



2024 LIFE  
INSURANCE  
& ANNUITY  
CONFERENCE

**Powering  
Growth**

# Analysis & Insights on the Impact of Longevity Risk and Inflation Risk to Retirement Plans





## Glen Franklin

*Assistant Vice President of Research, RIA  
and Lead Generation Strategy*

Jackson



# The Security in Retirement Series

Jackson® is the marketing name for Jackson Financial Inc., Jackson National Life Insurance Company® (Home Office: Lansing, Michigan), and Jackson National Life Insurance Company of New York® (Home Office: Purchase, New York).

Not FDIC/NCUA insured • May lose value • Not bank/CU guaranteed  
Not a deposit • Not insured by any federal agency

<sup>1</sup>Speaker Note: Aaron O’Neill, Statista, “Life expectancy (from birth) in the United States, 1860-2020,” June 21, 2022.

Security in  
Retirement

SERIES

In partnership with  
CENTER for  
RETIREMENT  
RESEARCH  
at BOSTON COLLEGE



# Important Disclosure

---

Before investing, investors should carefully consider the investment objectives, risks, charges, and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses provide this and other important information. Please contact your financial professional or the Company to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.

Jackson, its distributors, and their respective representatives do not provide tax, accounting, or legal advice. Any tax statements contained herein were not intended or written to be used and cannot be used for the purpose of avoiding U.S. federal, state, or local tax penalties. Tax laws are complicated and subject to change. Tax results may depend on each taxpayer's individual set of facts and circumstances. You should rely on your own independent advisors as to any tax, accounting, or legal statements made herein.

This material should be considered educational in nature and does not take into account your particular investment objectives, financial situations, or needs, and is not intended as a recommendation, offer, or solicitation for the purchase or sale of any product, security, or investment strategy.

Jackson has provided hyperlinks to Third-Party sites in this presentation solely for informational purposes and as a convenience to you. Jackson makes no representations concerning the content of the Third-Party Sites. The provision of a link to a Third-Party Site does not constitute an endorsement, authorization, recommendation, sponsorship, or affiliation by Jackson with respect to the Third-Party Site.

Annuities are long-term, tax-deferred vehicles designed for retirement and are insurance contracts. Variable annuities and registered index-linked annuities involve investment risks and may lose value. Earnings are taxable as ordinary income when distributed. Individuals may be subject to a 10% additional tax for withdrawals before age 59½ unless an exception to the tax is met.

Annuities are issued by Jackson National Life Insurance Company (Home Office: Lansing, Michigan) and in New York by Jackson National Life Insurance Company of New York (Home Office: Purchase, New York). Variable annuities are distributed by Jackson National Life Distributors LLC, member FINRA. May not be available in all states, and state variations may apply. These products have limitations and restrictions. Discuss them with your financial professional or contact Jackson for more information. Guarantees are backed by the claims-paying ability of the issuing insurance company.

Greenwald & Associates and Center for Retirement Research at Boston College are not affiliated with Jackson National Life Distributors LLC.

Jackson® is the marketing name for Jackson Financial Inc., Jackson National Life Insurance Company® (Home Office: Lansing, Michigan), and Jackson National Life Insurance Company of New York® (Home Office: Purchase, New York).

Not FDIC/NCUA insured • May lose value • Not bank/CU guaranteed  
Not a deposit • Not insured by any federal agency





# Research Methodology

## Longevity Risk

- ✓ Review of Existing Research
- ✓ 20 in-depth interviews
  - Financial psychologists, financial professionals, and retirement investors
  - Interviews conducted in March & April 2023
- ✓ Two online surveys
  - 1,009 retirement investors – responses collected in June 2023
  - 400 financial professionals – responses collected in June & July 2023

## Inflation Risk

- ✓ Review of Existing Research
- ✓ Two online surveys
  - 1,501 consumers – responses collected in October 2023
  - 200 financial professionals – responses collected in October & November 2023

### A Note on Survey Sample

*“Consumer” means any private individual who meets age and other survey participation criteria.*

*“Retirement Investor” is a subset of consumer that only includes those individuals who also meet a minimum threshold of retirement savings, e.g., \$100,000.*

# Estimating Life Expectancy

A key to managing longevity risk is estimating life expectancy, but many investors lack longevity literacy

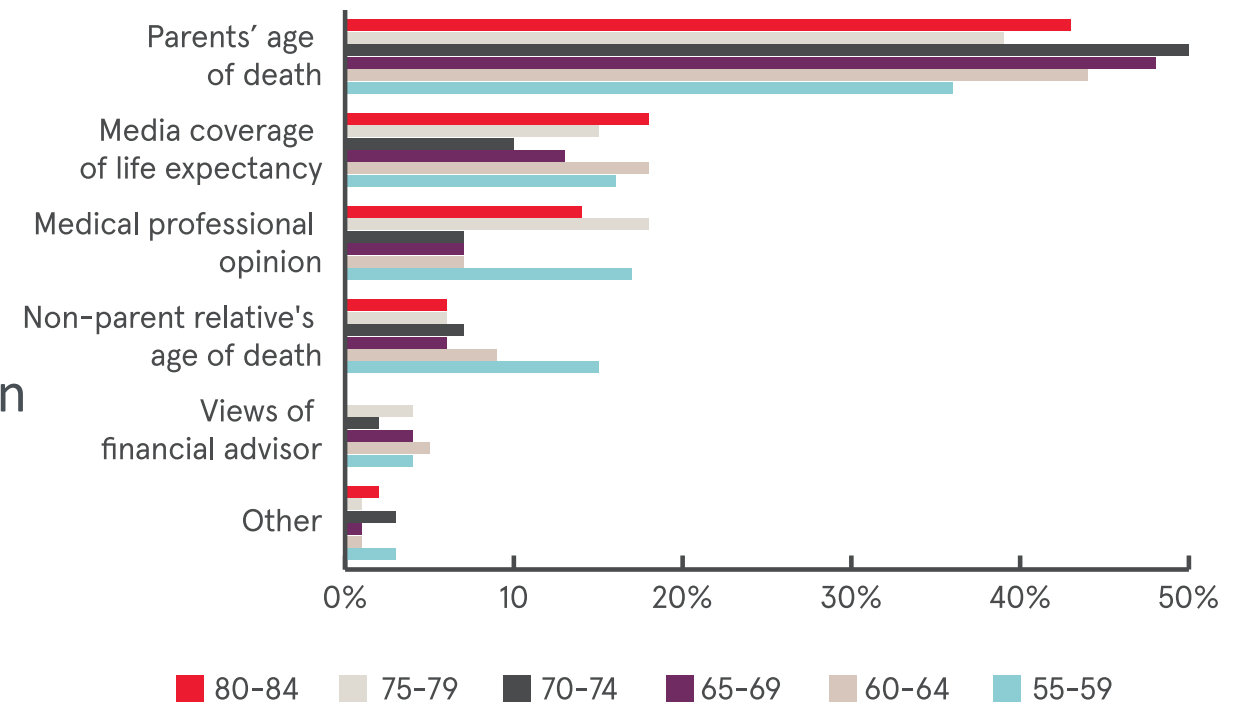
Investor survey key stats:

~30% underpredict potential longevity

~10% predict life expectancy within +/-1 year of Social Security Administration actuarial table averages

~60% overpredict potential longevity

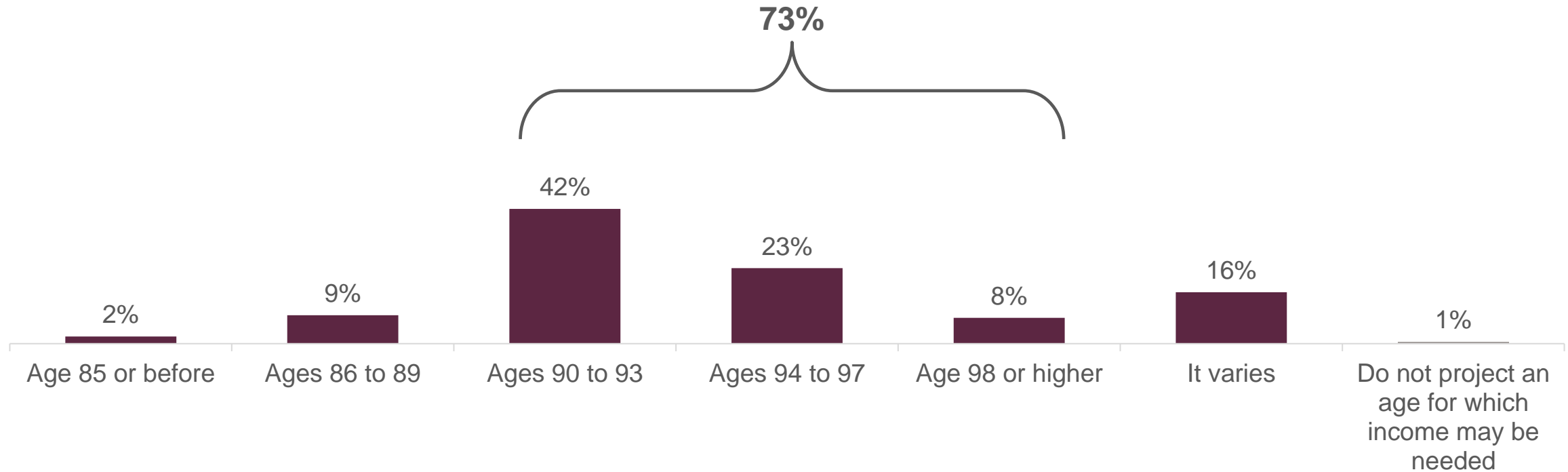
Method of predicting life expectancy by age group



# Estimating Life Expectancy

## Typical Financial Professional Age Mortality Projection

(Among financial professionals who project a mortality age)



<sup>1</sup>Speaker Note 1: SSA, "Retirement & Survivor Benefits: Life Expectancy Calculator," accessed September 26, 2023.

<sup>2</sup>Speaker Note 2: Ibid.

<sup>3</sup>Speaker Note 3: Ibid.

Data source: Longevity study, retirement investors, n=1009



# Estimating Life Expectancy

## How to make a data-driven life expectancy estimate

- Longevity calculators can help improve the accuracy of financial and lifestyle projections for retirement
- Here are links to some popular calculators arranged from simple to more complex in terms of inputs:

[Social Security Administration Life Expectancy Calculator](https://www.ssa.gov/OACT/population/longevity.html) → LINKS TO: <https://www.ssa.gov/OACT/population/longevity.html>

[Actuaries Longevity Illustrator](https://www.longevityillustrator.org/Profile?m=1) → LINKS TO: <https://www.longevityillustrator.org/Profile?m=1>

[Big Life Life Expectancy Calculator](https://www.projectbiglife.ca/life-expectancy-calculator) → LINKS TO: <https://www.projectbiglife.ca/life-expectancy-calculator>

[Living to 100 Life Expectancy Calculator](https://www.livingto100.com/calculator) → LINKS TO: <https://www.livingto100.com/calculator>

[Blue Zones True Vitality Test](https://apps.bluezones.com/en/vitality) → LINKS TO: <https://apps.bluezones.com/en/vitality>

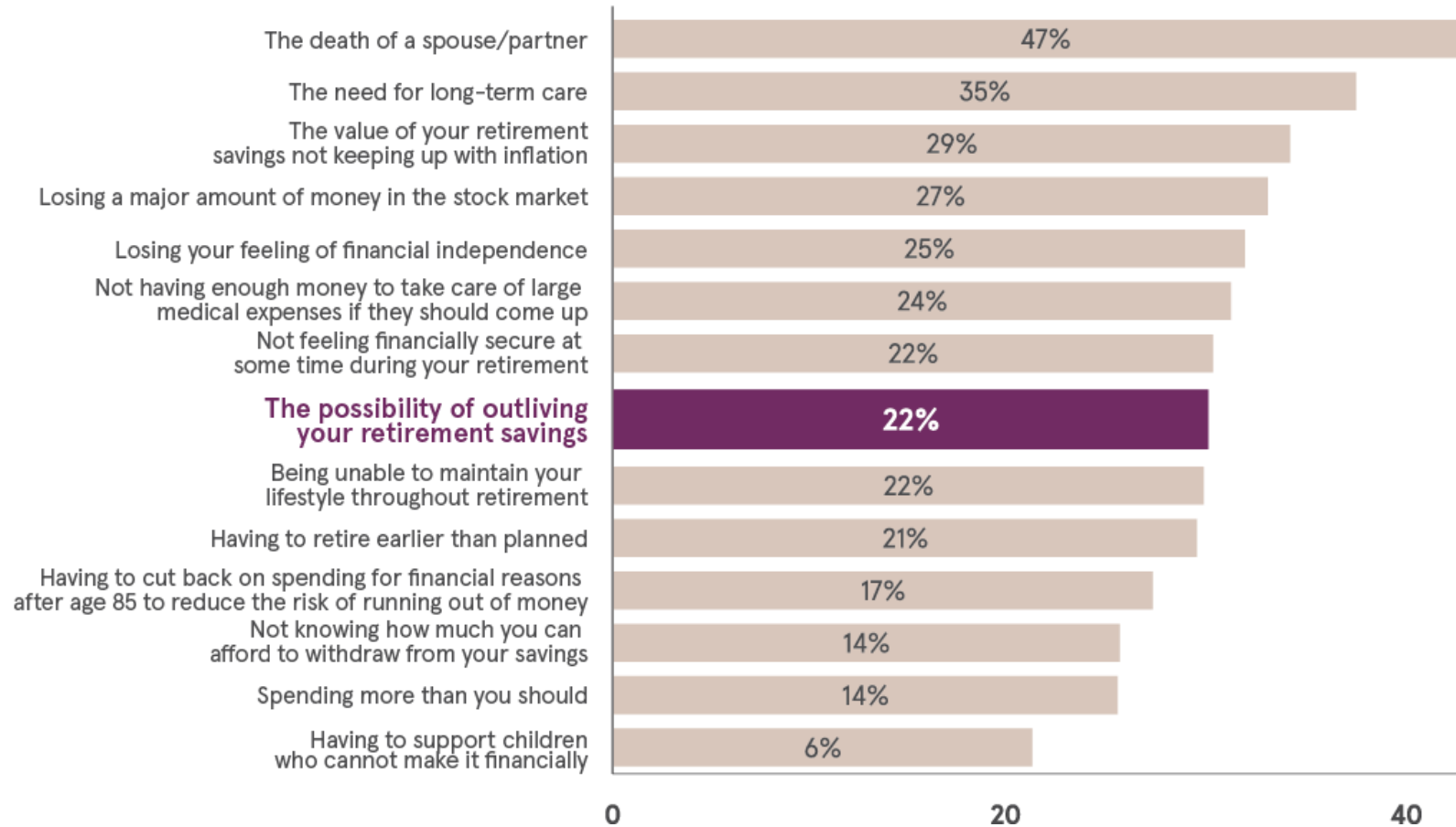
Jackson is providing the above links solely for informational purposes and as a convenience to you. Jackson makes no representations concerning the content of the Third Party Sites. The provision of a link to a Third Party Site does not constitute an endorsement, authorization, recommendation, sponsorship, or affiliation by Jackson with respect to the Third Party Site.





# Estimating Life Expectancy

## Retirement concerns among all investors surveyed – includes both pre- and post-retirees



# Managing Longevity Risk

Insuring against longevity risk

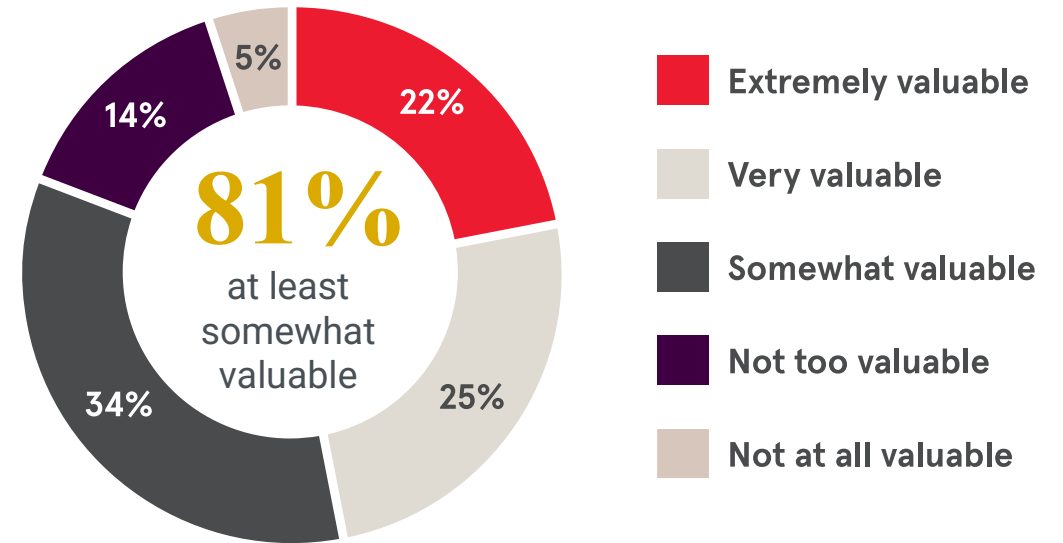
**Our research shows many investors are interested in guaranteed income products:**

**~80%** find guaranteed income products at least somewhat valuable

**55%** interested in owning an annuity with guaranteed income

**~50%** agree guaranteed income products provide extra protection for longevity

**Value of a guaranteed lifetime income product**



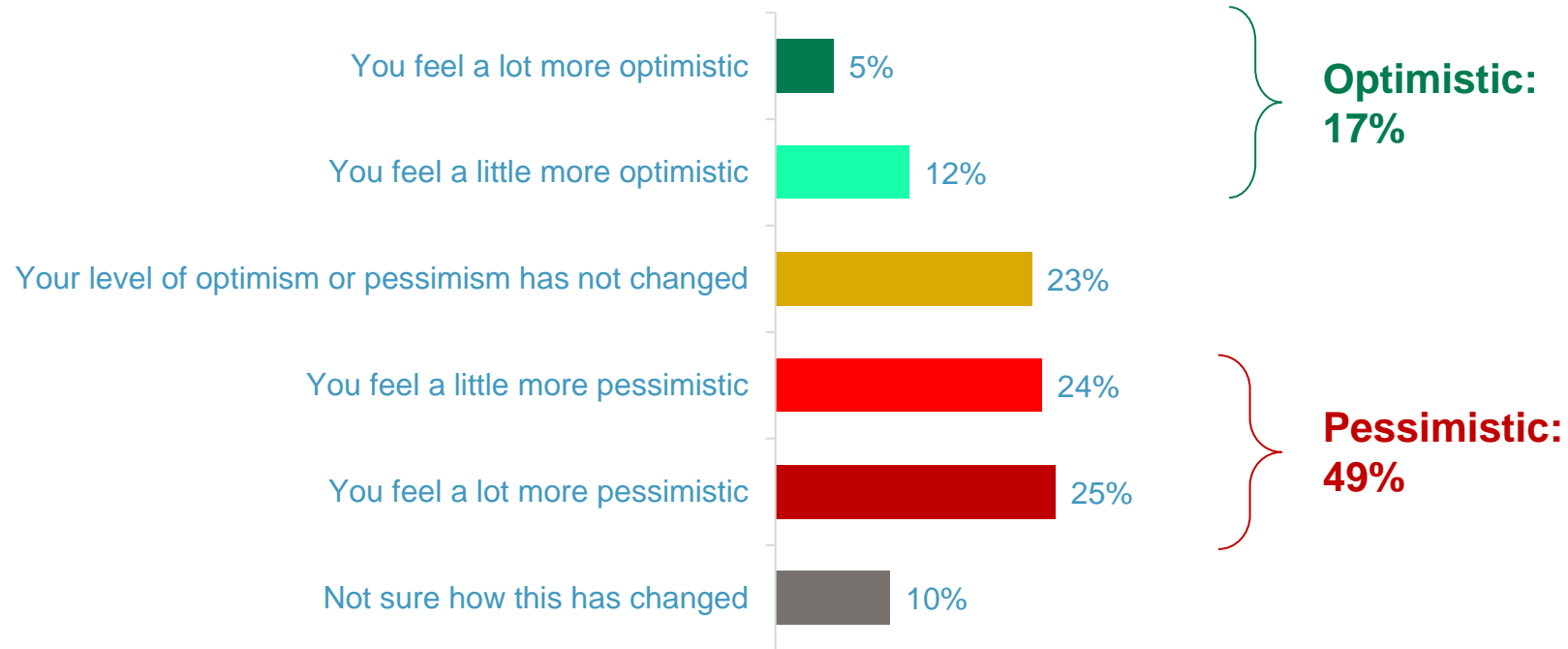
# Now We Turn Our Attention to a Different Risk

## Inflation Risk:

Specifically, how households are dealing with rising prices and how financial professionals are factoring the financial impact of rising prices and interest rates into retirement plans and portfolios.

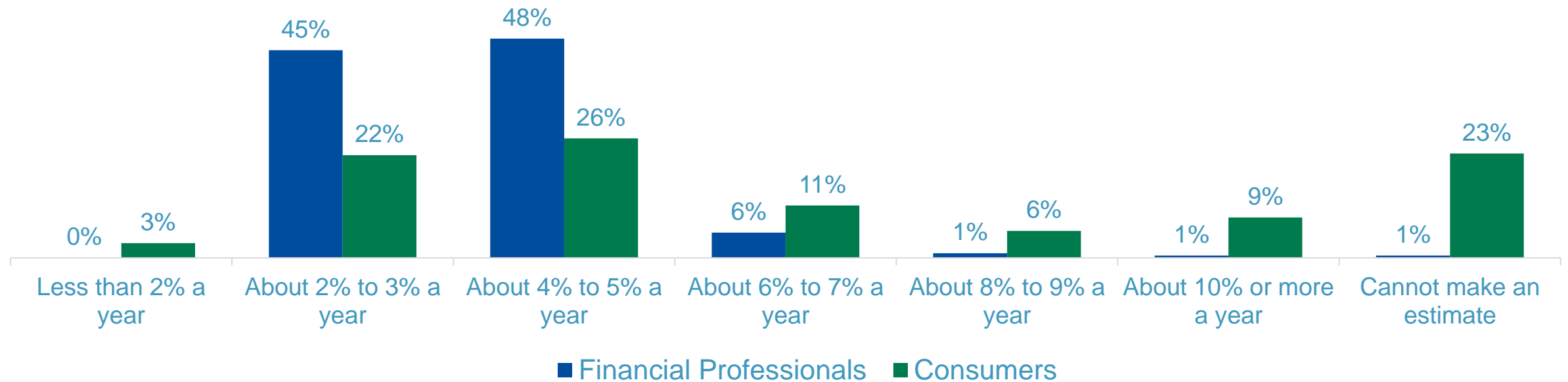
# On-going Pessimism

## Financial Security Outlook Change Since the Start of 2021



# Differing Views on the Future of Inflation

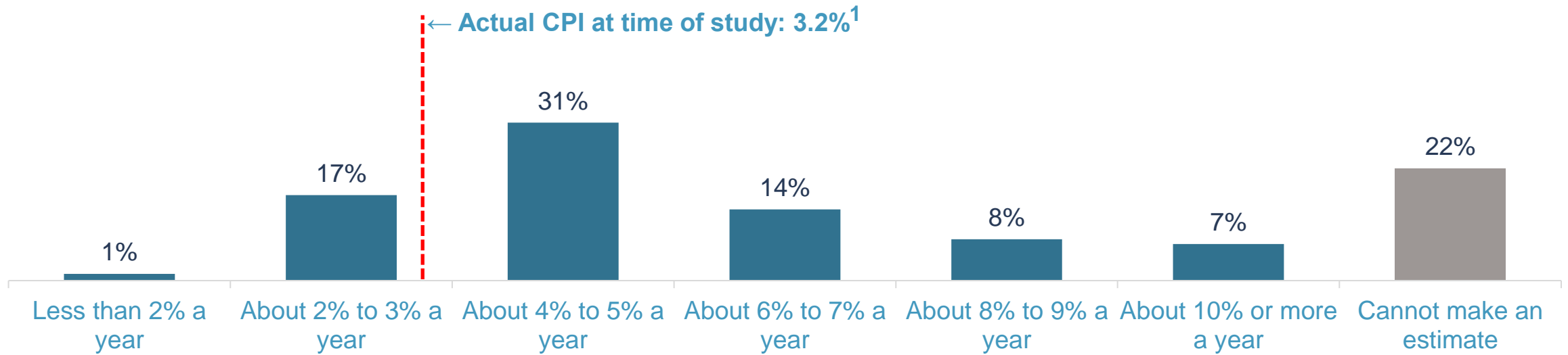
## Anticipation of Average Inflation Over Next Few Years





# Lack of Clarity and Lack of Accuracy

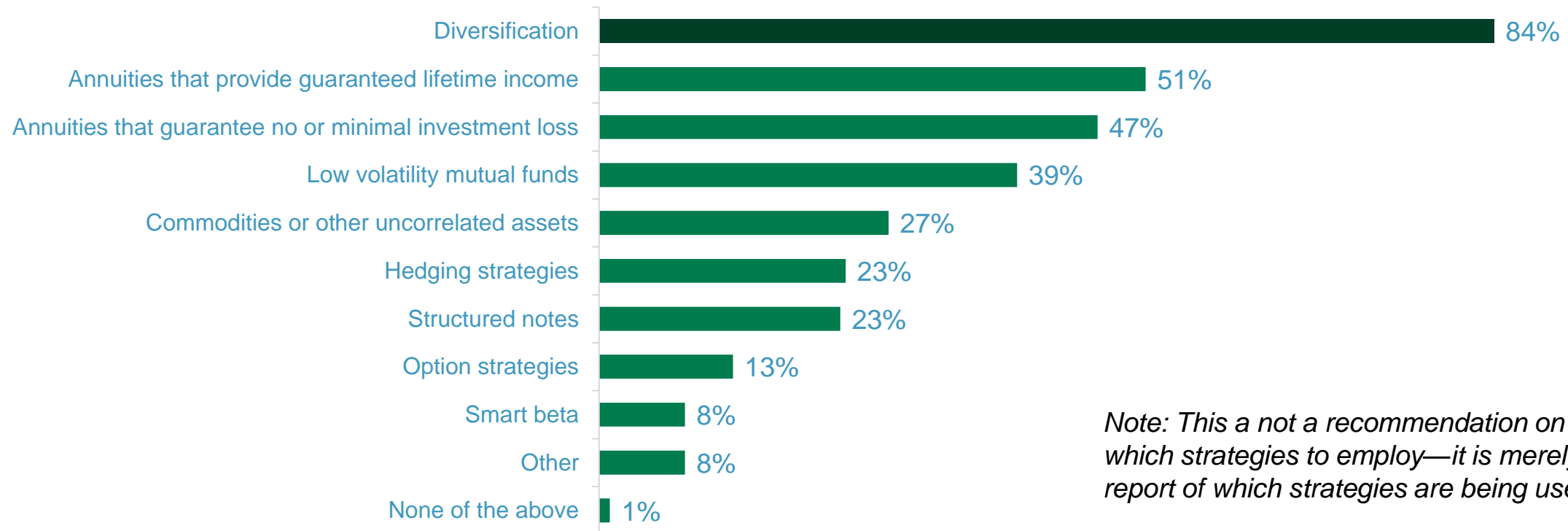
## Consumer Perception of Current Rates



# Diversification is a Leading Strategy Used to Address Inflation

We asked financial professionals which of the following methods/products, if any, they used with clients as a way to manage the risk of prices rising during retirement.

*Methods/Products Used to Manage Risk of Rising Prices During Retirement*

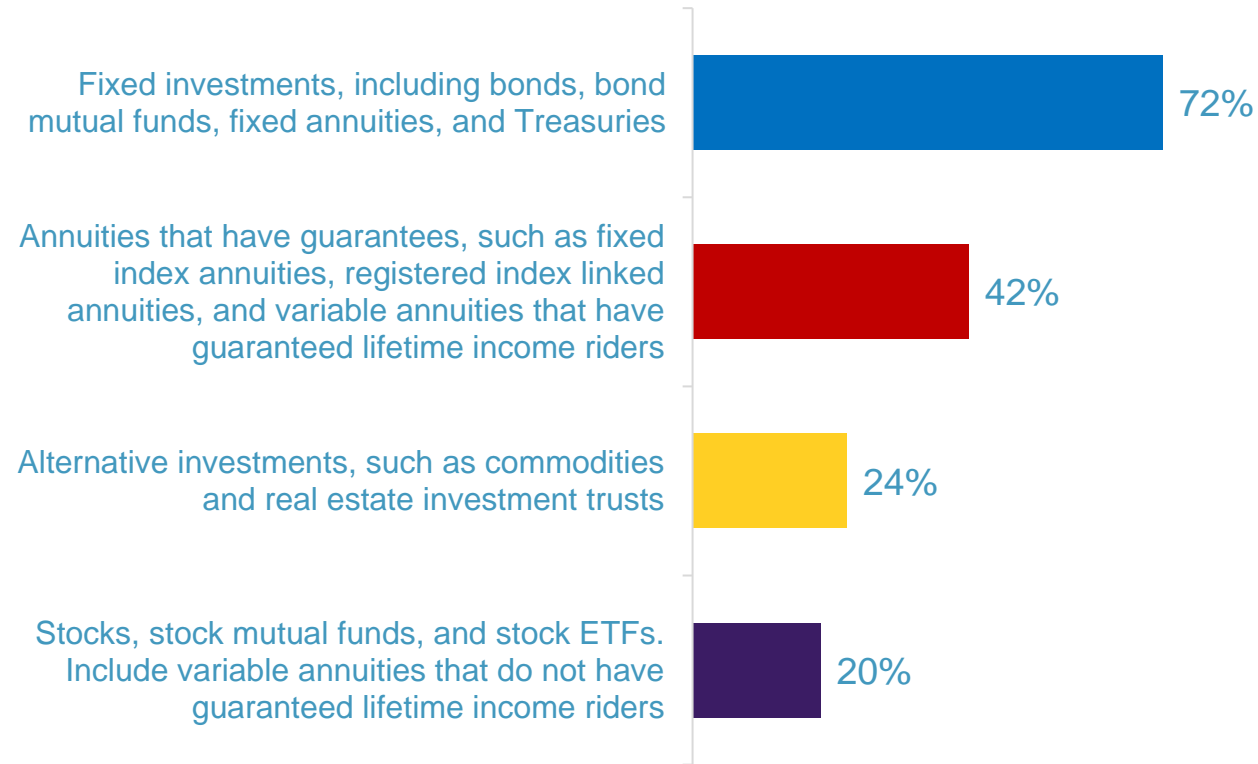


*Note: This is not a recommendation on which strategies to employ—it is merely a report of which strategies are being used.*

# Annuities Grew in Appeal

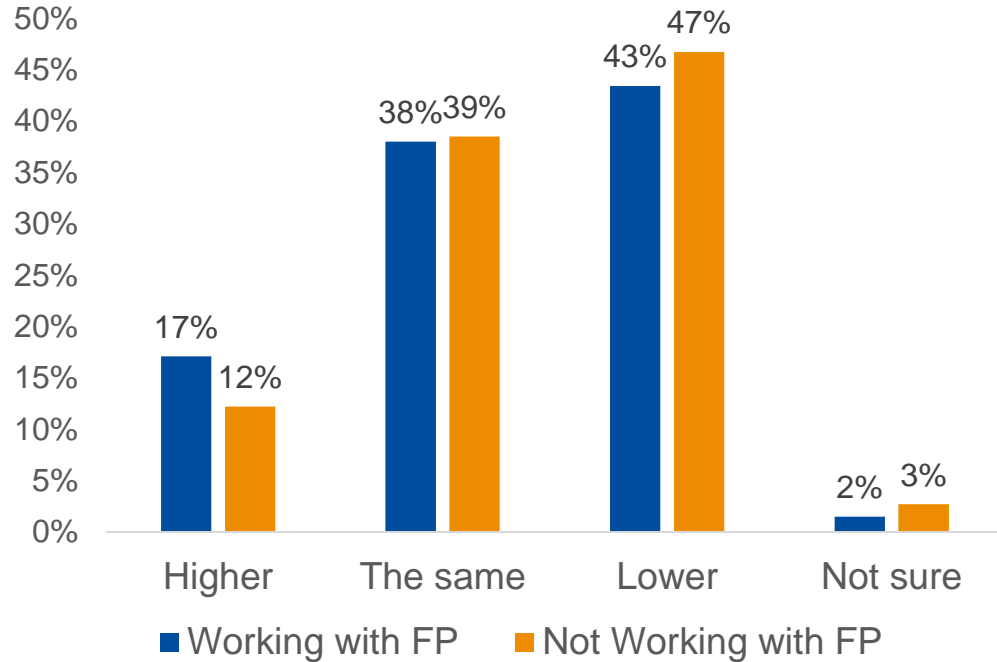
We asked financial professionals how they tended to change the allocation in the types of investments over two time periods: from 2021 through 2022 and since the start of 2023.

*Financial Professionals Who Say They Increased Allocations for Clients Since Jan. 1, 2023*



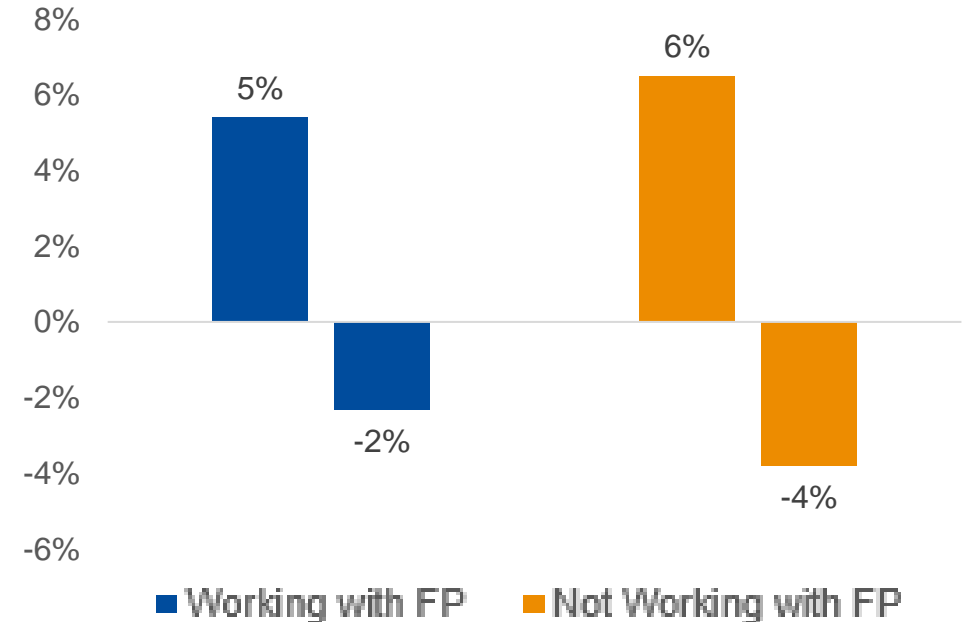
# Good Advice Can Take the Edge Off

**Comparison of Amount Saved  
2023 vs 2021**



*Compared to 2021, two years ago, has the amount of money saved in the past 12 months been higher, lower, or the same? Please include any money saved in a company retirement plan, in which employees can make their own contributions.*

**Average Increase and Decrease in Savings Over Last 12 Months as % of Household Income**

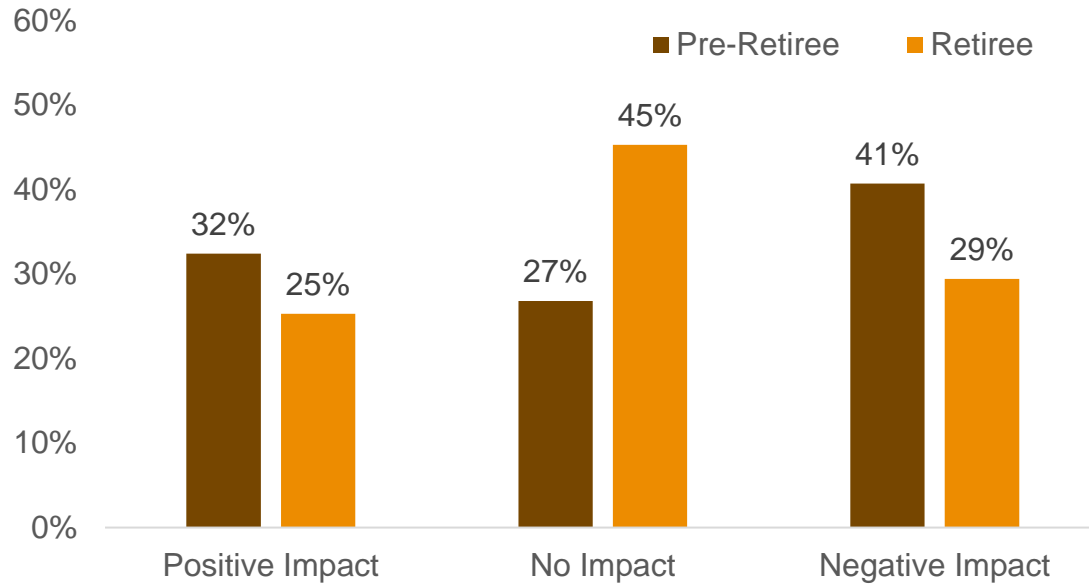


*Chart represents a combination of the results from three questions:*

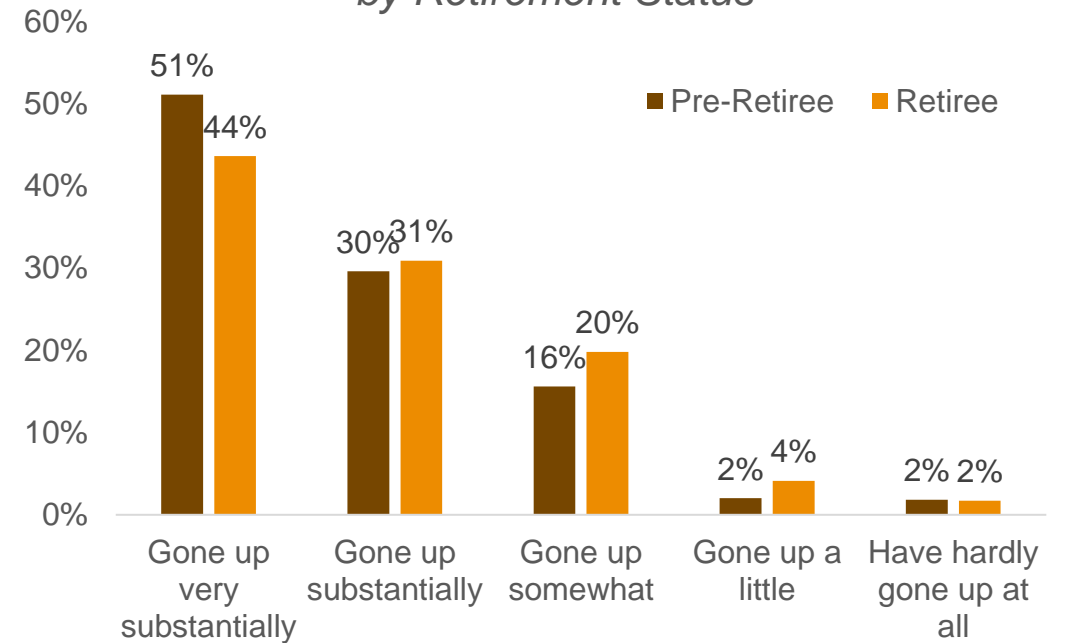
- How much more/less has your household saved in the past 12 months than in 2021?*
- Total Annual Household Income for the past 12 months*
- Working with a financial advisor or representative, yes/no.*

# Pre-Retirees Feel the Pinch the Most

**Impact of Interest Rates on Household Finances Since the Start of 2021**  
*by Retirement Status*



**Perceived Changes in Price of Household Goods and Services Since the Start of 2021**  
*by Retirement Status*





# What May Be Causing the Perception of Pain...

...the reality of price increases on select categories of expenses

## Inflation in gas, rent, and food at home

Monthly; January 2017 to February 2024

— Headline Consumer Price Index — Gas, rent, and food



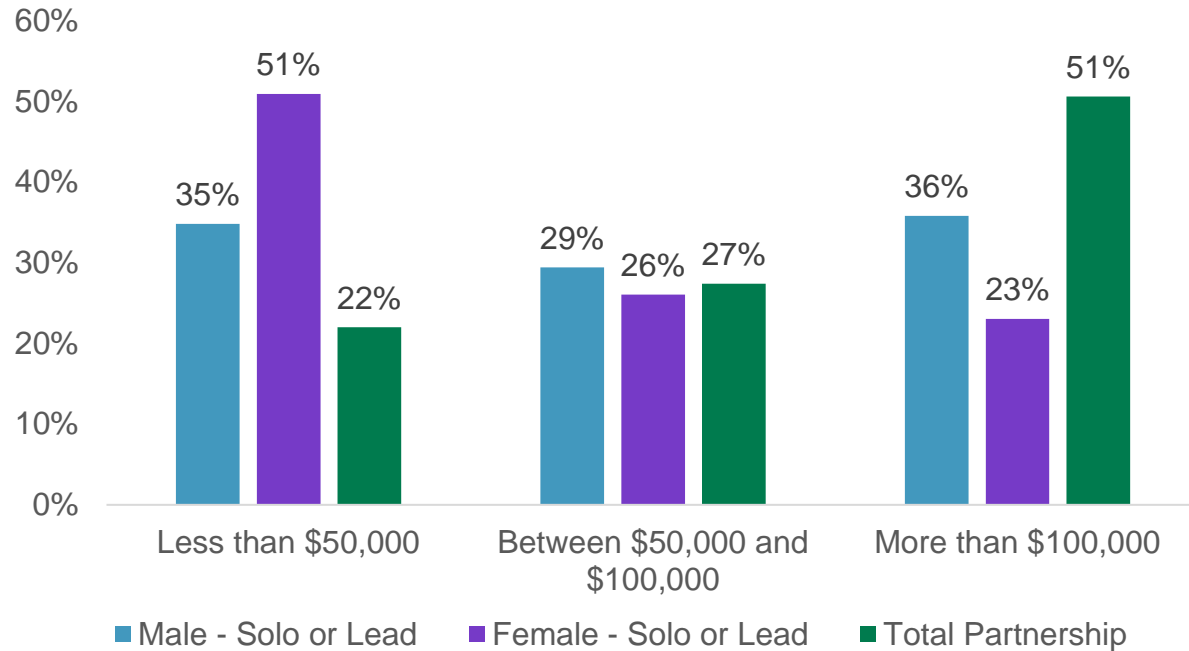
Axios Newsletter 03/19/24, Chart data: Bureau of Labor Statistics via [https://fred.stlouisfed.org/graph/?g=1ikdT&utm\\_source=newsletter&utm\\_medium=email&utm\\_campaign=newsletter\\_axiosmarkets&stream=business;](https://fred.stlouisfed.org/graph/?g=1ikdT&utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosmarkets&stream=business;)  
Note: Year-on-year inflation in the gasoline, food at home, and rent of primary residence components of CPI; Chart: Axios Visuals



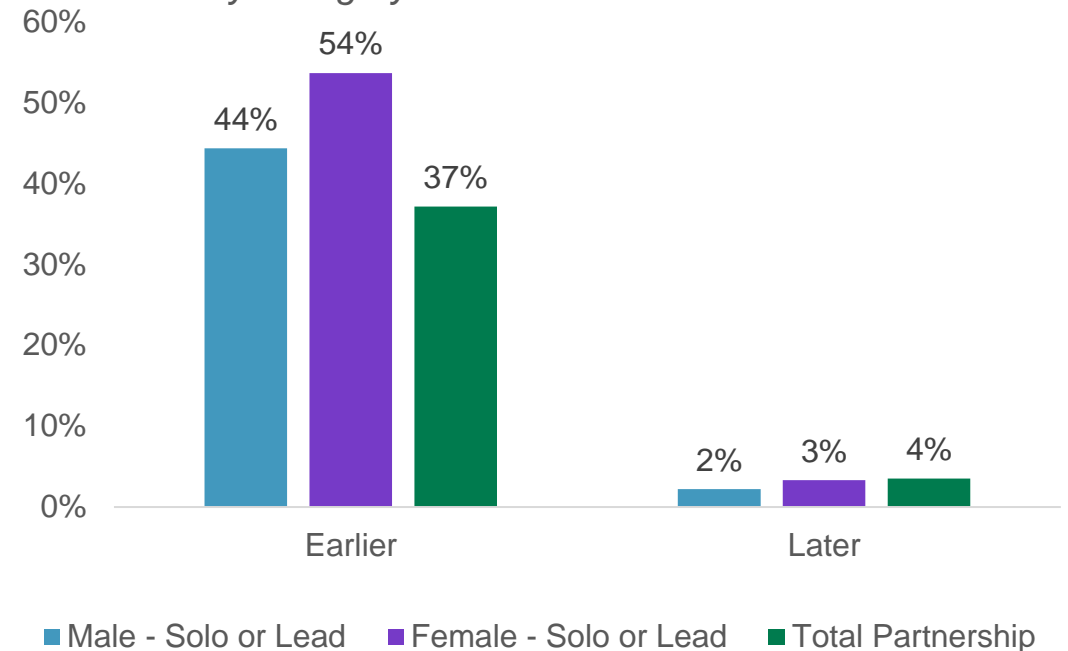
# Female Led Households Exhibit Key Differences

When comparing households based on the gender of who makes financial decisions, significant differences become evident:

**Household Income Segments**  
*By Category of Financial Decision-maker*



**Adjustment to Target Retirement Age Since the Start of 2021**  
*By Category of Financial Decision-maker*



# Now We'll Take a Look at Retirement Income Strategies

Research view on 3 popular retirement income strategies:



**Time segmentation**



**Flooring income**



**Total return**

Many financial professionals approach retirement income planning using these methods or some variation of them<sup>1</sup>

# Creating Income in Retirement

## Time-segmentation strategy

### Potential benefits:

Many investors find this approach relatable, as it provides a clear picture of their investment plan.

Having a long-term bucket may help control emotions during stock market volatility.

### Possible drawbacks:

If too much money is held in the shorter-term buckets, the long-term growth bucket won't out-earn withdrawals and inflation, leading to dwindling income as an investor ages.

There's also no clear strategy for how to rebalance each bucket during good and bad investment years.

### Popularity:

# 77%

of financial professionals surveyed are at least familiar with this strategy.

### NEARLY

# 50%

of these professionals use the strategy with half or more of their clients.

# Creating Income in Retirement

## Flooring Retirement Income Strategy

### Potential benefits:

Dividing retirement expenses into two parts can help ensure basic needs are covered regardless of market fluctuations.

This strategy may appeal to investors who want security and are somewhat risk averse. Annuities that provide guaranteed lifetime income can play an important part.

### Possible drawbacks:

Separating wants and needs is difficult, and, after the costs of taxes, housing, food, and health care, there may not be a lot of discretionary income remaining.

Income-generating investments may not provide as much capital appreciation as more growth-focused investments like stocks.

Data source: Longevity study, financial professionals, n=400

Certain types of annuities may provide protected lifetime income, which is typically available for an additional cost. Depending on the type of annuity, the principal value may fluctuate and could lose value. Further, there is no guarantee the protected lifetime income will provide sufficient supplemental income.

Popularity:

57%

of financial professionals surveyed are at least familiar with this strategy.

NEARLY

30%

of these professionals use this strategy with half or more of their clients.





# Creating Income in Retirement

## Total return strategy

### Potential benefits:

This strategy can offer the ability to capture market upsides through long-term portfolio investment, enabling investors to increase their wealth and spending over time if markets perform well.

The ability to spread the portfolio across a broad range of asset classes can reduce investment risk.

### Possible drawbacks:

Sequence-of-returns risk can deplete the portfolio and harm the overall rate of return.

Unlike more income-focused strategies, this strategy can result in variable income, which may not be ideal for some retirees. Also, successfully executing this strategy requires active management and market expertise

Popularity:

55%

of financial professionals surveyed are at least familiar with the total return strategy and nearly a quarter are very familiar.

ABOUT

40%

who are familiar with the strategy use it with at least half their clients.

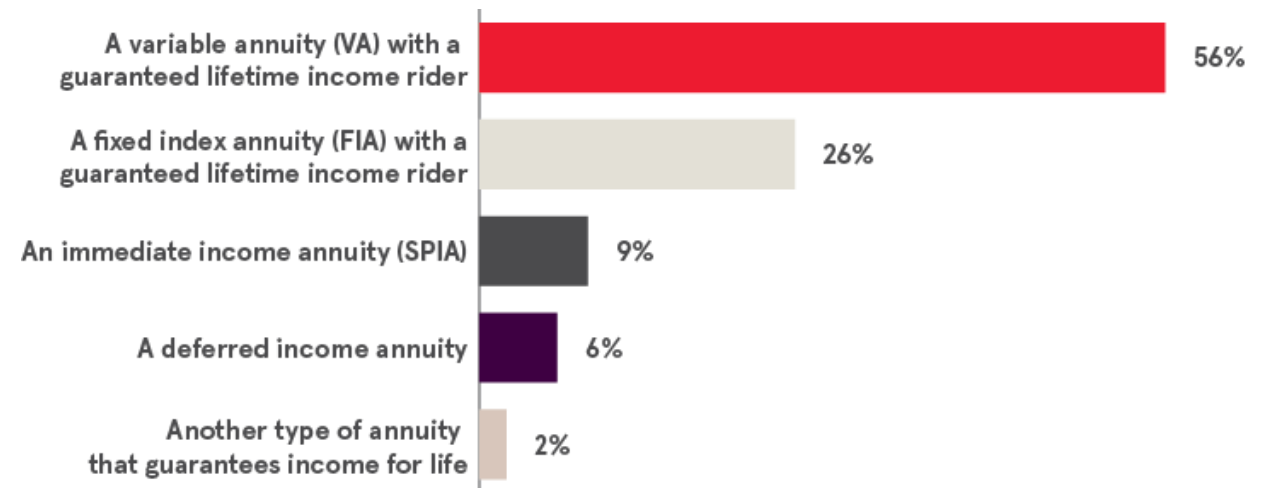
# Using Annuities in a Balanced Retirement Income Plan

## Annuities may support a balanced income plan

- There is a wide range of annuities to consider when crafting retirement plans
- They can be integrated into any income strategy to provide guaranteed lifetime income or support other financial needs

## Types of guaranteed lifetime income annuities financial professionals recommend most

(Among financial professionals who recommend guaranteed lifetime income annuities to their clients currently retired or within five years of retirement)



Annuities are long-term, tax-deferred vehicles designed for retirement and are insurance contracts. Variable annuities and registered index-linked annuities involve investment risks and may lose value. Earnings are taxable as ordinary income when distributed. Individuals may be subject to a 10% additional tax for withdrawals before age 59½ unless an exception to the tax is met.

Add-on benefits that provide income for the length of the designated life and/or lives may be available for additional charge. The amount of income that these benefits may provide can vary depending on age, when income is taken, and how many lives are covered when the benefit is elected.



Data source: Longevity study, financial professionals, n=400



# Where to Find More Information

## Jackson's Security in Retirement Series

- Please visit [jackson.com/researchcenter](https://jackson.com/researchcenter) to access further details on the research covered in this presentation and up-to-date findings related to our Security in Retirement Series.

## Learn more about annuities

- To learn how an annuity may help protect against longevity risk and deliver greater confidence and clarity in retirement planning, investors should work with a financial professional.
- Financial professionals should contact their Jackson® representative to learn more about the potential benefits of incorporating annuities into effective client retirement strategies.

# What Do We Take Away Here?

1. There are big opportunities to help clients in understanding each risk and figuring out how to deal with it.
2. There is a lot of noise in the environment and anything you can do to help them cut through the clutter is likely to benefit them.
3. There are resources that can help you sort out the complexities of dealing with these risks.
4. There are solutions that can help you help your client effectively mitigate the risks.

# Important Disclosure

---

Before investing, investors should carefully consider the investment objectives, risks, charges, and expenses of the variable annuity and its underlying investment options. The current contract prospectus and underlying fund prospectuses provide this and other important information. Please contact your financial professional or the Company to obtain the prospectuses. Please read the prospectuses carefully before investing or sending money.

Jackson, its distributors, and their respective representatives do not provide tax, accounting, or legal advice. Any tax statements contained herein were not intended or written to be used and cannot be used for the purpose of avoiding U.S. federal, state, or local tax penalties. Tax laws are complicated and subject to change. Tax results may depend on each taxpayer's individual set of facts and circumstances. You should rely on your own independent advisors as to any tax, accounting, or legal statements made herein.

This material should be considered educational in nature and does not take into account your particular investment objectives, financial situations, or needs, and is not intended as a recommendation, offer, or solicitation for the purchase or sale of any product, security, or investment strategy.

Jackson has provided hyperlinks to Third-Party sites in this presentation solely for informational purposes and as a convenience to you. Jackson makes no representations concerning the content of the Third-Party Sites. The provision of a link to a Third-Party Site does not constitute an endorsement, authorization, recommendation, sponsorship, or affiliation by Jackson with respect to the Third-Party Site.

Annuities are long-term, tax-deferred vehicles designed for retirement and are insurance contracts. Variable annuities and registered index-linked annuities involve investment risks and may lose value. Earnings are taxable as ordinary income when distributed. Individuals may be subject to a 10% additional tax for withdrawals before age 59½ unless an exception to the tax is met.

Annuities are issued by Jackson National Life Insurance Company (Home Office: Lansing, Michigan) and in New York by Jackson National Life Insurance Company of New York (Home Office: Purchase, New York). Variable annuities are distributed by Jackson National Life Distributors LLC, member FINRA. May not be available in all states, and state variations may apply. These products have limitations and restrictions. Discuss them with your financial professional or contact Jackson for more information. Guarantees are backed by the claims-paying ability of the issuing insurance company.

Greenwald & Associates and Center for Retirement Research at Boston College are not affiliated with Jackson National Life Distributors LLC.

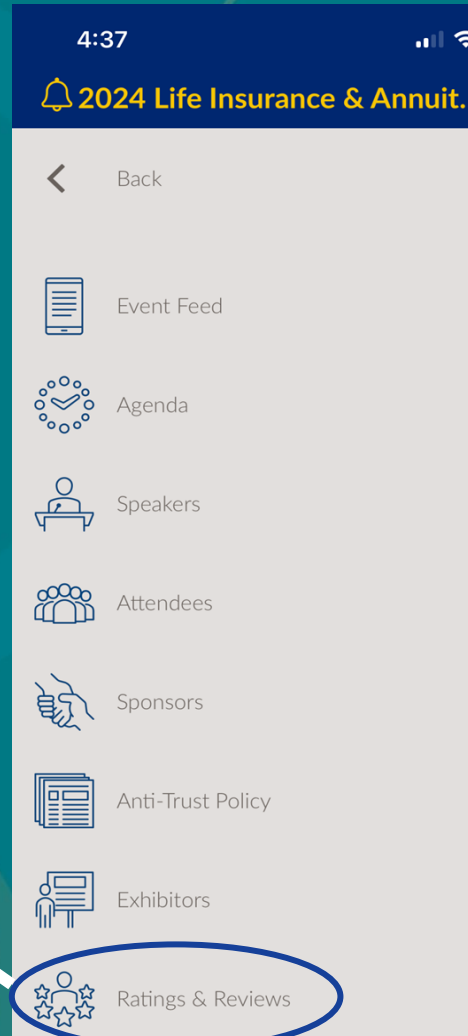
Jackson® is the marketing name for Jackson Financial Inc., Jackson National Life Insurance Company® (Home Office: Lansing, Michigan), and Jackson National Life Insurance Company of New York® (Home Office: Purchase, New York).

Not FDIC/NCUA insured • May lose value • Not bank/CU guaranteed  
Not a deposit • Not insured by any federal agency

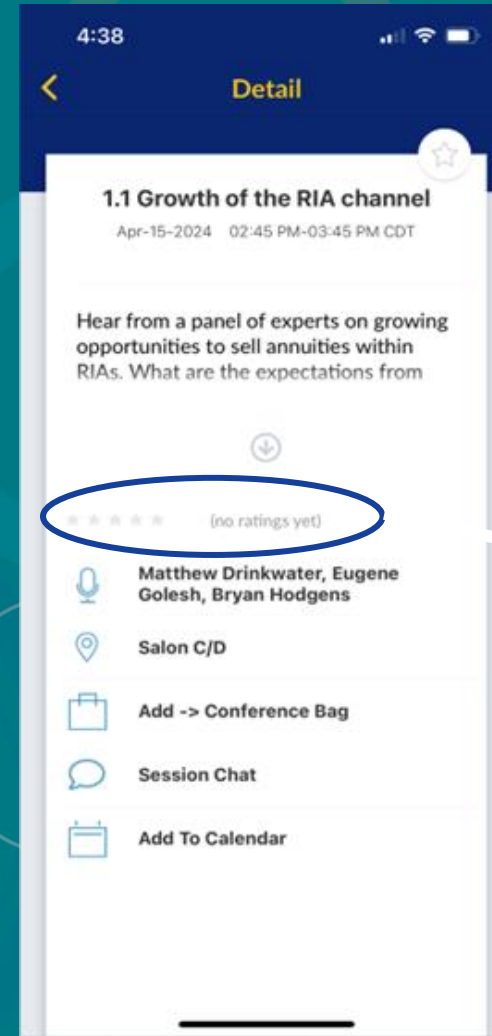


# Please Provide Your Feedback on the Conference App

## OPTION 1



## OPTION 2



# Thank You

