



# KEY FINDINGS FROM OUR 2020 RETIREMENT RISK READINESS STUDY



Allianz Life Insurance Company of North America  
Allianz Life Insurance Company of New York

# DO AMERICANS UNDERSTAND ALL THE RISKS THAT CAN DERAIL A RETIREMENT STRATEGY?

As Americans evaluate their finances during these challenging times, financial professionals may be missing opportunities to discuss various risks to their clients' retirement security – including longevity risk, behavioral risk, market risk, and inflation risk.

The 2020 Retirement Risk Readiness Study discovered that clients weren't sharing their biggest concerns with their financial professional. Worse, though many non-retirees seem to understand steps they need to take, they are not following through.

It's important to understand the expectations, worries, and stumbling blocks that clients have regarding retirement. The findings you'll see on the following pages are designed to help you build discussions about retirement risks and appropriate solutions into the regular planning process.

"When it comes to planning for the future, life often throws us a curveball that can derail our expectations," noted Kelly LaVigne, vice president of Consumer Insights, Allianz Life. "The sooner people realize this, the sooner they can develop a retirement plan that provides the flexibility to change course without too much disruption to long-term financial security."

**The Allianz Life Retirement Risk Readiness Study was conducted by Allianz Life via an online survey in January 2020.**

The nationally representative sample included 1,000 individuals age 25+ in the contiguous U.S. with an annual household income of \$50k+ (single) / \$75k+ (married/partnered) or investable assets of \$150k.

The study surveyed three categories of Americans to get different perspectives on retirement: pre-retirees (those 10 years or more from retirement); near-retirees (those within 10 years of retirement); and those who are already retired.

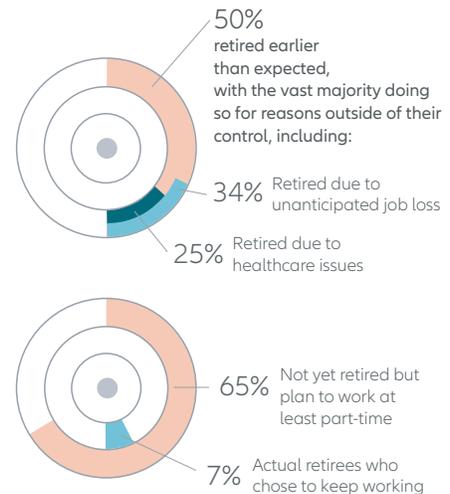
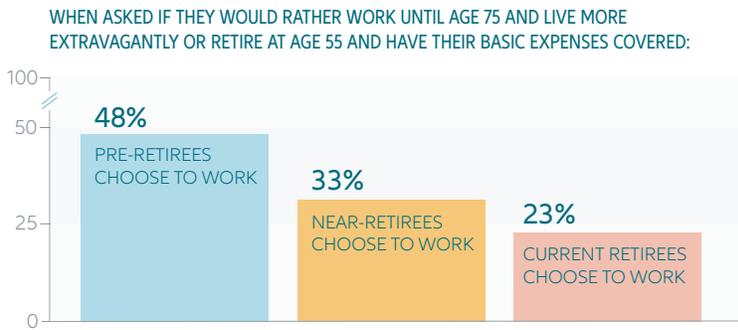
# Reality check: Most Americans are unprepared for when and how retirement will happen

Perceptions from non-retired Americans about when their retirement will start and what it will look like are much different from the experiences of people already in retirement. This disconnect is putting the financial security of those nearing retirement at significant risk.

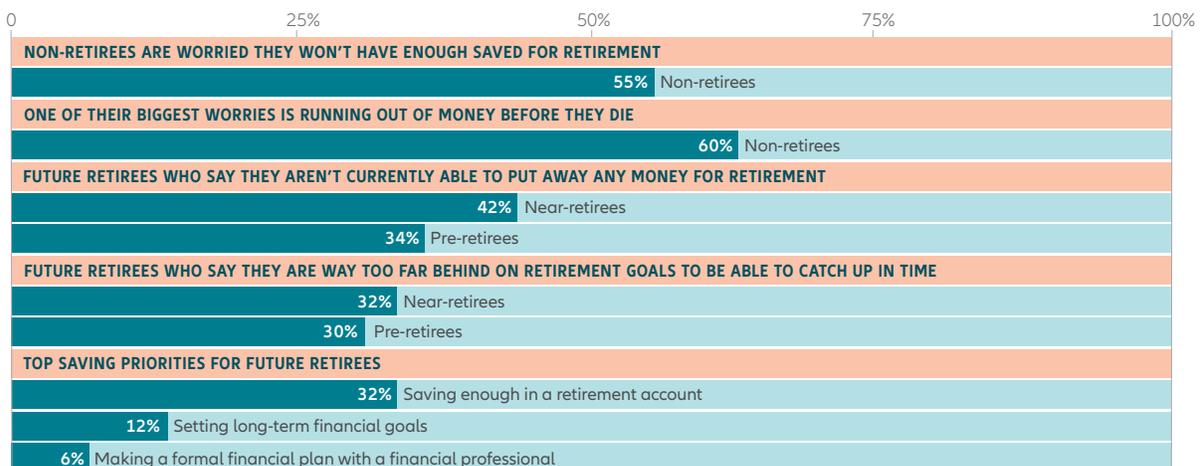
Financial professionals can help non-retirees prepare – regardless of when their retirement starts – by highlighting retirement risks and advocating for the addition of guaranteed retirement income solutions.

Given today’s earlier-starting retirements, a lack of retirement income planning can be particularly troubling – since a longer time spent in retirement means a longer time covering expenses.

## Key findings concerning retirement expectations



## Key findings concerning retirement savings



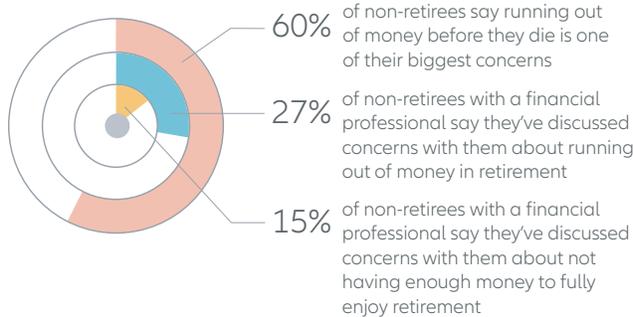
# Risky business: Americans' lack of discussions about risk is hindering their retirement readiness

The retirement savings system that today's retirees experienced during their working years (i.e., defined benefits plans and pensions) has largely gone away, placing a greater responsibility on non-retirees for sound retirement planning.

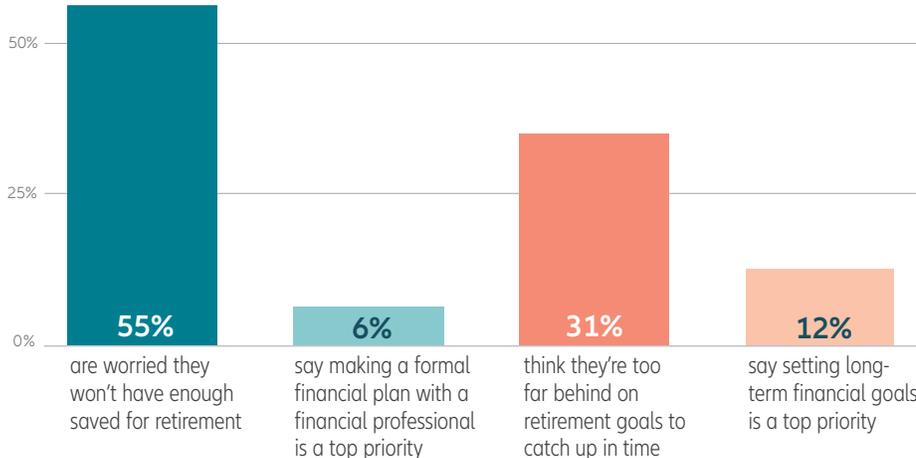
Greater awareness of the variety of risks that can derail a financial plan can help people take the next step. Financial professionals need to be proactive in discussing these issues and working with their clients to develop potential solutions.

Yet despite this, non-retirees are putting their retirement goals in jeopardy by not discussing with their financial professional a number of significant risks to their retirement security.

## Key findings concerning financial worries



## Key findings concerning retirement planning for non-retirees



# Missed connections: Americans aren't making the connection between aging risk and inflation risk

The rising cost of living is a particular concern to current and future retirees, since these costs can continue to creep up over a long retirement. Even greater concerns exist about rising healthcare costs.

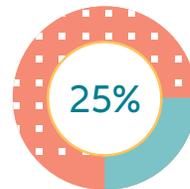
As people develop their retirement income plan, it is important they get advice from financial professionals on how increasing income solutions can help them manage inflation risk, particularly as they age.

Yet, as costs continue to escalate at a rapid pace, people are not preparing adequately and may find themselves living on a fixed income with many of their crucial expenses (food, clothing, housing, utilities, etc.) not covered throughout a long retirement.

## Key findings concerning healthcare issues

- 
 25% of those who retired early did so due to **healthcare issues**
- 
 34% of non-retirees say **healthcare issues are one of the most likely reasons** they may have to retire early
- 
 48% of current retirees say they have **no idea how much they spend on healthcare** in retirement
- 
 62% of non-retirees say they have **no idea of how much they'll spend on healthcare** in retirement

## Key findings concerning inflation and living expenses



OF CURRENT RETIREES SAY THEIR COSTS IN RETIREMENT ARE MUCH HIGHER THAN EXPECTED

**Who worries most about the rising costs of living preventing them from enjoying their retirement?**

67% Pre-retirees

59% Near-retirees

40% Retirees

**Who worries most that the rising costs of living will mean they won't be able to afford necessities?**

67% Pre-retirees

55% Near-retirees

38% Retirees



AMERICANS WHO BELIEVE INFLATION WILL MAKE BASIC RETIREMENT EXPENSES UNAFFORDABLE

**Who views the rising cost of healthcare as one of the greatest risks to their retirement security?**

52% Retirees

39% Near-retirees

38% Pre-retirees

**24% are discussing the impact of inflation and how it can prevent them from enjoying their retirement**

**21% say they will use a financial product that allows for increasing income as a way to address the rising cost of living**

# TRUE TO OUR PROMISES ... SO YOU CAN BE TRUE TO YOURS.®

As leading providers of annuities and life insurance, Allianz Life Insurance Company of North America (Allianz) and its subsidiary, Allianz Life Insurance Company of New York (Allianz Life of NY), base each decision on a philosophy of being true: **True to our strength** as an important part of a leading global financial organization. **True to our passion** for making wise investment decisions. And **true to the people we serve**, each and every day.

Through a line of innovative products and a network of trusted financial professionals, Allianz and Allianz Life of NY together help people as they seek to achieve their financial and retirement goals. Founded in 1896, Allianz, together with Allianz Life of NY, is proud to play a vital role in the success of our global parent, Allianz SE, one of the world's largest financial services companies.

While we pride ourselves on our financial strength, we're made of much more than our balance sheet. We believe in making a difference with our clients by being true to our commitments and keeping our promises. People rely on Allianz and Allianz Life of NY today and count on us for tomorrow – when they need us most.

Guarantees are backed solely by the financial strength and claims-paying ability of Allianz Life Insurance Company of North America and Allianz Life Insurance Company of New York. Variable annuity guarantees do not apply to the performance of the variable subaccounts, which will fluctuate with market conditions.

Products are issued by Allianz Life Insurance Company of North America, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297. [www.allianzlife.com](http://www.allianzlife.com). In New York, products are issued by Allianz Life Insurance Company of New York, 1633 Broadway, 42<sup>nd</sup> Floor, New York, NY 10019-7585. [www.allianzlife.com/new-york](http://www.allianzlife.com/new-york). Only Allianz Life Insurance Company of New York is authorized to offer annuities and life insurance in the state of New York. Variable products are distributed by their affiliate, Allianz Life Financial Services, LLC, member FINRA, 5701 Golden Hills Drive, Minneapolis, MN 55416-1297. [www.allianzlife.com](http://www.allianzlife.com)

• Not FDIC insured • May lose value • No bank or credit union guarantee  
• Not a deposit • Not insured by any federal government agency or NCUA/NCUSIF

(7/2020)