
Retirement paychecks are popular; Annuities, not so much

By Editorial Staff Thu, Feb 5, 2015

While 49% of respondents would be willing to commit a portion of their savings to a product that would provide them a monthly income, like an annuity, only 34% of Americans are familiar with annuities, TIAA-CREF's survey found.

Most Americans (84%) believe that having a guaranteed monthly paycheck in retirement is important, but only 14% have bought an annuity, according to a new survey from TIAA-CREF.

“Overall, these results underscore the need for more education about options that provide an income stream retirees can’t outlive,” the non-profit provider of retirement plans, investments and annuities for academics and others said in a release.

Americans evidently didn’t know what their income options are. Forty-four percent of those surveyed weren’t sure if their employer-sponsored savings plan offers an income option. (TIAA-CREF’s offers an annuity.) Only 31% were actively seeking advice on turning savings into lifetime income.

Although 46% of those surveyed said they were concerned about running out of money, almost one-third (29%) are saving nothing at all for retirement (up from 21% in 2014).

Only 38% of those surveyed said they’ve analyzed how their savings will translate into monthly income in retirement; 18% said they’ve done the math themselves, 14% relied on a family member or a friend for the analysis, and 6% turned to a colleague or manager for guidance.

While 49% of respondents “would be willing to commit a portion of their savings to a product that would provide them a monthly income,” like an annuity, only 34% of Americans are familiar with annuities; 29% have purchased one or are planning to do so; and 28% have a favorable impression of annuities, the TIAA-CREF release said.

The survey also found that while 84% of Americans aged 18-34 (the same percentage as in the general population) want a guaranteed source of monthly income in retirement, they are much less likely to be familiar with annuities than older Americans (26% versus 48% for Americans ages 55-64).

The phone survey was conducted by KRC Research among a national random sample of

1,000 adults, age 18 years and older, from Jan. 7-13, 2015, using landline and cell phone interviews. The margin of error is plus or minus 3.1 percentage points.

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