



Build Confident Clients

Practical Ideas to Help Overcome
Retirement Savings Roadblocks

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Introduction

By 2030, all baby boomers will be old enough to retire. With many already there, millions are less than 10 years away. As for Gen X, many of them (across race, gender, marital status and income levels) aren't meeting their retirement savings targets, according to the [National Institute on Retirement Security](#). What should be an exciting milestone may cause anxiety for some pre-retirees.

Did you know?

55 percent of Americans are worried they will outlive their retirement savings.

Source: Survey for Athene conducted by Wakefield Research, 2022

What's the cause for their anxiety? There could be several reasons, including money, rising life expectancies and questions about how their retirement assets will fare in the market long-term.

The good news is that annuities in the market place today have evolved, and some include powerful features that may help increase value or pass the value to loved ones.

Even though annuities are created to help solve some of the most common financial concerns about retirement, some people still resist purchasing one. To better understand this puzzling issue, Athene partnered with behavioral experts from the UCLA Anderson School of Management. Their research findings and ideas you could try to help your clients confidently make financial decisions that could impact their retirements are shared throughout this guide.



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Spotting four potential client uncertainties

Behavioral experts have researched why some people hesitate to purchase an annuity even though adding it to a retirement portfolio may be in their best interest.

This concept was explored at a high level in the Athene-commissioned white paper, [Solving the Annuity Puzzle: A Behavioral Analysis](#). The same experts further studied the phenomenon, and here's what they found. The decision to buy an annuity triggers four uncertainties that can prevent some people from moving forward.

4 client uncertainties



1 Longevity



2 Spending



3 Investment outcome



4 Decision making

This guide offers important insights that can help you better understand client hesitation and build a compelling case for annuities. In addition to scientific research, experts interviewed financial professionals to understand how these top performers focus client conversations on solutions to help build confidence.

As you work with your clients, starting with these research-backed solutions may help them feel more confident making complex financial decisions that can meet their needs.



UNCERTAINTY #1: LONGEVITY

Annuity producers say that clients' biggest perceived retirement concern is outliving their money.*

Did you know?

It may be more powerful for clients to think through their own retirement concerns rather than hearing a list of potential ones that may not resonate.

Why?

People often come to their own conclusions instead of listening to someone else's point of view. So, conversations where you can help clients arrive at their own conclusion may be more convincing.

Source: Survey for Athene conducted by Wakefield Research, 2022

It's natural for retirement planning conversations with clients, especially when annuities are involved, to bring up questions about how long they will live. It can also be common that discussions dealing with their mortality may stop some people in their tracks.

Why? Talking about life expectancy often triggers thoughts of dying, which could end conversations with people who feel uncomfortable talking about their own death.

What could this uncertainty mean for your clients?

Some people reject topics that trigger thoughts of their death, leaving you to change subjects or find a new way to help address the inevitable. For others, decision avoidance or irrational risk avoidance could take hold.

With one (or both) forms of avoidance in play, the result may be the difference between a client deciding to purchase an annuity or backing away from the decision. For clients who back away, they could miss out on financial opportunities like:

- ✔ protection from market downturns
- ✔ growth potential
- ✔ guaranteed lifetime income

What it means for you

Approaching mortality conversations from another perspective, being sensitive to what a client is (and isn't) saying, may reveal different ideas for approaching the topic.

*Source: Interviews with financial professionals conducted by Hal Hershfield, Professor at the UCLA Anderson School of Management, 2023.

4 ways to help keep longevity conversations alive

These 4 ideas may help you keep longevity-related conversations alive and move clients past potential obstacles toward retirement confidence.

1 Instead of reciting a list of common retirement concerns that may or may not resonate with a client, you could:



Prompt clients to independently talk about their retirement concerns.



If they don't mention a common concern, like "outliving my money," you can bring it up later.

Keep in mind

Clients may trust you more if you lay out all details and clearly discuss an annuity's pros and cons.

For example

Be clear about all costs associated with the annuity.

Starting the conversation

While conversations are organic, there are different ways to approach the ones related to a client's mortality. Knowing there are many ways to answer, these ideas can help you think about how to keep client conversations progressing.

Try asking

✓ "When you think about your life in retirement, what financial concerns come to mind?"

A client may answer

✓ "I want to make sure I have enough money to cover the essentials, even if I live a very long time."

You could say

✓ "Let's talk about solutions that can help make sure you don't outlive your money."

A client may answer

✓ "I want to make sure there's something left for my loved ones."

You could say

"There are solutions that can make sure remaining money goes to the people you love."

UNCERTAINTY #1: LONGEVITY

Did you know?

When questions about life expectancy are framed in terms of “living to,” people tend to estimate their lifespan **more than 9 years longer** than if they’re framed in terms of when they could “die by.”

2 Approach the question from a different angle.

Research shows people’s beliefs about their life expectancy vary by situation and how they are asked.



You could try asking, “What age do you expect to live to?” rather than asking, “What age do you expect to die by?”



Tools like the **Social Security Life Expectancy Calculator** could help you estimate life expectancy.



You could try asking



“Given that people are living longer, most of us need to plan on longer time horizons than ever before. What do you think is the longest age you could live to?”



A client may answer



“Oh, maybe 95? 100? I suppose I could live a long time.”



You could say



“There are solutions to help make sure you don’t run out of money.”



Another client may say



“I don’t know. What if I don’t live a long time? I don’t want to lose my money.”



You could say

“Let’s talk about solutions that can help make sure any money you don’t need goes to the people you care about.”

3 Help clients visualize vague estimations.



You could help alleviate clients' anxiety by reassuring them actuarial tables showing life expectancies are only statistics. They may live much longer.



Reviewing life expectancy tables may help clients visualize the likelihood of living longer or not as long as a target age.

Did you know?

Since most people aren't probability and statistics experts, visual displays such as survival curves portraying health risks may help some clients feel more confident making financial decisions.

Try asking

✓ "Some clients find it easier to estimate life expectancy using tools or looking at what the statistical charts say. Would you like me to walk you through one?"

A client may answer

✓ "Ok, that might be helpful."

You could say

✓ "Great. This may help us see the likelihood of you living to different ages."

Another client may say

✓ "No, thanks. I'm not much for charts."

You could say

No problem. What do you think is the longest age you could reasonably live to?"

UNCERTAINTY #1: LONGEVITY

Did you know?

People may have an easier time grappling with negative emotions and working through them when they're processed alongside positive emotions.

Why?

Positive emotions can act as a buffer.

4

With hard conversations like ones addressing client mortality, try diffusing tension with humor or deflecting discomfort with positive thoughts.

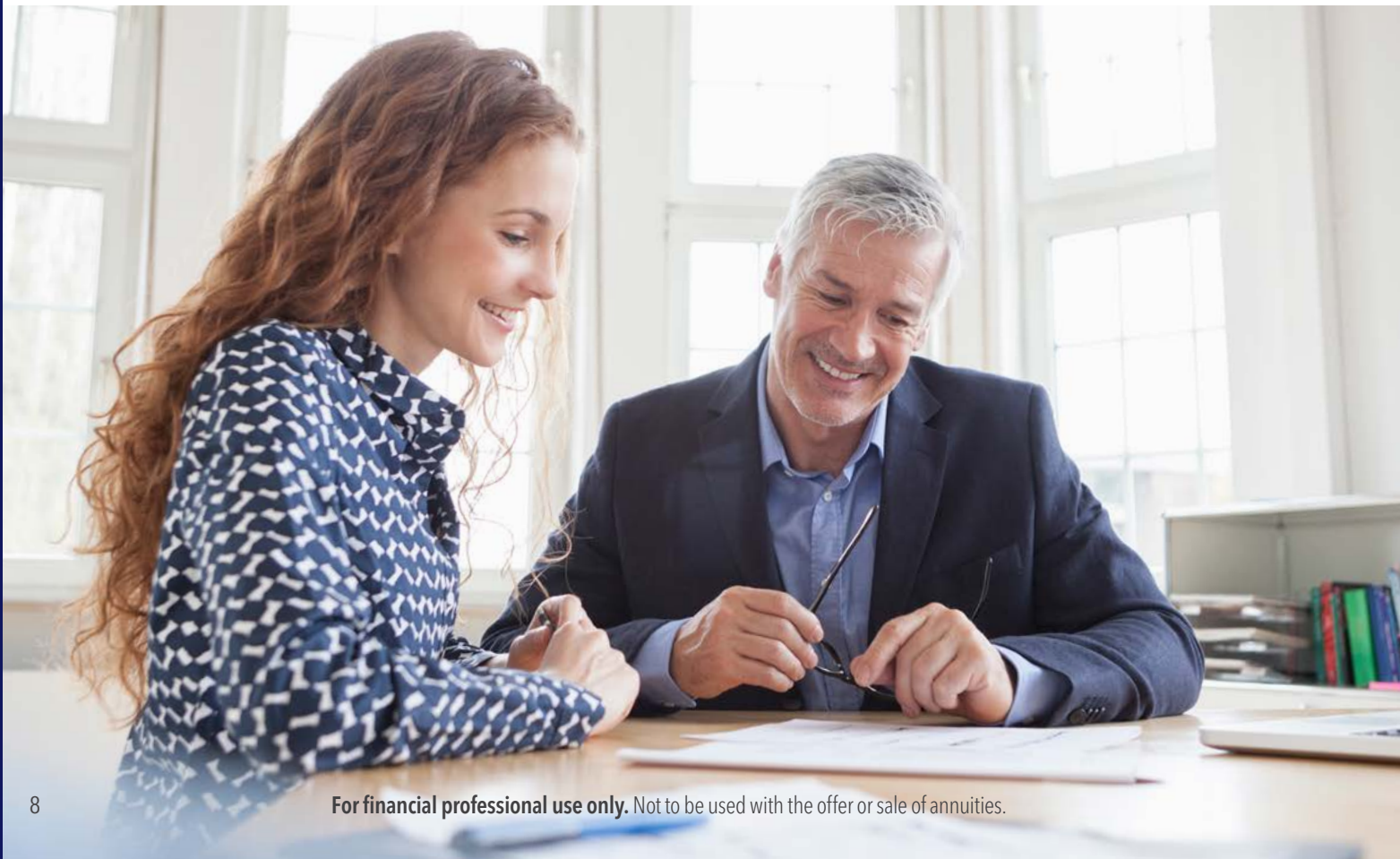


For clients concerned about how much growth their annuity could earn, it may help to refocus on what will happen to their money after they pass away instead of what they could "lose."



You can try saying, *No one wakes up wanting to talk about the end of their lives ... but here we are!*

Read your clients for clues about the best way to help diffuse negative emotions. It may be empathy, humor, a personal story or something else.

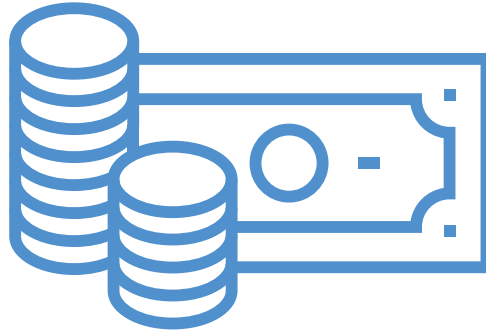




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UNCERTAINTY #2: SPENDING



As behavior experts found in their research, people tend to prioritize what they need now higher than what they'll need in the future. They also tend to view a lump sum of money that has accumulated over time, like a 401(k), as having more value than annuitizing the same amount into an income stream.

SOUNDS LIKE

How much money will I need in retirement?

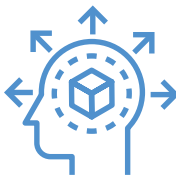
Did you know?

People often see their future selves as strangers they don't emotionally connect with.



What could this uncertainty mean for your clients?

Some retirement savers may under-estimate how much money they will spend in the future and under-prepare by not allocating their savings to other income sources like an annuity. The result? They could run the risk of outliving their money.



What it means for you

You have an opportunity to help your clients reprioritize their spending habits and understand how saving more money now, if they can manage it, could help cover their expenses later in life.

How can you help with your client's current spending and saving habits that can benefit their future? The ideas from behavioral research and interviews with financial professionals may help.

1 Help your clients foster an emotional connection with their future selves.



Simple exercises like the two below (and [others](#)) may help your clients more clearly picture themselves in retirement. By seeing someone "they know," it may help motivate them to make choices now that will help take care of "that person" later.

Did you know?

Some people overestimate the [spending power of lump sums](#). If your clients are prone to thinking about their retirement savings in terms of a lump sum, they may mistakenly think they have more money (i.e. spending power) than they actually have.

Tip

You could show clients how much their current savings would give them to spend each month in retirement.



Try asking



"Imagine that you've just retired. What would you say to your future self?"



Or, you could suggest



"Write a short letter to your future self and then write another letter from your future self."



A client may answer



"I'd tell myself to have a great time traveling and living my dreams."



You could say



"That's great! How do you feel about your retirement savings meeting those needs?"



Another client may say



"I'd tell myself to be careful about spending. You want it to last!"



You could say

"There are solutions available to help protect the savings you have and make it last throughout retirement."

UNCERTAINTY #2: SPENDING

Did you know?

While people tend to see the distant future in abstract, vague terms, they may picture the present and near future more concretely and vividly.

Tip

This can make it hard for some people to accurately estimate their future spending needs.

In this case, they may find it easier to focus on their immediate spending needs and use them as a baseline.

2 Promote more concrete thinking.



Encourage your clients to imagine they'll retire tomorrow rather than in the distant future



One financial professional poses it to clients like this:

"Let's assume you retire tomorrow. How much would you need on a month-to-month basis to make retirement work for you?"

Try asking

✓ "Many people can have a hard time figuring out how much they will need to spend in retirement. One good place to start is to think about the broad categories of things you would want or need to spend money on if you retired tomorrow. Can you give me a sense of that?"

A client may answer

✓ "Yes, I think I'd need money for housing, travel, healthcare, and I'd like to buy an RV."

You could say

✓ "That's a good start! How do you think your retirement savings will stack up to your needs and wants in retirement?"

Another client may say

✓ "I'm not really sure. I haven't given much thought to how I'll live in retirement."

You could say

"That's ok. A [retirement planner worksheet](#) can help you map out your needs. Would you like to try this one?"

3 Help clients think more specifically about how much money they'll spend in retirement.



Paint a picture in your client's mind about what they will need and may want in the future.

Focus client conversations on monthly spending instead of accumulated savings.

Audit a client's current spending and use it as a starting point to estimate future spending.



One financial professional framed it to clients like this:

"I don't want you to guess. I want you to tell me exactly what you spent [this year], because that will help us predict what [spending] will look like in the future."

Did you know?

Some people have trouble thinking about how much they'll spend in the future and if their savings will support their needs.

A potential result?

Clients could underestimate how much money they'll truly spend in retirement.

How you can help them estimate enough?

- Encouraging them to focus on what they'll spend each month versus the lump sum they've accumulated.
- Auditing what they spend now can be a helpful starting point.



Try asking

"Figuring out a more accurate amount of money you'll need in retirement can be challenging. A good way to estimate is to start with a detailed sense of how much you're spending now and adjust from there."



Or, try asking

"Between now and our next session, would you be able to compile a detailed accounting of how much you spent in the past year, including routine expenditures (ex. housing expenses and utilities) and periodic expenditures (ex. vacations or maintenance)?"

UNCERTAINTY #2: SPENDING

Did you know?

Walking through wishes, wants and needs with your clients can show a snapshot of their expected income, savings and expenses after they stop working.

Tip

This [retirement planning worksheet](#) could be the start of mapping out a plan to help clients retire how they imagine.

4

Talk with clients about their future needs and wants.



Ask clients how much they plan to spend on their dreams, like traveling or special hobbies.

Then ask about their spending for infrequent, unexpected, large expenses such as nursing homes, health care costs and living expenses.



Try asking



"Let's start thinking about how your retirement expenses might differ from a typical year. Can you tell me about how your lifestyle is likely to change? What kinds of unusual expenses, such as health expenditures or deferred maintenance, could arise?"



A client may answer



"I think I might have healthcare expenses, and I'm not sure how I'd cover those."



You could say



"We can talk about solutions that provide a guaranteed amount of income each year in retirement."



Another client may say



"I'm not sure what types of unexpected things might come up. They're unexpected!"



You could say

"It might help to fill out this [retirement planning worksheet](#) that goes through some unexpected expenses you might plan for."



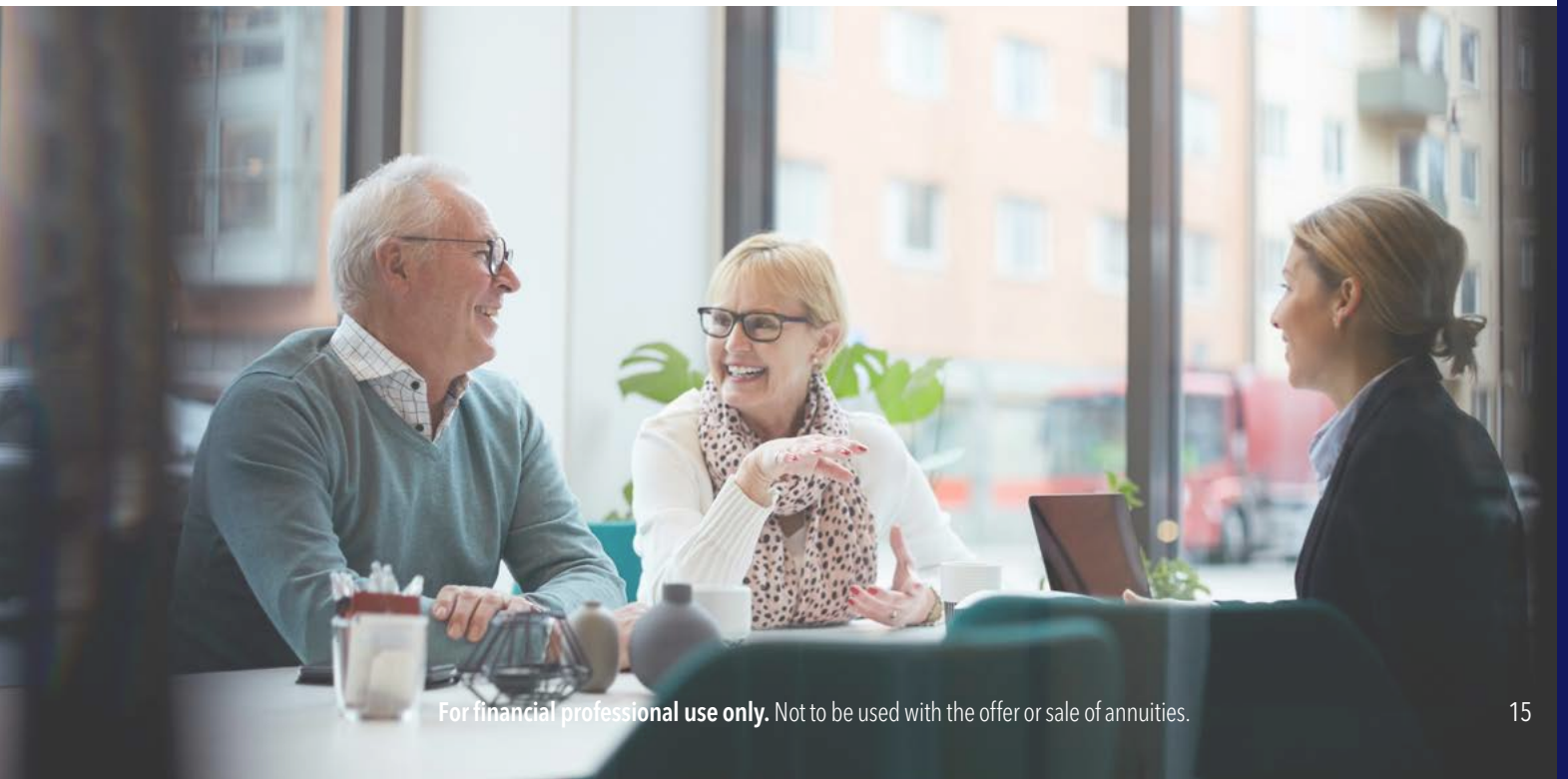
UNCERTAINTY #3: INVESTMENT OUTCOME



People tend to be overconfident and complacent about their ability to self-manage investments and outperform the market. Some people may also have negative associations with the term “annuity.”

SOUNDS LIKE

**How would I do on my own if I placed my savings
in alternative financial vehicles?**



UNCERTAINTY #3: INVESTMENT OUTCOME



What could this uncertainty mean for your clients?

Clients who self-manage their investments might miss opportunities to grow their retirement savings. For example, different kinds of annuities provide opportunities to participate in growth potential, tax-deferred growth and some protection from market downturns.



What it means for you

There's an opportunity for you to help broaden your clients' understanding of annuities and what the different types can do. Explaining growth potential, protection from market downturns and opportunity for lifetime income may help change negative associations.



Here's one financial professional's perspective that behavioral experts uncovered:

"It boils down to that word "annuity." If there was a way to contractually protect your money and not lose value [from market downturns], but limit [immediate access to] the money available to spend, clients would say 'Heck yes, let's do that!'"

But as soon as you throw the word annuity out, some people hesitate."

Try asking



"Let's talk about some annuity features that could help address your financial needs. There are several options here. For instance, you might be interested in growing your savings, protecting what you already have, and/or making sure that you have guaranteed income in retirement. Which sounds most important to you?"

A client may answer



"I'm looking to (grow my money) (protect what I've saved) (have income for life)."

You could say

"Got it. There are solutions for what you're talking about. We can look at these features that are available to you."

How can you help with your client’s perception of how successful they are at managing their own investments? Putting it in terms of how their returns could affect their ability to maintain their standard of living in retirement may help them consider a different perspective.

These communication strategies may help:

1 Emphasize guaranteed principal protection offered through fixed and fixed indexed annuities. Then, consider how one may fit in a holistic financial plan alongside other options.



Here’s one way you could try approaching the conversation.

I could show you options that can provide guaranteed lifetime income, growth opportunities with protection from market downturns and death benefits for your loved ones. Is that something that may be beneficial for you?

Did you know?

One of the cornerstones of behavioral economics is the certainty effect meaning people disproportionately place more value in guaranteed positive outcomes over outcomes that only offer an intermediate chance of being positive.

Try asking



“How would you feel about turning part of your savings into a guaranteed retirement paycheck? What other guarantees would interest you – inflation protection or continued payments for your heirs for a period of time after you pass?”



A client may answer



“Yes, I’d like to have guarantees that I won’t lose my savings.”



You could say

“Let me tell you about a solution with the features you’re looking for.”

UNCERTAINTY #3: INVESTMENT OUTCOME

Did you know?

Some people think they understand how something works better than they do but realize when they try to explain the concept, **they know less than they thought.**

Tip

A client may resist annuities because they have an illusion of how they work. By explaining what they know in their own words, you can help fill in the gaps with the facts they may be missing.

2

Ask clients who seem concerned by the term “annuity” what they know about annuities and try reframing their misapprehensions.



Your clients might have heard of annuities and have a rough idea of how they work. However, they may not be aware of how different kinds of annuities could help meet their needs.



One financial professional shared this idea:

“I go through the basics of annuities, starting with a MYGA, which is the multi-year guaranteed annuity. Then I move on to the ...fixed indexed annuity.” You can highlight annuity benefits that address a client’s apprehensions. For example, you could try saying, “With a fixed indexed annuity, there are opportunities to grow your assets and protect them from market downturns.”



Try asking



“People who tell me they’re reluctant to purchase annuities often have an outdated idea of what they can do. Can you tell me what you already understand about annuities? Would it be helpful if I explain how they’ve evolved?”



A client may answer



“I understand that annuities mean I hand over a portion of my savings for monthly payments in retirement.”



You could say



“Yes, that’s one way annuities can work. Today there is a wide variety of solutions depending on your needs. For instance, if you’re looking for ... [speak to the client’s needs].”



Or, a client may say



“I don’t really understand annuities. They’re so complicated and that makes me uneasy.”



You could say

“I hear you. Let’s look at solutions based on your needs. Are you looking to grow your money, protect what you have or guarantee income in retirement?”

3 Be transparent about the downsides of annuities.



Acknowledge a client's concerns, but then help relieve those concerns with accurate information.



For example, let clients know that liquidity constraints can be a concern, but then dig deeper to see if they would truly need more than a small percentage of their savings in a given year.

One financial professional addresses the concern like this:

"I run through scenarios and ask clients whether they will actually need more than 10% of their savings."

Did you know?

People tend to show vulnerability (or follow their investment advice) with others they trust.

Tip

Trustworthiness

is driven by the perception of another person's ability, benevolence and integrity.

Try saying

- ✓ "OK let's explore the main limitations of annuities to see how they could affect you. Can you think of many scenarios where these limitations could cause a problem for you, and how likely do you think those scenarios are to occur?"

A client may say

- ✓ "I don't think I'm likely to need more than 10% of my money in a year."

You could say

- ✓ "Let me tell you more about this type of annuity's features that may appeal to you."

Another client may say

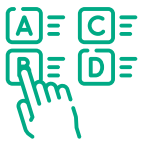
- ✓ "I may need more than that. What if something unexpected occurs?"

You could say

- ✓ "It's good to be prepared for unexpected expenses. It might help to fill out this [retirement planning worksheet](#). It goes through some of the unexpected expenses you might plan for. Then we can make a plan for how to help cover those."



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UNCERTAINTY #4: DECISION MAKING



Clients may experience decision uncertainty when they question what they understand about an investment or other financial product and if it's enough to make a purchase decision.

SOUNDS LIKE

Do I understand everything well enough to decide?



What could this uncertainty mean for your clients?

If they aren't confident they understand annuities, they may avoid purchasing one. That might mean missed opportunities to enhance their financial portfolio with a solution to help them achieve their goals.



What it means for you

It could be missed sales and seeing clients pass up important opportunities that may help provide financial security while they save for and live in retirement.

UNCERTAINTY #4: DECISION MAKING

Did you know?

People can be more willing to make decisions they aren't sure about, including **financial decisions**, when they feel confident that they're understanding the ideas well.

Why?

When you keep language and terminology simple and explain fewer concepts more clearly, your clients may have greater confidence that they understand. In turn, they may have more confidence in you.

Helping people understand annuities, their evolution and how they help address different financial needs are essential steps in the buying process. Here are a few ideas that could help uncertain clients feel more confident in their decision-making.

1 Patiently easing into annuity conversations with clients can help foster trust.



Listen to your clients and show you hear what they are saying before suggesting products that could align with their needs.



Giving clients the space to voice their needs and concerns can help build their confidence that you:

- ✓ Know what you're doing
- ✓ Genuinely care about them
- ✓ Act according to their principles



Try asking

✓ "[Names], I believe that it's important before discussing financial plans that we get to know each other a little bit better so that we make sure we're comfortable working together and that we're on the same page. Does that sound good? Why don't you start by telling me about where you grew up? How did your parents talk about money?"



You could

Share a similar anecdote with the client to help foster trust.

2 Keep explanations simple.



Avoid using needless jargon and complications.



How clearly you relay information can be **more important** than how much information you relay.

Other financial professionals keep these guidelines in mind:

"It's not about showing them how smart you are."

"The more you simplify, the more educated your client will become."

Try saying

✓ "Because this is so important for you to understand well, and because it can get complex quickly, I like to start by reviewing the basics. Does that sound good?"

A client may say

✓ "Yes, an overview would be helpful."

You could say

✓ "Great. Let's start by talking about your retirement needs and how there are solutions to meet those needs."

Another client may say

✓ "Yes, but this is all very confusing. It's a lot to take in."

You could say

"I hear you, and you're right. There are a lot of options to meet a variety of specific needs. Let's start with your retirement needs and work from there."

UNCERTAINTY #4: DECISION MAKING

Did you know?

A small number of options may help a client identify the optimal approach. But as more options become available, consumer confidence decreases.

Tip

A potential by-product of choice overload? A person could be less willing to decide at all.

3

Keep the decision process for potential solutions as easy as possible.



People may put off deciding if they feel overwhelmed by too many choices.



Try asking

"I'm excited to lay out a proposed solution in what I think is the best possible way to help address your financial needs. As we go through this, feel free to stop me to ask questions. I can also lay out a few alternatives if needed."



CONCLUSION

Next steps

In the next decade, tens of millions of Americans born after World War II will retire and millions of Gen Xers in the following years, according to the [U.S. Census Bureau](#). One challenge some new retirees will face is how to draw down retirement savings without knowing:

- ✓ exactly how long they will live
- ✓ what kind of spending they might do in retirement
- ✓ the market returns they could realize before retiring if they manage their own assets
- ✓ if they understand their options well enough to make decisions

4 uncertainties that may create retirement savings roadblocks for some new retirees:



1 Longevity



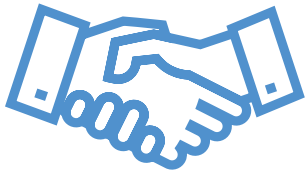
2 Spending



3 Investment outcome



4 Decision making



Helping your clients

Helping your clients identify potential roadblocks standing between them and financial security in retirement has never been more important as people live longer.

With expert insights to help you spot the four client uncertainties, along with practical tips from other financial professionals, there are a variety of ways to help your clients address roadblocks and move toward more retirement confidence.

Visit Athene.com/ConfidentClients to share a quiz with your clients and find more resources for building client confidence.

Under current tax law, the Internal Revenue Code already provides tax deferral to qualified money, so there is no additional tax benefit obtained by funding a qualified contract, such as an IRA, with an annuity; consider the other benefits provided by an annuity, such as lifetime income and a Death Benefit.

Guarantees provided by annuities are subject to the financial strength and claims paying ability of the issuing insurance company. Athene Annuity and Life Company (61689), headquartered in West Des Moines, Iowa, and issuing annuities in 49 states (excluding NY) and in D.C., and Athene Annuity & Life Assurance Company of New York (68039), headquartered in Pearl River, New York, and issuing annuities in New York, are not undertaking to provide investment advice for any individual or in any individual situation, and therefore nothing in this should be read as investment advice.



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