LPL RESEARCH:
RETIREMENT ENVIRONMENT INDEX
State-by-State Holistic View Into Pre-Retiree Landscape

OVERVIEW
The Retirement Environment Index from LPL Research is a holistic ranking of the attractiveness of each U.S. state as a retirement destination. This unique index looks specifically at the 45- to 64-year old cohort (pre-retirees) and collectively assesses strengths and weaknesses of pre-retiree desirability on a state level, rather than city or regional level. The 45- to 64-year-old cohort is the largest subset of the Baby Boomer generation but also includes some older members of Generation X. States are evaluated on six key factors, each with its own supporting metrics, to evaluate overall desirability for retirement.

The Retirement Environment Index seeks to discover the complicated answer to the simple question: “Which state is most desirable for pre-retirees?” No state scored well in every category, and, conversely, no state did poorly in every category. Each pre-retiree’s decision is based on individual factors, and the category grades are designed to illuminate the different ways that “desirable” can be defined. A pre-retiree in a very healthy financial situation may put less weight on the financial category, as monetary considerations may be less meaningful than community and/or quality of life factors, for example. For others, the situation may be reversed. The Retirement Environment Index is designed to grade and rank states on their preparedness and desirability for the pre-retiree cohort. For some individuals, where to reside is already decided, but the index can still help spark conversations among residents and state officials to focus on areas that need improvement while continuing to support aspects of strength.

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**INDEX CONSTRUCTION METHODOLOGY**

For each subcategory, LPL Research assigned each state a score based on the state’s standing relative to the national average and the distribution of the state-level data. We then weighted subcategory scores to reflect their relative importance and aggregated to a final grade for each category. The broader six category grades were also weighted, resulting in an overall grade for each state. We designed the weighting system such that a very negative or positive score in one particular subcategory would have a large influence on the category grade, but a more limited influence on the overall grade. Letter grades for categories and subcategories are based on each state's percentile rankings for both subcategory and category grades:

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INDEX COMPOSITION

The index comprises six broad categories that affect retiree desirability. Within each category, four to six diverse subcategories provide depth and balance.

- **Financial**: A state’s fiscal health and the financial health of a state’s pre-retirees will likely directly impact individuals’ ability to enjoy a fulfilling retirement. Financial factors rank high across all surveys of pre-retiree preparedness.

- **Healthcare**: Access to, and cost of, healthcare are key determinants of retirement satisfaction. Along with financial factors, the quality of healthcare comprises a top concern.

- **Housing**: The availability of affordable housing, and the presence of nursing care and/or assisted living facilities, are both of vital importance and can be a major expense to consider during retirement.

- **Community Quality of Life**: Social factors, which take into account crime rates, traffic patterns, and weather conditions, are key determinants of retiree happiness and satisfaction.

- **Employment and Education**: The 20 years before retirement can generate the highest rate of savings if fully employed. Employment may offer benefits beyond income, such as 401Ks, pensions, and health insurance. Higher percentages of college degree attainment rates yield higher rates of employment with benefit packages.

- **Wellness**: Personal habits and tendencies impact health during the final years of employment and into retirement. Poor habits are associated with premature death, poor quality of life, and increased healthcare costs, in addition to strains on state-provided resources.
REGIONAL TRENDS

The retirement environment in each state is unique, and some states differ vastly from neighboring states. However, regional trends are worth highlighting. States in the Midwest saw the highest average score this year (average 15th place out of 51 states), followed by the South. The West had the largest range of scores, with Wyoming ranking number five, and California coming in at 50th. Within each category, there are also distinct regional trends among the four major U.S. census regions (Northeast, South, Midwest, and West):

Financial: Similar to last year’s index rankings, the Midwest is the clear regional winner, with metrics in line with national averages except for cost of living, which is well below the national average, and just below that of the South. The Northeast’s higher cost of living and tax burden pulled average financial scores lower for the region.

Healthcare: The Northeast remains the standout, doing well in most subcategories that demonstrate excellent access to, and cost of, quality care. The Midwest trails in this metric across all subcategories.

Housing: The Midwest leads, followed closely by the South, based primarily on broad housing affordability. The Northeast trails for the same reason.

Community Quality of Life: The South comes in at the top of our ranking, with high scores across all metrics. The Northeast came in at the bottom this year due to higher crime and foreclosure rates.

Employment and Education: The Northeast stands out, followed by the West. The Northeast’s advantage is driven by higher college degree attainment rates and higher employment rates. The Midwest trailed.

Wellness: The Northeast and the South were strong across all categories, whereas the Midwest followed behind, largely due to higher levels of obesity and lower life expectancy for 65 year olds.

BIGGEST MOVERS

Nebraska
The New #1

Nebraska moved to number one this year’s rankings, dethroning Virginia, which had maintained the top spot for two years running. Although Nebraska slipped one grade in Housing, improved scores in the Financial and Community Quality of Life subcategories helped the state power higher in the rankings. Virginia, for its part, still ranked highly in most categories, though a slight downgrade in the Financial subcategory (from an A to a B) pushed it to a still respectable seventh place this year.

Connecticut
Previous Ranking 40, Now 27

Connecticut tied North Carolina for the largest upward move in the rankings this year, moving from an overall D score in our 2016 rankings, to a C in 2017. The biggest drivers of this move higher were increasing Healthcare and Wellness scores. The Healthcare score was positively impacted by above-average rates of health insurance coverage for pre-retirees, an above-average number of physicians and dentists per capita, and a population that is more likely to seek preventive care options. Wellness scores were also above average across the board, with the largest improvements in 2017 coming from lower rates of diabetes and higher levels of physical activity.

North Carolina
Previous Ranking 34, Now 21

An improved Financial score helped move North Carolina’s overall D ranking in 2016, to a C in 2017. The Financial score was positively impacted by an increasing median income, coupled with a slight decrease in an already below-average cost of living.

Wisconsin
Previous Ranking 26, Now 16

Marginal declines in Financial, Healthcare, and Community Quality of Life scores led Wisconsin to fall from an overall score of A in 2015 to a C in 2016. While the state maintained an overall C rating for 2017 a bounce back in Healthcare and Community Quality of Life scores pulled the overall ranking ten spots higher to 16th. Above-average healthcare expenditures per capita, above-average rates of health insurance coverage, and high rates of preventive care helped move the overall Healthcare score higher. Declining poverty, foreclosure, and crime levels helped move the needle for Community Quality of Life.

Washington, D.C.
Previous Ranking 16, Now 30

Washington, D.C. saw the largest drop in rankings year over year, driven primarily by a decline in its Financial score. An increase in cost of living (where the district already ranked second highest of any state), coupled with continued low scores in Housing and Community Quality of Life hurt the district’s 2017 ranking. On the plus side however, Washington, D.C. continues to rate highly in the Healthcare and Employment and Education categories.

New York
Previous Ranking 49, Now 51

Low Financial, Community Quality of Life, and Housing scores combined with a slight drop in Healthcare scores from an A to a still very respectable B were the largest drivers in New York’s fall to the bottom of this year’s rankings. California, which was at the bottom of last year’s rankings, managed to move one spot higher on a slight increase in its Housing score.
WHAT DO CONSUMERS AND ADVISORS REALLY THINK ABOUT ANNUITIES?

IRI’s generational research consistently shows many Americans aren’t saving enough (or anything) for retirement. Baby Boomers and GenXers especially, as the working generations in or closer to traditional retirement age, will find it imperative to take steps to ensure their limited savings provide income for as long as they need it. Two-thirds of Boomers with retirement savings (and 46 percent of them have no savings at all) have saved less than $250,000, which may not produce income that lasts throughout a 25 year, or longer, retirement – especially without a plan for how that income will be generated. IRI and Jackson National Life Insurance Company® (Jackson®) recently teamed up to conduct a research study with both advisors and consumers to determine how well they understand annuities, how much value they attach to the products, and to what extent they think annuities are an important component for producing income in retirement portfolios.

The Spring 2017 issue of IRI Insight revealed a surprising finding from the IRI research study, “Boomer Expectations for Retirement 2017” – while more than 85 percent of consumers believe they need a source of guaranteed lifetime retirement income other than Social Security, only eight percent would use a portion of their retirement savings to purchase an annuity. Upon hearing this statistic, one might be tempted to conclude consumers are so biased against annuities that they would not even consider buying one, despite the ability of annuities to deliver. However, it turns out the real problem is that many consumers don’t know that annuities can provide guaranteed lifetime income!

The consumer and advisor study sponsored by IRI and Jackson National found, among other key learnings, that:

- Eight in 10 consumers do not believe Social Security will provide sufficient income.
- More than 90 percent of consumers believe guaranteed lifetime income is an appealing characteristic of annuities.
- More than eight in 10 financial advisors believe guaranteed income features have had a positive impact on their clients’ lives, and one-third believe guaranteed income is the most impactful feature of annuities.
- Eight in 10 consumers would purchase a financial product that provides guaranteed lifetime income, even if it is more expensive than alternatives, but almost one-half of financial advisors believe their clients perceive annuities to be too expensive.
- Only one-third of consumers ages 25-34 understand that an annuity provides lifetime income.

In short, when consumers are asked if they value, and would pay for, a product offering guaranteed lifetime income, the answer is a resounding “yes.” When they are asked if they would like an annuity, the answer is far more likely to be “no.” Consumers and advisors both want retirement assets to last throughout retirement, and their perceptions, experiences, expectations, and fears shape their attitudes toward the use of annuities to address retirement income needs.

The study also explored both consumers’ and advisors’ experiences navigating retirement

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More than one-half of the advisors surveyed have had at least one client completely exhaust their financial resources, and a third have seen this occur with three or more of their clients. Furthermore, over 60 percent of advisors cited “overspending” as the primary factor contributing to their clients’ depletion of their savings. Perhaps from bearing witness to this, more than one-half of advisors believe at least some of their current clients who do not own annuities will run out of money at one point during their retirement years.

More than one-half of financial advisors view annuities favorably in terms of the impact guaranteed lifetime income has on their clients’ financial well-being, but a significant number of advisors believe their clients are unwilling to incur the additional cost associated with purchasing that guarantee. Consumers show more variance in their knowledge of, and attitudes toward, annuities – in part shaped by their perception of retirement risks, and the extent to which they will bear the burden of those risks. While both older and younger consumers believe they will need to use their savings for retirement income, those ages 25-34 are more likely to anticipate incurring significant health care costs during retirement, as well as needing to work during retirement. Interestingly, while these younger consumers are just as likely as older consumers to say they are interested in products that provide guaranteed lifetime income, they are much more likely to say they would pay more for a guarantee. But, they are the least likely to understand annuities offer such guarantees!

2013 Gallup study found the median age of a first-time annuity buyer is 52, and the median owner age is 70. Baby boomer and Generation X consumers are the market for annuities today, and rightly so – they are the individuals who are either in retirement, or for whom retirement looms large. Further, many of those with substantial retirement savings have fewer remaining working years to recover from market correction losses, making them prime candidates for annuities that can protect against those losses and generate future income. But younger consumers need to start appearing on the radar – those who are conscious of retirement risks need to understand how annuities work so they can be given more context for their savings and learn how they can create secure, lifetime income streams. By illustrating the relationship between savings amounts and monthly income, we can help this generation plan for the day when annuities can be optimally employed to craft a secure retirement.

This article is based on the 2017 IRI/Jackson® research report, “The Language of Retirement 2017.” The full report will be available on IRI Members Only website at www.myirionline.org.
Prudential recently sponsored a study by the Center for Retirement Research (CRR) at Boston College that suggests an alarming state of awareness about retirement readiness. A full 57% of surveyed households accurately report that they are or are not adequately preparing for retirement. But that leaves 43% that are either overestimating or underestimating retirement preparedness.

This means that there are three distinct risk groups in terms of addressing retirement readiness:

1. those who are unprepared for retirement and unaware of it (19%)
2. those who are unprepared and aware of it (33%)
3. those who are well prepared and unaware of it (24%).

For the American households who are at risk of not being able to maintain an adequate retirement lifestyle, it is critical to understand that action is needed. For the households that are well prepared and do not know it, the risk is that a comfortable retirement lifestyle will be sacrificed. Understanding the behaviors associated with good retirement planning, in turn, can help people get a better sense of where they stand. Following are the behaviors...

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that are more likely to be modeled by those who are well-prepared for retirement.

- Consistently prioritizing savings throughout working years, and saving toward an asset accumulation goal.
- Consistently maintaining a budget and avoiding dipping into retirement savings.
- Consistently avoiding or paying off personal debt, such as student, credit card, and car loans.
- Having a plan to, and executing on the plan to, pay off home mortgages by the time of retirement.
- Planning for retirement with the assumption that the start of Social Security benefits will be delayed to age 70.

- Having a plan for managing health care costs during retirement.
- Having a plan to generate a reliable retirement income stream from assets, including some portion that is guaranteed for life.
- Reviewing and adjusting retirement plans at least annually to ensure they are still on track to achieve goals.

**ASSET ACCUMULATION**

A very high level approach that may help to ensure adequate retirement assets is to save a minimum of 10% of your gross income each year. Those already saving 10% should consider increasing that amount to 15% over time. For example, a 3% raise might be allocated 1/3 to additional retirement savings, 1/3 to taxes and 1/3 to an increased current living standard. Some workers may need to save even more than 15% of gross income depending on progress toward asset accumulation goals and the number of years remaining before retirement.

To get more precise and set a dollar goal, multiply the annual retirement income goal by 25 to arrive at the target accumulation. For example, if after considering Social Security and any pension payment, the goal is to generate $30,000 additional annual income in retirement, the accumulation goal is $750,000. Some commentators use a lower multiple of 15 or 20 times the annual retirement income goal, but setting lower goals will mean withdrawing at a rate...
faster than 4% per year, increasing the risk of depleting assets prior to death.

Those who plan toward an asset accumulation goal consistent with the above will be less likely to have misjudged their retirement readiness.

**BUDGETING**

Budgeting is simply a mechanism to help ensure people can live within their means. Not all budgets need be line item documents detailing specific spending items and comparing them to income inflows. Rather, working within a budget can be thought of as knowing that each year money is saved and new debt is not created (and legacy debt for education or homes is being repaid). To squeeze out more savings a line by line review of spending may well be fruitful. How much is spent on eating out or spontaneous clothing purchases? Is there an opportunity to trim some of these costs and allocate the savings to a future state in retirement?

Consistently maintaining a budget and living within means suggests a higher likelihood of being better positioned for retirement.

**PERSONAL DEBT**

Many Americans are saddled with personal debt from college and graduate school. This debt has become so burdensome that the customary progression to home ownership has been delayed for many. The debt has also had a domino effect on the ability to save for retirement. Most professionals suggest paying down personal debt should be a priority (though likely after retirement plan contributions that create an employer match). Other personal debt, such as for a car purchase, should be avoided, minimized, or paid down as quickly as possible. Credit card debt, which carries high interest rate charges, is generally considered the worst of all personal indebtedness, and should be avoided entirely. Each dollar of debt hampers the ability to save for the future.

Consistently paying down and avoiding personal debt is a hallmark of prudent financial planning and could suggest being firmly on the road to retirement readiness.

**MORTGAGE DEBT**

It used to be commonly accepted wisdom to pay off a mortgage before retirement, but more and more retirees are entering retirement with mortgage debt. The old rule remains the best approach since any indebtedness in retirement will require more retirement savings and limit the ability to react and adjust to poor returns on invested assets. Debt is a fixed liability that must be paid, and if investments fare poorly in retirement or unanticipated costs are incurred, greater changes will need to be made to other spending priorities.

Those with a plan to pay off a mortgage before retirement are likely to be in a better position in retirement, and less likely to have misjudged retirement readiness.

**SOCIAL SECURITY**

With traditional pension plans less commonly offered by employers, Social Security has become an even more important source of lifetime retirement income. Waiting until age 70 will increase the benefit payment significantly, and which is also the base for annual Social Security cost of living increases for the remaining years. An increased Social Security benefit may also increase the benefit that a surviving spouse will receive. Delaying Social Security to age 70 is likely one of the most important planning steps to help ensure invested assets are not outlived. Yet many individuals continue to elect early Social Security at age 62 or the full retirement benefit at age 66-67 (depending on year of birth). Unless a health issue exists that reduces life expectancy, or there is no spouse who might need a spousal benefit based on the primary claimant’s earnings record, claiming Social Security early is often the greatest retirement planning mistake Americans make.

Planning to delay your Social Security benefit election to age 70 generally indicates a higher probability of being well prepared for retirement.

**HEALTH CARE**

Health care is the single greatest cost in retirement, and various studies estimate the cost to be $250,000 or more for a healthy 65-year-old couple. That is, a healthy 65-year-old couple will need $250,000 in the bank at the point of retirement to have enough to cover health care needs such as Medicare co-pays, supplemental insurance, and out-of-pocket costs. The cost of health care will be even greater to the extent one retires before age 65 and Medicare eligibility. Moreover, health care costs can be inconsistent and may come sooner than expected. The best plan here, then, is to work to at least age 65 and understand that health care is a unique challenge in retirement. To the extent possible, Health Savings Accounts should be utilized, banking any unused amounts annually to build up a tax-free health care fund for retirement.

Understanding and planning for retirement health care costs is likely a trait of the individual who is well prepared for retirement.

**INCOME PLANNING**

No later than 10 years before the planned retirement date, the process of translating retirement assets into an annual or monthly retirement income stream should begin. Beginning with Social Security and any pension plan payments as an income base, consideration should be given to how much additional income other assets can safely

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generate. Depending on the results of this analysis, annuity purchases can be considered to create a greater retirement income stream and avoid the twin risks of poor investment returns and living longer than expected.

Consideration should also be given to the fact that many retirement assets have an embedded tax liability. Analysis of retirement assets needs to be performed to determine after-tax income, since your food, rent and cable bills are paid with after-tax money. Only by calculating after-tax income can a full understanding be gained as to whether there is enough income to live on.

Translating retirement assets into sustainable after-tax annual or monthly income is an indicator of retirement readiness.

**ANNUAL FINANCIAL WELLNESS CHECK UPS**

During the early working years more Americans are likely to be more focused on debt reduction and asset accumulation. As workers age and get closer to retirement they will probably start to consider more the strategies associated with Social Security, health care and income generation. Goals should be continuously revisited and adjustments made, as needed, to how much and where saving is occurring, spending levels, aggressiveness of investments, and the target retirement date. Reviewing financial and retirement planning positioning should be done at least annually to better ensure financial wellness.

Modeling such behaviors makes it more likely that retirement savers will be well prepared for retirement. Doing so makes it more likely stated retirement readiness is being properly assessed, and progress is not over- or underestimated.

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NRPW 2017 HIGHLIGHTS

1,100 media placements
325 million media impressions
$3M worth

14 MILLION CONSUMERS
SATELLITE RADIO MEDIA REACHED across the US; with articles published in Forbes, Huffington Post, Yahoo Finance, NASDAQ.com, Morningstar, and many others.

350 FINANCIAL ADVISORS received continuing education credit from our CE Webinars

8 million social media impressions

14,000 WEBPAGE VISITS to RetireOnYourTerms.org

RECOGNIZED by 35 Members of Congress, Governors, Mayors, as well as state agencies and insurance departments

ABOUT NRPW
National Retirement Planning Week® is a national effort to help consumers focus on their financial needs in retirement. The National Retirement Planning Coalition (NRPC), a group of prominent education, consumer advocacy and financial services organizations led by the Insured Retirement Institute (IRI), support the movement with a number of coalition activities each year around tax season.

SAVE THE DATE FOR 2018 AND HELP SUPPORT THE FUTURE OF NRPW!
APRIL 9-13, 2018

For more information about supporting and getting involved with NRPW, please contact Cheretta Clerkley cclerkley@irionline.org
EXECUTIVE SUMMARY

Baby Boomers are retiring at a rate of 10,000 per day. Many don’t feel prepared, and some might feel they have to work longer than their parents did. But there is good news, as they may benefit from the income potential of a deferred income annuity.

Deferred income annuities (DIAs) are typically positioned as products that can be included in retirement portfolios to guarantee lifetime income in the future and help mitigate longevity risk (a major concern for Baby Boomers).

There are also qualitative benefits associated with income annuities. These products can increase confident spending and give retirees peace of mind knowing that interest rate movements or equity market volatility will have less impact on their entire retirement plan. Retirement industry researcher Wade Pfau stated, “Overly conservative retirees become so concerned with running out of money that they spend significantly less than they could, and a monthly annuity payment can provide the explicit permission to spend and to enjoy retirement.”

New York Life conducted research which shows that deferred income annuities can also provide benefits to the front-end of retirement by affording individuals the ability to safely and confidently retire earlier than initially planned. Our analysis shows that in certain scenarios, purchasing a DIA in pre-retirement years allows individuals to retire up to two years earlier without incurring additional risk – as measured by the probability of running out of money during the retiree’s projected retirement. That means more time traveling, spending time with grandchildren, and enjoying life without work.
THE IMPACT OF DIA ON RETIREMENT AGE

Our analysis focuses on how incorporating a deferred income annuity (DIA) into a retirement portfolio could potentially allow individuals to retire sooner and/or lower the risk of outliving assets versus a portfolio consisting of only traditional assets (stocks and bonds). A DIA provides a guaranteed source of lifetime income that can begin at a later date. Our analysis examines males aged 55 and 58 with various expected retirement ages (age 60 to 65), asset allocations (stocks, bonds and a DIA), and annual spending needs. Monte Carlo simulations were run to project cash flows of all possible combinations across 1,000 economic scenarios. The results of the simulations were used to calculate the probability of running out of money during the planning horizon. The projections or other information in our analysis about the likelihood of various outcomes are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. The results on which our analysis is based may vary each time an analysis is run over time. Our analysis is based on rates for New York Life’s Guaranteed Future Income Annuity (GFIA) as of 03/17/17 and considers the Life Only payment option.

The results portrayed in Figure 1 show that a 55 year old male with a $500,000 portfolio, allocated 40% to stocks and 60% to bonds, and $35,000 of annual inflation-adjusted retirement expenses has a 16% chance of running out of money before the end of his projected retirement period if he retires at the age of 65. Our analysis also shows, however, that allocating 30% of the portfolio to a GFIA and slightly increasing the equity allocation would allow this individual to retire two years earlier (at age 63), without increasing the likelihood of depleting assets. In addition, the average account value at life expectancy, which can be viewed as the legacy potential of the portfolio, increases from $1.9 million with only traditional assets to $2.5 million when 30% of the portfolio is shifted from bonds to a GFIA. This shows the power of income annuities in that an individual could forego two full years of labor income and savings without increasing the likelihood of running out of money in retirement based upon the assumptions used in this study.

Our analysis shows that, in many cases, purchasing a GFIA in pre-retirement years supports a younger retirement age when we look at several different ages, asset allocations and spending levels. For example, Figure 1 shows that a 58 year old male with a 30%/70% stock and bond allocation and $30,000 annual inflation-adjusted income need starting at age 65 has a 15% chance of running out of money. However, under our analysis, allocating 25% of the portfolio to a GFIA and increasing the equity exposure to 53% would potentially allow this individual to retire at age 63 without increasing the probability of running out of money. Also, the average account value/legacy potential at life expectancy more than doubles with the allocation to a GFIA.

These results also show that the optimal asset allocation for retirement income planning

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may consist of lower allocations to bonds and higher allocations to stocks and income annuities. The relative inefficiency of bonds is driven by the fact that they lack the upside potential of stocks and cannot match the income and longevity benefits of income annuities. Of course, these conclusions are based on historical returns from stocks and bonds and there is no guarantee that future returns will be the same.

**SUMMARY AND CONCLUSION**

While traditionally viewed mainly as a cost effective way to address longevity risk, deferred income annuities can also benefit the front-end of many people's retirements. Our analysis shows that in many scenarios, purchasing a DIA in pre-retirement years affords individuals the ability to retire earlier than originally planned without increasing, and sometimes even decreasing, the likelihood of running out of money.

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3. To determine the planning horizon for Males age 55 and 58 we used a life expectancy of 94 years, which is the 75% percentile of life expectancy according to the Society of Actuaries Annuity 2012 tables.

4. A Monte Carlo simulation is a mathematical technique for simulating real-world situations that involve a high degree of uncertainty. The uncertain variables in this analysis are stock and bond returns. The estimated values for these variables were run through 500 economic scenarios to simulate the range of possible outcomes. We used the results produced by the simulations to calculate the probability of achieving different outcomes. The simulations are designed to match historical return, variance, and correlation results. Therefore, although they are hypothetical, they are based on historical data. The results on which our analysis is based are not forecasts of future results and may vary each time an analysis is run over time.

Historical returns were obtained from economist Robert Shiller's online dataset ([www.econ.yale.edu/~shiller.data.htm](http://www.econ.yale.edu/~shiller.data.htm)). Historical returns were averaged from 1871-2014, with equity returns averaging 10.4% with a 17.9% standard deviation, and fixed income returns averaging 4.9% with a 6.2% standard deviation, with a correlation between stocks and bonds of 5.3%. Past performance is not a guarantee of future results.

To account for the potential effects of inflation, the analysis increases the initial portfolio withdrawal amount by 1% each year.

All GFIA payout rates used in this analysis are as of March 17, 2017. Guaranteed Future Income Annuities are issued by New York Life Insurance and Annuity Corporation (NYLIAC), 51 Madison Avenue, New York, NY 10010. All guarantees are dependent on the claims-paying ability of New York Life Insurance Company. Available in jurisdictions where approved.

The policy form number for the New York Guaranteed Future Income Annuity is ICC11-P101 (it may be 211-P101). State variations may apply.

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