

EIGHT OUT OF TEN

Buyers Are Satisfied Customers

By Kim O'Brien



A study released by LIMRA indicates very high satisfaction levels among buyers of fixed annuities. The survey results reveal that 83 percent of indexed annuity buyers and 86 percent of traditional fixed annuity buyers are satisfied with their deferred annuity purchase.¹

The survey consisted of 1,200 consumers, age 40 or over, who purchased a retail deferred annuity within the past three years. It found the top reason consumers bought their annuity is to supplement their Social Security or pension income.

The second most popular reason is to accumulate assets for retirement; this is especially true for individuals under age 60. Receiving guaranteed lifetime income is also a concern, especially for buyers aged 60 and older. Annuity buyers' single most important financial objective is to have enough money to last their and/or their spouse's lifetime. This is not surprising given that only about one in four annuity buyers are very confident that their assets will last throughout their retirement.

Along with these positive viewpoints by fixed annuity owners, the sales of fixed annuities continue to climb. A 2013 study by AnnuitySpecs.com indicates sales of fixed annuities were up 31% over the third quarter last year and indexed annuity sales were up 15% compared with the same period one year ago.² Guaranteed Lifetime Withdrawal Benefits on many fixed indexed annuities provide an especially attractive benefit to consumers looking for guaranteed retirement savings options.

Much of the population is looking for strategies to prepare for the years ahead, as a common concern is not having enough income to maintain the same quality of life during retirement. 46% of all American workers have less than \$10,000 saved for retirement and 29% have less than \$1,000 reserved.³ With more than 10,000 baby boomers retiring every day over the next 20 years, it's important agents provide options that will help their clients meet their financial goals.

With an annuity purchase proving to be a positive and beneficial choice for many individuals, it can be a great suggestion when helping clients implement their personal retirement plans.

¹ More than Three-Quarters of Recent Annuity Buyers Were Satisfied with Their Annuities. LIMRA. August 8, 2012.

² Fixed Annuities Were the Sales Story in 3Q. Linda Koco. November 27, 2013.

³ Financial Planning. April 18, 2014. <http://www.financial-planning.com/gallery/fp/twelve-retirement-facts-unsettling-baby-boomers-financial-advisors-2676576-1.html>