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## 95 Percent of Americans Have Financial Fears About Retirement

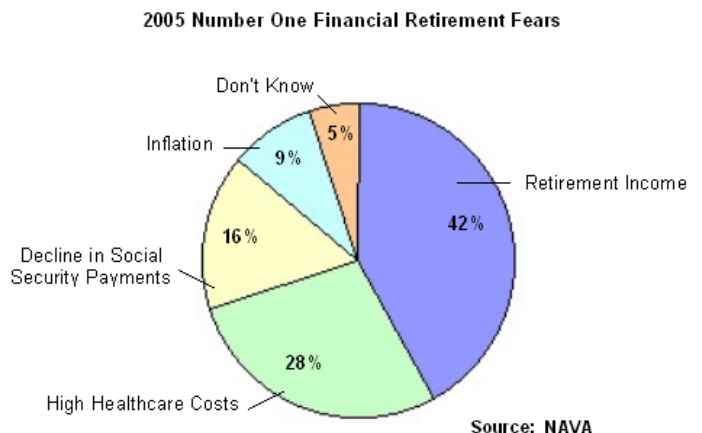
### *Fear of Running out of Money and Inability to Cover Rising Medical Costs in Retirement Top List from New NAVA Study*

Reston, VA, [March 28, 2005] – The National Association for Variable Annuities (NAVA) today released the results of a new survey, “2005 Financial Retirement Fears,” providing new insight on the top concerns of Americans as they approach or live in retirement.

According to the study, the overwhelming majority of Americans – 95 percent – have financial concerns when it comes to retirement. Moreover, 42 percent of expressed fears related to retirement income: either that they will run out of money prematurely, or that they will have to downgrade their lifestyle in retirement.

The results of this study underscore the need for Americans to structure their retirement plans differently today than in years past, which means including provisions to ensure they will have enough retirement income to last the rest of their lives. When used as part of a balanced retirement plan, annuities offer the flexibility to combine lifetime pension-like payments with a wide range of insurance benefits to help cover retirement expenses and ensure that retirees will never run out of money.

“The study provides a new perspective on how Americans think about retirement in light of the current economic environment,” said Mark Mackey, president and CEO of NAVA.



“It’s more important than ever for Americans to start taking personal responsibility to protect their financial and personal well-being, particularly with the decline of other income-generating vehicles such as company pensions plans. Having an annuity as part of an individual retirement can help Americans ensure they will have enough income to cover expected retirement expenses, and goes a long way to help them overcome their fears.”

### **“2005 Financial Retirement Fears” Study Findings**

The “2005 Financial Retirement Fears” study was designed to quantify the financial fears that Americans most commonly associate with retirement readiness. In addition to concerns related to retirement income, 28 percent of respondents fear that the high cost of healthcare services, such as outpatient care, frequent medical appointments and prescription drugs, can quickly drain irreplaceable retirement savings. Sixteen percent of respondents worry about the possible decline of Social Security payments. Finally, nine percent of respondents are concerned that inflation will erode hard-earned retirement savings. Additional findings include:

- **Retirement Income-Related Fears First with Future Retirees**

Future retirees worry most about retirement income-related issues. The financial fear weighing heaviest on the minds of those ages 18-34 is the premature depletion of retirement savings. Possibly reeling from the recent bear market and contemplating the possible changes in the Social Security system, 24 percent of respondents in this age group are afraid that their retirement assets will not last their lifetime. Moreover, an uncertain job market makes for an uncertain future. Part-time workers across all age groups show a heightened concern for running out of money during retirement, almost 40 percent more than the full-time workers surveyed.

In addition, middle age Americans with full-time jobs worry about their retirement lifestyles. Thirty-seven percent of Americans aged 35-54 rank the inability to maintain their current standard of living as one of their top two retirement fears.

- **Greatest Fear Among Educated Americans: High Healthcare Costs**

While the study revealed that a majority of Americans are concerned about high healthcare costs, the greatest level of anxiety in this regard is found among retired Americans with at least some level of college education. Respondents least worried about healthcare costs are between the ages of 18-34, have only a high school diploma, and are employed in part-time jobs.

- **Social Security Anxiety Ranks Low**

Despite the increased attention surrounding Social Security reform, only 16 percent of respondents are worried about their future Social Security payments. Americans seem to understand that Social Security payments will not completely cover their retirement costs since the study shows that they realize the need for other sources of guaranteed income to help cover retirement expenses.

- **Inflation Comes in Last**

Only nine percent of respondents were concerned that inflation could negatively impact their retirement savings. The study shows that respondents across all age groups and demographics are less worried about inflation eroding the value of their retirement assets than they are about other issues. Given the relatively low inflation rates in recent years, this lack of concern is not surprising.

### **Guaranteed Retirement Income – Annuities**

Allocating a portion of retirement assets in an annuity can provide Americans with peace of mind about their financial futures. An annuity is a long-term retirement investment vehicle offering a combination of insurance benefits, tax-deferred savings and guaranteed lifetime income payments. Regardless of the rising cost of healthcare, increased inflation rates or possible changes to Social Security, an annuity can protect retirement assets against market volatility and ensure that retirement assets remain intact when needed most.

**About the NAVA "2005 Financial Retirement Fears Study"**

The "2005 Financial Retirement Fears Study" was conducted by Kelton Research in January 2005 for NAVA. A broad national cross-section of 1001 respondents was polled via telephone between Jan. 21 and 23. The study has an error rate of +/- 3.1 percent.

**About the National Association for Variable Annuities (NAVA)**

NAVA is a non-profit trade association located in suburban Washington D.C. NAVA provides a variety of services to the industry including educational forums, research and conferences aimed at furthering the development and understanding of fixed and variable annuities, income annuities and variable life insurance. NAVA also maintains and supports an educational website for consumers at [www.RetireOnYourTerms.com](http://www.RetireOnYourTerms.com).

For further information contact:

George Millington, Walt & Company, (408) 496-0900, ext. 2974 or [NAVA@walt.com](mailto:NAVA@walt.com)  
Deborah Tucker, NAVA, (703) 707-8830 ext. 15 or [Deborah@navanet.org](mailto:Deborah@navanet.org)

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