

MAY 2018



MassMutual Asian American Retirement Risk Study

Background & Methodology

Background

- To better understand the investment preferences and philosophies of those approaching retirement as well as retirees, MassMutual commissioned a survey of pre-retirees within 15 years of retirement and of retirees no more than 15 years into retirement.

Methodology

- On behalf of MassMutual, Greenwald & Associates, an independent research firm, conducted an online survey that included 804 pre-retirees and 801 retirees. Respondents were drawn from ResearchNow's online panel. To qualify for the survey, all respondents had to be at least 40 years old.
 - Pre-retirees were required to have a household income of at least \$40,000, work full-time for a private sector employer, and be participating in that employer's DC retirement plan.
 - Retirees were required to have total investable assets of at least \$100,000. They had to be retired from a private sector employer and participating in that employer's DC retirement plan at the time of retirement.
- The survey fielded in January 2018.
- This survey also included oversamples of some key sub-groups of the population, including Asian Americans. Between the main sample and oversample we collected 199 interviews from Asian Americans, including 129 pre-retirees and 70 retirees.

Please note that Asian American is defined in this research as Chinese, Asian Indian and Korean.

Asian American Key Findings

Asian Americans are more vigilant investors compared to Americans overall.

- Making a poor investment decision (67% vs. 54%) and taking on too much risk (69% vs. 44%) are more concerning to Asian Americans. Asian American pre-retirees (75%) are especially concerned about taking on too much investment risk.
- Their cautiousness translates to their retirement investment approach and market expectations. Asian Americans are more likely than Americans overall to believe workers approaching retirement should cut back on investing in equities (64% vs. 53%). They are more likely to aim for their assets to match the market (43% vs. 32%), while Americans overall are more inclined to want their assets to outperform the market (65% vs. 55%).
- Asian Americans are less likely to have committed a “bad plan behavior.” One in four Americans overall (25%) have withdrawn money from their retirement account, taken out a hardship loan, or suspended contributions; only one in ten Asian Americans say the same (11%).
- Despite Asian Americans’ expressed opinions about cautious investing, there is no significant difference between Asian Americans and Americans overall in regard to their overall risk tolerance and their current investment mix.

Asian Americans have a stronger preference to be heavily involved in managing their finances and investments.

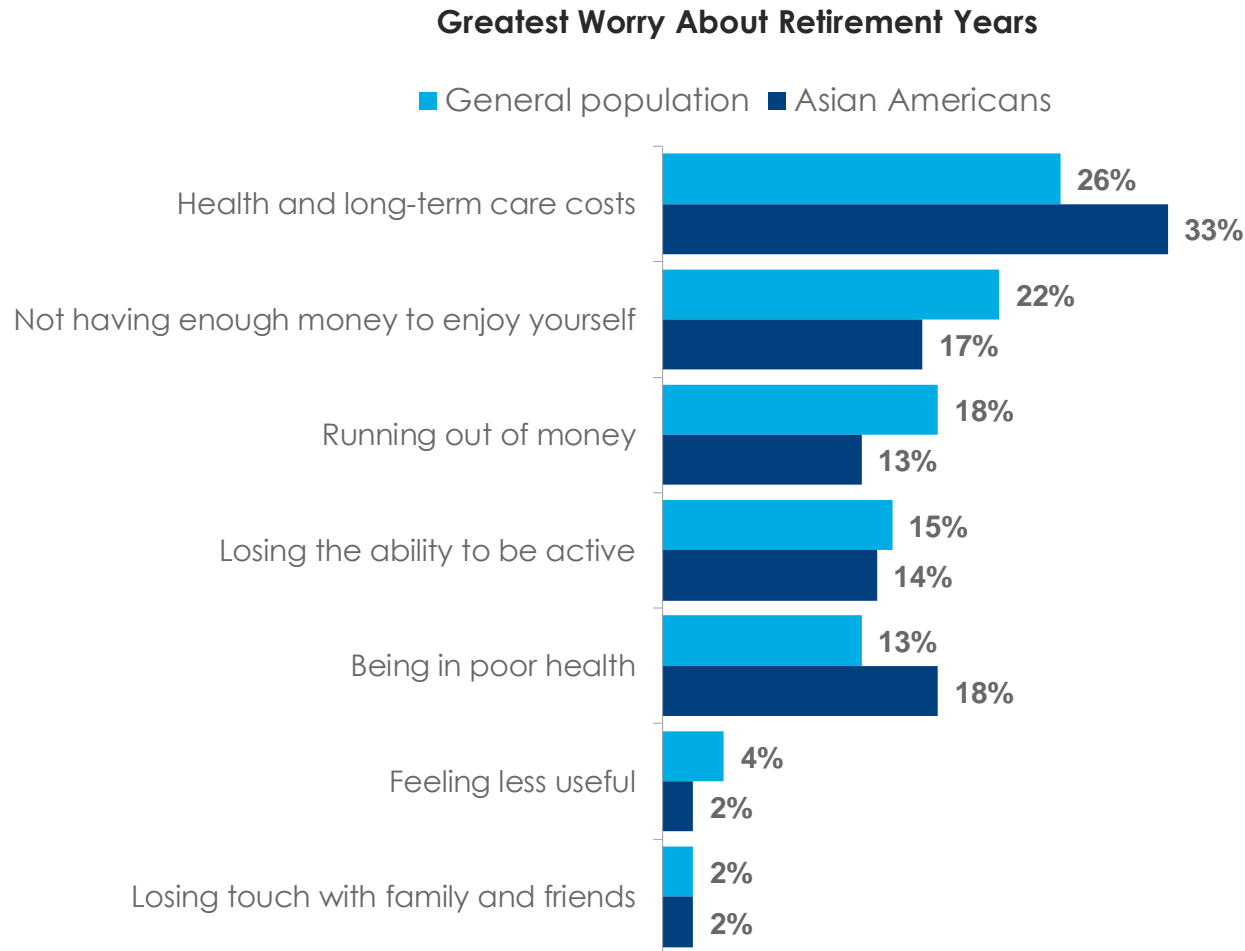
- Asian Americans are less likely to work with an advisor. A little over one in three Americans overall are not currently working with an advisor (35%) compared to nearly 7 in 10 Asian Americans (69%).
- There is a very strong desire among Asian American retirees in particular to be in control of their finances. Compared to general population retirees, Asian American retirees are more likely to enjoy managing their own money (80% vs. 59%). When looking only at Asian Americans, only two in five retirees (42%) prefer an investment that allows them “set-it-and-for-get-it” compared to nearly three in four pre-retirees (72%).
- Target Date Funds are a little less appealing to Asian Americans as one in ten (11%) find them very appealing compared to one in six Americans overall (17%).

Asian American Key Findings

There is room for financial education and improved marketing efforts to Asian Americans.

- Fewer Asian Americans are confident projecting how many years they will spend in retirement and therefore are not planning to meet those needs. Over half of Asian Americans (53%) are uncertain about the length of their retirement compared to a little over one-third of Americans overall (36%).
- Moreover, fewer Asian American retirees (63%) are confident they know how to claim Social Security at the right time to maximize its benefits, than American retirees overall (75%).
- These data suggest that workplace retirement plans are less satisfactory to Asian Americans. Though total plan satisfaction rates are comparable between Asian Americans and Americans overall, Asian Americans are less likely to be very satisfied with several aspects of their retirement plans including the performance of investments in that plan (36% vs. 19%), options available at retirement (34% vs. 17%), and education and advice available through the plan (29% vs. 14%).

Health care costs and being in poor health are the top retirement concerns for Asian Americans.



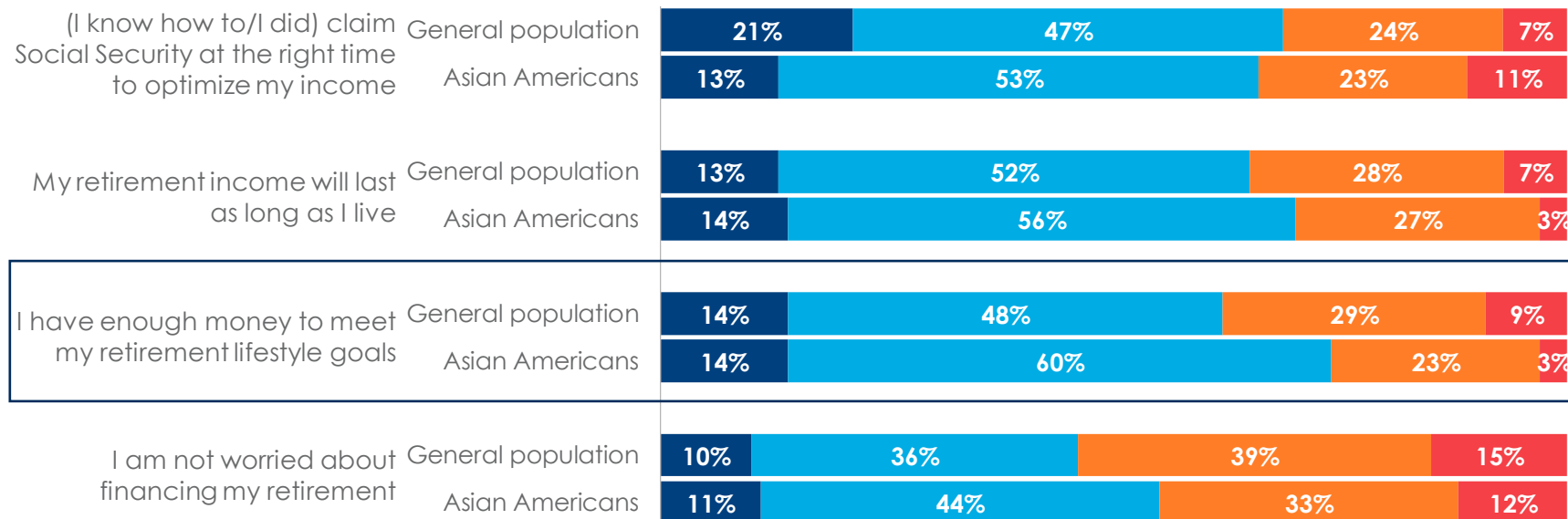
What is your greatest worry about your retirement years? (General population n=1,605; Asian Americans n=199)

Asian Americans are more confident than Americans overall they will have enough money to meet their retirement lifestyle goals.

- Fewer Asian American retirees (63%) feel they know how to claim Social Security at the right time compared to retirees overall (75%).
- Nearly all Asian American retirees (96%) are confident their retirement income will last their lifetime; fewer than two in three Asian American pre-retirees (63%) say the same.
- Asian American pre-retirees are more likely than pre-retirees overall to indicate they are not worried about financing their retirement (51% vs. 37%).

Agree/Disagree

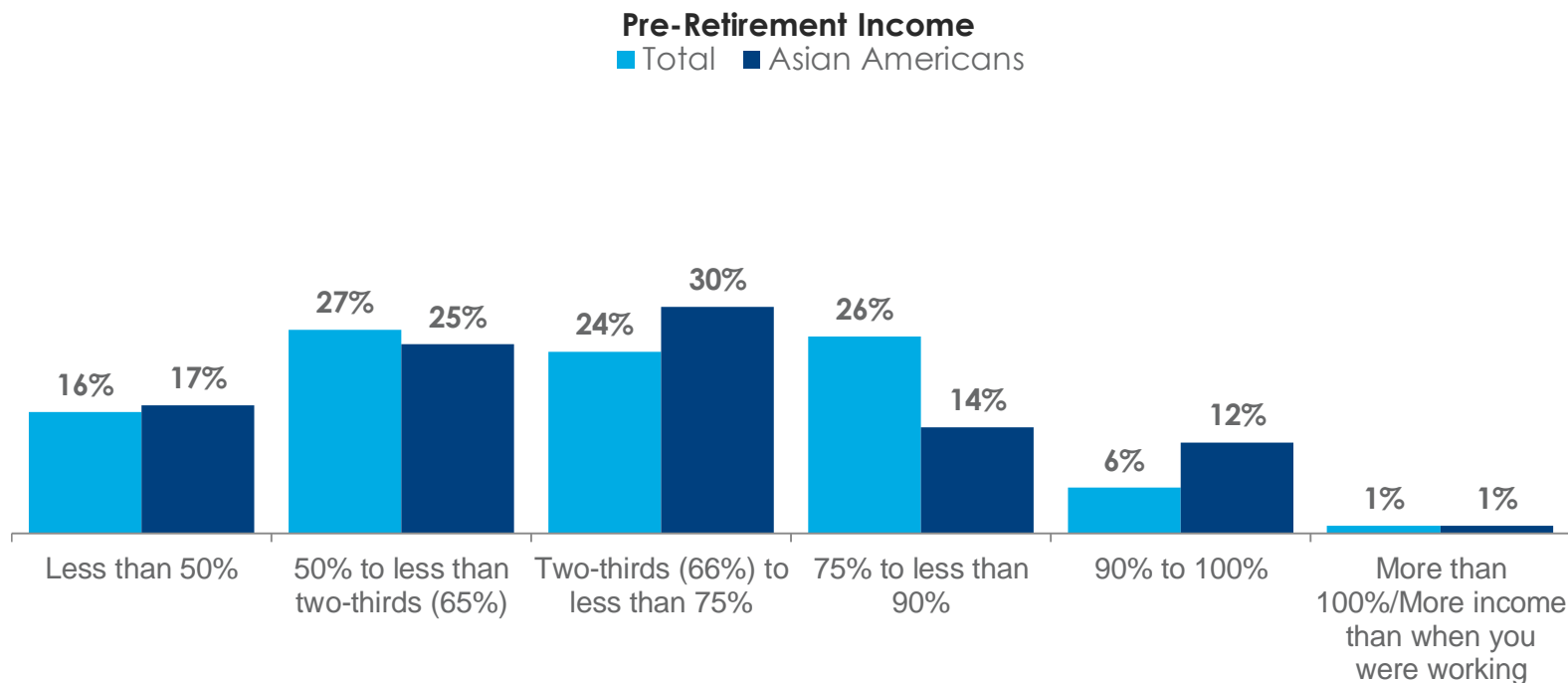
■ Strongly agree ■ Somewhat agree ■ Somewhat disagree ■ Strongly disagree



To what extent do you agree or disagree with each of the following statements? (General population n=1,605; Asian Americans n=199)

Seven in ten Asian Americans (72%) believe they need a retirement income replacement rate of less than 75%.

- Asian American pre-retirees are more likely than pre-retirees overall to anticipate needing to replace 90% or more of their pre-retirement income in retirement (17% vs. 7%).



[IF PRE-RETIREE] About what percentage of your pre-retirement income do you think you will need to live comfortably in retirement?

[IF RETIREE] Now that you're retired, about what percentage of your pre-retirement income do you find you need to live comfortably?

(General population n=1,605; Asian Americans n=199)

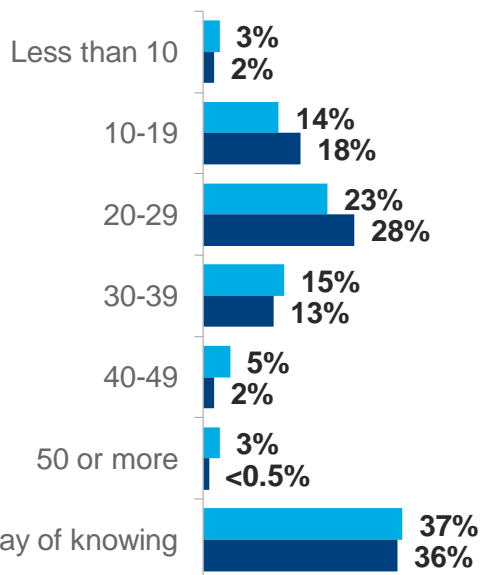
Over half of Asian Americans are uncertain about the length of their retirement; one-third of Americans overall say the same.

- On average, Asian American retirees plan to spend a longer time in retirement than Asian American pre-retirees (28 years vs. 21 years).

Expected Years of Living Comfortably in Retirement vs. Years in Retirement

General Population

■ Years savings will last ■ Years in retirement



Median Years in Retirement

General population 24
Asian Americans 21

Median Years Savings Will Last

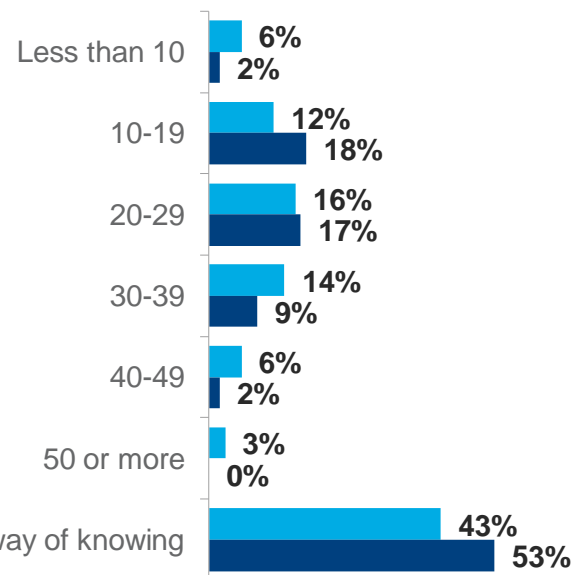
General population 25
Asian Americans 20

Income Gap

General population 1
Asian Americans -1

Asian Americans

■ Years savings will last ■ Years in retirement

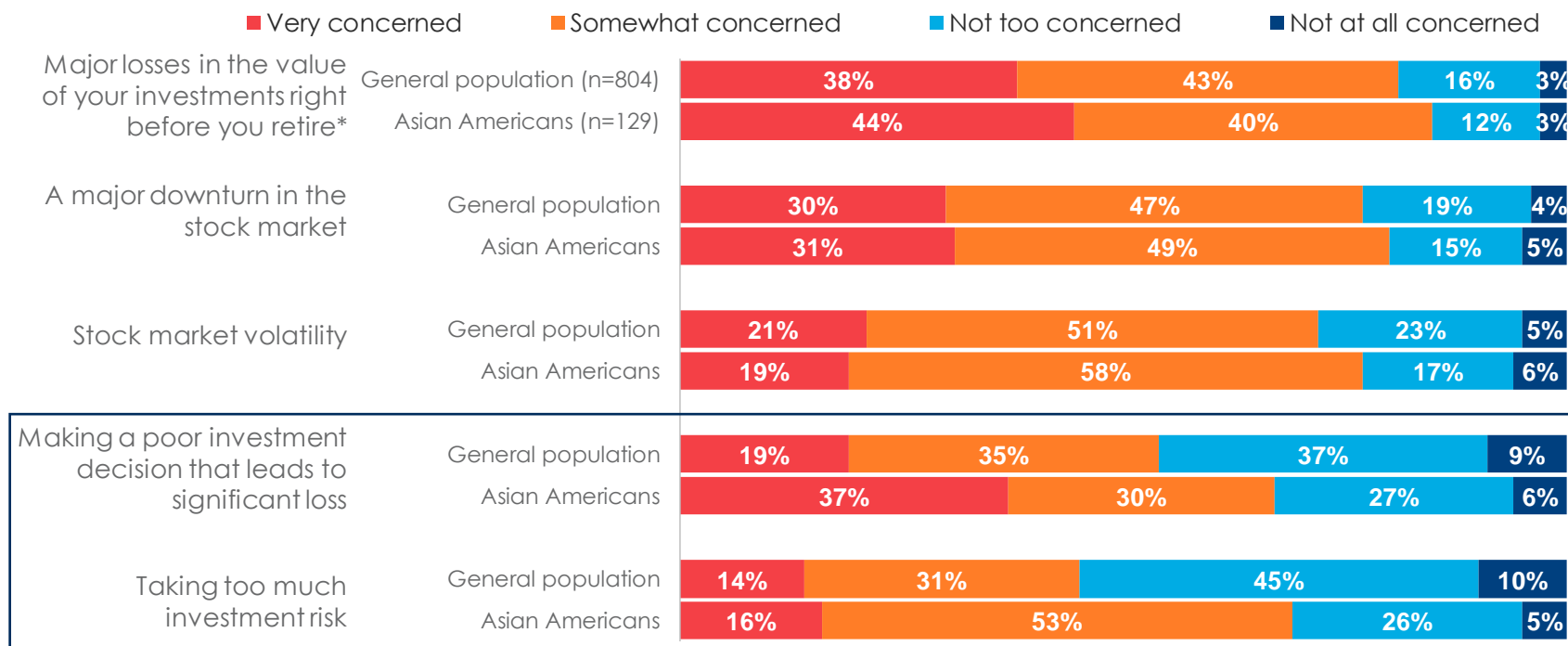


Based on all of your sources of income in retirement, for how many years do you think your savings and investments will provide enough income for you to live comfortably in retirement? (General population n=1,605; Asian Americans n=199)

Concern about making a poor investment decision and taking on too much risk is higher among Asian Americans compared to Americans overall.

- Asian American pre-retirees have higher concern about taking on too much investment risk, as three in four (75%) are at least somewhat concerned compared to a little less than half of pre-retirees overall (49%) and Asian American retirees (46%).
- Compared to Asian American retirees, pre-retirees are more likely to be at least somewhat concerned about falling short on income in retirement (77% vs. 48%) and low interest rates (72% vs. 31%).

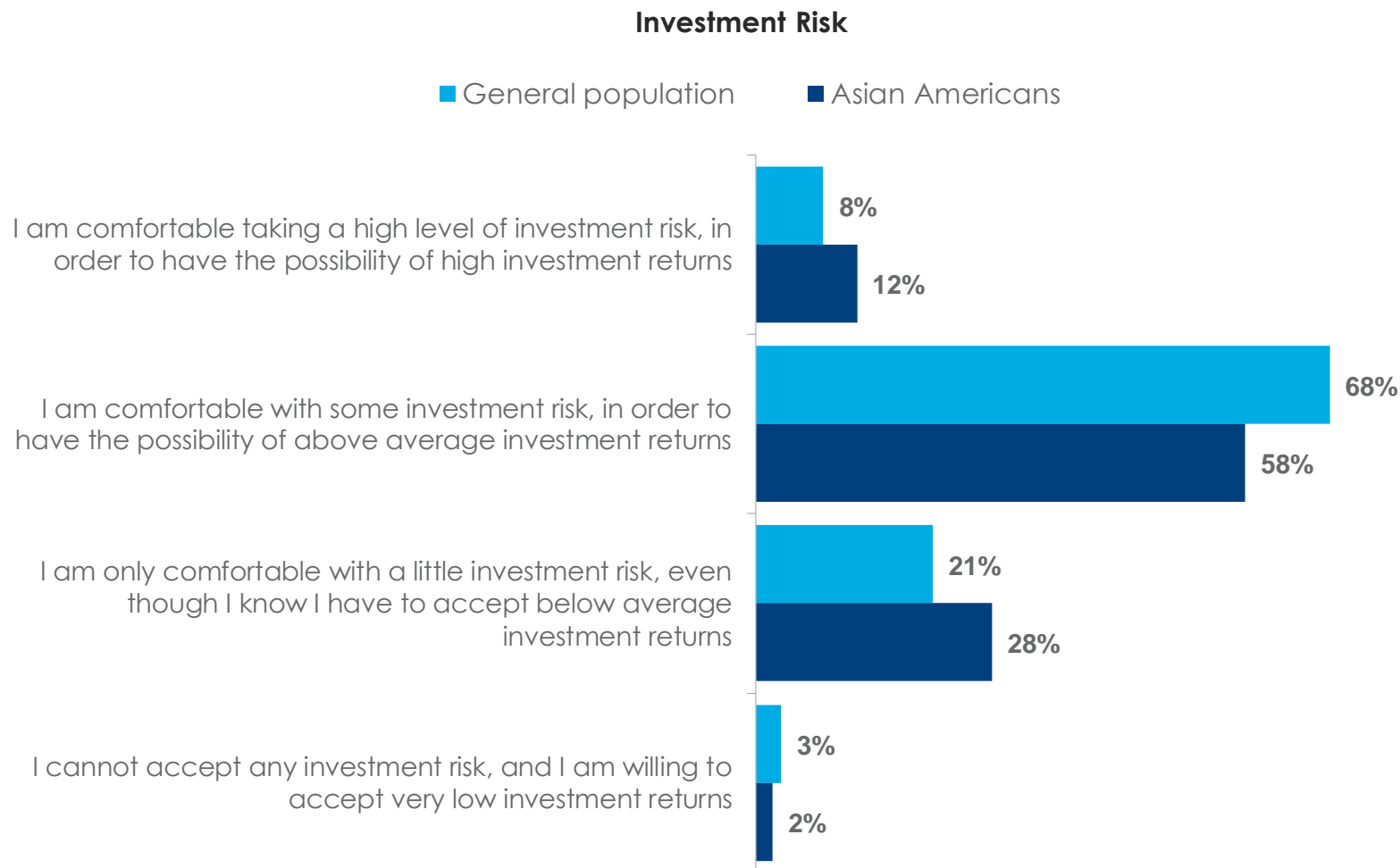
Level of Concern



How concerned are you about each of the following [IF PRE-RETIREE: in retirement]? (General population n=1,605; Asian Americans n=199)

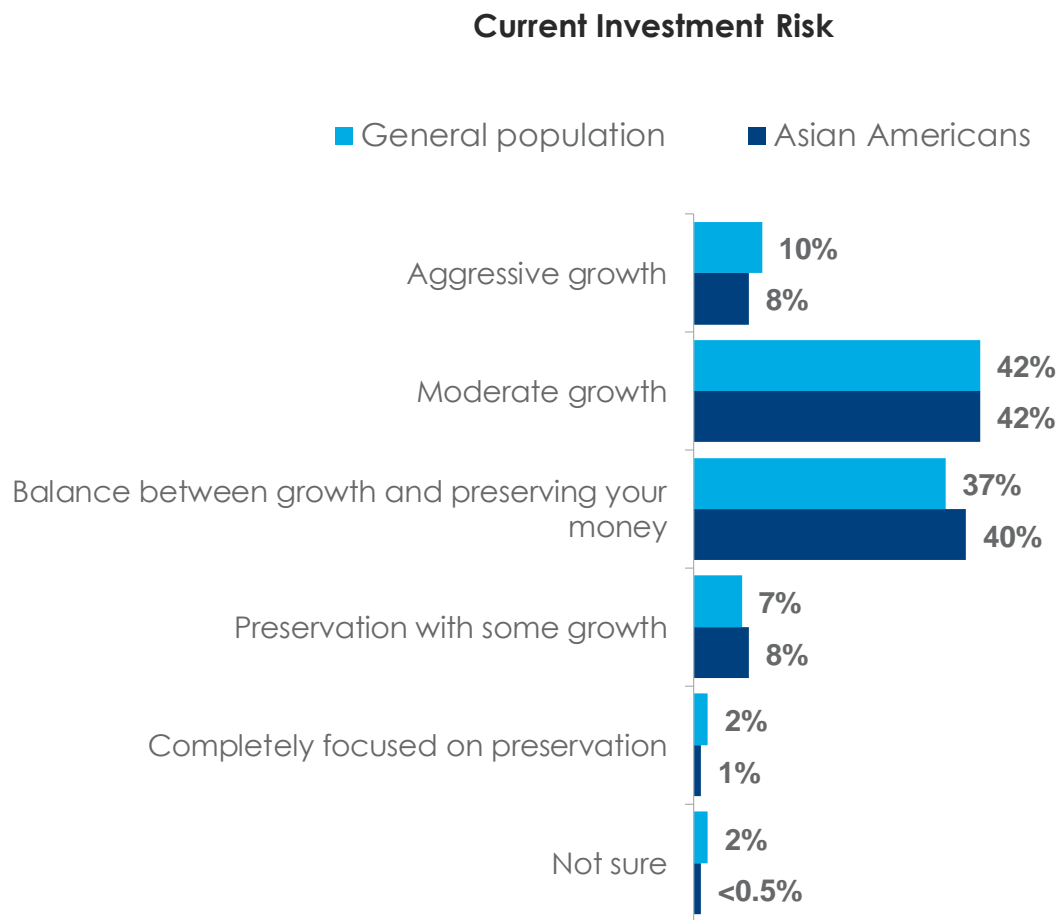
*Asked of pre-retirees only

Seven in ten Asian Americans are comfortable taking at least some investment risk, similar to Americans overall.



Which statement comes closest to describing how comfortable you are when it comes to taking investment risk? (General population n=1,605; Asian Americans n=199)

Roughly four in five Asian Americans say their current investment mix is tilted towards moderate growth or is balanced.



How would you describe the investment mix you currently have? (General population n=1,605; Asian Americans n=199)

Asian Americans are more likely than Americans overall to be aiming for their investments to match the market.

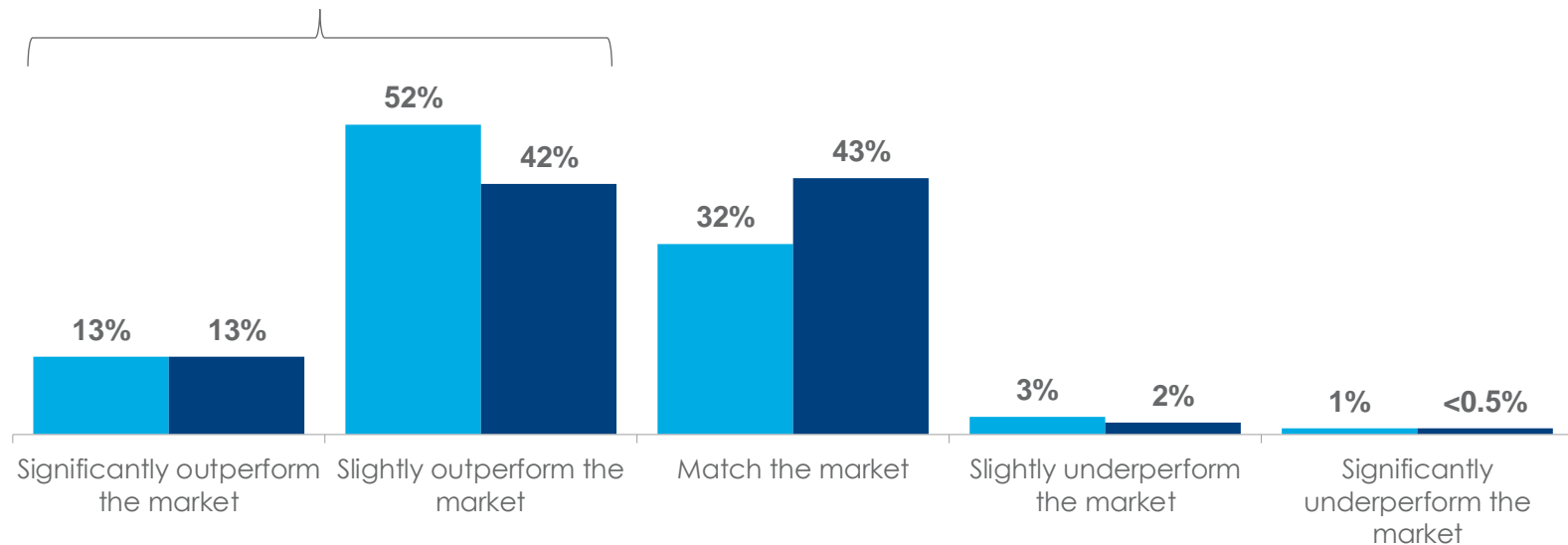
Aim for Investments

■ General population ■ Asian Americans

NET: Outperform the Market

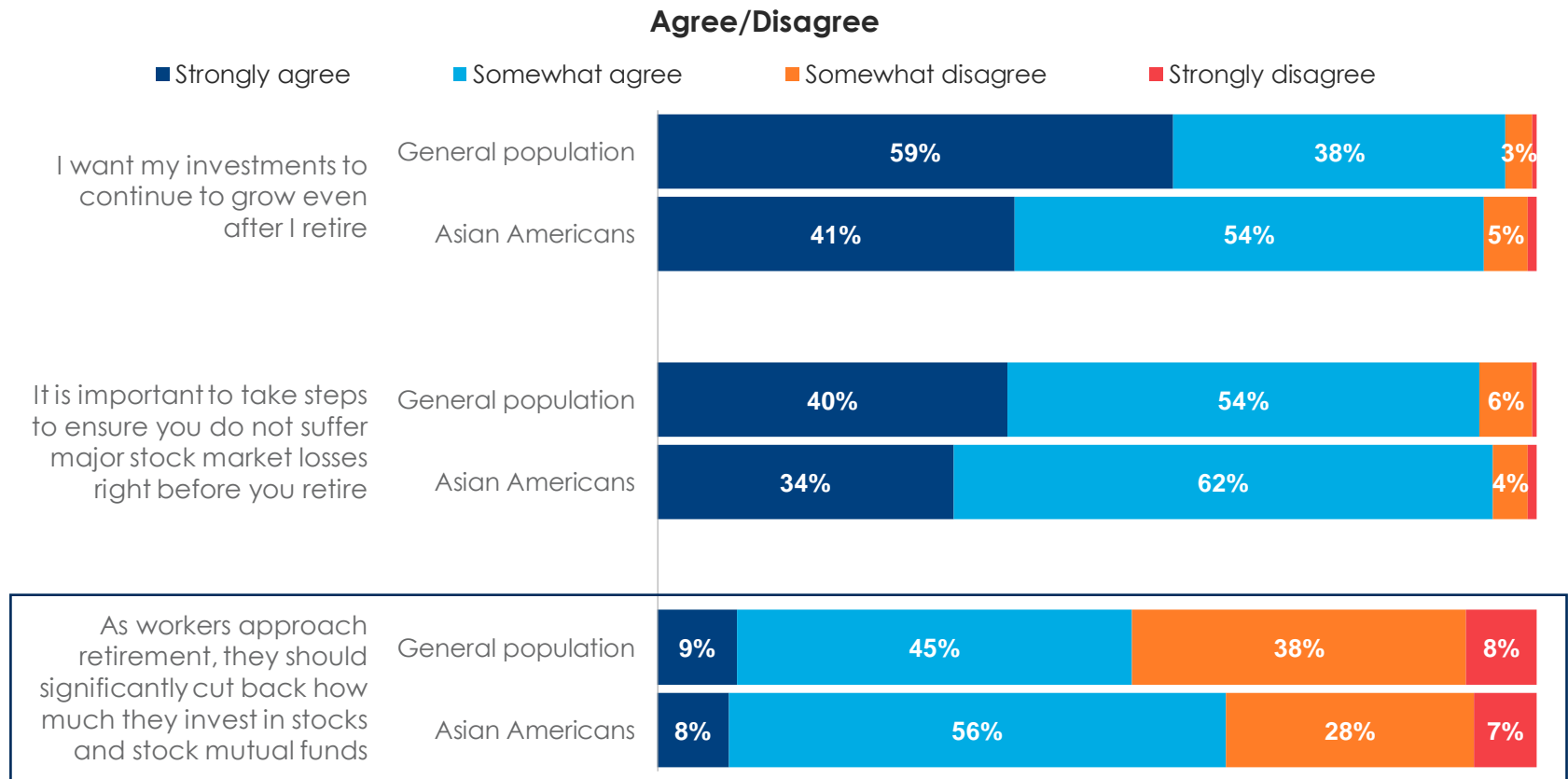
General population-65%

Asian Americans-58%



When it comes to your investments, do you aim for them to...? (General population n=1,605; Asian Americans n=199)

Nearly all want their investments to continue to grow, but Asian Americans are more likely to suggest workers invest less in equities as retirement approaches.

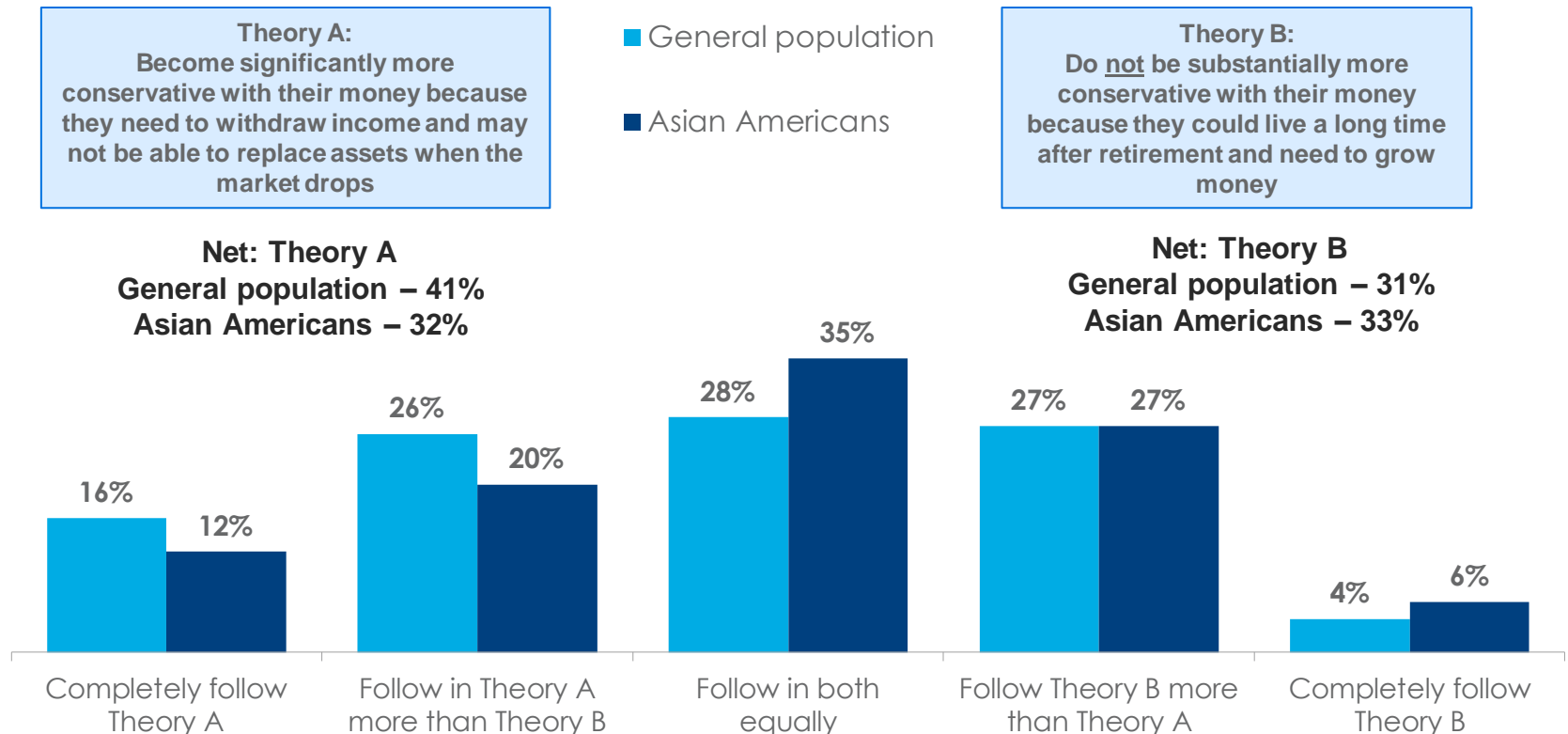


To what extent do you agree or disagree with each of the following statements? (General population n=1,605; Asian Americans n=199)

Asian Americans are less likely to strongly believe they should become significantly more conservative in retirement.

- Americans overall are a little more likely than Asian Americans to prefer "Theory A".

Preferred Approach to Retirement Investing

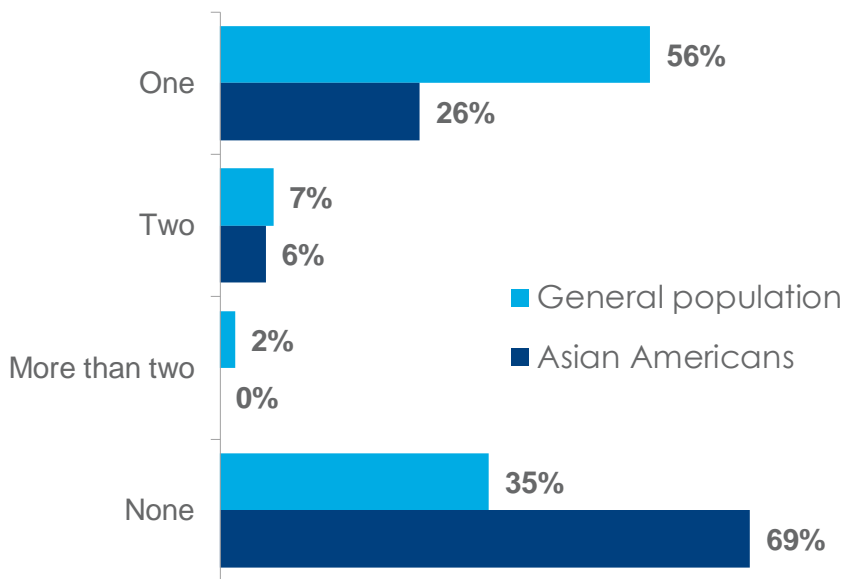


Which of the following comes closest to how you approach retirement investing? (General population n=1,605; Asian Americans n=199)

Asian Americans are less likely than Americans overall to work with an advisor.

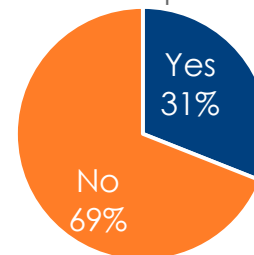
- Among those who are not working with an advisor, an equal proportion of Americans overall (31%) and Asian Americans (32%) do not plan to do so in the future.
- Interestingly, unlike the general population, Asian pre-retirees and Asian retirees are advised at similar levels. However, among Asian Americans, the interest in working with a financial advisor is driven entirely by Asian pre-retirees as 99% of Asian retirees not working with an advisor do not plan to work with one.

Number of Advisors

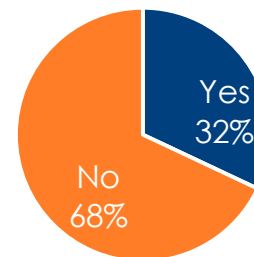


Plan to Work With Advisor in Future

General Population



Asian Americans



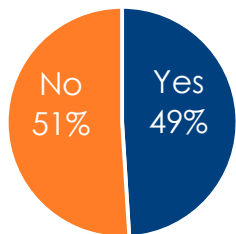
How many professional financial advisors do you currently work with that advise on investments? (General population n=1,605; Asian Americans n=199) [IF NO ADVISOR] Do you plan to work with a professional financial advisor in the future? (General population n=496; Asian Americans n=116)

More than half of Asian Americans with advisors have been advised to change their investments as retirement approaches. Advisors suggest being more conservative.

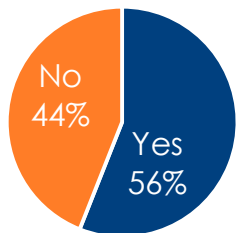
- Compared to Asian Americans, advised Americans overall are more likely to have been advised to invest more aggressively.

Advisor Recommended Changing Investment Mix While Approaching Retirement

General Population

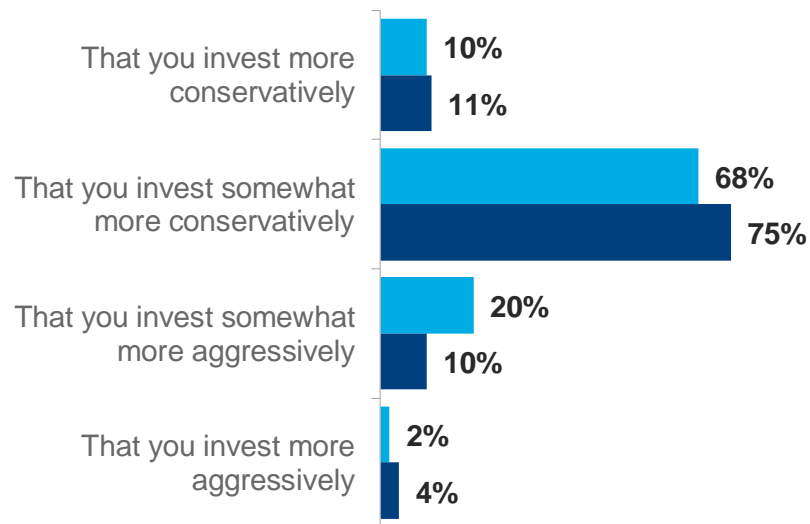


Asian Americans



Recommended Changes to Investment Mix

■ General population ■ Asian Americans*



[IF HAS ADVISOR] Has/Did your advisor recommended/recommend changing/that you change your investment mix as you approached retirement? (General population n=1,109; Asian Americans n=83)

[IF YES] What did your advisor recommend when it came to the mix of your investments? (General population n=616; Asian Americans n=48)

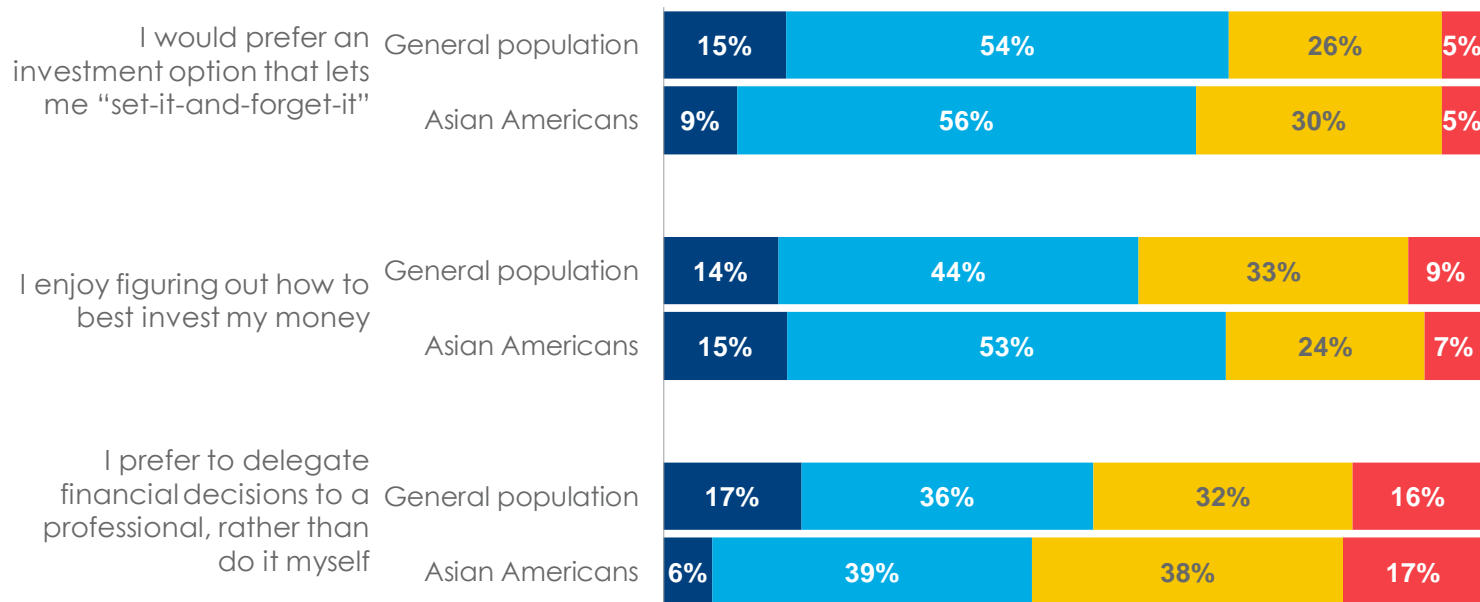
*Small base size, please use caution

Asian Americans are more likely to enjoy figuring out how to invest, while Americans overall are more likely to prefer to delegate financial decisions.

- Asian American pre-retirees are more likely than Asian American retirees to prefer an investment option that doesn't require active management (72% vs. 42%).
- Asian American retirees are more likely than American retirees overall to enjoy managing their own money (80% vs. 59%).

Agree/Disagree

■ Strongly agree
 ■ Somewhat agree
 ■ Somewhat disagree
 ■ Strongly disagree



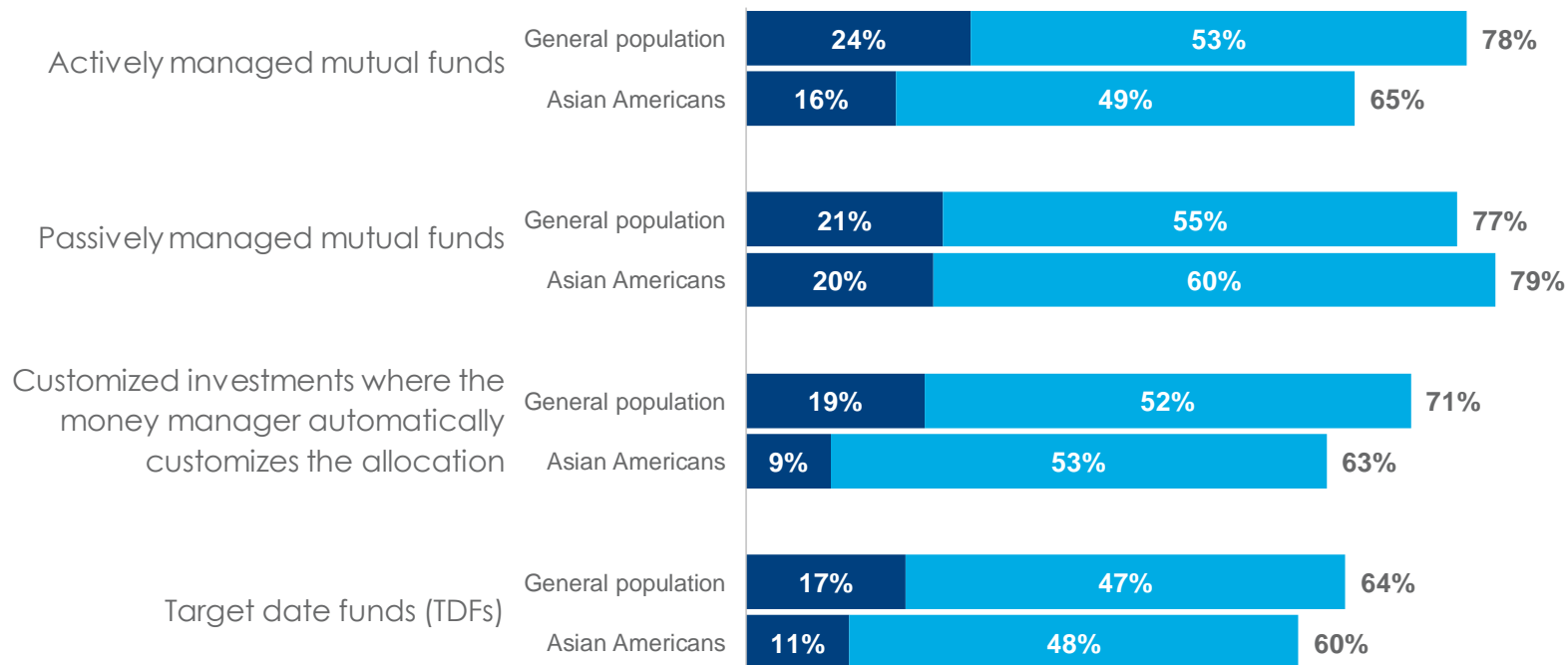
To what extent do you agree or disagree with each of the following statements? (General population n=1,605; Asian Americans n=199)

Six in ten Asian Americans find TDFs appealing. They find actively managed mutual funds and customized investments less appealing than Americans overall.

- Compared to retirees overall, Asian American retirees find actively managed mutual funds (71% vs. 44%), customized investments (64% vs. 40%), and target dates funds (47% vs. 29%) less appealing.
- Asian American pre-retirees find customized investments (69% vs. 40%) and target date funds (68% vs. 29%) more appealing than Asian American retirees.

Appealing Types of Investments

■ Very appealing ■ Somewhat appealing

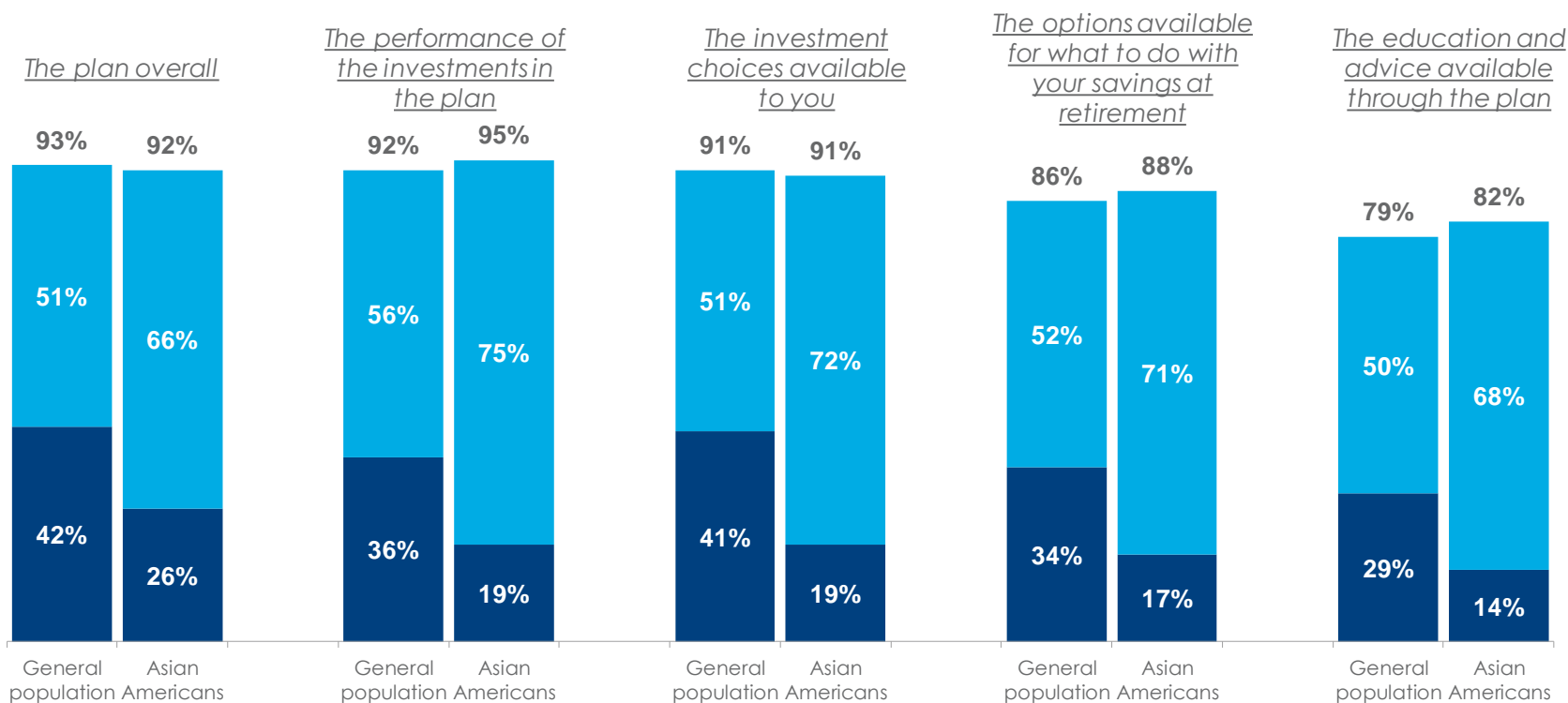


How appealing do you find each of the following investment types? (General population n=1,605; Asian Americans n=199)

Asian Americans are less likely to be very satisfied with their retirement plan overall.

Satisfaction with Plan Aspects

■ Very satisfied ■ Somewhat satisfied

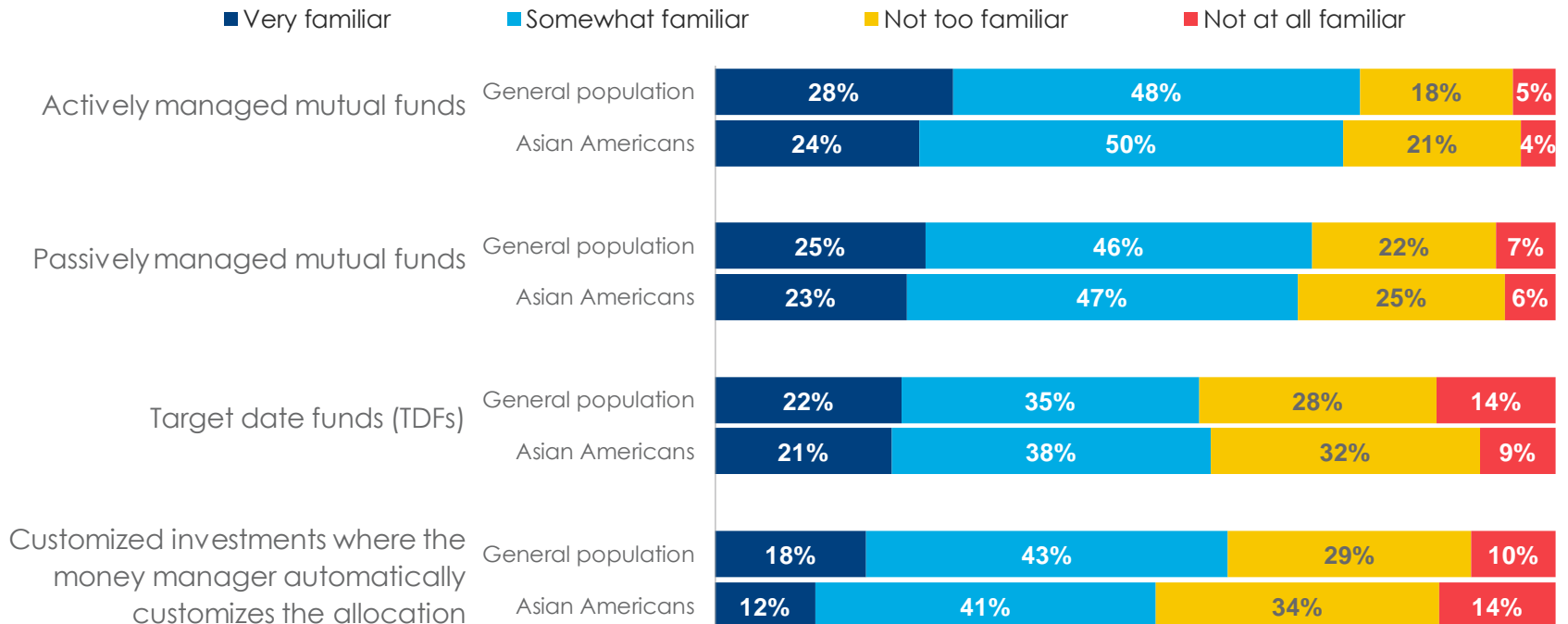


How satisfied are/At the time of your retirement, how satisfied were you with the following aspects of your employer's retirement plan? (General population n=1,605; Asian Americans n=199)

Asian Americans report the same level of familiarity with different types of investments as Americans overall.

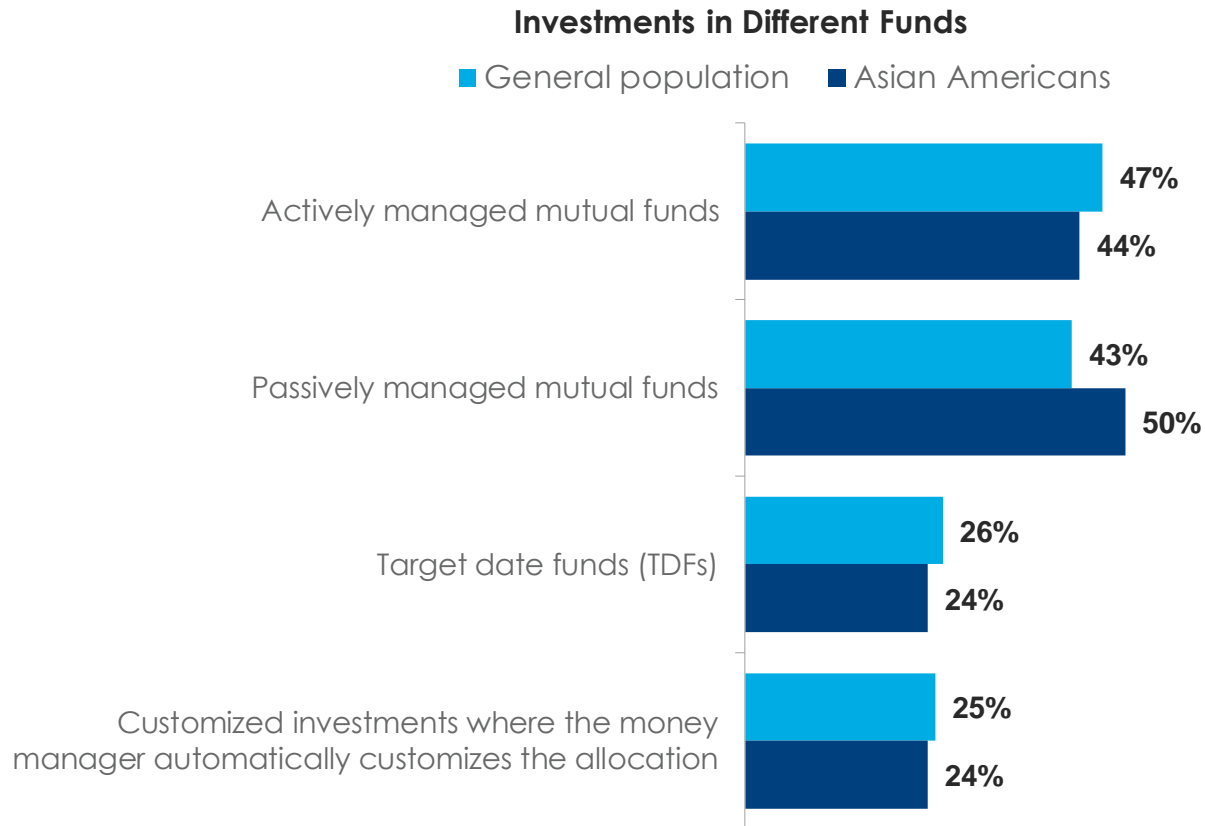
- Asian American retirees are less familiar with actively managed mutual funds (67%) than retirees overall (82%) and Asian American pre-retirees (77%).

Familiarity with Different Types of Investments



How familiar are you with each of the following investment types? (General population n=1,605; Asian Americans n=199)

Only one in four Americans overall and Asian Americans are invested in a TDF.



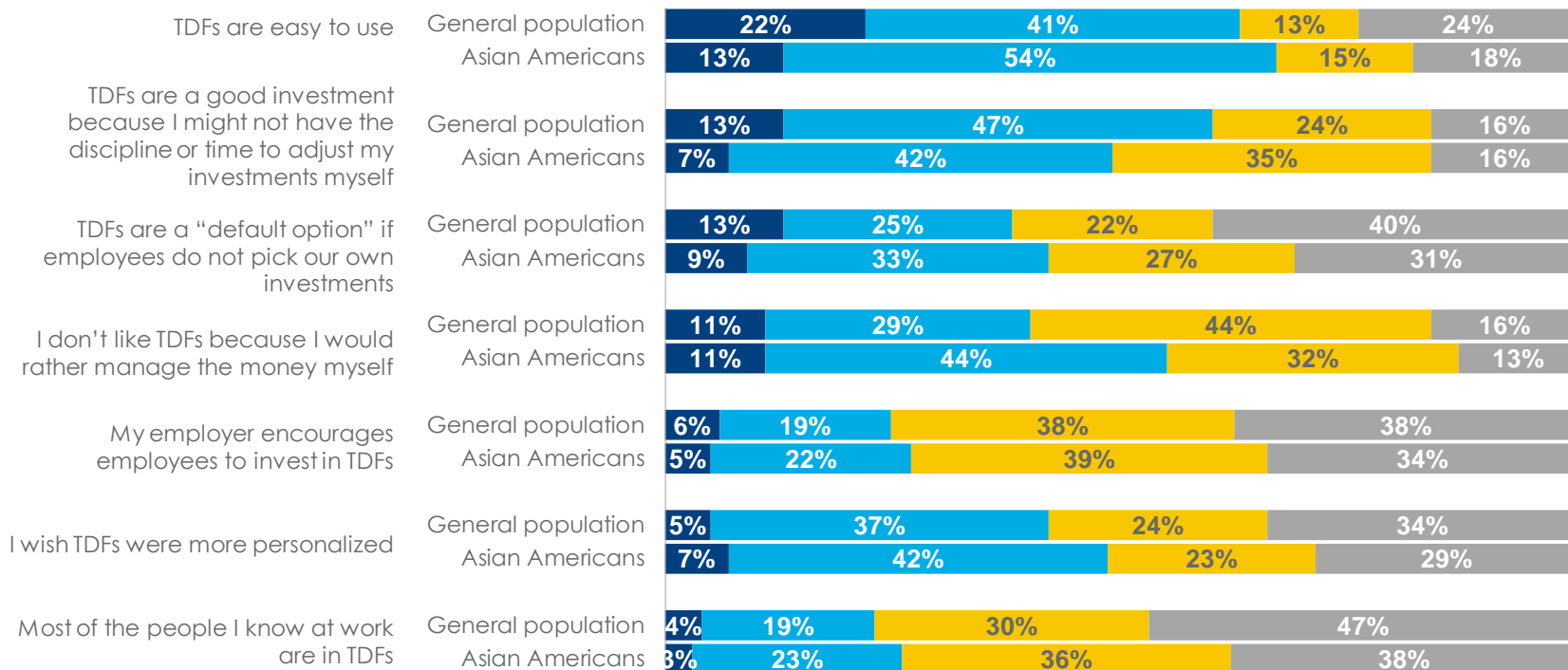
[IF PRE-RETIREE] Do you have any funds invested in any of the following?
[IF RETIREE] At the time that you retired, did you have funds invested in any of the following?
(General population n=1,605; Asian Americans n=199)

Asian Americans are more likely to say they don't like TDFs because they would rather manage the money themselves.

- This sentiment is particularly strong among retired Asian Americans, of whom seven in ten (71%) prefer to manage their money themselves.

Target Date Funds (TDFs) – Agree/Disagree

■ Strongly agree ■ Somewhat agree ■ Net: Disagree ■ Not sure



[IF FAMILIAR WITH TDFs] To what extent do you agree or disagree with each of the following statements regarding Target Date Funds (TDFs)?
(General population n=1,378; Asian Americans n=183)

One in four Americans overall have participated in a “bad plan behavior.” Only one in ten Asian American pre-retirees and retirees say the same.

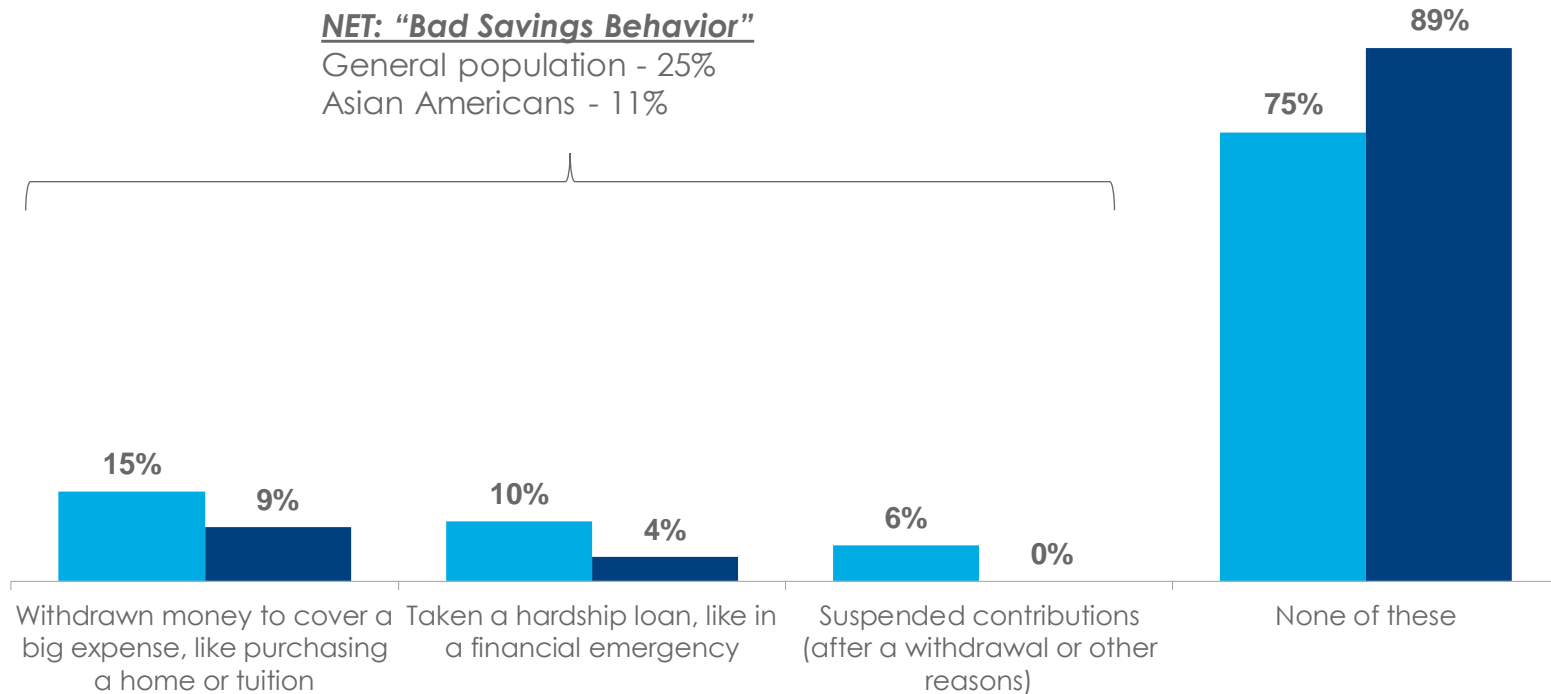
Have you ever...?

■ General population ■ Asian Americans

NET: “Bad Savings Behavior”

General population - 25%

Asian Americans - 11%



Have you ever taken any of the following actions while saving in a 401(k) or other defined contribution retirement savings plan? Please select all that apply. (General population n=1,605; Asian Americans n=199)

Study Demographics

Demographics

	General Population (n=1,605)	Asian Americans (n=199)
Age		
40-54	53%	76%
55-64	32	13
65-74	12	11
75+	3	*
Gender		
Male	48%	50%
Female	52	50
Employment Status		
Employed full-time	73%	79%
Employed part-time	1	4
Not employed	25	17
Education		
Some high school or less	*	--
High school graduate	9%	1%
Some college/trade or technical school	29	13
College graduate (4-year degree)	40	39
Graduate or professional degree	21	47

*=<0.5%

Demographics

	General Population (n=1,605)	Asian Americans (n=199)
Retired		
Yes	27%	21%
No	73	79
[IF PRE-RETIREE] Within how many years do you expect to retire?		
	(n=804)	(n=129)
5 years or less	20%	13%
6 to 10 years	31	44
11 to 15 years	49	43
[IF RETIREE] For how many years have you been retired?		
	(n=801)	(n=70)
5 years or less	55%	67%
6 to 10 years	25	19
11 to 15 years	20	14

*=<0.5%

Demographics

	General Population (n=1,605)	Asian Americans (n=199)
2017 Household Income		
Less than \$30,000	*	*
\$30,000 to \$39,999	1%	*
\$40,000 to \$49,999	2	8%
\$50,000 to \$74,999	25	26
\$75,000 to \$99,999	20	12
\$100,000 to \$124,999	18	14
\$125,000 to \$149,999	12	10
\$150,000 or more	23	30
Savings and Investments		
Less than \$50,000	9%	6%
\$50,000 to \$99,999	6	9
\$100,000 to \$149,999	7	9
\$150,000 to \$199,999	6	5
\$200,000 to \$249,999	8	12
\$250,000 to \$499,999	19	17
\$500,000 to \$999,999	21	16
\$1 million or more	22	23
Prefer not to say	2	3

*=<0.5%

Demographics

	General Population (n=1,605)	Asian Americans (n=199)
Hispanic, Spanish, or Latino Descent		
Yes	5%	*
No	95	100%
Racial/Ethnic Background		
White/Caucasian	89%	--
African-American/Black	5	--
Asian/Indian/Pacific Islander	5	100%
Other	*	--
[If Asian]	(n=55)	(n=199)
Chinese	42%	66%
Indian	22	26
Japanese	16	--
Vietnamese	3	--
Korean	--	8
Other	17	--

*=<0.5%

Demographics

	General Population (n=1,605)	Asian Americans (n=199)
Sexual Orientation		
Heterosexual or straight	93%	95%
Gay	3	1
Lesbian	1	--
Bisexual	1	1
Prefer not to say	2	3
Transgender or Transsexual		
Yes	*	--
No	99%	99%
Prefer not to say	1	1
Marital Status		
Married	75%	77%
Divorced or separated	10	7
Single, never married	9	9
Not married, but living with a partner	4	5
Widowed	2	1

*=<0.5%

Demographics

	General Population (n=1,288)	Asian Americans (n=173)
[IF MARRIED OR PARTNER] Household Decision-Making on Financial Matters		
You make most of the decisions with little or no input from another household member	34%	41%
You take the lead and discuss decisions with another household member	35	30
Decisions are made in total partnership	30	29
[IF MARRIED OR PARTNER] Spouse's/Partner's Employment Status		
Employed full-time	61%	75%
Employed part-time	7	5
Not employed	32	19
[IF MARRIED OR PARTNER] Spouse/Partner Retired		
Yes	36%	24%
No	64	76

*=<0.5%

Demographics

	General Population (n=1,605)	Asian Americans (n=199)
Do you currently own any of the following insurance or financial products? Please select all that apply.		
Life insurance	69%	44%
A defined retirement plan or traditional pension plan	46%	41%
An annuity	24%	16%
Long-term care insurance	20%	11%
None of those	13%	31%
Until what age do you think that you can expect to live?		
Before 70	1%	1%
70 to 79	5	7
80 to 85	27	23
86 to 89	4	2
90 to 95	24	10
96+	3	4
Not sure/No way of knowing	36	53
Are you currently receiving Social Security retirement benefits?		
Yes	18%	10%
No	81	90
Not sure	*	--

*=<0.5%

Demographics

	General Population (n=1,605)	Asian Americans (n=199)
At what age (do you think you will /did you) claim your Social Security retirement benefits?		
Before 63	16%	17%
63 to 65	22	14
66 to 69	30	19
70+	14	14
Not eligible	1	5
Not sure	16	31
Actions Taken While Saving in a 401 (k) or Other Defined Contribution Retirement Plan		
Withdrawn money to cover a big expense, like purchasing a home or tuition	15%	9%
Taken a hardship loan, like in a financial emergency	10%	4%
Suspended contributions (after a withdrawal or other reason)	6%	--
None of these	75%	89%

*=<0.5%

Demographics

	General Population (n=1,605)	Asian Americans (n=199)
Nature of Occupation		
Professional or technical	28%	52%
Mid-level or lower level Manager	22	15
Senior Manager	14	11
Administrative	12	7
Other white collar	8	2
Blue collar	7	6
Executive	5	6
Service worker	2	1
Sales or retail	*	1
Medical or nurse	*	--
Customer service	*	--
Business owner	*	--
Teacher	*	--
Clerical	*	--
Something else	1	*

*=<0.5%

Demographics

Industry	General Population (n=1,605)	Asian Americans (n=199)
Manufacturing/Production	18%	11%
Business and financial	15	18
Health care	10	8
Computer technology	7	22
Services industry	7	3
Engineering	4	6
Technology (other than computer)	4	5
Construction and maintenance	4	2
Legal	3	1
Agriculture	1	1
Arts and entertainment	1	1
Education	1	6
Life sciences	1	1
Physical sciences	*	1
Social services	*	--
Architecture	*	--
Mathematical or statistical	*	--
Other	23	15

*=<0.5%

