



LIMRA Study: Over A Third of Retirees Receive Income from Annuities

WINDSOR, Conn., Sept. 16, 2011 — According to a recent LIMRA study, 35 percent of all retirees receives income from an annuity in retirement.

"The majority of current retirees relies primarily on pensions and social security to meet their daily expenses, with annuities making up only four percent of their income," noted Jafor Iqbal, associate managing director, LIMRA Retirement Research. "But in the coming years, we expect to see fewer Americans retiring with pensions and more relying on their personal savings to fund their retirement. Annuities will provide a reliable way to convert that savings into a guaranteed income stream."

LIMRA found that the likelihood of taking income from an annuity increases with age. Only 19 percent of retirees under age 65 receive income from an annuity but the number jumps to 49 percent when looking at retirees age 75-79.

Interestingly, household income has little effect on whether retirees receive income from an annuity. About a third of retired households with incomes under \$75,000 rely on income from an annuity; the retired households with incomes of more than \$75,000 increased about five percentage points.

Household assets are another story. Retirees with household assets under \$100,000 are about half as likely to receive income from an annuity (22%) as those with assets of \$250,000 to \$499,000 (45%). About 4 in 10 retired households with assets above \$500,000 receive income from an annuity.

Only one-fifth of retirees who are receiving income from an annuity say they have received it from an immediate annuity. The study found that all other annuity income recipients are taking withdrawals from their deferred annuities.

"All of our research has revealed that consumers are attracted to guarantees with their financial products – especially when the economy is performing poorly," said Iqbal. "This holds true for retirees as well. Our study found that 40 percent of retirees receiving income from annuities say their annuity income is guaranteed for life."

The online survey was conducted in October 2010. Qualified respondents were aged 55 to 79; had been retired for at least one year and had not worked for pay within the past year; and had household incomes of at least \$35,000. Furthermore, qualified respondents were personally involved in making decisions about their household savings and investments.

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