



# INSIGHTS into Fixed Annuity Ownership

## Examining the value of insured solutions in retirement planning

In 2024, the largest number of Americans in history will turn age 65. Importantly, the majority of these individuals do not have pensions and must self-fund retirement through 401(k)s, other employer plans, IRAs and savings. Millions without protected lifetime income stand the chance of running out of money. While Social Security provides a safety net, it may not be enough to ensure a comfortable retirement. An annuity could be a valuable component of a more secure future.

NAFA engaged Greenwald Research to independently survey fixed rate annuity (FRA) and fixed indexed annuity (FIA) contract holders in an online survey to understand the experience in purchasing and owning their respective annuity contracts.

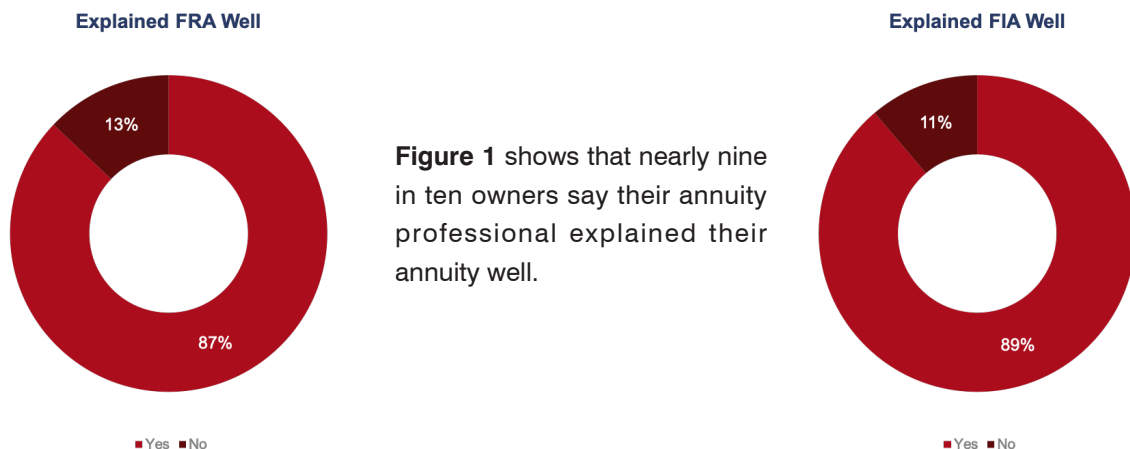
### IMPLICATIONS OF THE RESEARCH

Fixed annuities provide Main Street consumers the opportunity to enjoy a combination of accumulation potential and protection from market volatility, in addition to the ability to create a predictable stream of guaranteed lifetime income. Annuity ownership is increasing and owner satisfaction is high, which is not surprising given the vast uncertainties Americans face in the planning process. Fixed annuities help people mitigate common retirement risks, from investment and sequences of returns risks to inflation and longevity risks. Continued education and awareness of fixed annuities is essential for increasing understanding about the valuable role they can play in helping more people achieve the retirement security they desire and deserve.

#### I. The Role of Independent Distribution

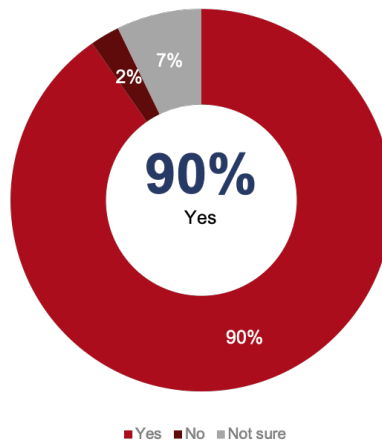
Though FRAs and FIAs are distributed through various channels, independent financial services professionals, including licensed insurance agents, play a crucial role in helping savers incorporate these products successfully into a more secure retirement plan. These annuity professionals operate under a robust set of state-based guidelines that ensure consumers receive tailored advice in their best interests.

**INSIGHT:** *Annuity professionals work to deliver thorough product education to ensure consumers understand their product purchases and are buying a product in their best interest at the point of sale.*





### Best Interest Recommendations

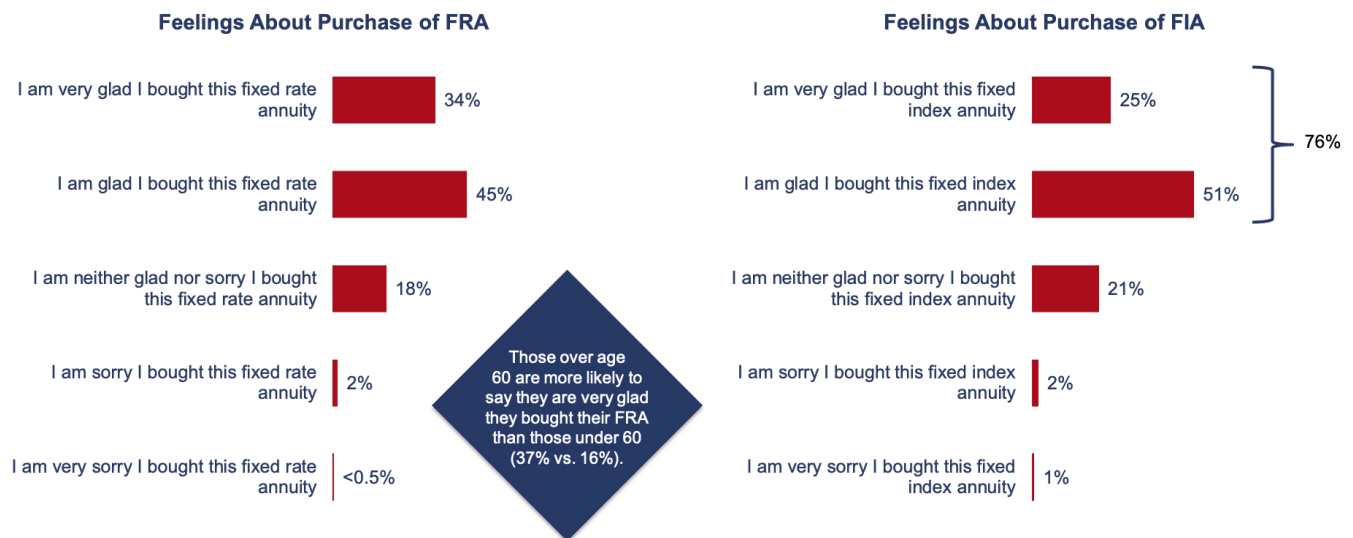


**Figure 2** indicates that nine in ten believe their annuity professional had their best interests in mind when recommending they purchase their annuity.

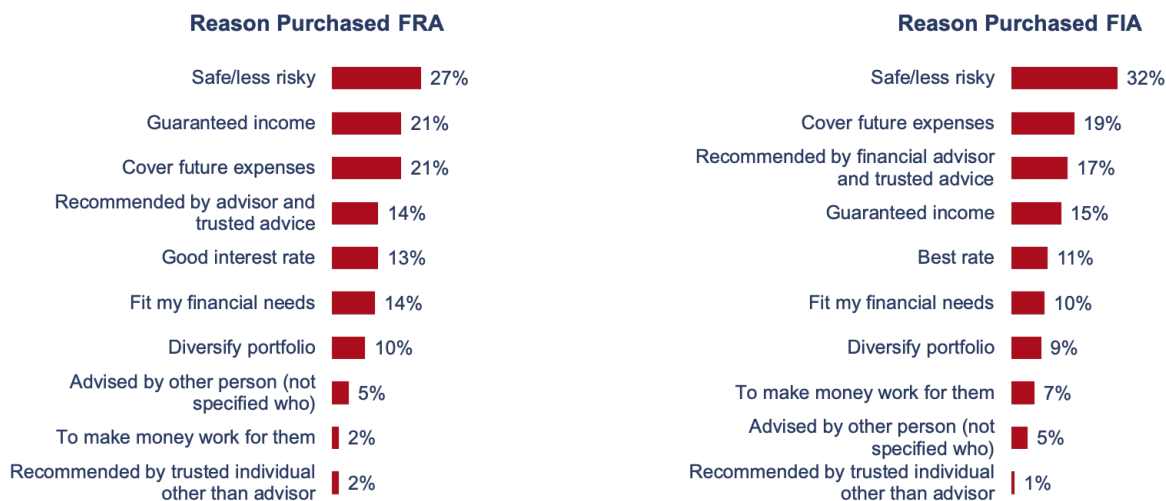
## II. The Power of a Fixed Annuity Purchase

FRAs and FIAs possess a host of features and benefits that can help consumers meet their retirement goals more successfully. Features like safety of principal, locked in interest earnings, a zero floor and feelings of increased security are among those features. What's more, fixed annuities can help individuals hedge against various retirement risks while diversifying their portfolios, a key objective of those nearing and in retirement as their risk tolerance declines.

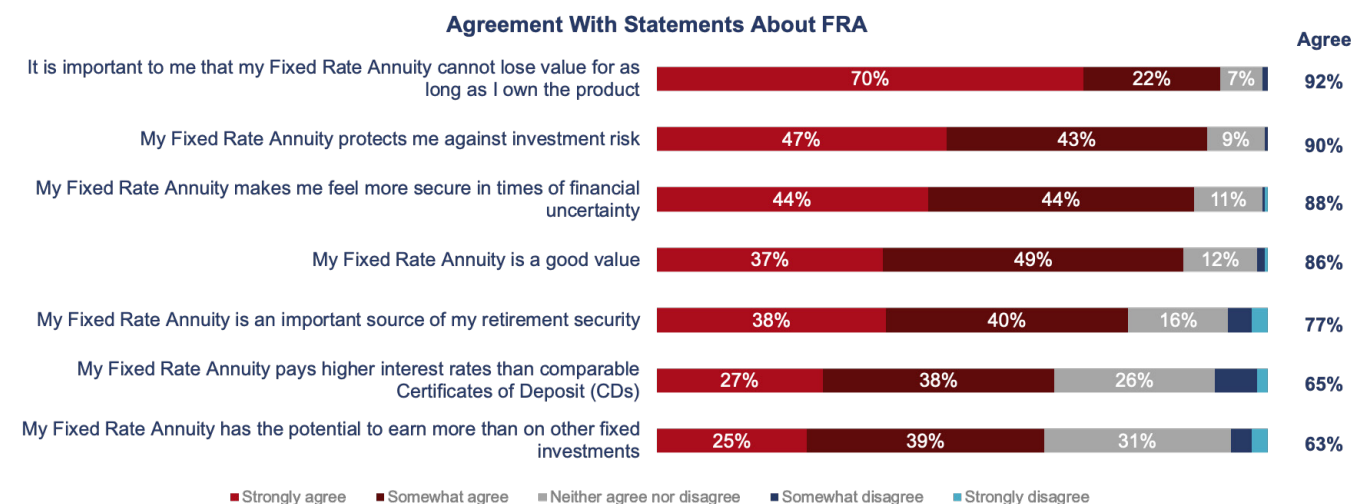
**INSIGHT:** Fixed annuity owners are by and large glad they purchased the product and cite safety and risk mitigation as critical purchase factors.



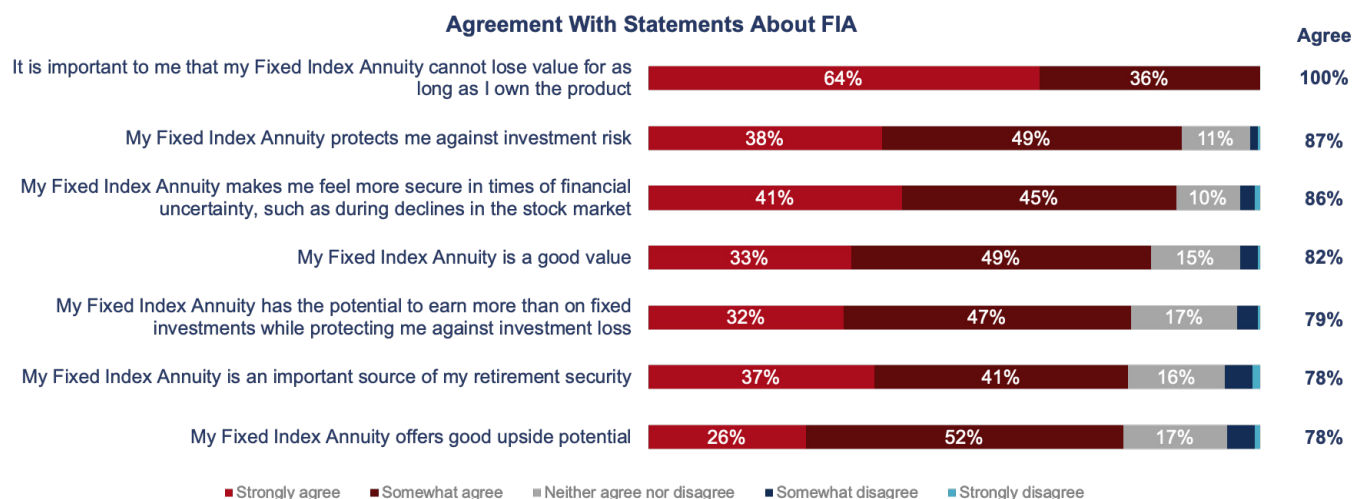
**Figure 3** shows that more than three-quarters of annuity owners are glad they bought their annuity.



**Figure 4** indicates that FRAs are most often purchased for safety; one-third of owners purchased FIAs for risk mitigation.



**Figure 5** shows nearly all owners agree it is important that their FRA cannot lose value for as long as they own the product.



**Figure 6** indicates that 100% of FIA owners agree it is important their FIA cannot lose value; almost nine in ten agree their FIA protects against risk.



### III. The Value of Guaranteed Lifetime Income

Surveys frequently indicate that running out of money in retirement is at the top of consumers' retirement concerns. With pension access dwindling, an uncertain future for Social Security and inadequate personal savings, the instability of the three-legged stool of retirement income is evident. Annuities are uniquely positioned to help Americans create a predictable stream of lifetime income they cannot outlive, no matter how many years they live in retirement.

**INSIGHT:** *An annuity is the only financial product that can provide a guaranteed stream of income for life, helping consumers close potential income gaps and retire more securely.*

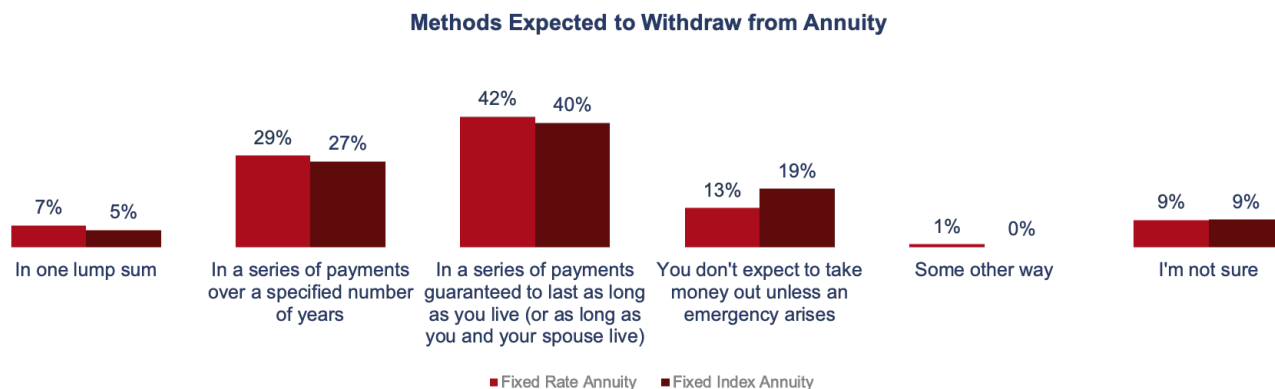


Figure 7 shows that four in ten owners expect to withdraw from their annuity in a series of payments for the rest of their lives.

### IV. The Profile of an Annuity Owner

Fixed annuity owners are everyday Americans working hard to protect a portion of their nest egg from risk while creating supplemental income to cover essential retirement expenses. Fixed annuities can be purchased with a principal payment as low as \$2,000, making them accessible to low- and middle-income savers. Studies repeatedly indicate that working with a licensed insurance professional increases consumer retirement confidence, which most annuity owners are doing.

**INSIGHT:** *Fixed annuities are owned by Main Street Americans who are often working with a financial professional to diversify their portfolio subject to a conservative level of preferred risk.*

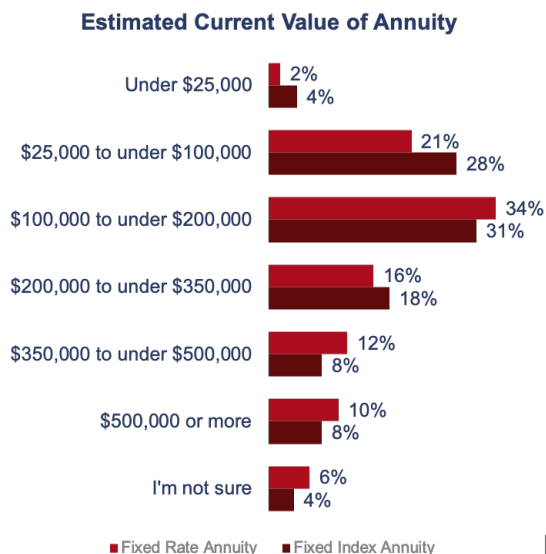


Figure 8 indicates that approximately six in ten fixed annuities are valued at less than \$200,000.

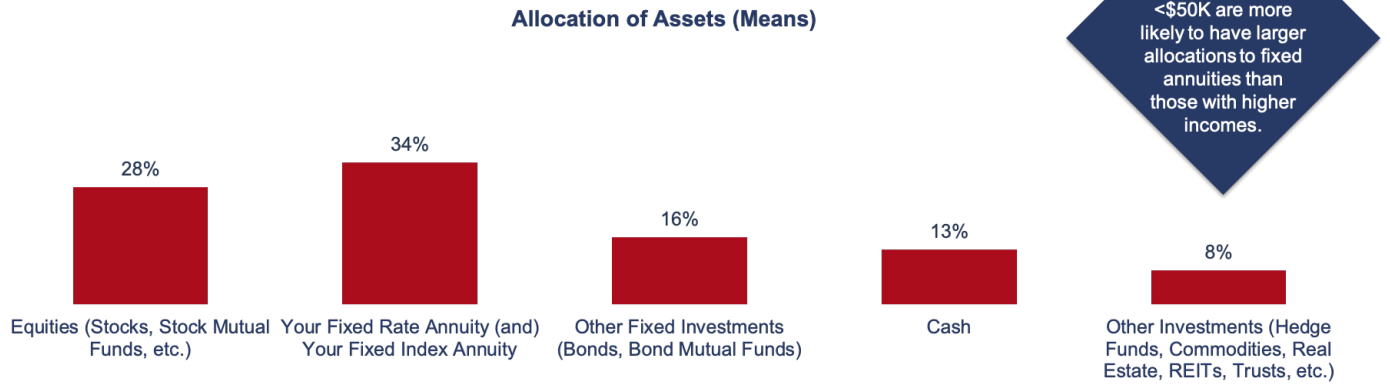


Figure 9 shows that fixed annuities make up approximately one-third of owners' investable assets.

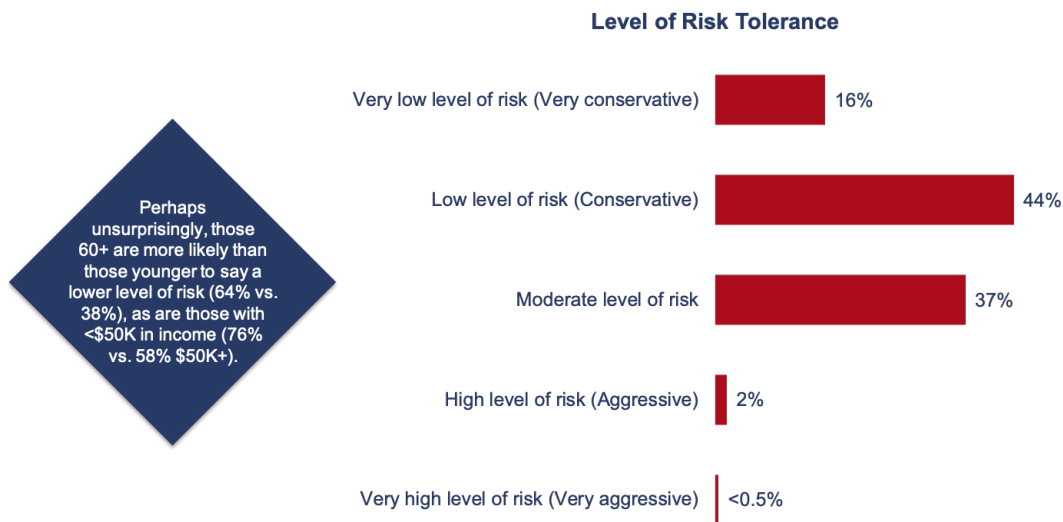


Figure 10 indicates six in ten owners are taking a low or very low level of risk with their allocation of assets.

**Working With Financial Professional(s)**

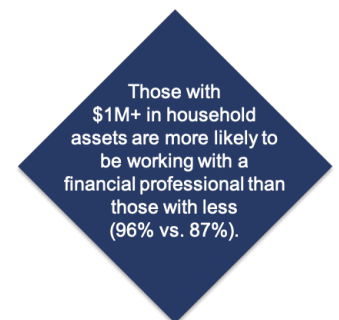
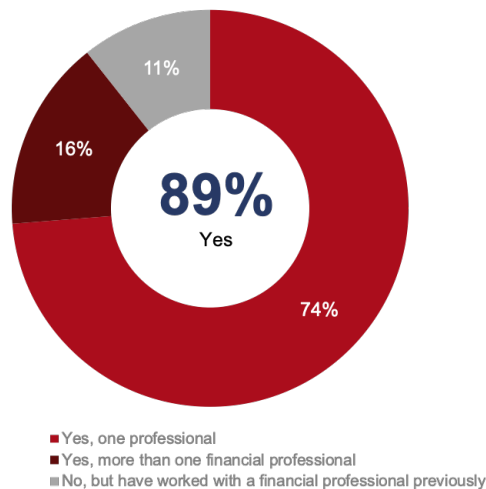


Figure 11 shows that nine in ten fixed annuity owners are working with at least one financial professional.



## METHODOLOGY

This report presents the results of an online survey conducted by Greenwald Research on behalf of NAFA. Information for this study was gathered through a 12-minute online survey of 404 Americans December 6-19, 2023. All respondents:

- were age 50 or older;
- worked with at least one financial professional either currently or at some point in the past;
- have at least \$100,000 in investable assets;
- own a fixed rate annuity (FRA) and/or fixed index annuity (FIA); and
- play a substantial role in making household financial decisions.

**For questions or comments on this report please contact Chuck DiVencenzo, President & CEO, NAFA, at [cjd@nafa.com](mailto:cjd@nafa.com) or 414.332.9306, ext. 0.**

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