

BlackRock

Been there, valued that:

Annuity owners
on the benefits
of lifetime income

About the research

Gen X, which makes up about 36% of the workforce, is the next generation starting to retire. According to our most recent Read on Retirement[®] survey, 74% of them believe they won't have the same level of financial certainty as previous generations, which were more likely to have access to a pension.

Baby Boomers would say they're right: Of those who are already retired, 85% say lifetime income makes a bigger difference than they thought it would in retirement.

We learned a lot about how workplace savers think about lifetime income in our survey. The headline: It would make a difference in retirement. Just how, exactly, is what we sought to understand more. So, we reached out to the voice of experience: annuity owners. Are they less worried about outliving their savings? Everyday expenses? Market volatility? Financial decisions as they age?

Working with Greenwald Research, we asked more than 1,000 annuity owners who were 60 or older to find out.

Been there, valued that

Let's begin with the conclusion: American workers want to spend retirement feeling secure. Guaranteed lifetime income is a way to achieve that. 88% of the annuity owners we surveyed think every retiree's portfolio should have at least some money invested in a product that guarantees lifetime income and 81% say it's more important for today's retirees than it was for previous generations.

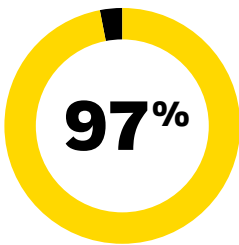
They also called on employers to help: 80% said employees should be given access to retirement income as an option in their retirement plan.

But why? Five key values emerged.

1 Longer lives, more peace of mind
People are living longer, and that should be a good thing. Annuity owners seem to think so, too: The top three reasons for buying a guaranteed lifetime income annuity all relate to longevity. They were looking for:

- Peace of mind that savings would not run out
- More assurance that essential expenses would be covered for life
- Extra protection in case they live a long life

2 With a guarantee, less financial stress
It's the #1 financial fear: Outliving your money. 97% of annuity owners say their annuities help them worry less about running out. But retirees have immediate financial responsibilities on their mind, too—and 93% say having an annuity helps them worry less about day-to-day expenses.



of annuity owners say their annuities help them worry less about running out of money.

3 Greater uncertainty, more security
A volatile, uncertain economy can also affect financial fitness, and 88% of annuity owners say their annuities help ease worries about the possibility of a stock market downturn.

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Similarly, the biggest concerns for annuity owners mirror those of all Americans these days: The rising cost of living due to inflation (57%) and the related rising cost of health care (56%).

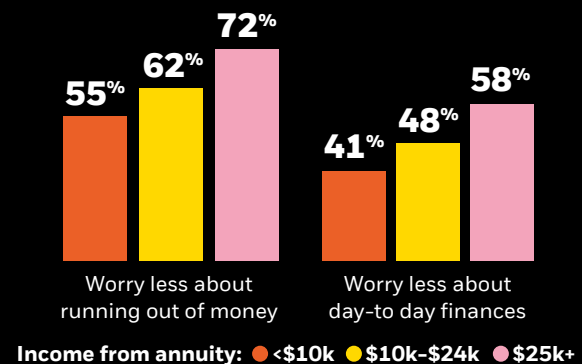
There's also significant worry about the potential reduction of government benefits, such as Social Security (50%) and Medicare (49%).

Doing the mental health math

It makes sense that, the bigger the annuity the more owners said it helped them worry less about outliving their savings. But even of those who receive less than \$10,000 annually from their annuity, more than half said it eased that stress.

In a recent paper, we analyzed the spending potential in retirement an income solution could provide, and found a 25% uplift for lower earners, and an average of 22% across all income levels.¹

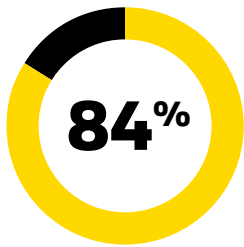
GLI annuity helps to significant extent



1 BlackRock, "When nest eggs need a safety net," 2024

4 More savings safeguards, less vulnerability

AARP reports that older Americans lose \$28.3 billion annually to elder financial exploitation and fraud. 84% of annuity owners say annuities help make you less vulnerable to financial fraud or bad investment decisions later in life. Retirees are also considering aging and their ability to make sound financial decisions—92% say that an annuity makes it easier to manage them in older age when decision-making sometimes becomes harder.



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5 Steadier income, more spending

Retirees do not like spending down their nest eggs. Annuities help ease those spending fears, say our survey participants. 53% say that owning one makes them feel more comfortable spending non-guaranteed assets if there's something they want or need to spend money on, and 61% of annuity owners are very or extremely confident they can withdraw sustainably through retirement.

A horizontal bar chart with a pink bar on the left and a black bar on the right. The number '61%' is displayed in the pink section.

61%

61% of annuity owners are very or extremely confident they can withdraw sustainably through retirement.

It's the #1 financial fear: Outliving your money.

Invaluable perspective, a better bottom line

Which brings us back to the 74% of Gen Xers who are on the cusp of retirement and likely looking at what else they can do to better prepare for that next chapter. With perspective on lifetime income from those who have been there, valued that, they—and the millions of Millennials and Gen Zers who will follow—can plan a path toward a more secure retirement.

For employers, offering a lifetime income solution could mean a better bottom line when it comes to acquiring and retaining talent, as well as workforce productivity. Not only do people feel more financially secure when given access to guaranteed retirement income—they also feel less stressed—and 93% of workplace savers agreed there's one thing that would help improve their mental health now: Knowing they'll have guaranteed income in retirement.²

This study was conducted for BlackRock by Greenwald Research.

Information for this study was gathered through a 13-minute online survey with 1,025 consumers who own an annuity that provides guaranteed lifetime income. Respondents were required to be at least 60 years old and own a guaranteed lifetime income annuity that either a) will pay income of at least \$5k annually or b) cost at least \$75k to purchase. Respondents for the survey were recruited and fielded by Dynata from August 12 to 21, 2024.

Want to know more?

blackrock.com/retirementincome

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