can afford to lose (54%), and more than one in three are concerned that they may run out of money during retirement (36%). Additionally, three in ten (30%) are worried that their spouse would not be able to make ends meet if they predecease him or her.

Table 6:
Agreement with Statements about Preparedness for Retirement

	Statement Describes Respondent Very/Somewhat Well				
	1992	2005	2009	2013	2022
	<i>(in percent)</i>				
They have done a very good job of saving for retirement.	84	87	91	88	93
They are concerned that a major decline in the stock market will cause them to lose more money than they can afford to lose.	NA	NA	NA	NA	54
They are concerned that a catastrophic illness or nursing home care might bankrupt them during retirement.	66	49	50	47	46
They are concerned that they might run out of money during retirement.	52	43	45	40	36
Their spouse may not have enough money to make ends meet if they predecease him/her.	NA	38	32	34	30

Sources of Income in Retirement

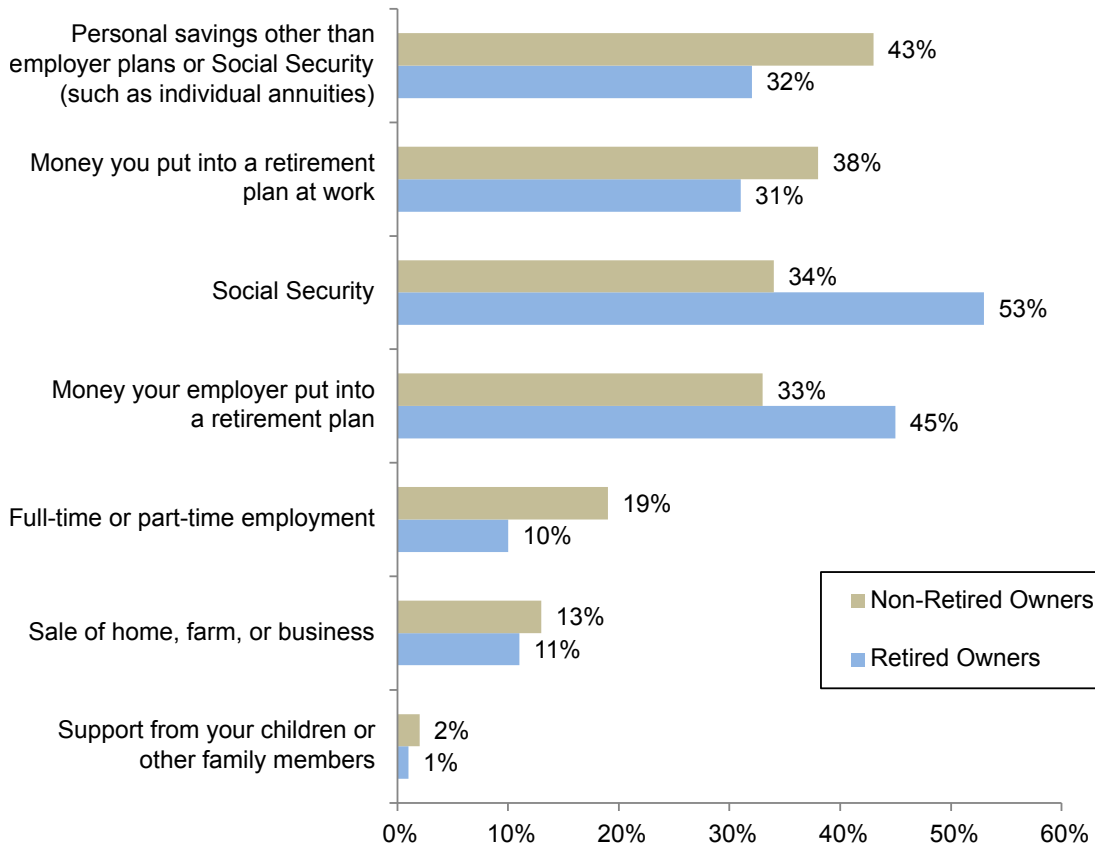
The source of income retired owners of individual annuities most often cite as being a major source of income in retirement is Social Security (53%), while only about one in three non-retired owners (34%) expect Social Security to be a major source of income in their retirement. Retired owners are also more likely to say that money an employer put into a pension or retirement account is currently a major source of income in retirement (45%, compared to only 33% of non-retired owners who expect it to be a major source). (See Figure 13, page 31).

In contrast, owners of individual annuities who are not retired generally view themselves as needing to be more responsible for funding their own retirement. Non-retired owners are more likely than retired owners to cite personal savings, such as annuities and investments outside an employer-sponsored retirement plan and unrelated to Social Security, (43% vs. 32%) as a major source of income in retirement. In addition, those who are not retired are twice as likely to believe that employment during retirement will be a major source of retirement income (19%, compared to only 10% of retired owners).

The current sources of income of retired annuity owners and the sources of income that working owners expect in retirement have clearly been affected by a couple of long-term trends. While most major sources of income for retired annuity owners are unchanged over the past 18 years of surveying, the proportion of retired owners who derive a major source of income from money they put into employer-based retirement plans went from 21% in 2005 to 31% in 2022. The proportion of retired owners who derive a major source of income from other personal savings went up 6 percentage points in that period, from 26% to 31%.

Among annuity owners who are working, the proportion who expect money employers put in pension plans and other retirement plans to be a major source of retirement income dropped from 43% in 2005 to 33% in 2022.

Figure 13: Major Sources of Retirement Income



Household Income. Among non-retired owners of individual annuities, those with household incomes of \$75,000 or higher are more likely than owners with incomes below \$75,000 to expect money they put into a retirement plan at work to be a major source of retirement funds (55% vs. 29%). Conversely, owners with incomes below \$75,000 are more likely than their counterparts to expect Social Security to be a major source of funds in retirement (60% vs. 28%).

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The Committee of Annuity Insurers

The Willard Office Building
1455 Pennsylvania Avenue, NW
Suite 1200
Washington, DC 20004
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