
New White Paper Describes New Normal

By Editor Test *Tue, Oct 13, 2009*

"The latest downturn shows that asset allocation alone is not enough," said LIMRA CEO Bob Kerzner.

More Americans are abandoning the old formula for retirement and focusing on protecting principal and generating "income for life," according to a new white paper from Allianz Life and LIMRA entitled ["How the New Economy is Changing the Way Americans Save."](#)

By 2020 almost one-third of Americans will be nearing or in retirement, but most don't have financial plans, the white paper says. The old formula for retirement was one-third Social Security, one-third corporate pension, and one-third investments, such as 401(k) plans. Today many pensions have disappeared, the future of social security is unclear, and stock market investments aren't considered as reliable as once thought.

"The 'new normal' for retirement balances liquidity, volatility and rate of return," said Allianz Life President and CEO Gary C. Bhojwani. "Today, Americans are looking more closely at guarantees and principal protection as important components of a solid retirement plan."

The paper outlines how dramatic changes to the economic landscape is changing behavior, and gives an overview of fixed annuities, the only financial instruments that offer both lifetime income and principal protection. Survey data from MSF Financial Management, Allianz American Legacies Study and Gallup illustrates the points regarding retirement options, concerns and income options. The paper also explains how age plays a role in financial decision-making, also known as planning from a life-stage context.

"For many years, people followed the advice that a mix of stocks and bonds reduces risk, provides upside potential, and helps achieve financial objectives," said Bob Kerzner, CEO of LIMRA. "The latest downturn shows that asset allocation alone is not enough. Consumers must consider a variety of financial options."

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