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The Guaranteed Lifetime Income Study (GLIS)

By: *Matt Greenwald*

New Study Reveals That Retirees With Investable Assets Above \$100,000 Value and Depend on Guaranteed Lifetime Income (GLI) to cover the majority of their living expenses, 79% on average

Also Finds Most Americans Ages 55 – 75 Have Little Familiarity With Other Sources Of GLI Beyond Social Security And Pensions

Washington, D.C., October 7, 2014 (*est*) – New research introduced today by CANNEX, an independent provider of data and information to the financial services industry, and Greenwald & Associates, a leading financial services market research firm, shows that Americans value sources of Guaranteed Lifetime Income (GLI), depend on it to cover expenses in retirement, will need more of it the future, yet are not familiar with products that provide it.

The study shows that a high proportion of consumers aged 55 to 75 who have at least \$100,000 of investable assets highly value sources of guaranteed lifetime income to supplement their Social Security benefit and believe that having guaranteed lifetime income provides peace of mind and helps manage spending and financial planning. Many of those who are retired heavily depend on income from pension plans and Social Security to meet their living expenses and spend modestly on discretionary items to try to maintain their personal assets. For this group, GLI sources cover 79% of retiree expenses. The Study further revealed that consumers have a very low understanding of other sources of GLI and how to obtain them.

“The significant reduction of people who will enter retirement with the right to guaranteed income from employer pensions, coupled with increasing age of entitlement for full benefits from Social Security places an increased burden on consumers to solve for their own sources of sustainable income, especially in the face of growing healthcare, longevity and living expenses,” said Mathew Greenwald, President & CEO of Greenwald & Associates. “For more than half a century, retirement security in this country has been mainly provided by guaranteed lifetime income from pensions and Social Security. As these sources are reduced, a key question is whether or not pre-retirees and retirees replace these sources with other sources of guaranteed lifetime income or use other strategies. Currently, many are not aware of how to generate guaranteed lifetime income on their own.”

Key findings of The Guaranteed Lifetime Income Study include:

- Seventy-eight percent of consumers consider other sources of guaranteed lifetime income in addition to Social Security to be very valuable. Those who expressed the greatest appreciation for guaranteed lifetime income's value include women, those with lower assets (less than \$1 million), those who rely on others for investment decisions, and those who remember an advisor discussing annuities.
- Retirees depend on guaranteed lifetime income sources to cover most of their living expenses (79 percent of expenses on average). More than 40 percent say they rely completely on guaranteed lifetime income sources and do not tap their investments.
- Few consumers understand how a guaranteed lifetime income product can be allocated to support their overall retirement portfolio. For example, providing the flexibility to increase their exposure to equities, giving them greater opportunity to grow their other investments.
- Most consumers don't understand the differences between various types of annuities. Only three in 10 consumers said they are highly familiar with fixed annuities, compared to two-thirds of consumers who say they are highly familiar with mutual funds.

Only 16 percent of consumers score highly on the Guaranteed Lifetime Income Appeal Index™, which is a new measurement derived as part of the study. The GLI Appeal Index™ measures how attractive individual consumers find financial products that provide guaranteed lifetime income benefits, and therefore how likely consumers are to consider and invest in these products. The GLI Appeal Index™ will monitor how consumers' attitudes change over time.

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"Based on results of the study, it's clear that consumers appreciate the benefits that guaranteed lifetime income can deliver but don't fully understand the products involved and could benefit from more effective education and advice," said Gary Baker, President, CANNEX USA. "We think this annual study along with a measurable index will help raise awareness among consumers and help the financial service industry devise more effective methods of presenting and supporting the allocation of guaranteed lifetime income products for their clients."

Supporting Materials

- [GLIS 2014 Executive Summary](#)
- [GLIS 2014 Factsheet – Retiree Reliance on Guaranteed Lifetime Income](#)
- [GLIS 2014 Factsheet – The Value of Guaranteed Lifetime Income](#)
- [GLIS 2014 Factsheet – Awareness of Guaranteed Lifetime Income Annuities](#)
- [GLIS 2014 Factsheet – Undervaluing of Annuitization](#)
- [GLIS 2014 Factsheet – Using Guaranteed Lifetime Income to Enhance Asset Allocation](#)
- [GLIS 2014 Factsheet – The Guaranteed Lifetime Income Appeal Index](#)
- [Annuity Basics CNX Sept 2014](#)
- [Product Allocation in Retirement CNX](#)

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