

Demand for income-generating products is underestimated: CANNEX

By Editorial Staff Thu, Jun 11, 2020

Only one in seven advisors believes the average client is very interested in an income-generating product, but 42% of consumers say they are (or already own one), according to a survey conducted by Greenwald & Associates for CANNEX.

A survey conducted in mid-February captured the level of surprise among advisers and clients at the sharp economic downturn this spring. Only 6% of advisers and only 11% of client thought a downturn was very likely, according to the sixth annual Guaranteed Lifetime Income Survey (GLIS), published this week.

The GLIS studies, produced by Greenwald & Associates and CANNEX, have consistently shown that guaranteed lifetime income products become more attractive during market downturns and volatility. This year's survey showed that 71% of clients said a guaranteed lifetime income product was a highly valuable addition to Social Security, up from 67% a year ago.

A summary of this year's survey results can be found [here](#).

"COVID-19 has upended lives, the economy, and financial markets in ways that are likely to drive demand for guaranteed lifetime income in retirement," said Tamiko Toland, head of Annuity Research at [CANNEX](#), a provider of annuity data and analytics.

The surveys have also shown that advisers consistently underestimate their clients' interest in guaranteed lifetime income products, such as annuities. Only 14% of advisers believe their average client is "highly interested" in guaranteed lifetime income (GLI), but 42% of consumers say they are highly interested or already own a GLI product, according to the survey.

About three in five clients said advisers should include guaranteed lifetime income products in a retirement income strategy, the survey showed. Eight in ten believe advisers should present two or three options for producing income in retirement.

Regarding the SECURE Act, which was intended to encourage 401(k) plan advisers to offer annuities to their participants, three in ten advisers said they expected the availability of annuities in 401(k) plans to increase the amount of annuities they sell and 35% said it will make clients more receptive to annuities.

Estimates of monthly retirement income in employer sponsored retirement plans, mandated by the SECURE Act, are more helpful for retirement planning than savings goals or estimates of retirement expenses, consumers and advisers believe, according to the survey.

The GLIS covered 1,000 Americans ages 55 to 75 with \$100,000 in investable assets or more, and 302 financial advisors with at least \$15 million in assets under management.

The survey was conducted in mid-February, a month before the COVID-19 market crash.

Among clients, 11% considered a market downturn very or extremely likely in 2020 and 29% considered a downturn at least somewhat likely. A third (35%) of surveyed clients considered a downturn very or extremely likely within 5 years.

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