

THE LANGUAGE OF RETIREMENT


2017

Advisor and Consumer Attitudes Toward
Securing Income in Retirement



JACKSON®

Based on a study conducted on behalf of the Insured Retirement Institute and Jackson.



Annuities are long-term, tax-deferred vehicles designed for retirement. Earnings are taxable as ordinary income when distributed and may be subject to a 10% additional tax if withdrawn before age 59½.

SURVEY OVERVIEW

This report is based on a study of financial consultants and consumers to gauge how Americans of varying ages evaluate their financial preparedness for retirement, their familiarity with and favorability toward various financial products, and the financial strategies they're most likely to employ as they near and enter retirement. The study was conducted on behalf of the Insured Retirement Institute (IRI) and Jackson.

Survey Respondents

Advisors

This study was conducted by means of Internet interviews with **400 advisors**. The advisors were screened to ensure each respondent had been an active financial planner for two or more years. The sample was sourced from a panel of financial professionals provided by Research Now. The interviews were conducted between March 13 and March 16, 2017.

Consumers

This study was conducted by means of Internet interviews among the general public. The sample was conducted in **two stages**. First, a sample of **1,000 respondents** was gathered. These participants were screened to ensure each respondent was age 25 or older and had at least \$10,000 in retirement savings. After these interviews, an **additional 300 respondents** were interviewed. These participants were screened to ensure each respondent was age 25 or older, had at least \$10,000 in retirement savings, and had an annuity and/or an advisor. The sample was sourced from a panel of the general public provided by Full Circle Research. The interviews were conducted between March 14 and March 19, 2017.

Survey Highlights

America's New Retirement Reality

Eight in 10 consumers don't believe Social Security will be enough, and only 21 percent expect any kind of pension to provide significant income in retirement.

People Want What Annuities Provide

Most consumers understand that they'll need to rely on their personal savings for supplemental income, and they are willing to pay more for income certainty.

Examining the Language Disconnect

Consumers are more likely to say they value the benefits an annuity can provide than they are to say they like annuities themselves. The challenge for the industry and for consumers will be overcoming this bias.

People believe they'll need to supplement Social Security income in retirement. They respond favorably to the language used to describe product features such as guaranteed¹ lifetime income² and tax deferral³— but many are unaware that annuities provide these benefits.

¹Guarantees are backed by the claims-paying ability of the issuing insurance company.

²Guaranteed lifetime income is available through two different options, annuitization and optional living benefits. Please note that not all optional living benefits offer guaranteed lifetime income, are not available on all annuity products and may have an additional charge.

³Tax deferral offers no additional value if an annuity is used to fund a qualified plan, such as a 401(k) or IRA, and may not be available if the annuity is owned by a "non-natural person" such as a corporation or certain types of trusts.

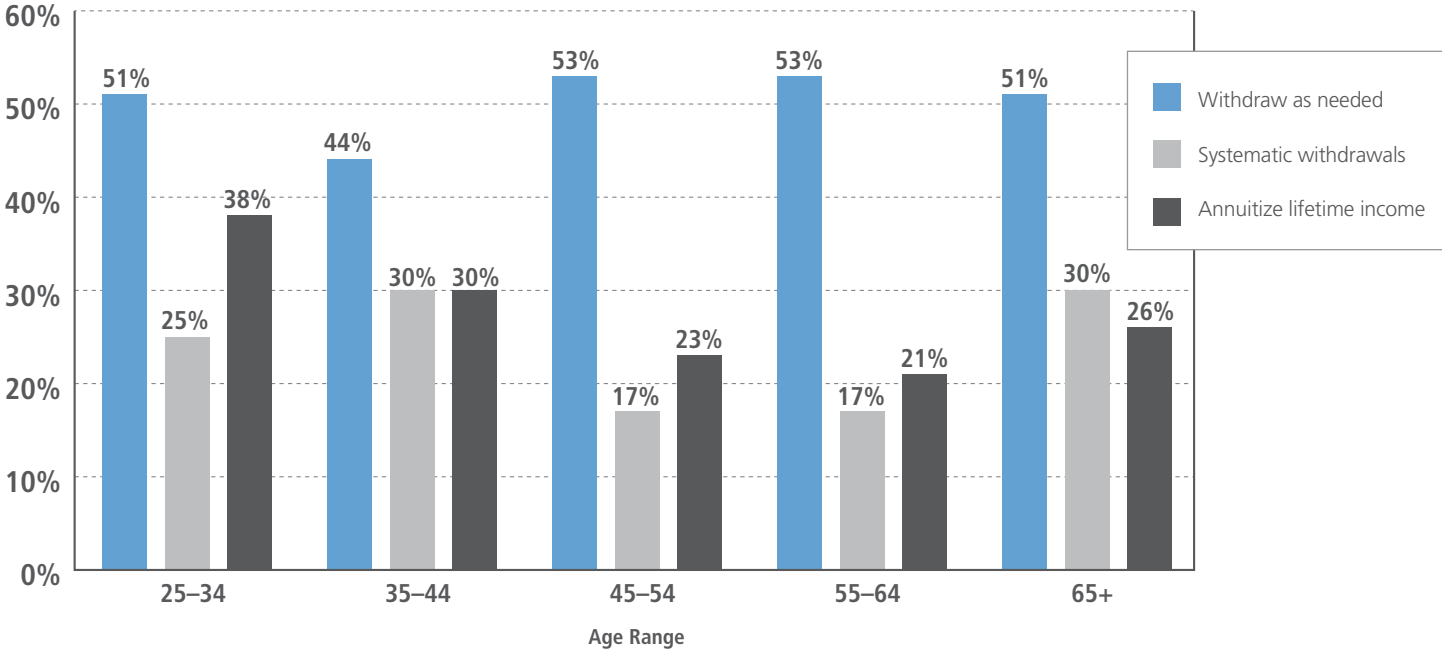
AMERICA'S NEW RETIREMENT REALITY

For the most part, consumers are aware their retirement savings are, or will be, a vital source of retirement income. However, they lack clarity as to how they will use those savings to generate sustainable income—and to some extent, their beliefs about how to meet income challenges in retirement are at odds with their expectations and plans.

MORE THAN HALF of advisors believe at least some of their clients who don't own annuities will run out of money during retirement.

Despite the fact that eight in 10 consumers believe Social Security will not provide sufficient income, relatively few plan to use an annuity-based solution to guarantee lifetime income or a systematic withdrawal plan to limit withdrawals to an amount that might be sustainable.

Methods of Using Retirement Savings for Income

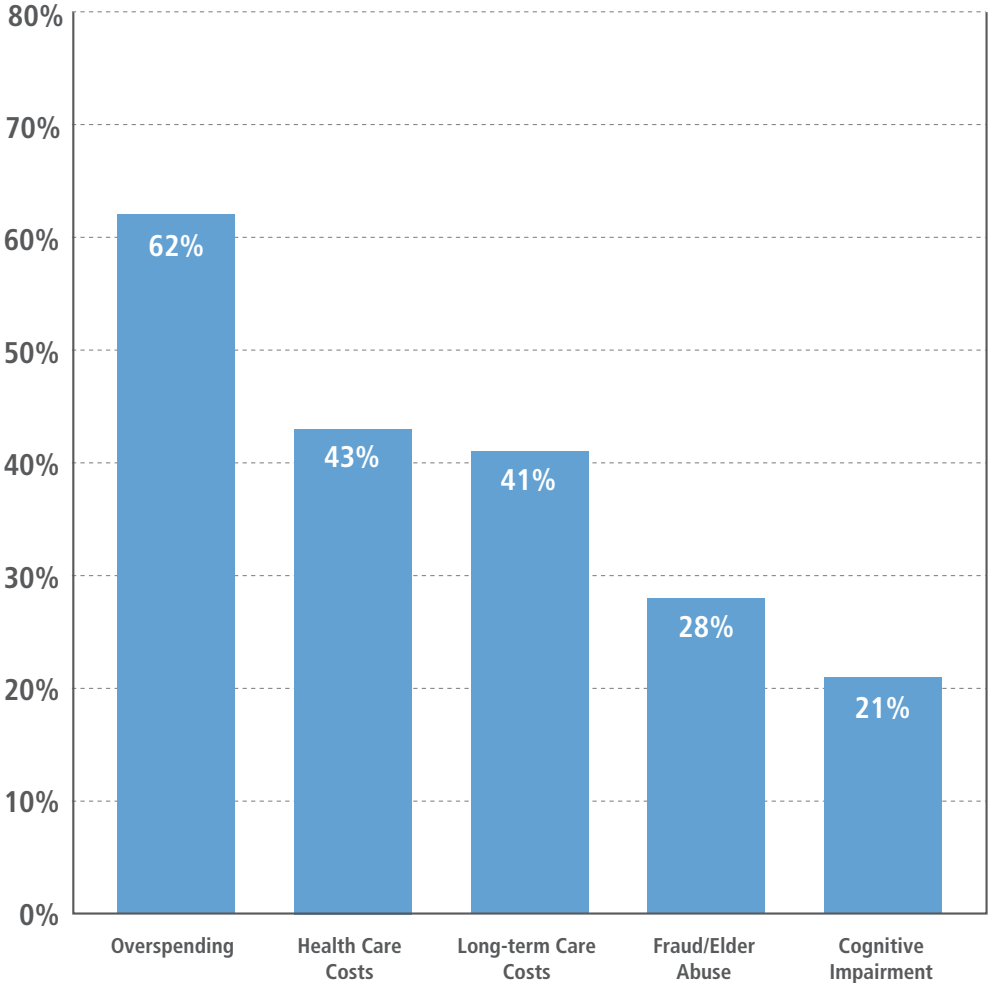


Nearly
1/3

of advisors report having had three or more clients exhaust their investable assets.

Creating a paycheck using annuities can help control spending and ensure there is an income source that can't be exhausted or outlived—as long as the owner abides by the contract.

Factors Contributing to Consumers Exhausting Financial Resources

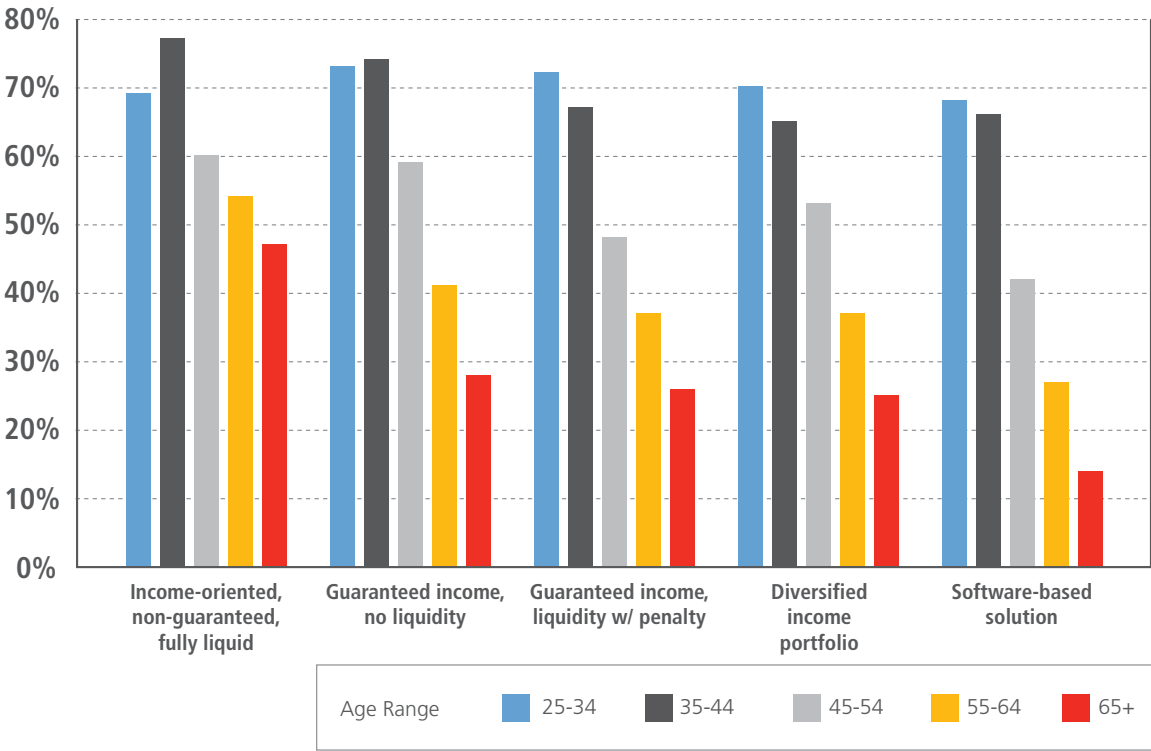


PEOPLE WANT WHAT ANNUITIES PROVIDE

Consumers seem to understand the need for a strong income plan and are aware of some of the risks they face in terms of the potential for unpredictable expenses to impact their retirement savings. Yet only about one in four consumers age 45 and up plan to purchase an annuity—which could help address these challenges.

Consumers, especially younger ones, express a higher interest in the income features annuities can provide, even with substantial penalties attached to liquidity features.

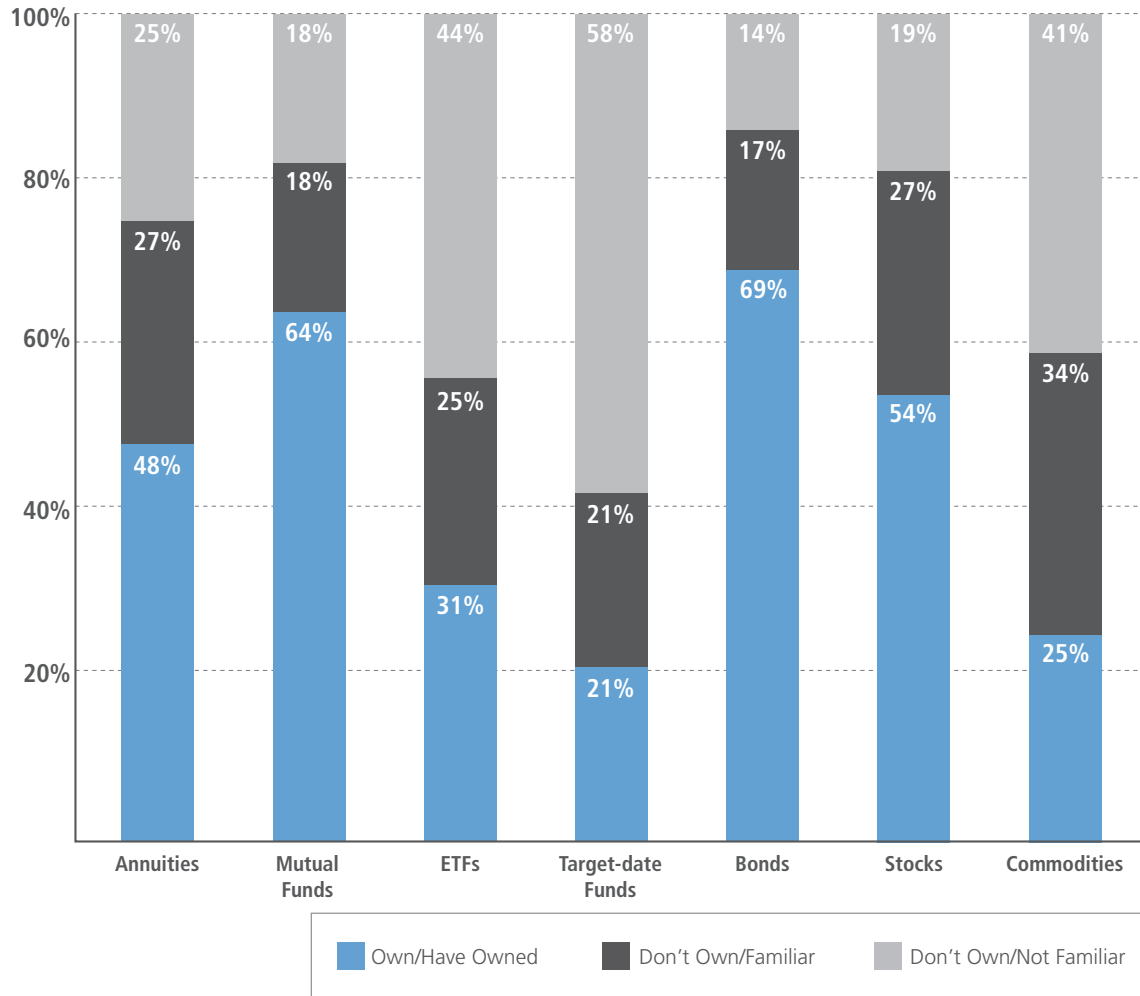
Respondents Who Said They're Very/Somewhat Interested in Income-Oriented Products/Solutions



consumers ages 35-44 say they would be very or somewhat interested in a financial product providing a greater amount of lifetime income than a non-guaranteed alternative, even if they were unable to access the principal investment.

Annuity ownership is higher than expected, and only 25 percent of respondents say they are not familiar with annuities.

Ownership and Knowledge of Retirement Saving and Insurance Products



Despite the awareness of annuities,
only one-third
of consumers ages 25-34 understand that an annuity provides lifetime income.

EXAMINING THE LANGUAGE DISCONNECT

When the features and benefits of annuities are described in isolation—rather than expressed as features of annuities—consumers express strong interest and are even willing to pay more for those features. Most notably, more than 90 percent of consumers are very or somewhat interested in lifetime income. Tax deferral and death benefits also resonate strongly with consumers.

Respondents Who Said They're Very/Somewhat Interested in Annuity Features

	AGE RANGES				
	25-34	35-44	45-54	55-64	65+
Lifetime Income	88%	95%	92%	89%	89%
Lifetime Income + Spouse	87%	94%	89%	81%	77%
Tax Deferral	74%	81%	73%	71%	62%
Death Benefits	79%	85%	76%	71%	63%
Downside Protection	82%	89%	81%	82%	79%
Extensive Fund Menu	80%	83%	75%	72%	62%
Simplified Fund Menu	75%	85%	69%	58%	43%

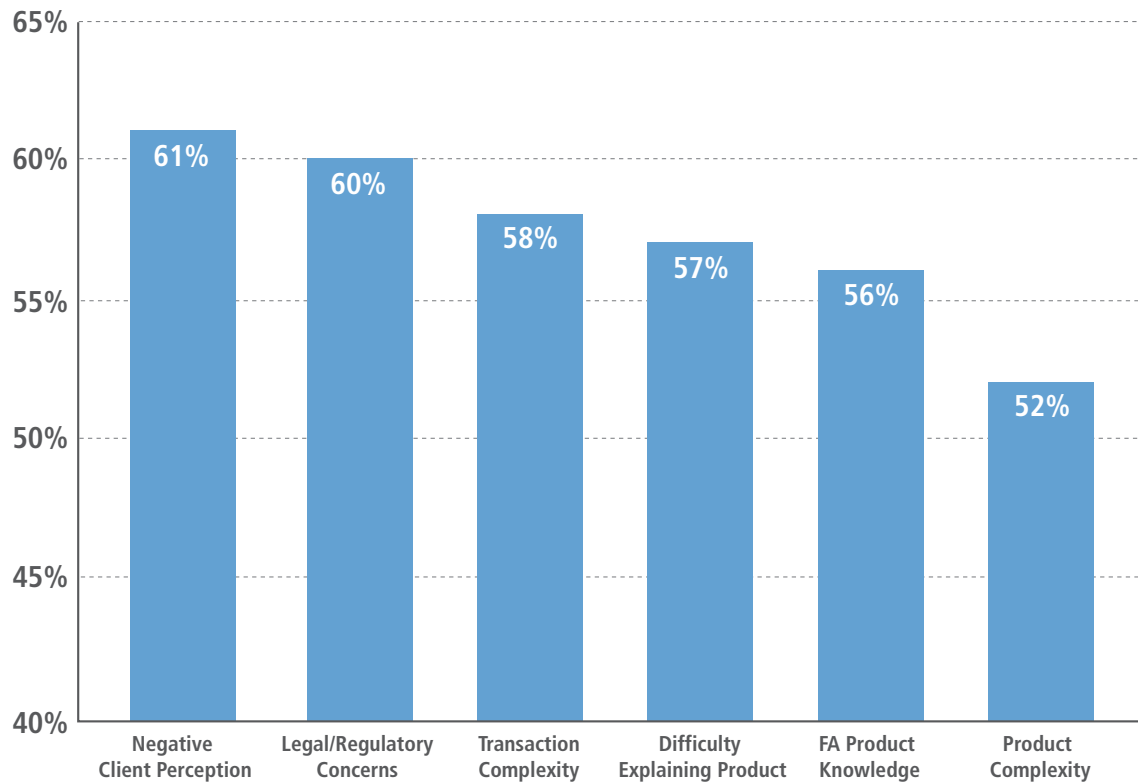
More than
80%

of advisors say that guaranteed lifetime income features have had a positive impact for their clients, and one-third say it is the most impactful feature of annuities.

Eight in 10 consumers say they would purchase an investment product providing guaranteed lifetime income, even if it cost more than an alternative. Yet almost half of advisors believe their clients perceive annuities to be too expensive.

Despite advisors' generally favorable view of annuities, and common use of the product to address their clients' income and saving needs, advisors cite challenges that limit their use of annuities.

Factors Very/Somewhat Impactful in Reducing Annuity Use By Advisors



When told that guaranteed lifetime income is a feature of annuities,

MORE THAN 90%

of consumers believe it's an appealing characteristic of the product.

ANALYSIS

PEOPLE WANT ANNUITIES—BUT THEY MIGHT NOT REALIZE IT

Most consumers do not believe Social Security will provide sufficient income in retirement, and they do not expect to receive income from a pension. Most younger consumers plan to use their savings to provide income during retirement, and they are concerned about the impact expenses such as health care costs will have on their retirement savings. Consumers of all ages are receptive to financial products that can provide guaranteed lifetime income (i.e., annuities), and the youngest are almost universally willing to pay more for it.

Advisors understand and support annuities, recognizing that in their absence clients are more likely to exhaust their financial resources at some point during their retirement years. Annuities can help solve retirement challenges, and they are the only financial products that can provide the guaranteed lifetime income consumers say they want—and advisors know they need.

If the retirement industry can overcome consumer bias toward annuities, simplify the language used to describe them, and increase the overall understanding of the modern annuity product and its potential benefits—advisors may find their clients to be more receptive, and potentially more successful at achieving their financial goals for the future.

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The executive summary is our summation of a study conducted on behalf of the Insured Retirement Institute and Jackson National Life Insurance Company, 2017.

Before investing, investors should carefully consider the investment objectives, risks, charges and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses, which are contained in the same document, provide this and other important information. Please contact your representative or the Company to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.

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Optional benefits are available for an extra charge in addition to the ongoing fees and expenses of the variable annuity. The long-term advantage of the optional benefits will vary with the terms of the benefit option, the investment performance of the variable investment options selected, and the length of time the annuity is owned. As a result, in some circumstances the cost of an option may exceed the actual benefit paid under the option. Death benefits terminate if the contract value falls to zero.

Not FDIC/NCUA insured • May lose value • Not bank/CU guaranteed Not a deposit • Not insured by any federal agency
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