



PROTECT WHAT
MATTERS MOST.
CARRY THE SHIELD.

2017 RICP[®] Retirement Income Literacy Gender Differences Report



THE AMERICAN COLLEGE
NEW YORK LIFE
**CENTER FOR
RETIREMENT INCOME**

2017 RICP[®] Retirement Income Literacy Report

Report Overview

- The American College of Financial Services
- Why Retirement Income Planning Literacy?
- Methodology
- Respondent Demographics
- Executive Summary
- Who Passed the Literacy Quiz
- Positive Relationships Between Literacy and Financial Sophistication
- Gender Differences
- Literacy Rate Impact on Gender Retirement Planning
- Takeaways & Conclusions



The American College of Financial Services





THE
**AMERICAN
COLLEGE**
OF FINANCIAL SERVICES®

About The American College of Financial Services:

The American College of Financial Services was founded in 1927 and is the nation's largest non-profit educational institution devoted to financial services. Holding the highest level of academic accreditation, The College has educated one in five financial advisors across the United States and offers prestigious financial planning designations such as the Retirement Income Certified Professional (RICP[®]), Chartered Life Underwriter (CLU[®]), Chartered Financial Consultant (ChFC[®]), and Certified Financial Planner (CFP[®]). It recently approved conferral of PhD degrees to the first class of graduates of that program. The American College's faculty represents some of the financial services industry's foremost thought leaders. For more information, visit TheAmericanCollege.edu.



THE AMERICAN COLLEGE
NEW YORK LIFE
**CENTER FOR
RETIREMENT INCOME**



Jamie Hopkins, JD, LLM, MBA, RICP®
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Mission:

To elevate the retirement income planning knowledge of financial service professionals in order to improve retirement security for Americans

Priorities & Initiatives:

- Research - RICP® Retirement Income Literacy Index
- Education - Retirement Income Certified Professional® (RICP®)
- Video Library - retirement.theamericancollege.edu
- Thought Leadership and Visibility



THE
**AMERICAN
COLLEGE**
OF FINANCIAL SERVICES®

Retirement Income Certified Professional® (RICP®)



Practical. Current. Comprehensive.



Why Retirement Income Planning Literacy?



Why Retirement Income Planning Literacy?

- This report was designed to assess retirement literacy among individuals who are nearing or already in retirement. More specifically, the goal was to determine whether retirees and pre-retirees have the knowledge they need to successfully plan for a financially secure retirement.
- The quiz and results will also help educate Americans on key retirement income planning decisions.
- Following the mission of The American College of Financial Services and The New York Life Center for Retirement Income, the survey and report were developed to shine a light on the need for improved retirement income literacy and planning.
- The survey results will be used by The New York Life Center for Retirement Income to develop consumer education and by The American College's Retirement Income Certified Professional[®] (RICP[®]) designation to improve the education of financial advisors.



Methodology


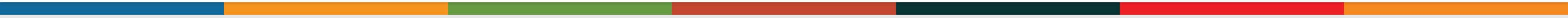
Research Methodology

- Information for this study was gathered through 20-minute online interviews conducted between February 16 – March 1, 2017.
- Respondents were recruited through the Research Now online panel, and a total of 1,244 Americans were interviewed.
- To qualify for participation in the study, respondents had to be age 60-75 and have at least \$100,000 in household assets, not including their primary residence.
- The final data set was weighted by age, education, and asset level to reflect the distribution of those characteristics among Americans age 60-75 with at least \$100,000 in investable assets (based on the 2013 Survey of Consumer Finance).

Research Methodology

- This survey is a follow-up of the 2014 Retirement Literacy Index study, which was conducted among n=1,019 Americans and had a similar methodology and questionnaire.
- Percentages in the tables and charts may not total to 100 due to rounding and/or missing categories.
- The original 2014 literacy questions were developed with the input and help of retirement income planning researchers and practitioners, with over 20 professionals being consulted. A few questions were modified in the 2017 survey for clarity purposes, but topics remained consistent.
- A pilot survey was run to test the questions with consumers and to ensure that they were easily understood.
- In addition, topic areas from such leading retirement income educational programs as the Retirement Income Certified Professional® (RICP®) were reviewed in order to ensure that the proper retirement income topics were covered in the survey instrument. The RICP® curriculum includes educational material on distribution strategies, general planning, tax efficient withdrawals, investments, long-term care planning, Social Security, housing options, health care, insurance products, qualified plans, IRAs, optimal retirement ages, and government programs. See RICP® description: <https://www.theamericancollege.edu/designations-degrees/RICP>.

(Take the Quiz)



Respondent Demographics

Demographics

| Gender | Total (n=1,244) |
|--|----------------------------------|
| Male | 50% |
| Female | 50 |
| Age | |
| 60 to 64 | 39% |
| 65 to 69 | 34 |
| 70 to 75 | 26 |
| Marital Status | |
| Married | 80% |
| Divorced or separated | 8 |
| Widowed | 5 |
| Single, never married | 4 |
| Not married, but living with a partner | 3 |
| Responsibility for Financial and Investment Decision Making | Married/Partner (n=1,044) |
| Primarily you | 44% |
| Both you and another person | 55 |
| Primarily someone else | 1 |

| Education | Total (n=1,244) |
|--|------------------------|
| Some high school or less | * |
| High school graduate | 22% |
| Some college | 11 |
| Trade or vocational school | 2 |
| College graduate (4-year degree) | 26 |
| Post-graduate work | 8 |
| Graduate degree | 32 |
| Savings and Investments (Not Including Home Equity) | |
| \$100,000 to \$199,999 | 25% |
| \$200,000 to \$299,999 | 19 |
| \$300,000 to \$499,999 | 16 |
| \$500,000 to \$999,999 | 17 |
| \$1 million to \$1.49 million | 7 |
| \$1.5 million or more | 16 |

Demographics

| Retirement Status | Total (n=1,244) |
|--|------------------------|
| Retired and not working | 63% |
| Retired but working part time | 12 |
| Retired but working full time year round | 3 |
| Not retired | 22 |

| Financial Advisor Relationship | Total (n=1,244) |
|---------------------------------------|------------------------|
| Yes | 65% |
| No | 35 |

| Comprehensive Written Financial Plan | Total (n=1,244) |
|---|------------------------|
| Yes | 34% |
| No | 66 |

| 2016 Household Income | Total (n=1,244) |
|------------------------------|------------------------|
| Under \$35,000 | * |
| \$35,000 to \$49,999 | 1% |
| \$50,000 to \$74,999 | 26 |
| \$75,000 to \$99,999 | 24 |
| \$100,000 to \$149,999 | 30 |
| \$150,000 or more | 17 |
| Prefer not to say | 1 |

| Home Ownership | Total (n=1,244) |
|-----------------------|------------------------|
| Own | 96% |
| Rent | 4 |



Executive Summary

THE DEMOGRAPHIC DIVIDE

There are substantial differences in literacy rates between men and women, respondents with and without college degrees, as well as wealthier and less wealthy respondents.

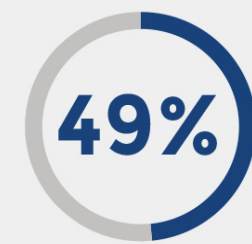
Retirement literacy rates were affected by gender, education and wealth.

PASS RATE BY:

GENDER



WEALTH



WITH ASSETS OF \$1 MILLION OR MORE



WITH ASSETS FROM \$100K TO \$299K



EDUCATION LEVEL



WITHOUT A COLLEGE DEGREE



GRADUATE DEGREE OR HIGHER

Executive Summary

Gender Differences on Retirement Income Literacy

- Women did significantly worse on the retirement income planning literacy quiz.
- Women showed lower levels of self-perceived knowledge.
- Women were more likely to identify as cautious or risk averse than male respondents.
- Women showed more conservative answers to investment questions.
- Women were far more concerned about retirement risks than men, especially cuts to Social Security.
- Women respondents were less likely to do internet searches to look up financial information.
- There were low levels of literacy impacting decision making by women, which could be negatively impacting their retirement security.

The Impact of Low Literacy Rates

- “The results of this study reveal that women continue to require more financial education and increased planning. Throughout their lifetime women will face challenges that include longer life expectancy, lower income, increased need for long-term care, and they are more likely to experience widowhood. Our research shows that women do not adequately understand many of the retirement issues they face, which can lead to poor and improper planning. Financial advisors can play an important role in helping to close the retirement income literacy gap between men and women.”

-Jocelyn Wright, State Farm® Chair in Women and Financial Services and Assistant Professor of Women's Studies at The American College of Financial Services

The Impact of Low Literacy Rates


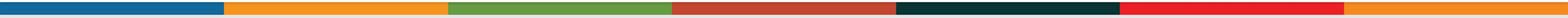
- “The overall literacy results show that better retirement planning is highly correlated to high levels of retirement literacy. As such, any demographic group that displays lower levels of literacy are at higher risk to have improper or inadequate retirement planning in place. Women and low income individuals showed significantly lower literacy rates, which is negatively impacting their retirement planning and financial security.”

-Jocelyn Wright, State Farm® Chair in Women and Financial Services and Assistant Professor of Women's Studies at The American College of Financial Services

The Impact of Low Literacy Rates

- “All people, regardless of gender, should be equipped with the knowledge that could better prepare them for retirement. However, women face a number of challenges that the average man does not face in retirement, including greater longevity. So in some ways, women should be more aggressive investors and have better retirement income literacy rates as they need to make their money last even longer in retirement. Unfortunately, our research demonstrates that women nearing retirement are lacking the literacy rates they need to do proper planning. Our research also shows the need for women to be more heavily involved in the household financial decisions. Too many men believe they are the sole financial decision makers in the household. This could be impacting the long-term security of women in those households.”

- Jamie Hopkins, Retirement Income Program Co-Director at The American College of Financial Services



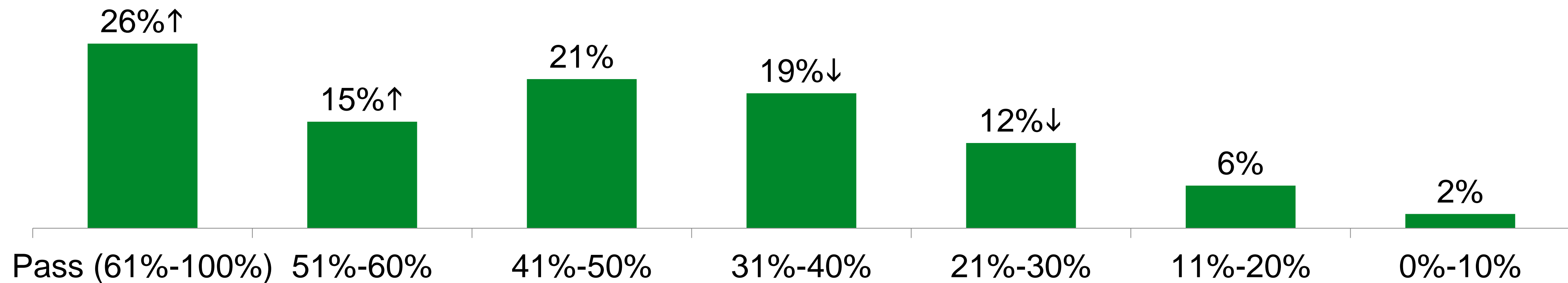
Who Passed the Literacy Quiz?

Who Passed the Literacy Quiz?

- Retirement literacy remains low – 74% failed the 38-question retirement literacy quiz!
- Roughly 5% of respondents scored a B or higher (80%+).
- 47% correct was the average score (mean and median).
- Men had a median score of 20 of 38 correct while women had a median score of 16 of 38.
- Only 18% of women passed as opposed to 35% of men.
- Individuals with \$1 million+ of savings performed better than all other asset levels.
- Those who work with a financial advisor have lower levels of financial literacy.

Quiz Grade

- 26% passed
- 74% failed
- 60% scored less than 50%
- 20% scored less than 30%

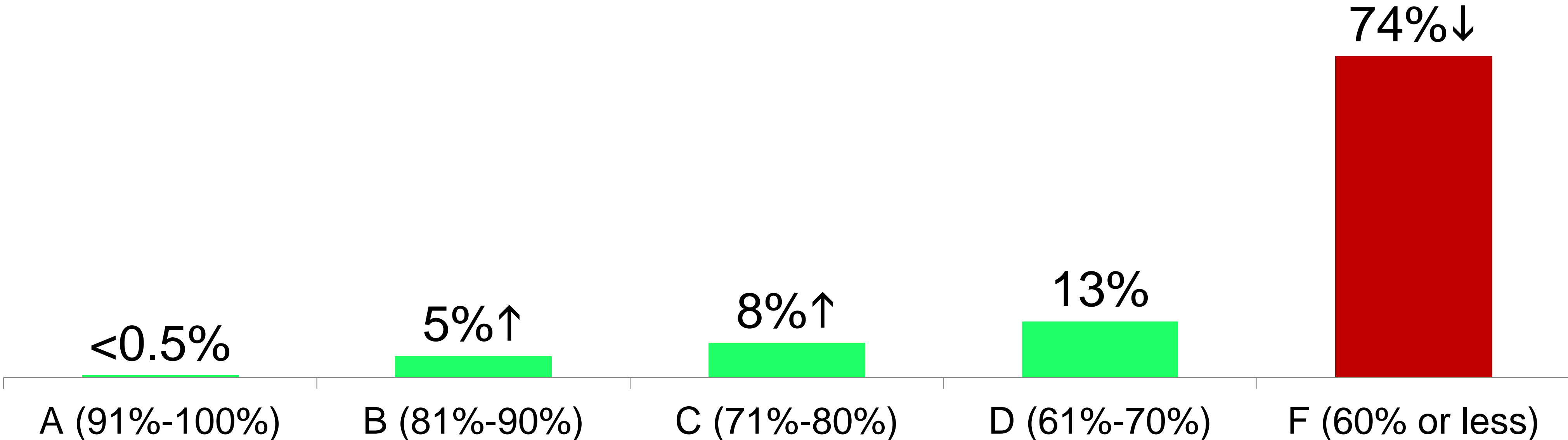


(2014 Total n=1,019; 2017 Total n=1,244) [Arrows represent a significant difference of at least 95%.]

Some quiz questions were changed or removed in the 2017 survey, so use caution when comparing overall quiz scores between years

Grade Distribution

- Only 5% scored a B or higher (81-100%)
- 50% of those passing received a D (61-70%)

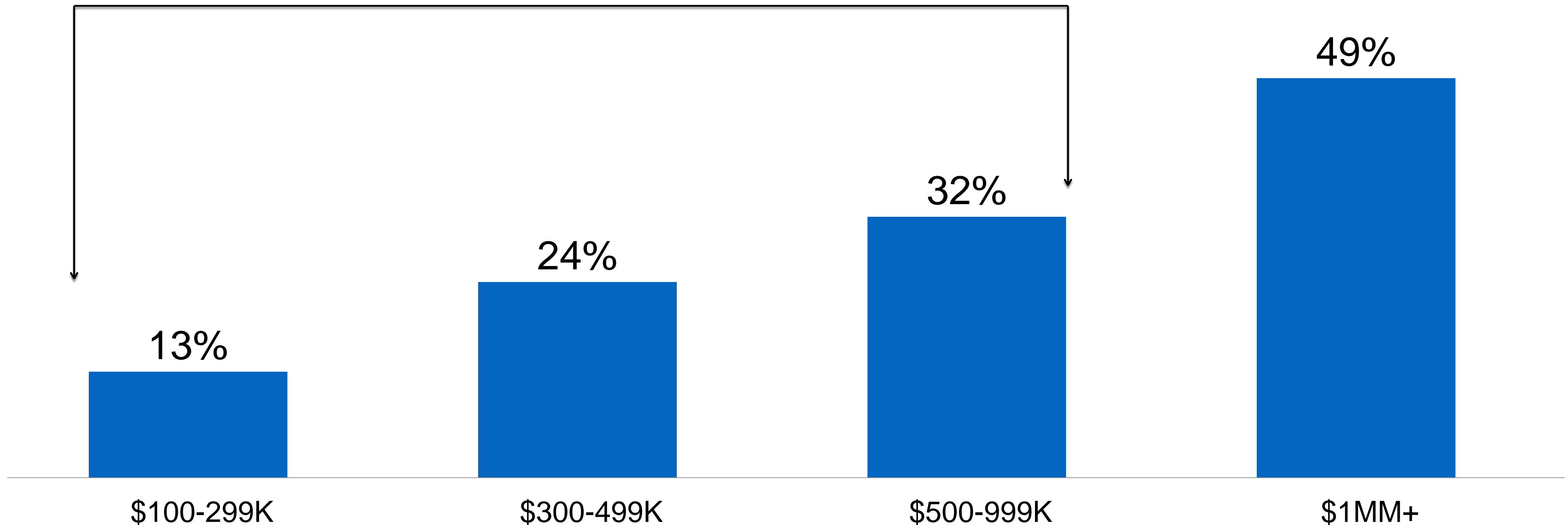


(2014 Total n=1,019; 2017 Total n=1,244) [Arrows represent a significant difference of at least 95%.]
Some quiz questions were changed or removed in the 2017 survey, so use caution when comparing overall quiz scores between years

Pass Rates by Wealth*

- 49% of respondents with \$1 million+ passed the quiz
- 20% of respondents with less than \$1 million in assets passed the quiz

Average Pass Rate 20%

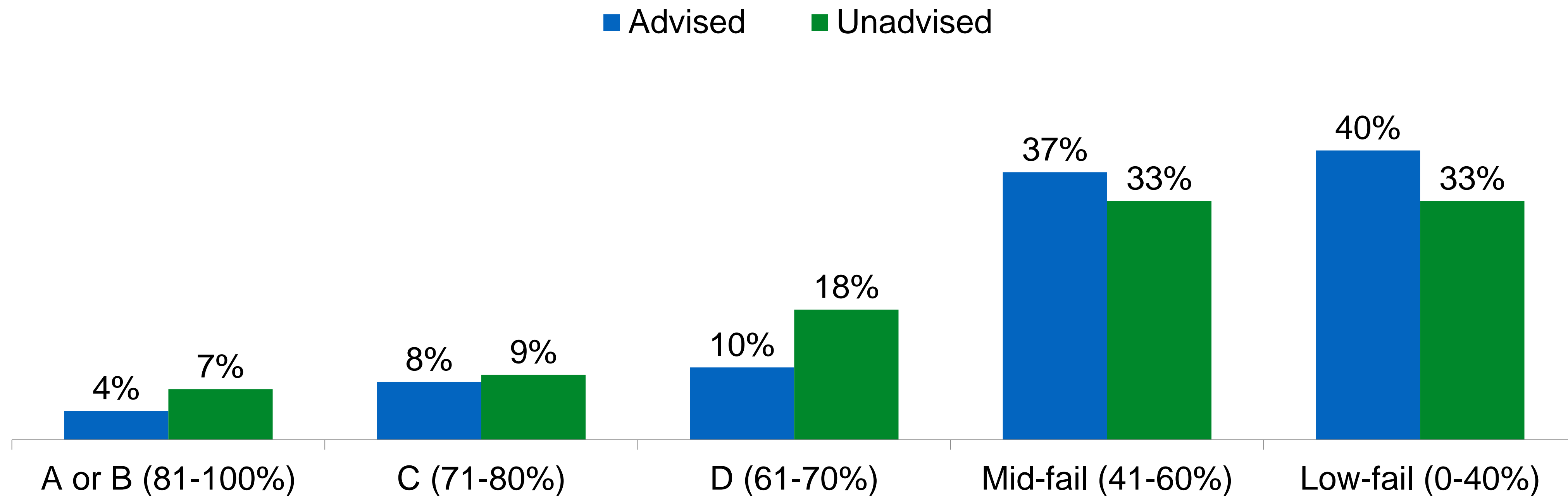


*Does not include home equity

Financial Advisor Literacy (Non)Impact

- Only 22% with an advisor passed the quiz
- 34% of those without a financial advisor passed the quiz

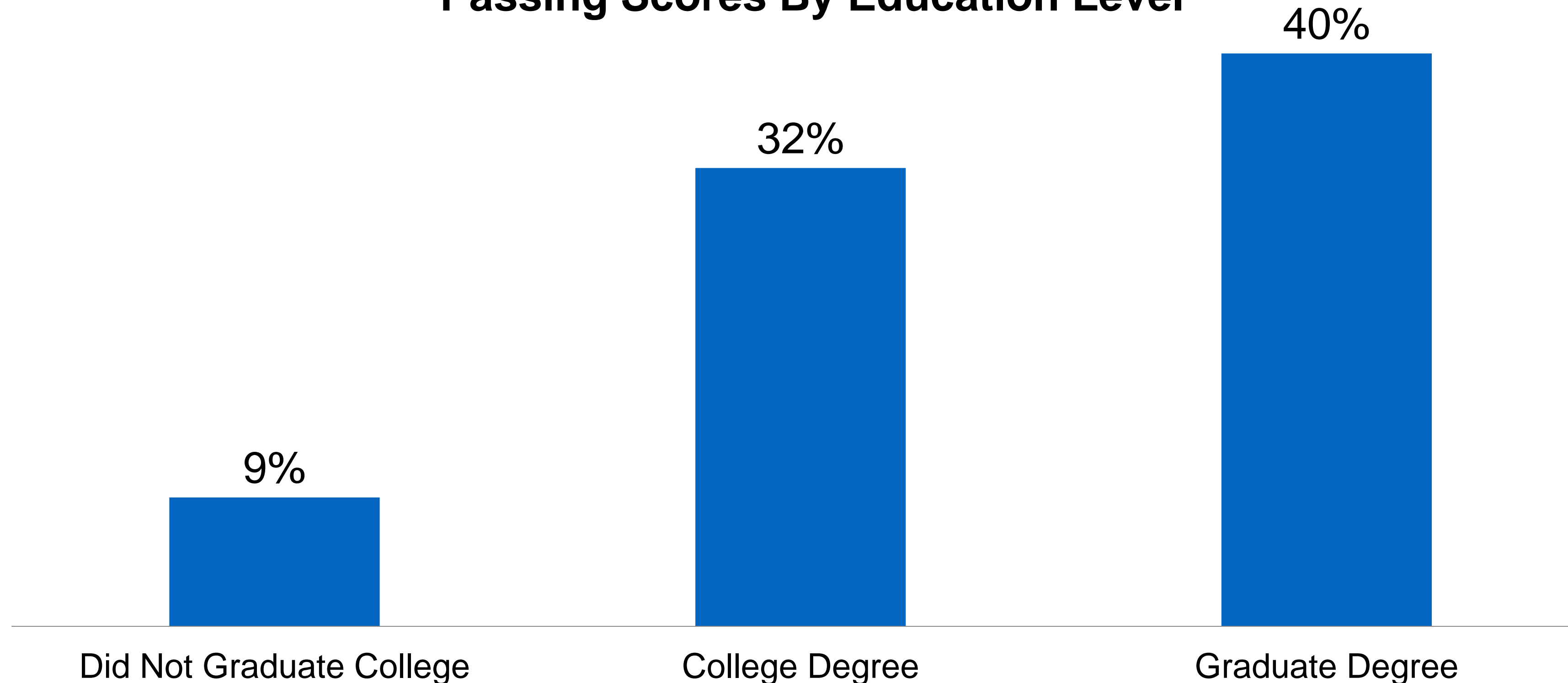
Quiz Grade by Advisor Status



Impact of Education on Literacy

- 40% of those with a graduate degree or higher passed
- Only 9% of respondents without a college degree passed

Passing Scores By Education Level



Average Scores by Section

| Sections | Average Score (Mean) | # of Questions | % Correct |
|--|---------------------------------|---------------------------|------------------|
| Strategies for sustaining income throughout retirement | 2.05 | 5 | 41% |
| How long you will live – life expectancy | 0.41 | 1 | 41% |
| Use of life insurance in retirement planning | 0.98 | 2 | 49% |
| Annuity products in retirement | 0.60 | 3 | 20% |
| How taxes affect retirement security | 2.51 | 4 | 63% |
| Impact of inflation on retirement security | 1.46 | 2 | 73% |
| Housing in retirement | 1.41 | 2 | 71% |
| Medicare insurance planning | 2.28 | 3 | 76% |
| Paying for long-term care expenses | 1.82 | 5 | 36% |
| Investment considerations in retirement planning | 2.39 | 6 | 40% |
| Social Security | 1.42 | 3 | 47% |
| Company retirement plans | 0.70 | 2 | 35% |
| Total | 18.03 | 38 | 47%** |

** indicates slight rounding error

Section Scores (Worst to Best)

| Sections | % Correct |
|--|-----------|
| Annuity products in retirement | 20% |
| Company retirement plans | 35% |
| Paying for long-term care expenses | 36% |
| Investment considerations in retirement planning | 40% |
| Strategies for sustaining income throughout retirement | 41% |
| How long you will live – life expectancy | 41% |
| Social Security | 47% |
| Use of life insurance in retirement planning | 49% |
| How taxes affect retirement security | 63% |
| Housing in retirement | 71% |
| Impact of inflation on retirement security | 73% |
| Medicare insurance planning | 76% |
| Total | 47%** |

**indicates slight rounding error, reason why it does not average perfectly to 47.00.



**Positive Relationships Between
Literacy and Indicators of
Financial Sophistication**



Correlation with Financial Sophistication

- Those with higher levels of literacy were:
 - More likely to identify as risk takers
 - More likely to have a formal written retirement plan in place
 - More likely to have a long-term care plan in place
 - More likely to be the primary financial decision maker (married/partners)
- Higher literacy and higher pass rates were also associated with:
 - Respondents reporting high levels of retirement security confidence
 - Respondents self-identifying as knowledgeable about retirement income planning
 - Respondents reporting high levels of confidence that they could manage their own investments throughout retirement
- Those with higher literacy scores also found that it was more important that:
 - Their financial advisor act as a fiduciary
 - Their financial advisor educate them on retirement risks

Power of Literacy

- Respondents who passed the quiz were:
 - 46% more likely to have a long-term care plan in place
 - 16% more likely to have a written plan in place
 - 67% more likely to feel that it was important for their current advisor to be a fiduciary
 - 8% more likely to have an estate plan in place (80% of all respondents had a plan, so still powerful)
 - 87% more likely to self-identify as a risk taker
 - 11% more likely to feel confident about their retirement
 - 36% more likely to feel confident that they could manage their own investments throughout retirement



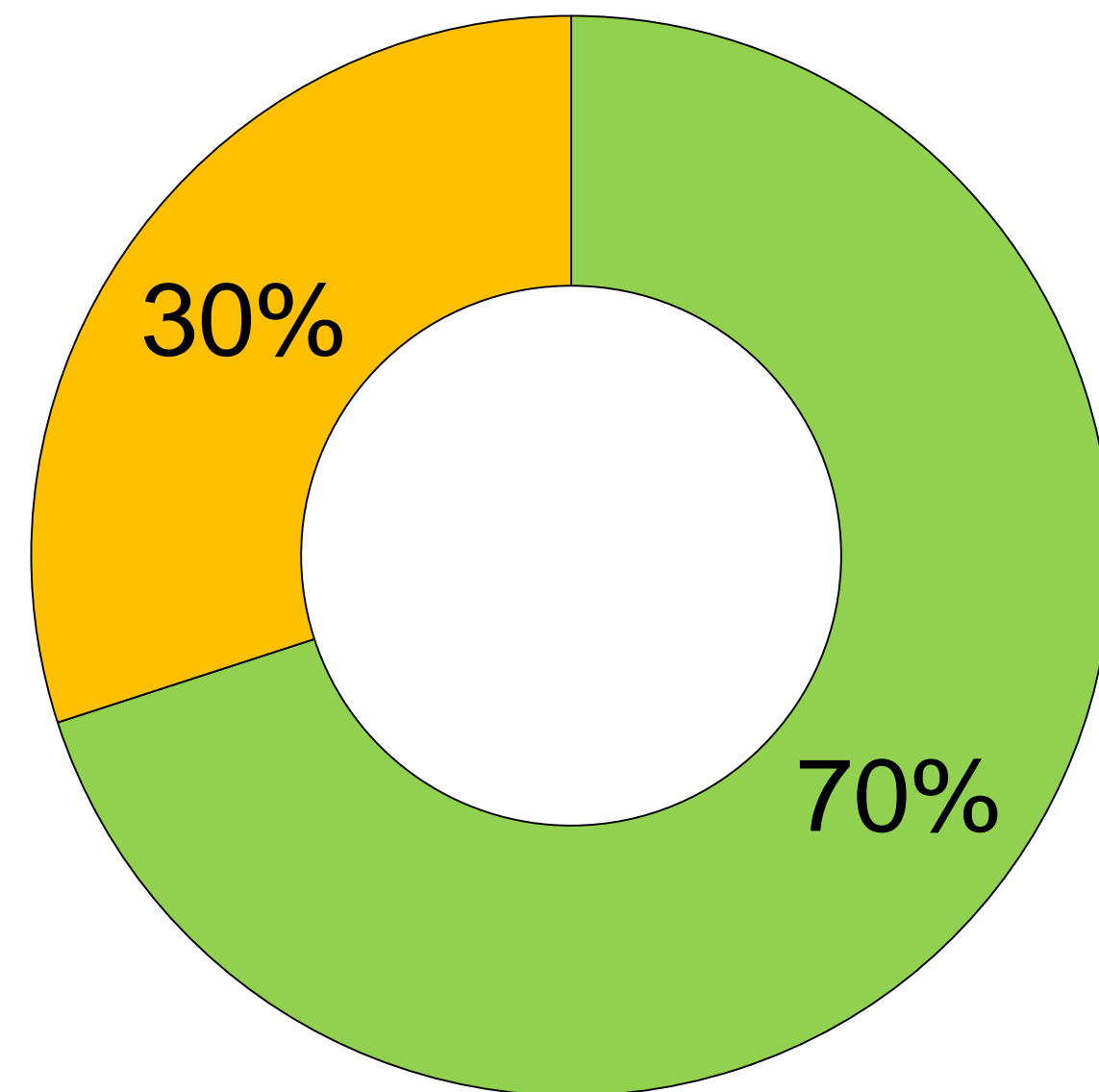
Gender Differences



Gender Demographic Differences

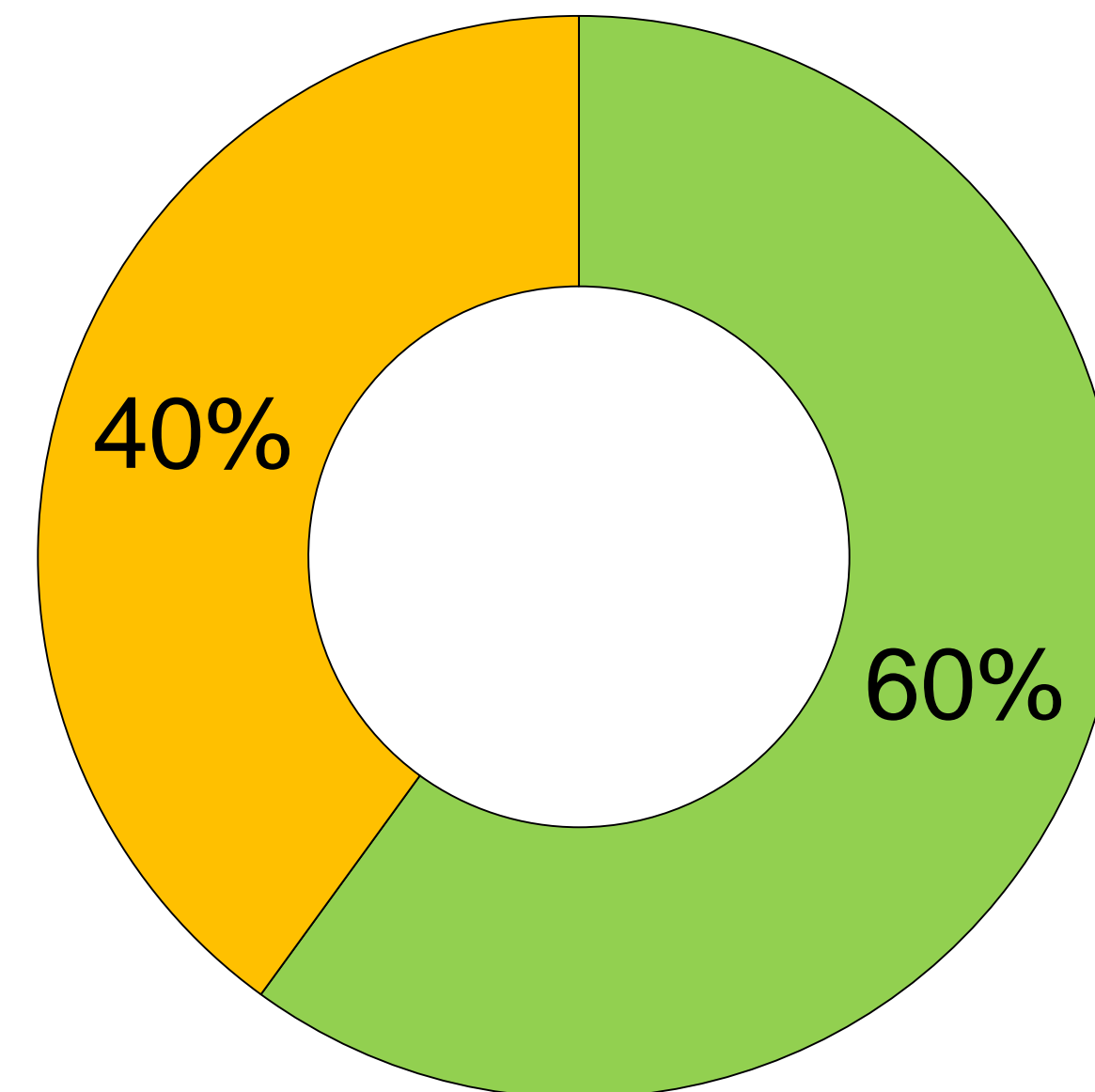
- Data close to 50% male (627 respondents) and 50% female (617 respondents)
- No statistically significant differences in wealth or age between male and female respondents
- Statistically significant difference at 95% level between education for male v. female

Male Respondent Education Levels



■ College Education or Higher
■ Less than College Education

Female Respondent Education Levels

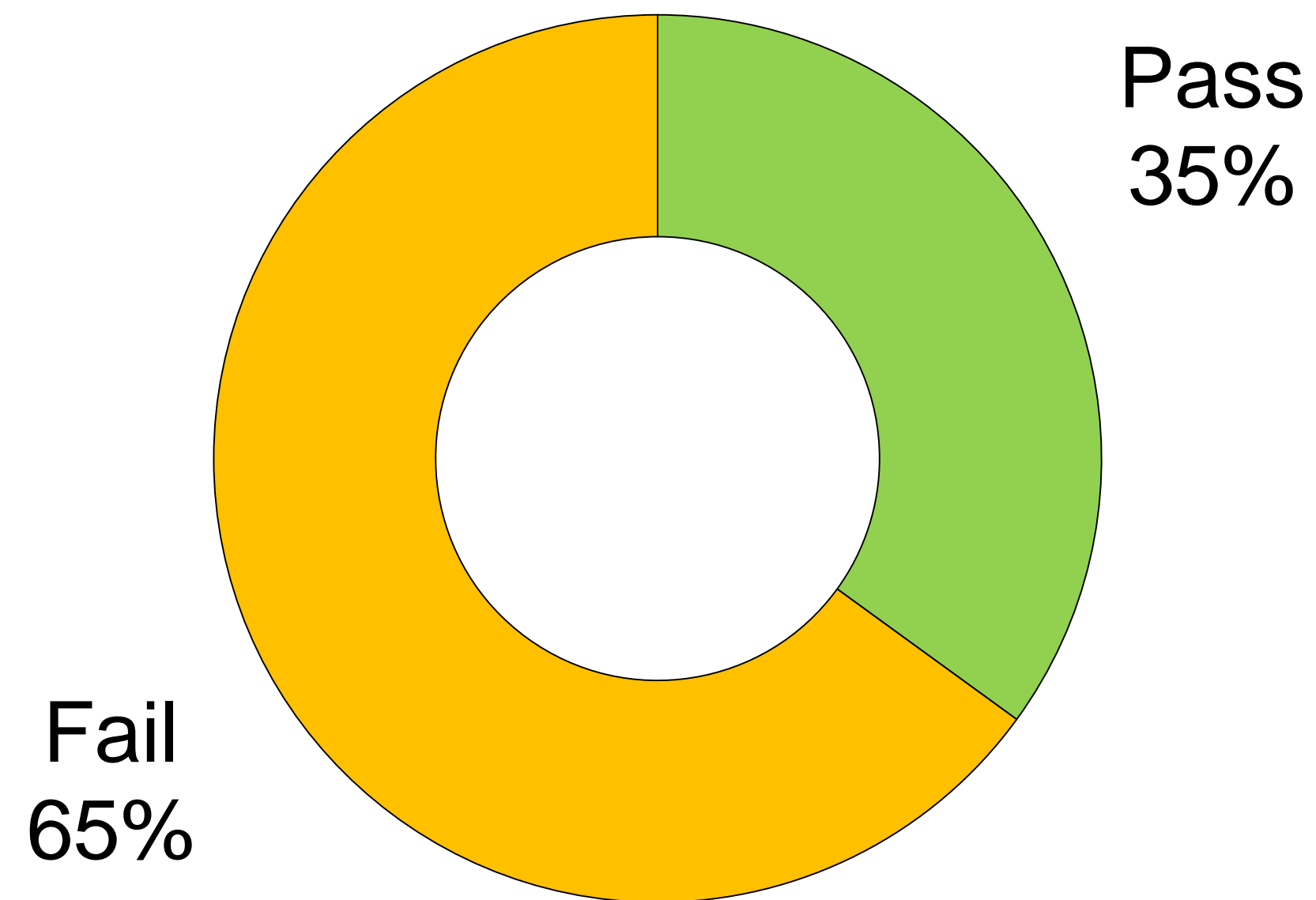


■ College Education or Higher
■ Less than College Education

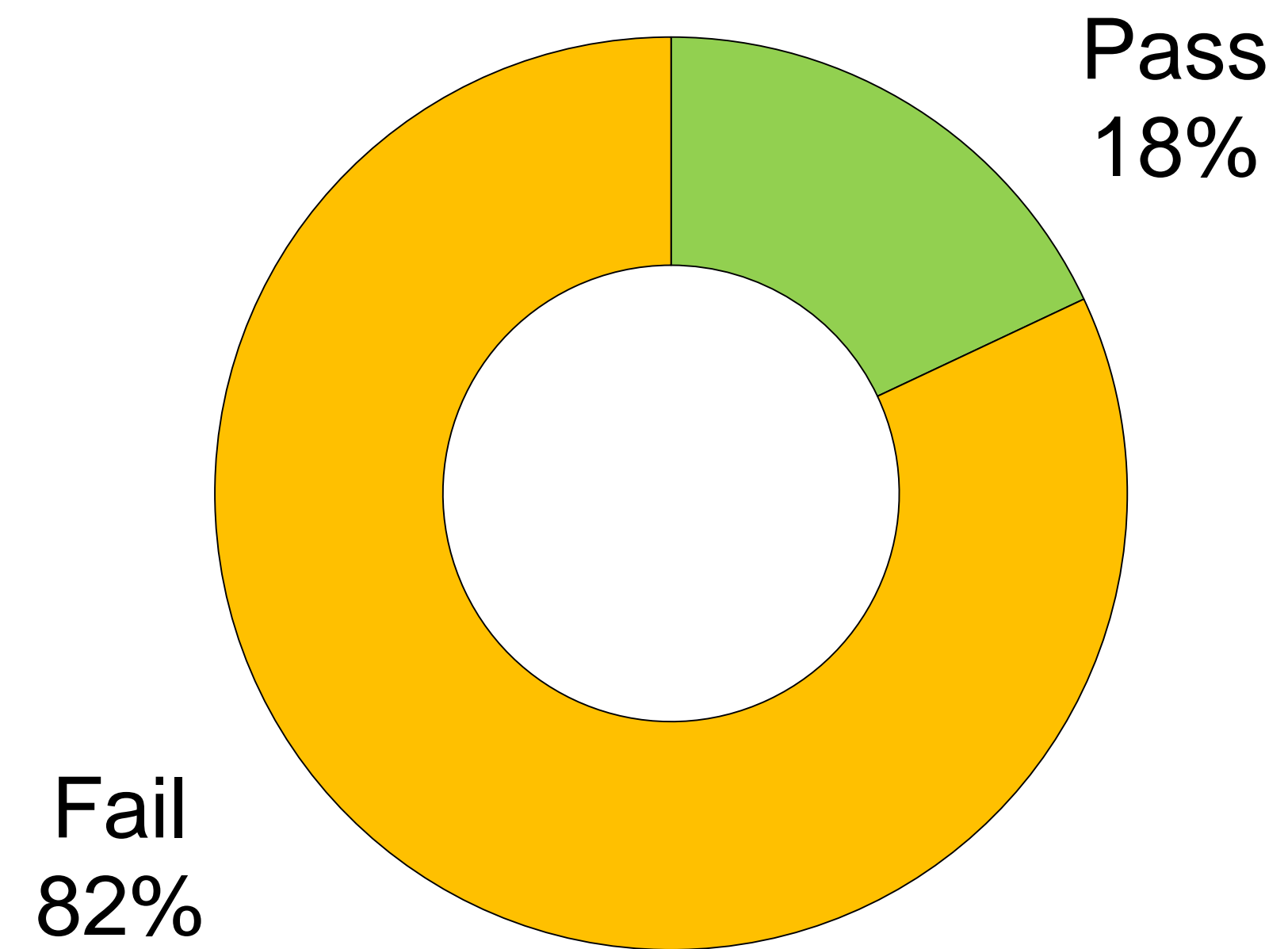
Male v. Female Responses

- Only 18% of women passed as opposed to 35% of men
- Male median score: 20/38
- Female median score: 16/38

Pass v. Fail of Male Respondents



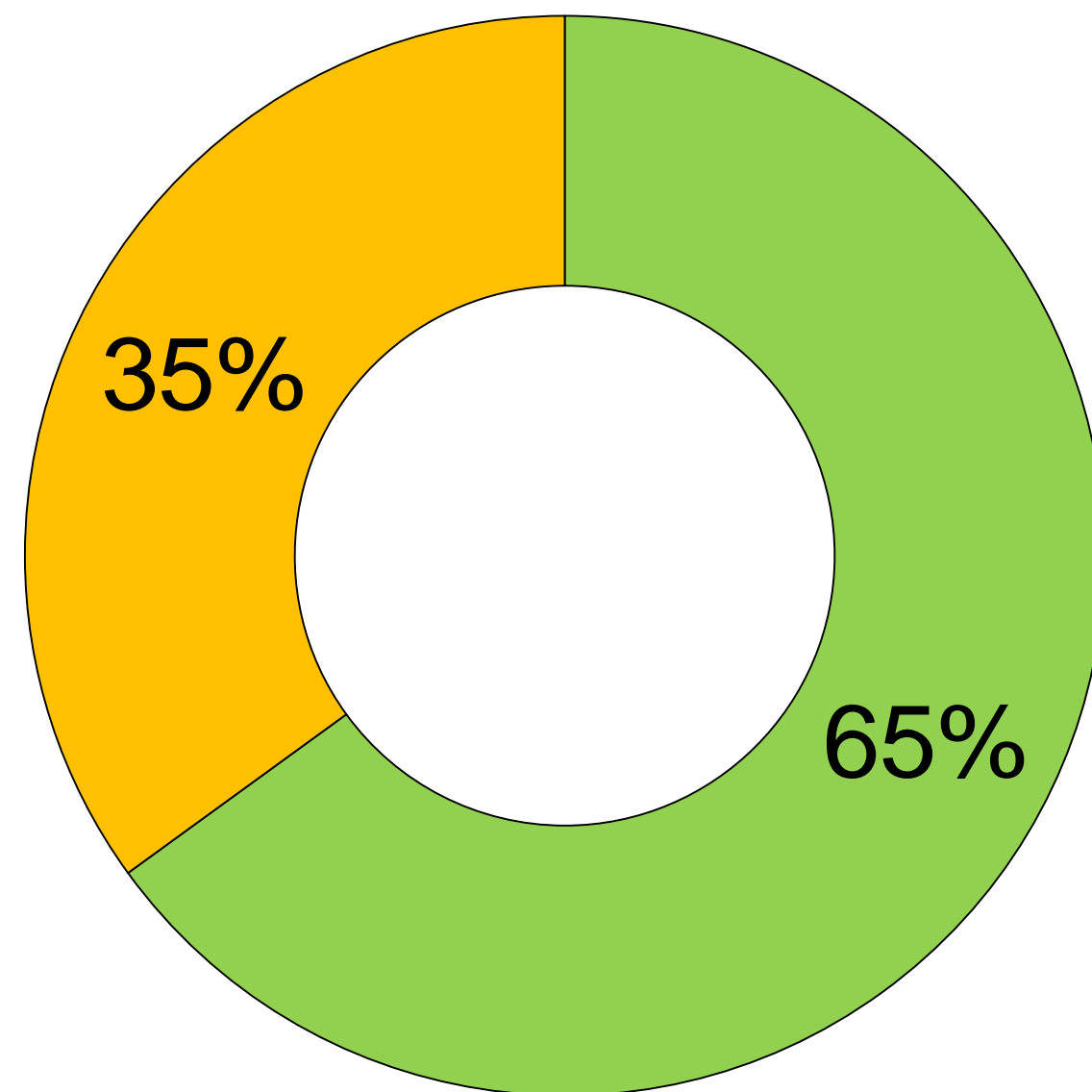
Pass v. Fail of Female Respondents



Financial Decision Makers

- Male respondents more likely to feel as if they were primary financial decision maker
- Women respondents more likely to feel as if they shared financial decisions with spouse
- Differences were significant at the 99% level

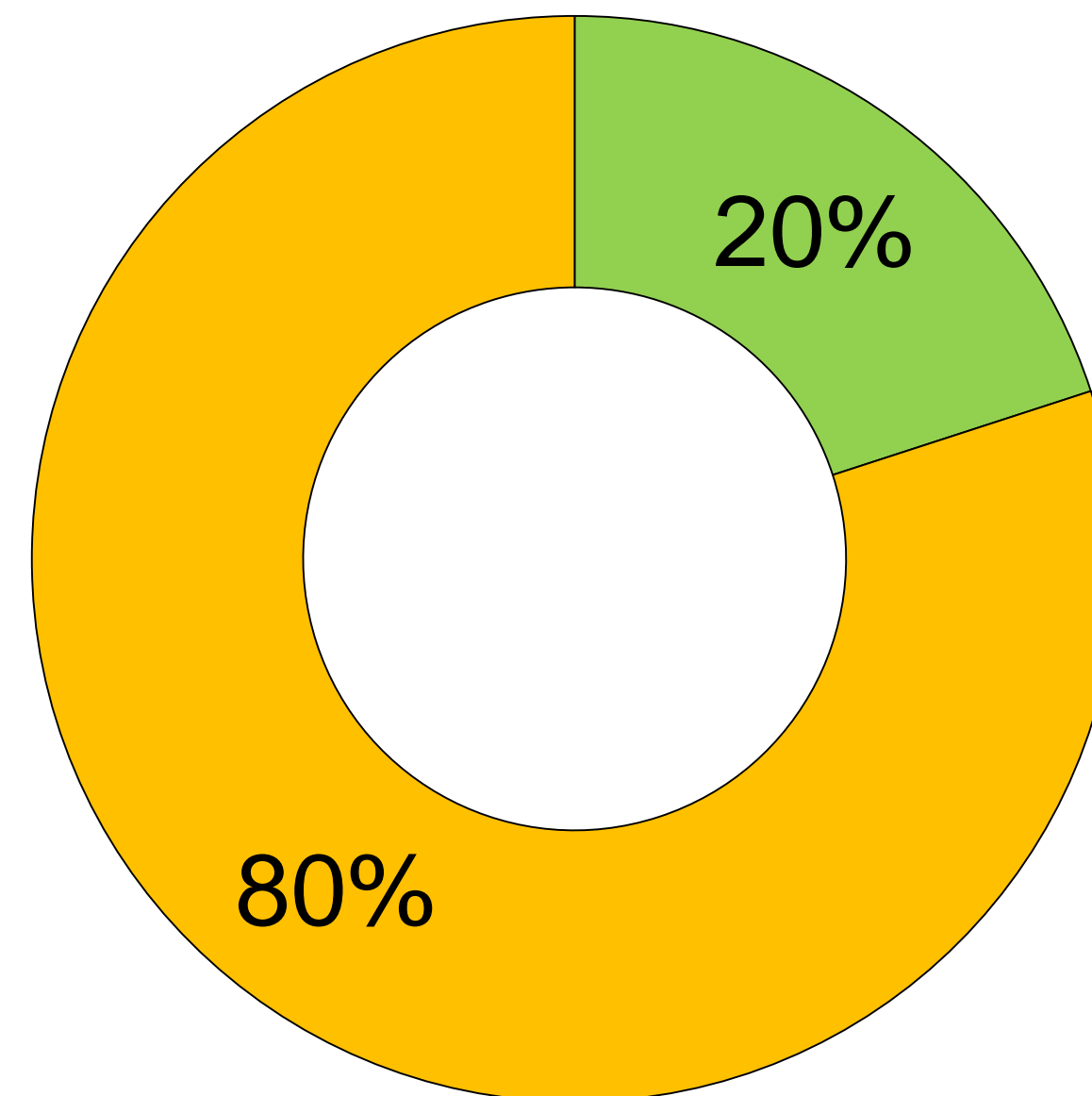
Male Respondents



■ Primary Financial Decision Maker

■ Shared Financial Decision Making With Spouse

Female Respondents



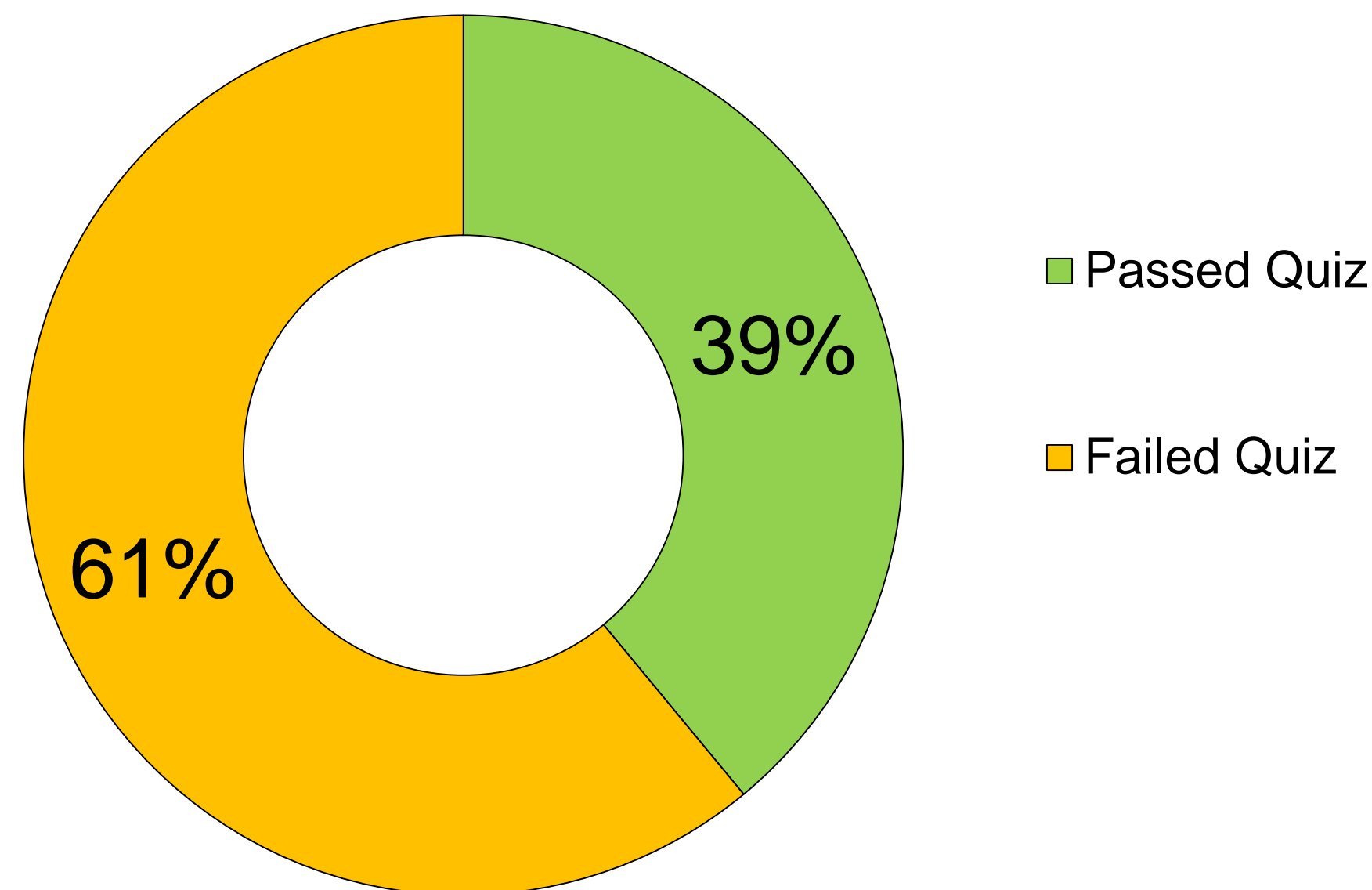
■ Primary Financial Decision Maker

■ Shared Financial Decision Making With Spouse

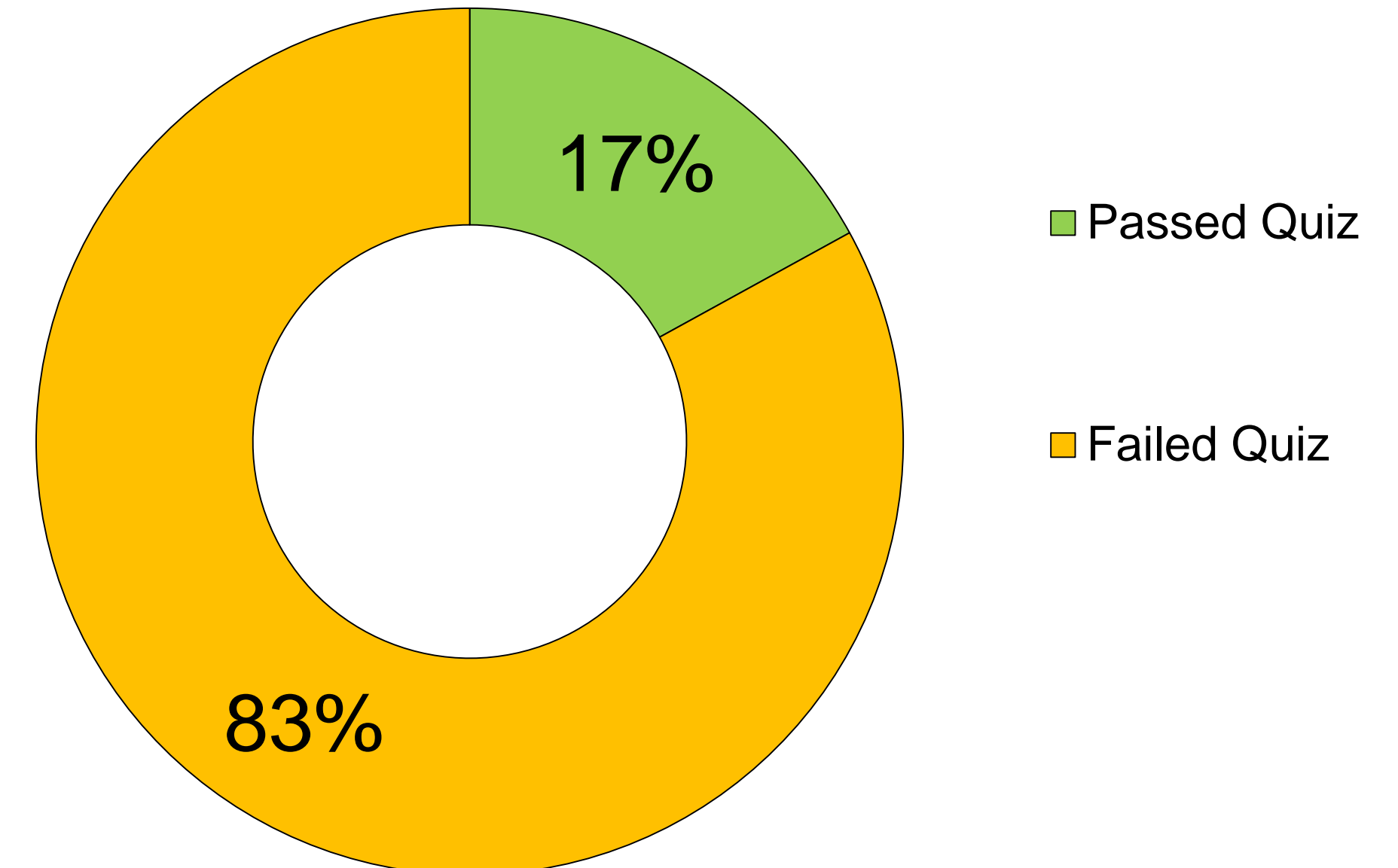
Higher Literacy Rates For Financial Decision Makers

- 39 percent of those who expressed themselves as the primary financial decision maker passed
- Only 17 percent of those who expressed themselves as making shared financial decisions with spouse passed
- Differences were significant at the 99% level

Pass Rates for Decision Makers



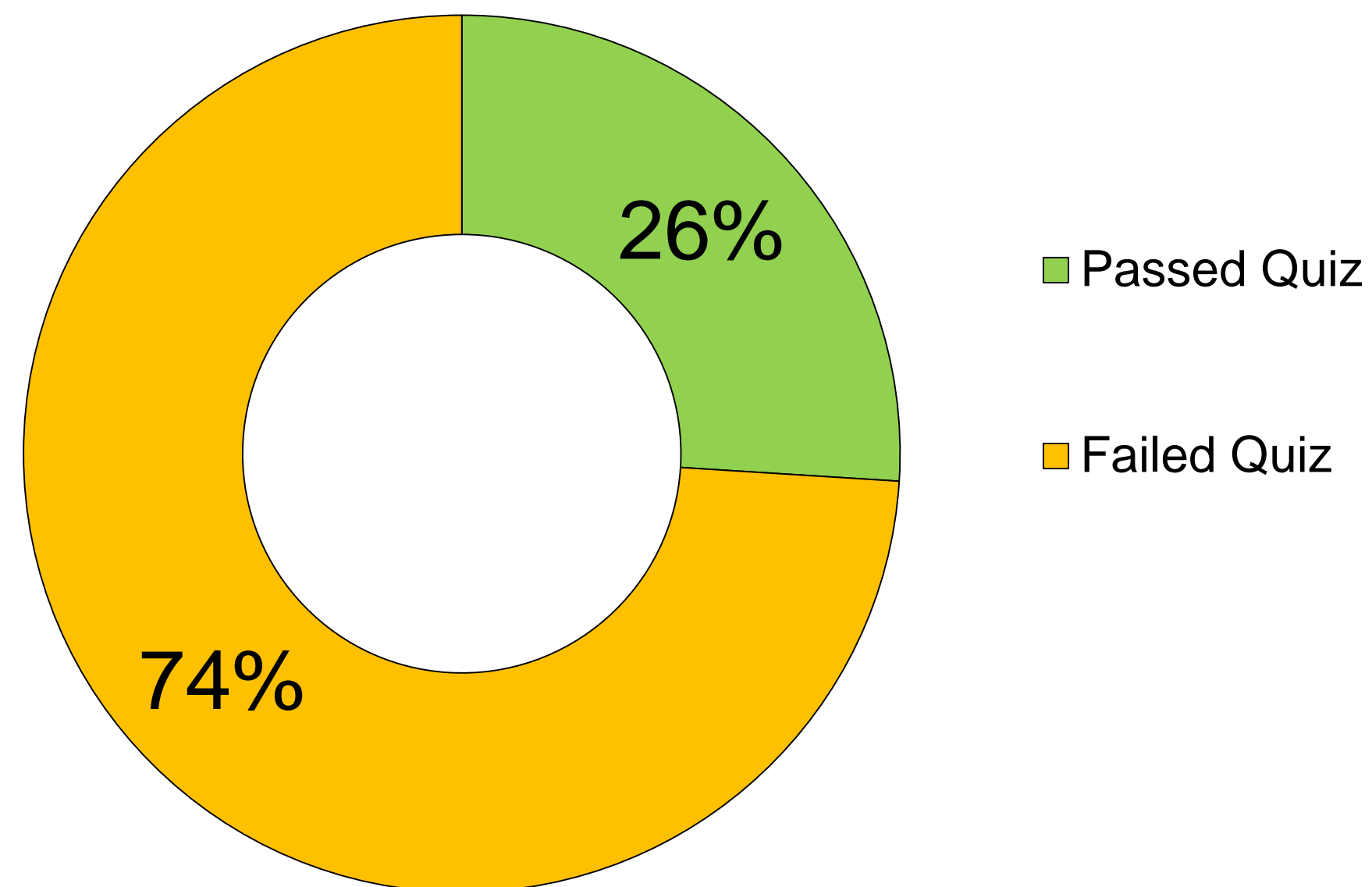
Pass Rates for Shared Decision Makers



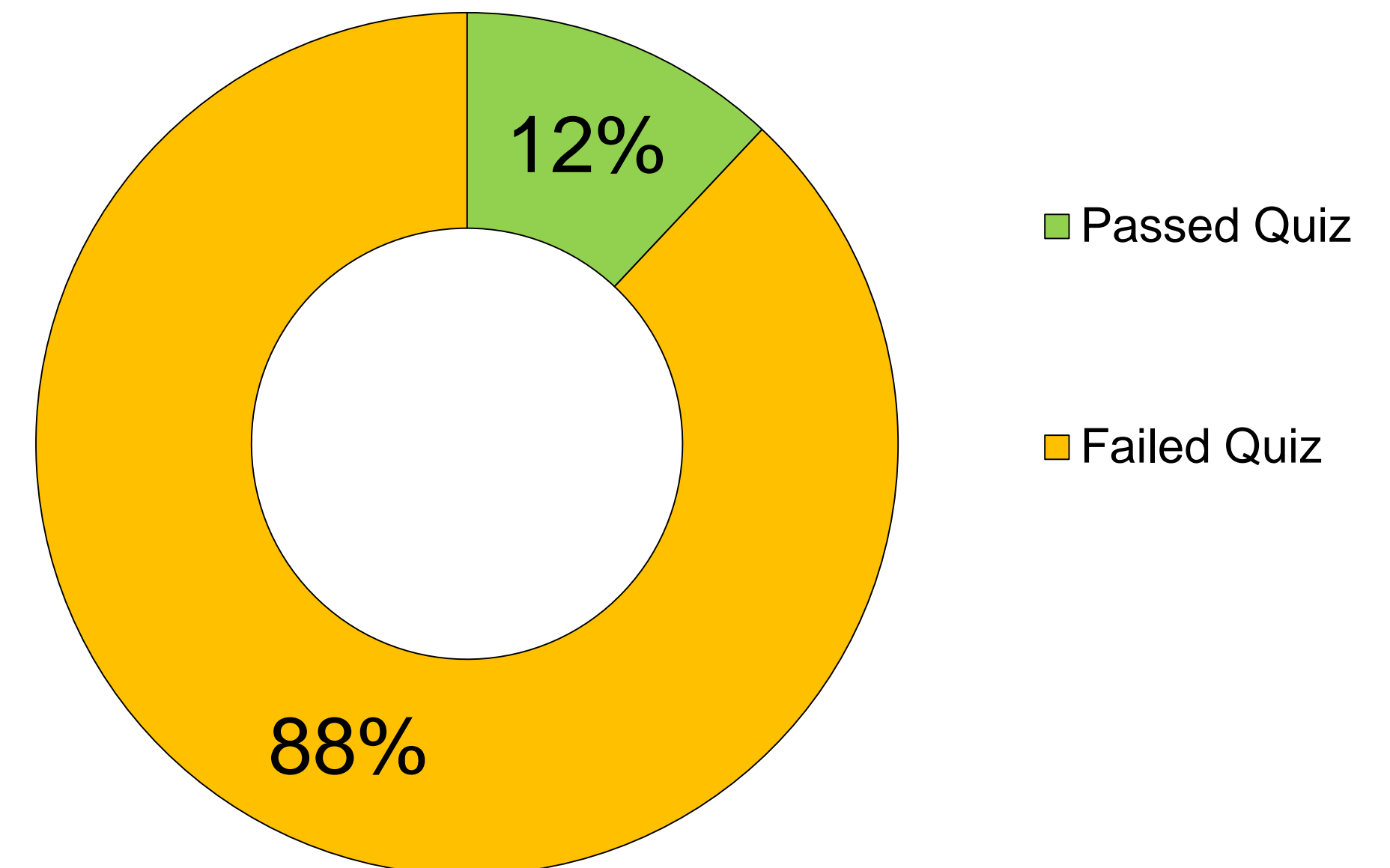
Women Financial Decision Makers

- 26% of women that self-identified as the primary financial decision maker passed the quiz
- Only 12% of women that self-identified as making shared financial decisions with spouse passed the quiz
- Differences were significant at the 99% level

Pass Rates for Women
Decision Makers



Pass Rates for Women That
Shared Decision Making



Self-Reported Retirement Planning Knowledge

- Both men and women reported being somewhat knowledgeable about retirement income planning.
- However, male respondents reported higher self-perceived retirement income planning knowledge.
- Differences were significant at the 99% level.

Male Respondents – Mean Score of 5.15 out of 7

Female Respondents – Mean Score of 4.74 out of 7

Women Respondents - 85 percent of women reported being moderately to extremely knowledgeable about retirement planning

33% of women stated they were extremely knowledgeable and only 31% of those respondents passed the test showing a big misconception between perceived and actual knowledge!



Self-Reported Knowledge

| Knowledge Areas | Extremely Knowledgeable (Male) | Extremely Knowledgeable (Female) | Mean Score (Male) Scale 1-7 | Mean Score (Female) Scale 1-7 |
|---|---------------------------------------|---|------------------------------------|--------------------------------------|
| Social Security | 35%* | 26%* | 5/7** | 4.67/7** |
| 401k plans | 37%** | 23%** | 4.87/7** | 4.23/7** |
| How long you will live – life expectancy | 30% | 23% | 4.63/7* | 4.36/7* |
| Investment considerations in retirement planning | 30%** | 18%** | 4.77/7** | 4.32/7** |
| Medicare insurance planning | 25% | 20% | 4.43/7 | 4.30/7 |
| Strategies for sustaining income throughout retirement | 24%* | 17%* | 4.65/7** | 4.33/7** |
| Impact of inflation on retirement security | 29%** | 12%** | 4.74/7** | 4.17/7** |
| How taxes affect retirement security | 26%** | 14%** | 4.60/7** | 4.17/7** |
| Housing options and using home equity in retirement | 23%* | 17%* | 4.46/7** | 4.09/7** |
| Annuity product usage in retirement | 23%* | 15%* | 4.16/7** | 3.81/7** |
| Paying for long-term care expenses | 18% | 14% | 4.22/7 | 4.08/7 |
| The use of life insurance in retirement planning | 18%* | 11%* | 4.00/7** | 3.52/7** |

*indicates significant difference at 95% level of confidence

**indicates significant difference at 99% level of confidence

Literacy Score Difference by Area

- Women performed statistically worse on 10 out of the 12 different literacy areas (at the 95% level or above).
- In the two areas where women performed better, none of the differences were statistically significant at the 95% or above level.
- Literacy rates between men and women were the most pronounced in regard to investment considerations and annuity products.

Actual Knowledge by Category

| Category | Mean Score – Men | % Correct – Men | Mean Score – Women | % Correct – Women |
|--|---------------------|--------------------|-----------------------|----------------------|
| Company retirement plans | .8/2** | 40%** | .6/2** | 30%** |
| Social Security | 1.54/3** | 51%** | 1.3/3** | 43%** |
| Investment considerations in retirement planning | 2.91/6** | 49%** | 1.86/6** | 31%** |
| Paying for long-term care expenses | 1.76/5 | 35% | 1.89/5 | 38% |
| Medicare insurance planning | 2.29/3 | 76% | 2.27/3 | 76% |
| Housing in retirement | 1.4/3 | 47% | 1.42/3 | 47% |
| Impact of inflation | 1.54/2** | 77%** | 1.39/2** | 70%** |
| Impact of taxes on retirement security | 2.68/4** | 67%** | 2.34/4** | 59%** |
| Annuity products | .71/3** | 24%** | .48/3** | 16%** |
| Use of life insurance | 1.08/2** | 54%** | .89/2** | 45%** |
| Life expectancy | 0.46/1* | 46%* | .36/1* | 36%* |
| Strategies for sustaining income throughout retirement | 2.38/5** | 48%** | 1.7/5** | 34%** |

*indicates significant difference at 95% level of confidence

**indicates significant difference at 99% level of confidence

Three Interesting Question Differences

Differences between men and women on the 4% rule – 44% of men answered correctly as opposed to only 31% of women, which was significant at the 99% level (Question 21).

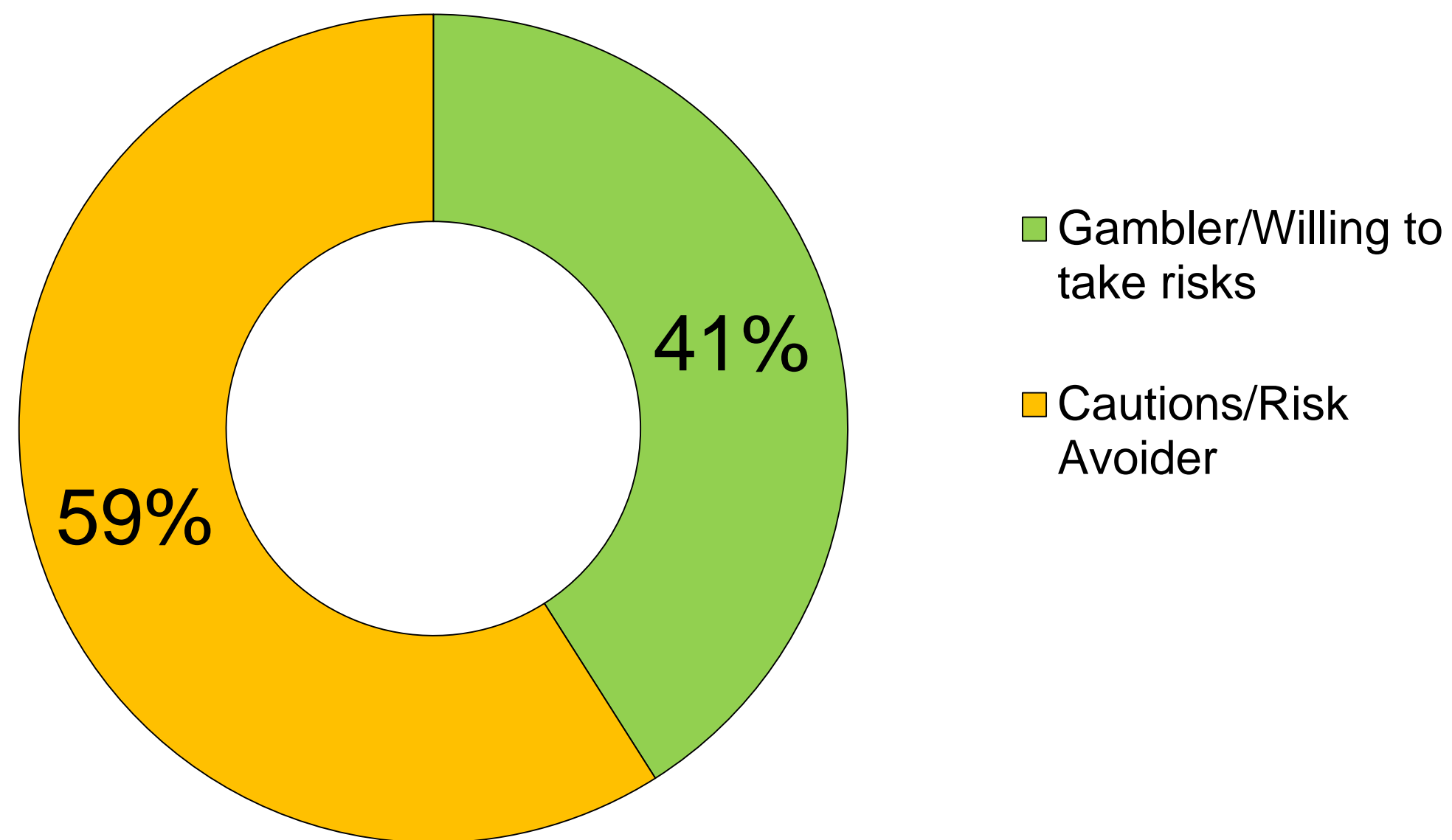
One of the biggest differences in individual question responses was with PE ratio – 72% of men knew that it meant price to earnings as opposed to only 43% of women, which was significant at the 99% level (Question 73).

Men were almost 3 times more likely to know that a small company stock fund was more likely to provide a higher return over a long period of time than women – 14% as opposed to 5%, which was statistically significant at the 99% level (Question 71).

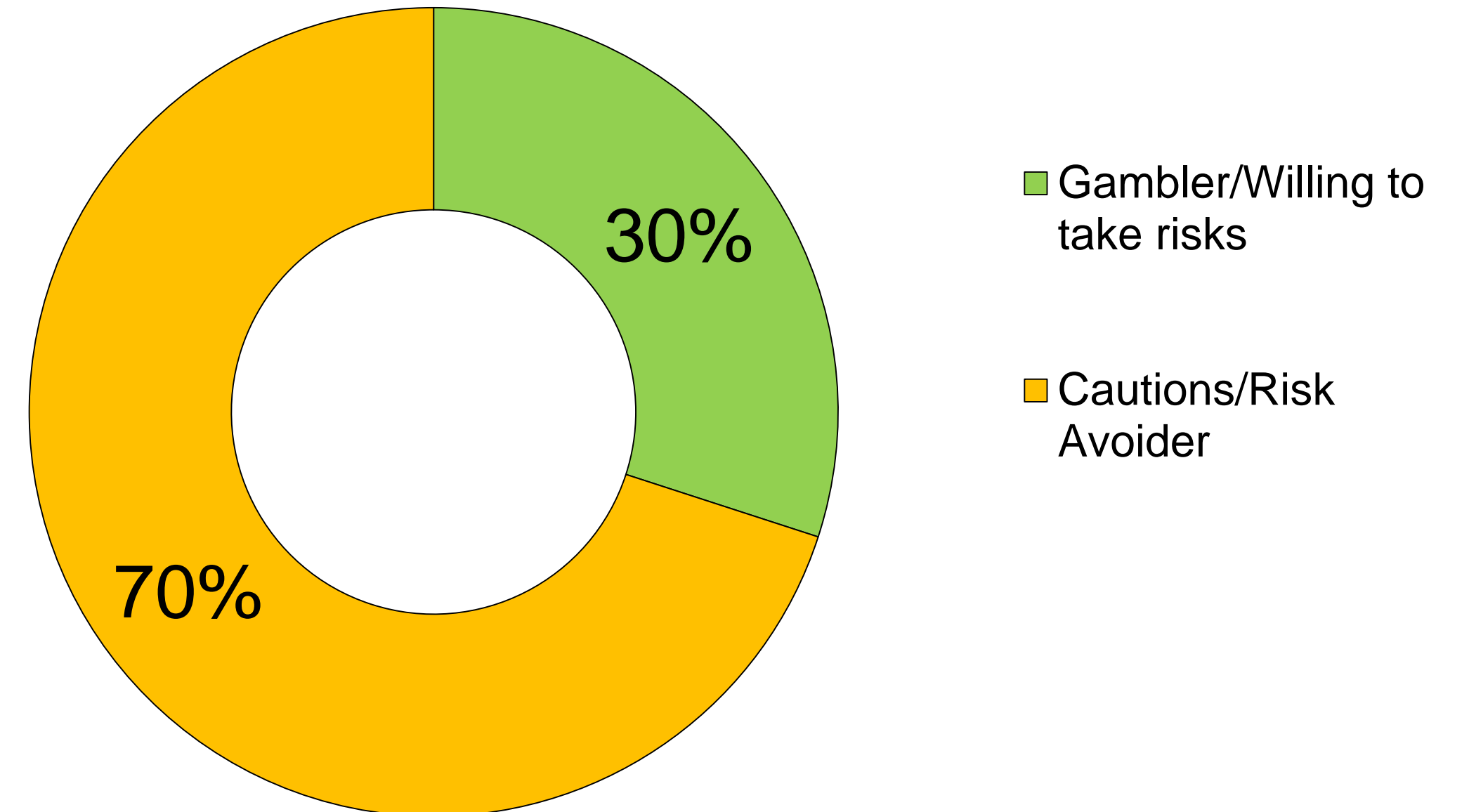
Heightened Financial Concerns

- Female respondents demonstrated heightened levels of concern for six out of seven categories when compared to male respondents.
- Men were also more likely to self-identify as a risk taker – difference between self-identified risk tolerance levels were significant at the 95% level.

Male Respondents



Female Respondents



What Respondents are Concerned About

| Areas of Concern | Extremely Concerned (Male) | Extremely Concerned (Female) | Mean Score (Male) | Mean Score (Female) |
|---|-----------------------------------|-------------------------------------|--------------------------|----------------------------|
| Cost of health care | 45% | 52% | 5.10/7 | 5.21/7 |
| Cuts to Social Security | 33%** | 51%** | 4.42/7** | 5.09/7** |
| Paying for long-term care expenses | 32% | 39% | 4.54/7 | 4.74/7 |
| Changes in tax rates | 20%* | 28%* | 4.11/7** | 4.52/7** |
| Volatility in investment returns | 20% | 25% | 4.19/7** | 4.53/7** |
| Impact of inflation | 21% | 24% | 4.29/7* | 4.54/7* |
| Running out of money | 16% | 15% | 3.63/7 | 3.64/7 |

*indicates significant difference at 95% level of confidence

**indicates significant difference at 99% level of confidence

Confidence Levels

- When asked how confident the respondent was that he or she will have enough money to live comfortably throughout retirement, men and women had almost identical responses.
- No significant differences
- Male Response – 5.36 mean out of 7.
- Female Response – 5.35 out of 7.
- 1 being not confident at all and 7 being extremely confident

- 55% of men and of women respondents were extremely confident they would have enough money to live comfortably throughout retirement.
- However, only 24% of these extremely confident women could pass the quiz and while roughly 42% of the extremely confident men could pass the quiz.

Takeaway: This is somewhat surprising due to the lower levels of knowledge and higher levels of concern



**Gender Differences
Impacting Retirement
Planning**



Perceptions of Financial Advisors Through Gender Lenses

- What does it mean to be a fiduciary?
 - Male respondents stated they better understood what it means for an advisor to be a fiduciary.
 - Men responded with a mean score of 4.53 out of 7, slightly above moderately understanding.
 - However, the female mean score was only 3.86 out of 7, below a moderate understanding (this difference was significant at the 99% level).
- Male respondents were more aware of fiduciary status of current financial advisor.
 - 52% of male respondents stated they knew if their current financial advisor was a fiduciary.
 - Only 39% of female respondents stated they knew if their current financial advisor was a fiduciary.

Women Want Advisors to Educate

- 55% of women said it was extremely important for advisors to educate on how to spend without running out of money as opposed to only 42% of men, which was significant at the 95% level.
- Additionally, the mean score for women was 5.65/7 as opposed to 5.26/7 for men. The difference was significant at the 99% level for education on investment management.
- Additionally, 60% said it was important to receive education from advisors about investment management as opposed to only 47% of men, which was significant at the 95% level.
- For spending education to keep from running out of money, women had a mean of 5.44/7 while men had a mean of 4.98/7, which was also significant at the 99% level.

Equally Satisfied With Advisors

- Both men and women seemed equally satisfied with their financial advisors.
 - Roughly 76% of women and 71% of men were extremely satisfied with their financial advisors.
- Male and female respondents were also just as likely to recommend their advisor to a family member.
 - Roughly 90% of men and women would recommend their current financial advisor.
- No statistically significant differences between the groups at the 95% or higher level.

How did Women Search for Advice?

- Women less likely to discuss finances with friends:
When asked where they got advice and information about financial assets in the past year, 39% of men stated they talked to friends. However, only 27% of women stated they consulted friends, which was significant at the 99% level.
- Women less likely to do internet searches for financial information:
Women were also significantly less likely to do internet research about financial assets. Roughly 61% of the male respondents looked up financial information online at least once a year, while only 46% of female respondents stated they did, which was significant at the 99% level.
- However, women were just as likely as men to consult a financial advisor, financial services firm, or family member to get financial information.
 - Roughly 30% reported getting financial information from a non-spouse family member in the past year.
 - Roughly 58% reported getting financial information from a financial advisor in person in the past year (only 44% stated they received information over the phone in the past year from an advisor or financial company).

Reaction to Market Downturns

Women Show More Hesitant Reaction to Market Declines:

Women stated they were much less likely to buy more investments if the stock market suffered a big loss (Question 69).

30% of men stated they would buy more shares if they could when the market went down as opposed to only 19% of women respondents, which was significant at the 99% level.

Instead, women were more likely to state they would do nothing, with 75% as compared to 67% of men, which was significant at the 95% level.

This makes sense as women respondents self-identified as more conservative than male respondents.

Lack of literacy could explain some hesitation and risk avoidance by women.



Concluding Thoughts & Takeaways



Thoughts and Takeaways

1. Women demonstrated significantly lower literacy rates than men.
 - Women showed similar knowledge levels around housing, Medicare, and long-term care planning, which is somewhat encouraging because women have higher needs for long-term care and Medicare knowledge.
2. Women reported lower self-perceived retirement planning knowledge.
3. Women were more likely to believe they shared financial decisions with their spouse, while male respondents were more likely to believe they were the primary financial decision maker.

Thoughts and Takeaways

4. Women showed heightened levels of concern about retirement risks.
 - However, despite more concern and less self-reported knowledge, women did not feel any less prepared for retirement.
5. Women were most concerned about future health care costs and cuts to Social Security.
 - While both men and women were very concerned about health care costs, women were far more concerned about cuts to Social Security than men. This matches up with reality as women widows are very reliant on Social Security.

Thoughts and Takeaways

6. Women want different things from financial advisors.
 - Women were less likely to understand what it means to be a fiduciary and were less likely to know if their advisor was a fiduciary. However, they were equally as satisfied as men with their advisor.
 - Instead, women reported a stronger desire to have their financial advisor educate them on retirement risks, investment management, and retirement income generation strategies.
7. Women reported being less likely to be risk takers and less likely to purchase more stocks after a market downturn.
 - Lower levels of literacy are correlated with higher likelihood to view self as risk averse. A lack of literacy could cause women to be overly conservative and not invest aggressively enough for retirement.

Additional Information

- The American College New York Life Center for Retirement Income
 - <http://retirement.theamericancollege.edu>
- Retirement Income Certified Professional® (RICP®) designation
 - <https://www.theamericancollege.edu/designations-degrees/RICP>
- Jamie Hopkins, Forbes contributor – Twitter – @RetirementRisks
 - <http://www.forbes.com/sites/jamiehopkins>
 - www.HopkinsRetirement.com



Appendix – Quiz Questions



Retirement Literacy Quiz Questions

Retirement Basics

Q31: A 65-year-old man has an average life expectancy of approximately an additional:

- 10 years
- 15 years
- 20 years [CORRECT]
- 25 years
- Don't know

Q51: Sarah is single, age 65, and takes a reverse mortgage with a lump sum payment. When does the loan have to be repaid?

- When she permanently leaves the home [CORRECT]
- When she takes on any other loan
- Whenever the mortgage company wants it back
- When she attains age 75
- Don't know

Q76: A single person who is likely to live to age 90 is generally going to be better off claiming Social Security benefits at age...

- 62
- 66
- 70 [CORRECT]
- 75
- Don't know

Retirement Literacy Quiz Questions (continued)

Q77: Social Security workers' monthly benefits are increased for each year that benefits are deferred from age 62 to age...

- 65
- 66
- 70 [CORRECT]
- 75
- Don't know

Q78: *Please choose the response below that best completes this statement:*

According to the Social Security Administration, around 2033 they will only have funds to pay for approximately ____ of promised benefits.

- 0%
- 25%
- 50%
- 75% [CORRECT]
- Don't know

Retirement Literacy Quiz Questions (continued)

Medical and Long-Term Care

Q52: Continuing care retirement communities (CCRCs) are different than a 55-plus housing development in that CCRCs always offer...

- A range of care from independent living to nursing care [CORRECT]
- The opportunity to participate in social events
- The opportunity to have relatives move onto facility grounds
- Don't know

Q53: Traditional Medicare will cover which of the following medical expenses?

- Physical exams [CORRECT]
- Hearing aids
- Routine dental care
- All of the above
- Don't know

Q54: True or false: Medicare supplement insurance policies are most commonly purchased to cover the deductibles and copays that are charged under Medicare Parts A and B.

- True [CORRECT]
- False
- Don't know

Retirement Literacy Quiz Questions (continued)

Q55: True or false: The total out of pocket medical costs for married couples in retirement is relatively consistent from retiree to retiree.

- True
- False [CORRECT]
- Don't know

Q60: What is the proportion of the population that is going to need assistance with activities of daily living (need long-term care) at some point?

- 10%
- 25%
- 50%
- 70% [CORRECT]
- Don't know

Q61: Nationally, who pays for the majority of long-term care expenses provided in nursing homes?

- Medicaid [CORRECT]
- Private payment by individuals
- Medicare
- Insurance purchased by individuals
- Don't know

Retirement Literacy Quiz Questions (continued)

Q62: Nationally, who provides the majority of long-term care services?

- Family members [CORRECT]
- Nursing homes
- Assisted living facilities
- Hospitals
- Don't know

Q63: Long-term care insurance is intended to cover...

- Alzheimer's care [CORRECT]
- Hospital expenses after surgery
- Emergency room care
- All of the above
- Don't know

Q64: True or false: Medicare typically pays for the costs of a nursing home for the first year.

- True
- False [CORRECT]
- Don't know

Retirement Literacy Quiz Questions (continued)

Company Retirement Plans and IRAs

Q42: Distributions from an IRA generally must be made every year once an individual has attained age...

- 55
- 59 ½
- 65
- 70 ½ [CORRECT]
- Don't know

Q43: Which one of the following statements concerning the federal income tax treatment of distributions to a 65-year-old retiree is true?

- Distributions from a Roth IRA are generally tax-free [CORRECT]
- Distributions from a traditional IRA are generally taxed as long-term capital gains
- Distributions from a traditional IRA for the 65-year-old are generally subject to an additional 10% penalty tax
- Don't know

Q44: True or false: A retiree who is working part-time can generally continue to contribute to a Roth IRA.

- True [CORRECT]
- False
- Don't know

Retirement Literacy Quiz Questions (continued)

Q45: Converting a portion of a traditional IRA into a Roth IRA is a good idea this year if...

- You have a big tax deduction this year and your marginal tax rate is lower than normal [CORRECT]
- You have more taxable income than usual and your marginal tax rate is higher than normal
- The value of the assets in your IRA have remained the same for 10 years
- Don't know

Q79: If a participant is given the choice of a lump sum or a life annuity from a company sponsored 401(k) retirement plan, the life annuity is likely to be the better choice if the participant is most concerned about...

- Having enough money to meet basic expenses [CORRECT]
- Getting an increasing stream of income over retirement
- Having flexibility to meet changing income needs
- Leaving money to children
- Don't know

Q80: If a large public company sponsoring a 401(k) plan files for bankruptcy, employees are...

- At no risk of losing their 401(k) benefits because the plan is outside the claims of creditors [CORRECT]
- At risk of losing their 401(k) benefits because trust assets will pay creditors first
- Only at risk of losing their 401(k) benefits if the plan document says the creditors have the right to trust assets
- Only at risk of losing their 401(k) benefits if a judge decides that the creditors should be paid first
- Don't know

Retirement Literacy Quiz Questions (continued)

Investment Basics

Q48: Suppose that the interest rate on your savings account was 2% per year and inflation was 4% per year. After one year, would you be able to buy more than, exactly the same as, or less than today with the money in this account?

- More than today
- Exactly the same as today
- Less than today [CORRECT]
- Don't know

Q49: Of the following options, the best way to protect against inflation is to have a...

- Diversified portfolio of stocks [CORRECT]
- Diversified portfolio of traditional bonds
- Diversified portfolio of CDs (certificates of deposit)
- Don't know

Q69: True or false: Buying a single company's stock usually provides a safer return than a stock mutual fund.

- True
- False [CORRECT]
- Don't know

Q70: If 100% of a mutual fund's assets are invested in long-term bonds and the investment climate changes so that interest rates rise significantly, then the value of the mutual fund shares...

- Decrease significantly [CORRECT]
- Increase significantly
- Will not change at all
- May rise or fall depending upon the type of bond
- Don't know

Retirement Literacy Quiz Questions (continued)

Q71: Historically, which one of the following generates the highest returns over a long time period?

- Dividend paying stock funds
- Large company stock funds
- Small company stock funds [CORRECT]
- High yield bond funds
- Don't know

Q72: True or false: Exchange traded funds generally have higher expenses than actively managed mutual funds.

- True
- False [CORRECT]
- Don't know

Q73: A PE ratio means...

- Price to earnings [CORRECT]
- Profits to expense
- Par value to earnings
- Price to expense
- Don't know

Q74: Which of the following types of long-term bonds typically has the highest yield?

- AAA rate corporate bonds
- B-rated corporate bonds [CORRECT]
- Treasury bonds
- Don't know

Retirement Literacy Quiz Questions (continued)

Strategies and Products to Maintain Assets

Q21: *Please choose the response below that best completes this statement:*

If you had a well diversified portfolio of 50% stocks and 50% bonds that was worth \$100,000 at retirement, based on historical returns in the United States the most you can afford to withdraw each year is about ____ plus inflation each year to have a 95% chance that your assets will last for 30 years.

- \$2,000
- \$4,000 [CORRECT]
- \$6,000
- \$8,000
- Don't know

Q22: *Please choose the response below that best completes this statement:*

To maximize the safe withdrawal rate from a portfolio over a 30-year retirement period, it is best to hold ____ in equities throughout retirement.

- 0-10%
- 25-35% [CORRECT]
- 50-60% [CORRECT]
- 90-100%
- Don't know

Q23: True or false: Taking a portion (20-40%) of a retirement portfolio and buying a life annuity can protect against the uncertainty of life expectancy, ensuring that a basic level of spending is available throughout retirement.

- True [CORRECT]
- False
- Don't know

Retirement Literacy Quiz Questions (continued)

Q24: A 25% negative single year return in a retirement portfolio would have the biggest impact on long-term retirement security if it occurs:

- 15 years prior to retirement
- At retirement [CORRECT]
- 15 years after retirement begins
- The timing doesn't matter
- Don't know

Q25: Which of the following strategies is least likely to improve retirement security?

- Saving an additional 3% of salary in the five years prior to retirement [CORRECT]
- Deferring Social Security benefits for two years longer than originally planned
- Working for two years past the planned retirement date
- Don't know

Q39: The lifetime income payout rate (the annual annuity payment as a percentage of the purchase price) for an immediate income annuity for a 65-year-old male today is roughly...

- 3-4%
- 6-7% [CORRECT]
- 10-12%
- 14-15%
- Don't know

Retirement Literacy Quiz Questions (continued)

Q40: An immediate income annuity that pays income of \$1,000 a month is generally going to be more expensive...

- The younger the owner is when the annuity begins [CORRECT]
- For a man rather than for a woman
- If interest rates rise
- For a single person than for a couple
- Don't know

Q41: A deferred variable annuity with guaranteed lifetime withdrawal benefits...

- Pays guaranteed income that varies based on market performance
- Can pay income even if the investment account goes to zero [CORRECT]
- Ensures that the investment account will not lose value
- Only offers investment alternatives with fixed returns
- Don't know

Retirement Literacy Quiz Questions (continued)

Life Insurance

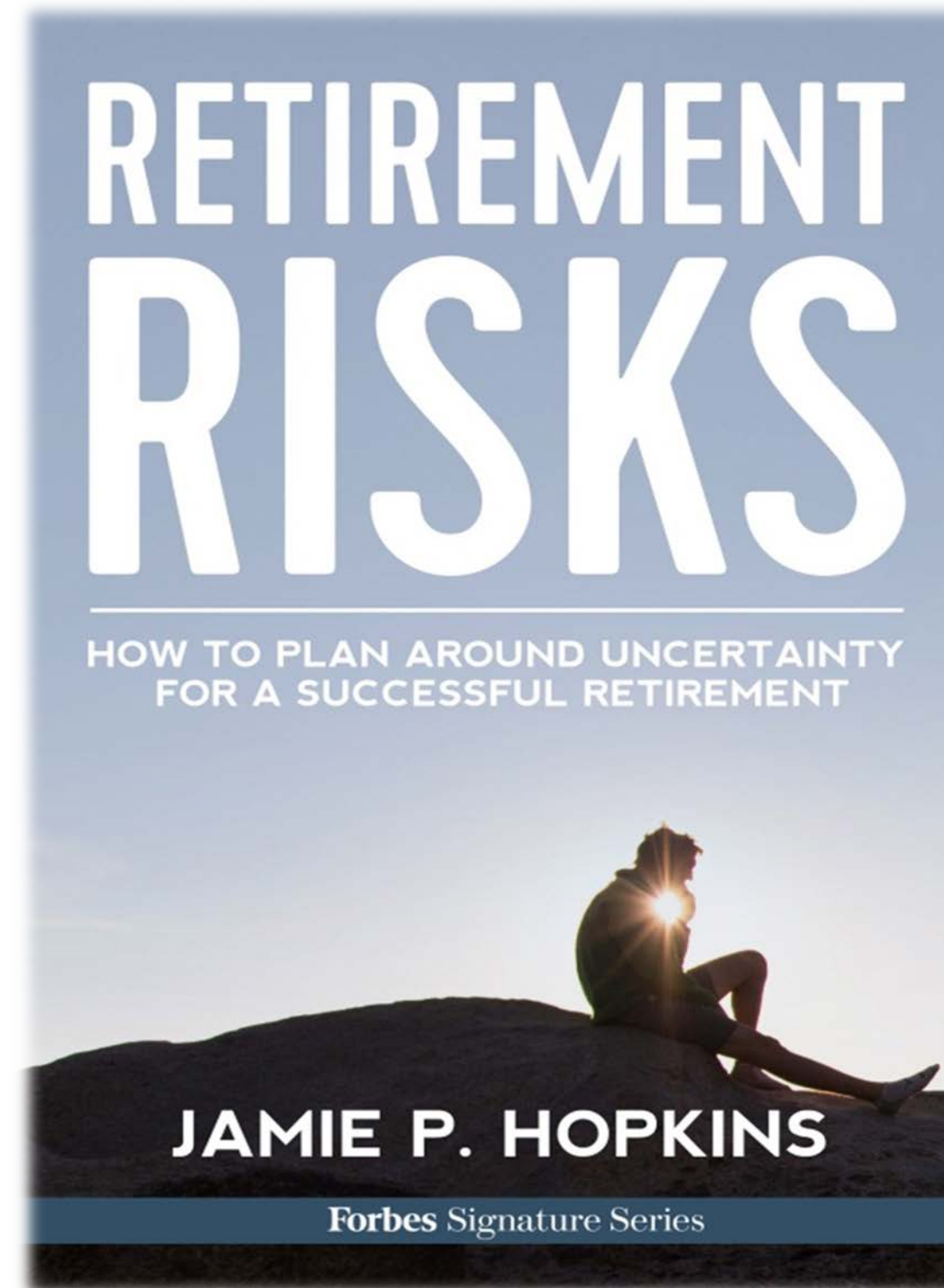
Q36: Which one of the following is true about cash value life insurance?

- The cash value portion will accumulate tax deferred [CORRECT]
- The policy will expire after a specified period of time
- You typically cannot borrow from the cash value
- The policy will typically cost less than a term insurance policy
- Don't know

Q37: True or false: The death benefit from a life insurance policy owned by an individual is income tax free.

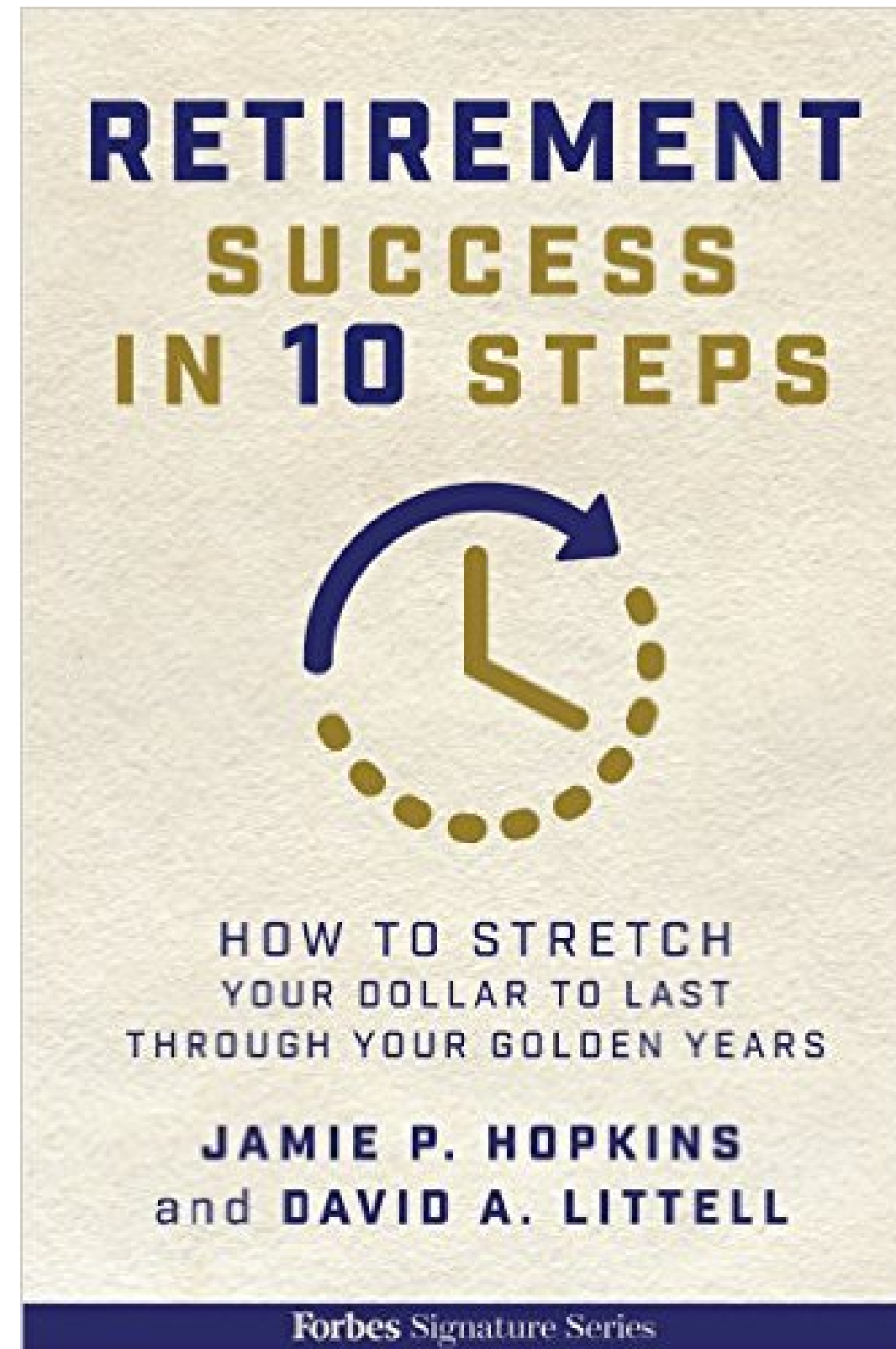
- True [CORRECT]
- False
- Don't know

Retirement eBook



[Retirement Risks: How To Plan Around Uncertainty For A Successful Retirement](#)

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[Retirement Success In 10 Steps: How To Stretch Your Dollar To Last Through Your Golden Years](#)

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