

JUNE 2018



MassMutual LGBTQ Retirement Savings Risk Study

RS-45520-00

Background & Methodology

Background

- To better understand the investment preferences and philosophies of LGBTQ Americans 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 of the general population of pre-retirees (804 pre-retirees) and retirees (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 members of the LGBTQ community. Between the main sample and oversample, we collected 315 interviews from LGBTQ respondents, including 149 pre-retirees and 166 retirees.

LGBTQ Key Findings

LGBTQ respondents are more confident overall about their retirement income.

- Both LGBTQ respondents and the general population believe that their savings will last a median amount of 25 years, however LGBTQ respondents plan to spend fewer years in retirement (22 years). This may explain why LGBTQ respondents are slightly more likely to agree that their retirement income will last as long as they live (71% vs. 65%).
- LGBTQ respondents are more likely to take more risk than they should when investing (31% vs. 22%).
- Among the pre-retirees, LGBTQ respondents are more inclined to presume that their retirement income will last as long as they live (66% vs. 56% of pre-retirees in general).
- LGBTQ pre-retirees believe that they'll need between 75% and 90% of their pre-retirement income to live comfortably in retirement (32% vs. 15% of LGBTQ retirees). However, retired LGBTQ respondents report needing less than half of their pre-retirement income (33% vs. 6% of pre-retirees).
- LGBTQ pre-retirees plan to retire later than the general population with six in ten saying they will retire in 11 to 15 years (62% vs. 49%). The general population is more likely than LGBTQ respondents to say they plan to retire within the next 5 years (20% vs. 10%).
- Among retirees, LGBTQ respondents are more inclined to aim for their investments to significantly outperform the market (17% vs. 9%) and express concern over stock market volatility (76% vs. 64%) than the general population.

LGBTQ Key Findings

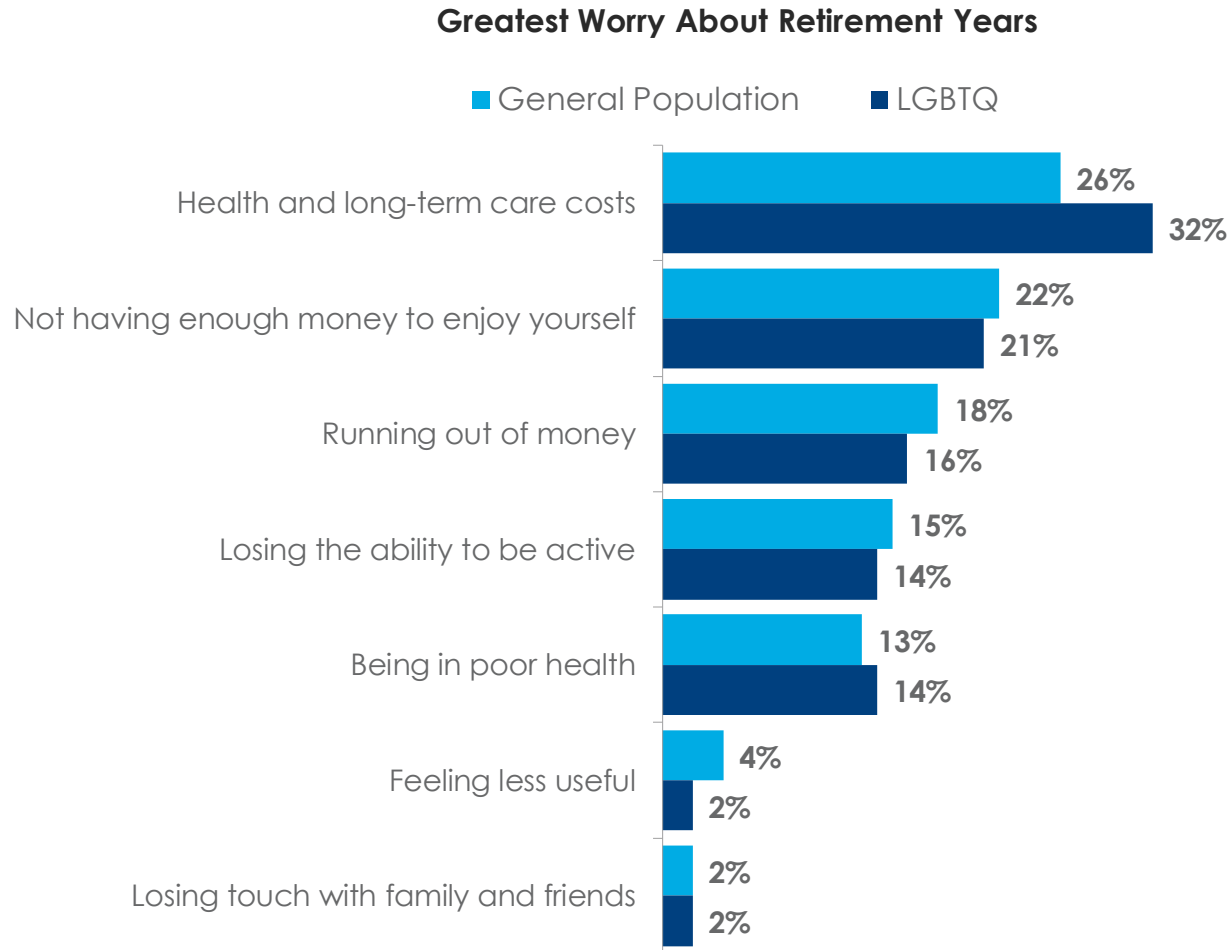
LGBTQ respondents are less likely to seek investment assistance from a professional financial advisor.

- LGBTQ respondents are more likely than the general population to report they are currently not working with any professional financial advisors (44% vs. 35%).
- Of those working with a financial advisor, LGBTQ respondents are more likely to be advised to change their investment mix as retirement approaches (62% vs. 49% of general population).

When it comes to investing, LGBTQ respondents' actions do not always match their preferences.

- LGBTQ respondents focus more on growth than preservation when investing (65% for at least moderate growth vs. 8% for preservation) and they focus on growth more than the general population (52%).
- However, when asked which theory comes the closest to how they approach retirement investing, more LGBTQ respondents chose the conservative option (42% Theory A) over the growth focused option (28% Theory B).

LGBTQ respondents worry most about health care costs and not having enough money to enjoy themselves in retirement.



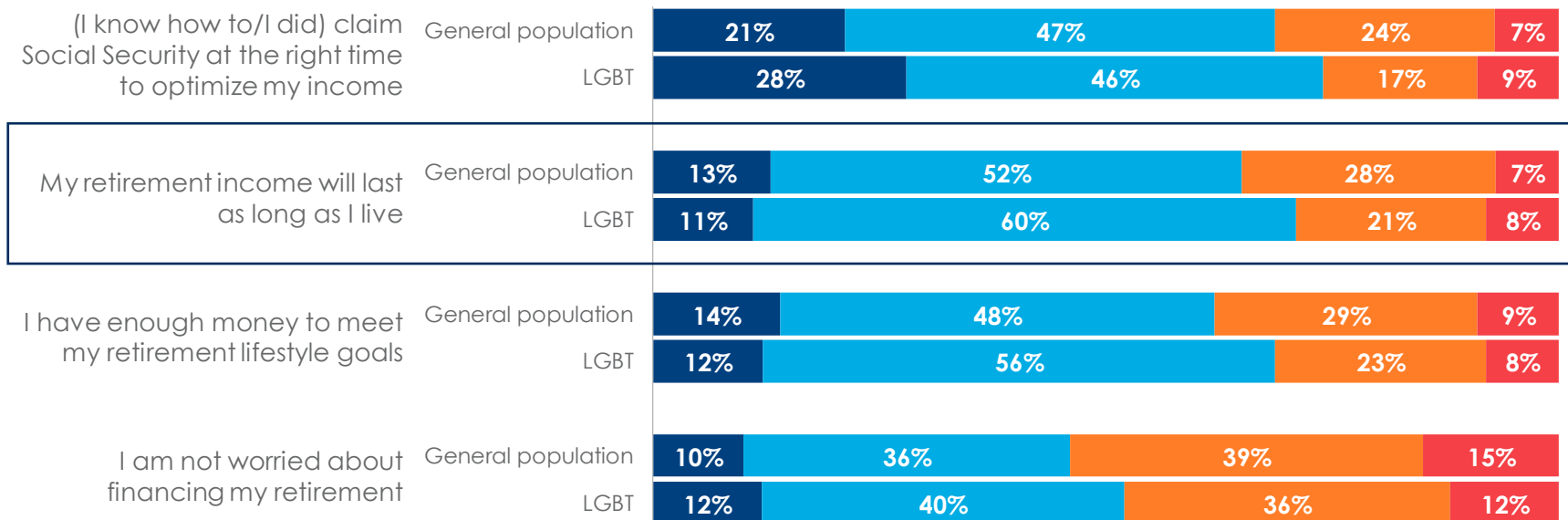
What is your greatest worry about your retirement years? (General Population n=1,605; LGBT n=315)

Seven in ten LGBTQ respondents believe that they will have enough retirement income to last as long as they live.

- LGBTQ pre-retirees are more apt than all pre-retirees to believe that their retirement income will last as long as they live (66% vs. 56%).

Agree/Disagree

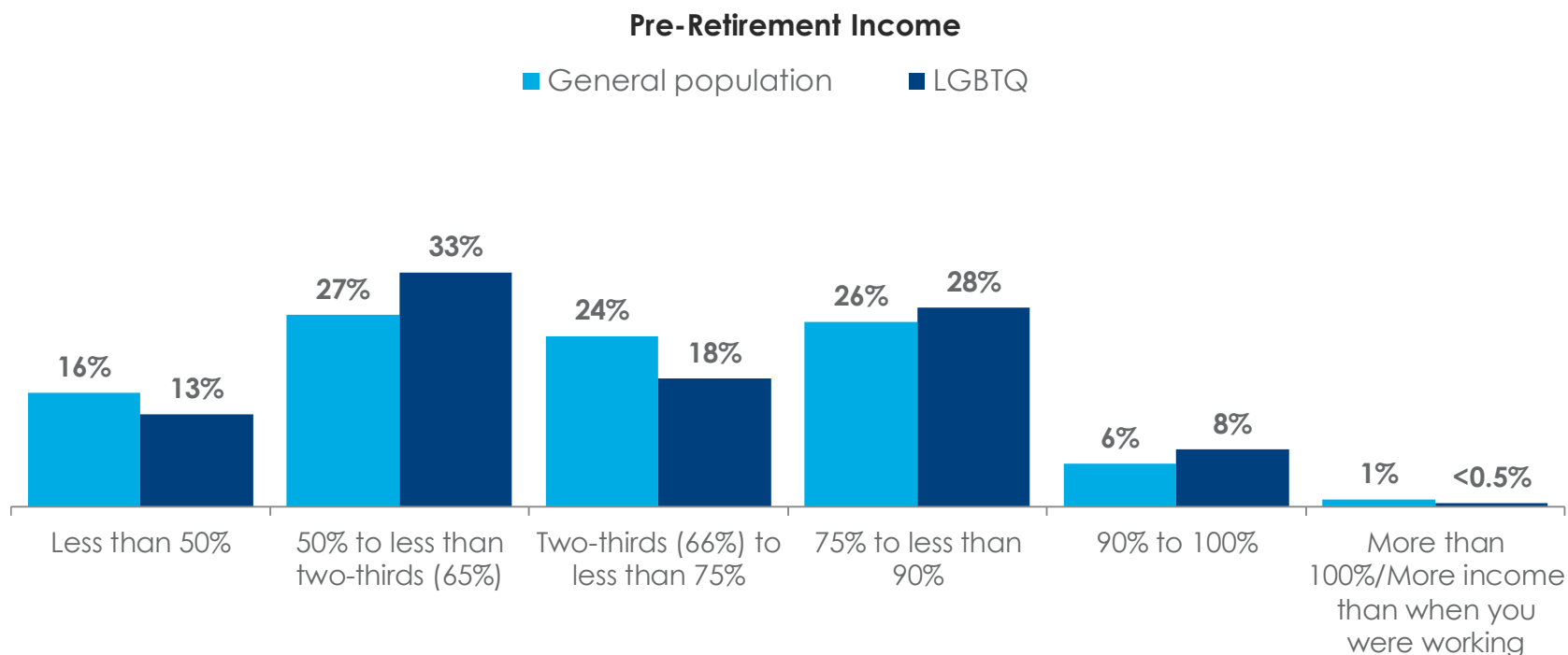
■ Strongly agree
 ■ Somewhat agree
 ■ Somewhat disagree
 ■ Strongly disagree



To what extent do you agree or disagree with each of the following statements? (General population n=1,605; LGBTQ n=315)

Like other pre-retirees and retirees, only about a third of LGBTQ respondents believe they need 75% or more of their pre-retirement income to live comfortably in retirement.

- LGBTQ retirees are more likely to report needing less than 50% of their pre-retirement income to live comfortably in retirement (33% vs. 6% of LGBTQ pre-retirees), while LGBT pre-retirees believe they'll need 75% to less than 90% of their pre-retirement income (32% vs. 15% of LGBTQ retirees).



[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?

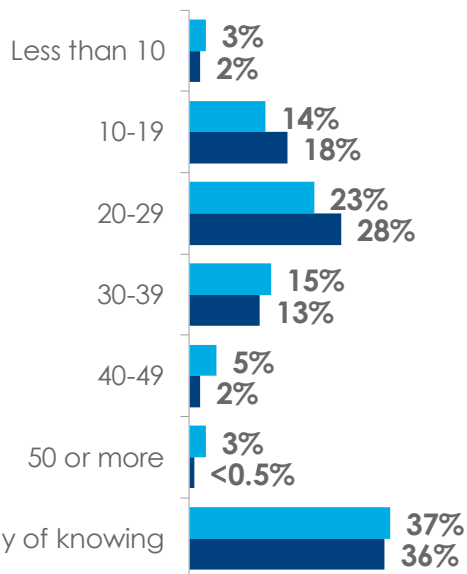
(General population n=1,605; LGBT n=315)

LGBTQ respondents believe that their savings will outlast their years in retirement by a median of 3 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
LGBTQ 22

Median Years Savings Will Last

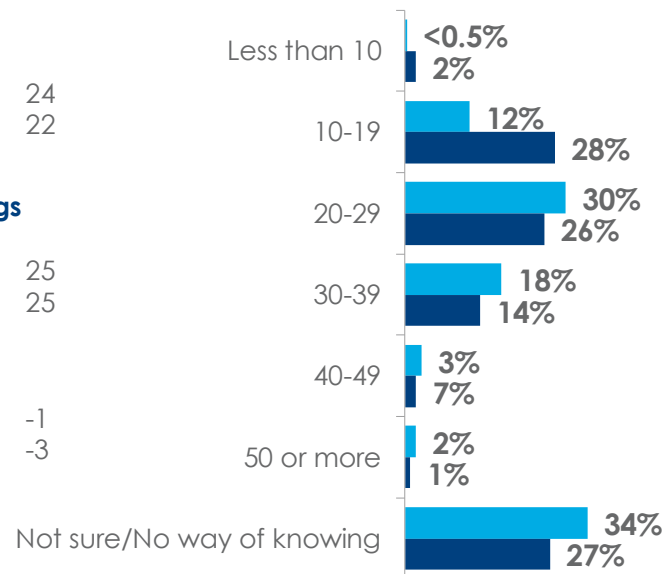
General population 25
LGBTQ 25

Income Gap

General population -1
LGBTQ -3

LGBTQ

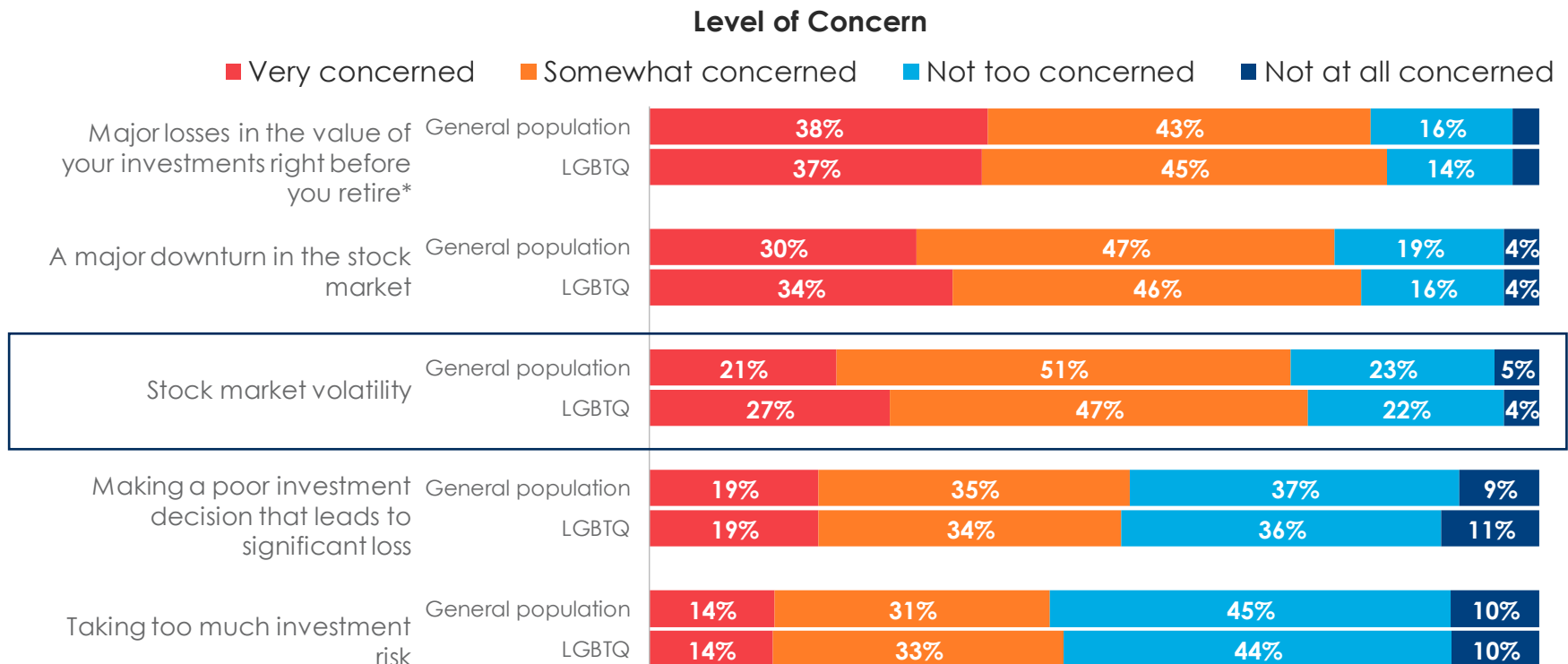
■ Years savings will last ■ Years in retirement



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; LGBT n=315)

Retired LGBTQ respondents are more likely than all retirees to be concerned about stock market volatility.

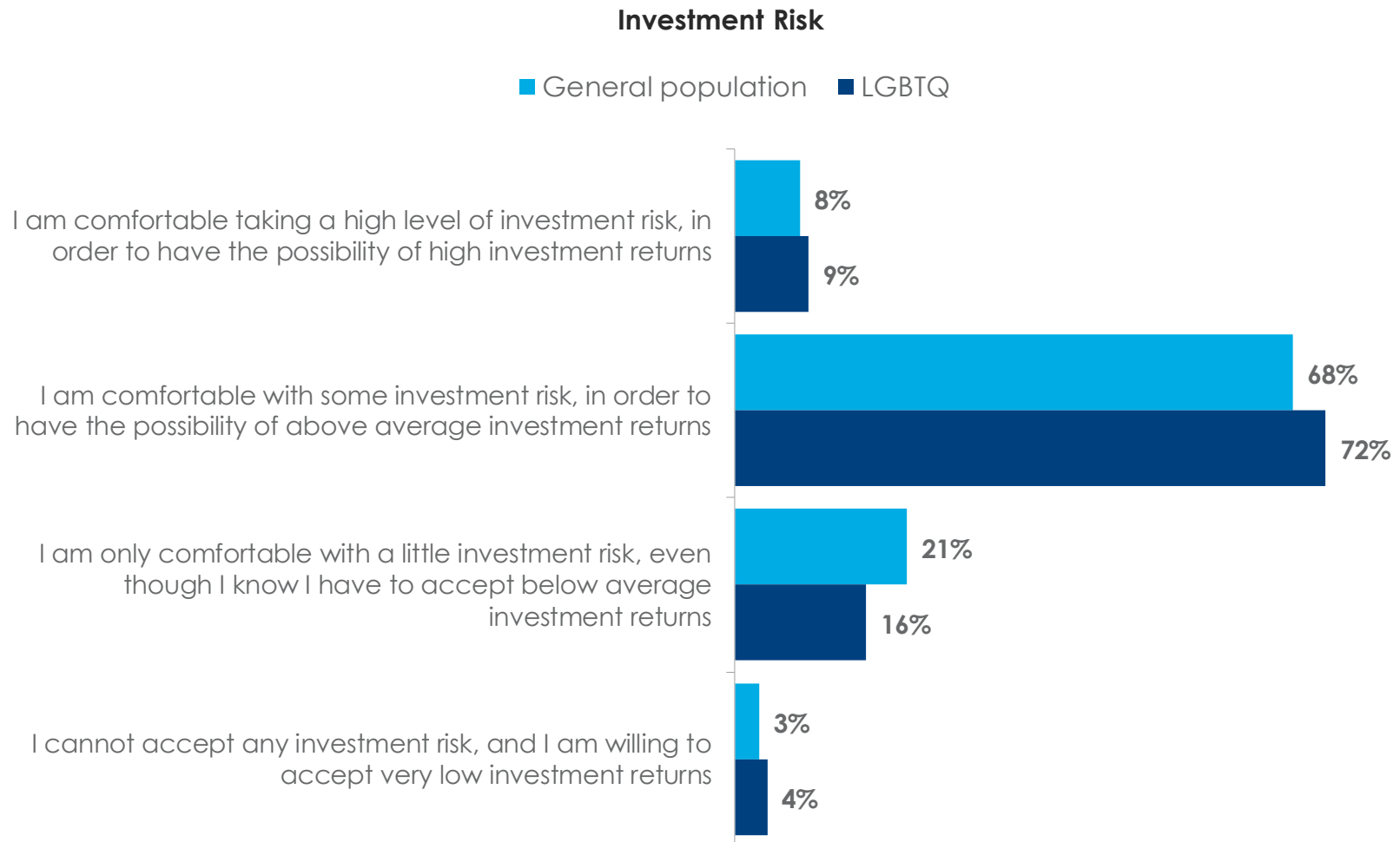
- LGBTQ pre-retirees are more apt to express concern over making a poor investment decision that leads to significant loss (57% vs. 41% LGBTQ retirees).



How concerned are you about each of the following **[IF PRE-RETIREE: in retirement]?** (General population n=1,605; LGBT n=315)

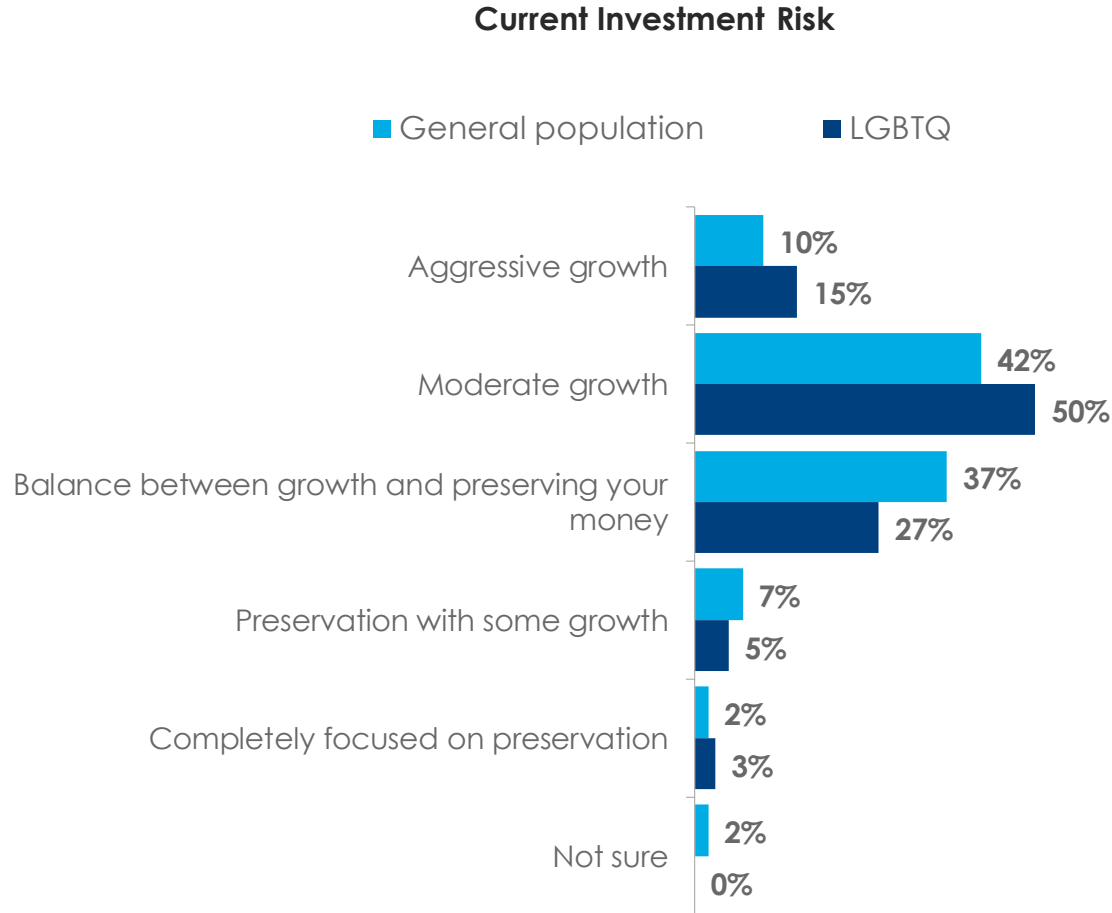
*Asked of pre-retirees only

Eight in ten LGBTQ respondents are comfortable with at least some investment risk.



Which statement comes closest to describing how comfortable you are when it comes to taking investment risk? (General population n=1,605; LGBTQ n=315)

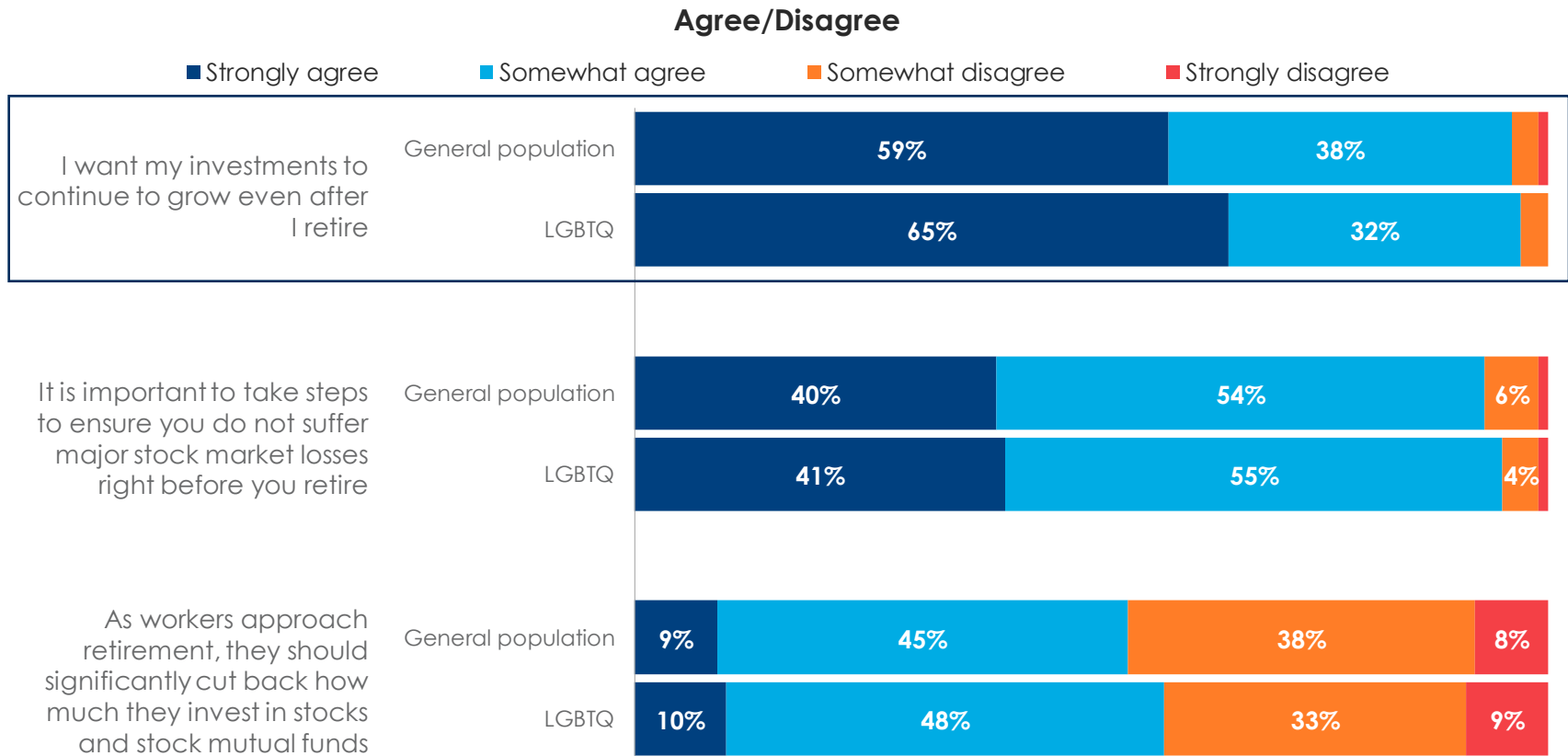
Two-thirds of LGBTQ respondents describe their current investment mix as growth-focused.



How would you describe the investment mix you currently have? (General population n=1,605; LGBTQ n=315)

Nearly all LGBTQ respondents want their investments to continue growing after they retire.

- LGBTQ pre-retirees are more likely than LGBTQ retirees to agree with workers significantly cutting back how much they invest in equities as retirement approaches (62% vs. 46%).



To what extent do you agree or disagree with each of the following statements? (General population n=1,605; LGBT n=315)

LGBTQ retirees are more inclined to target their investments to significantly outperform the market than retirees in the general population (17% vs. 9%).

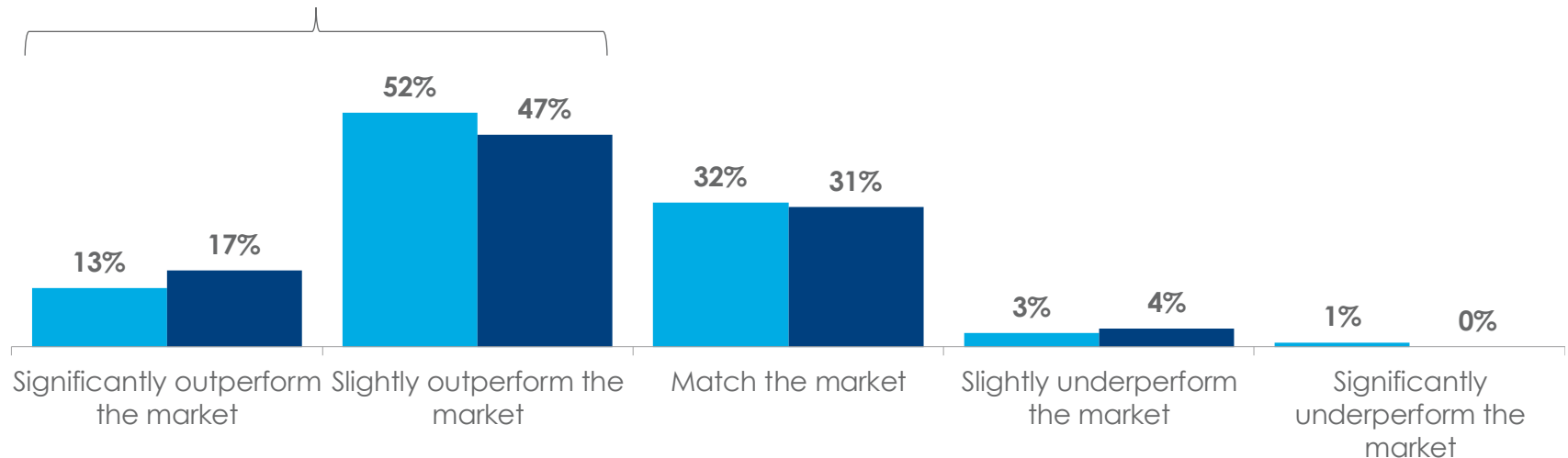
Aim for Investments

■ General population ■ LGBTQ

NET: Outperform the Market

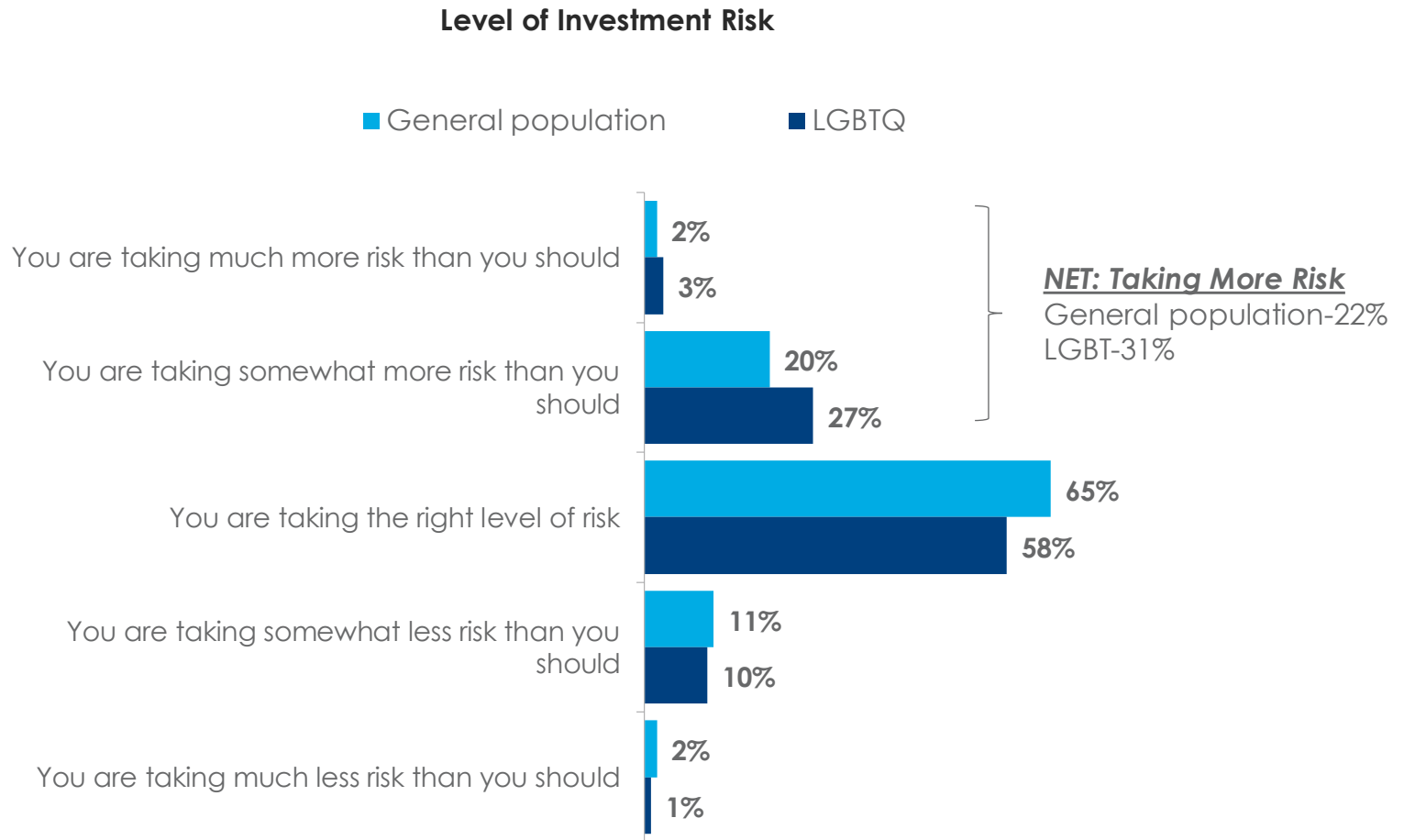
General population-65%

LGBT-65%



When it comes to your investments, do you aim for them to...? (General population n=1,605; LGBTQ n=315)

LGBTQ respondents, more so than the general population, believe they are taking more investment risk than they should.

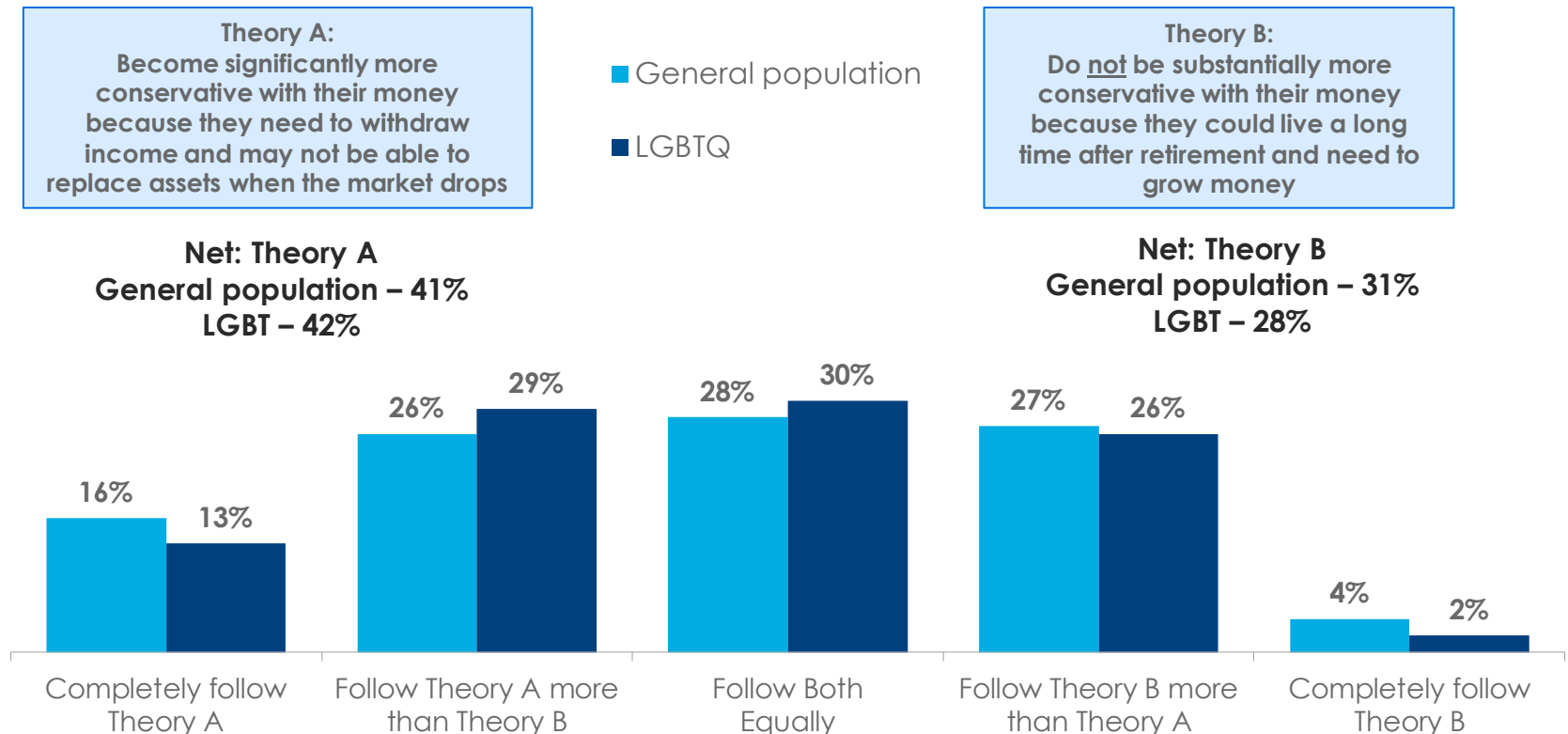


When it comes to your investments would you say that...? (General population n=1,605; LGBT n=315)

Yet, LGBTQ respondents tend to believe they should be significantly more conservative with their investments in retirement.

- LGBTQ respondents are more apt to say Theory A comes closest to how they approach retirement investing than Theory B (42% vs. 28%).

Preferred Approach to Retirement Investing

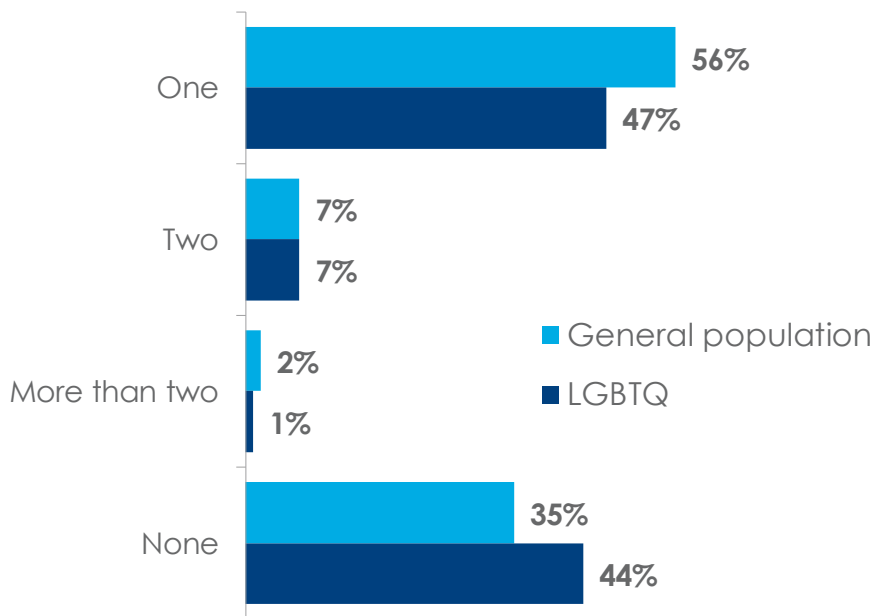


Which of the following comes closest to how you approach retirement investing? (General population n=1,605; LGBTQ n=315)

LGBTQ respondents are less likely than respondents in general to work with an advisor.

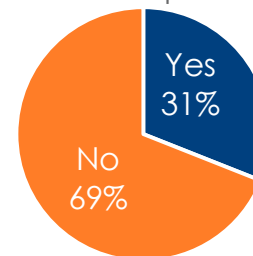
• Respondents overall tend to work with one advisor more so than LGBTQ respondents (56% vs. 47%).

Number of Advisors

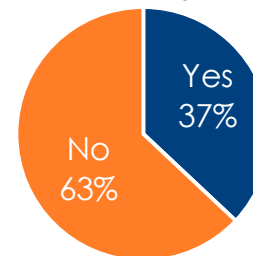


Plan to Work With Advisor in Future

General Population



LGBTQ



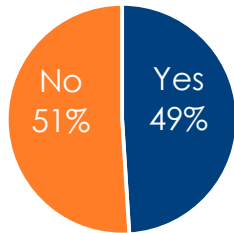
How many professional financial advisors do you currently work with that advise on investments? (General population n=1,605; LGBT n=315)
[IF NO ADVISOR] Do you plan to work with a professional financial advisor in the future? (General population n=496; LGBT n=106)

Six in ten LGBTQ respondents were advised to change their investment mix as they approached retirement, notably more than the general population.

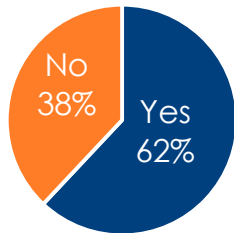
• LGBTQ respondents were advised to invest conservatively, more so than respondents overall (87% vs. 78%).

Advisor Recommended Changing Investment Mix While Approaching Retirement

General Population

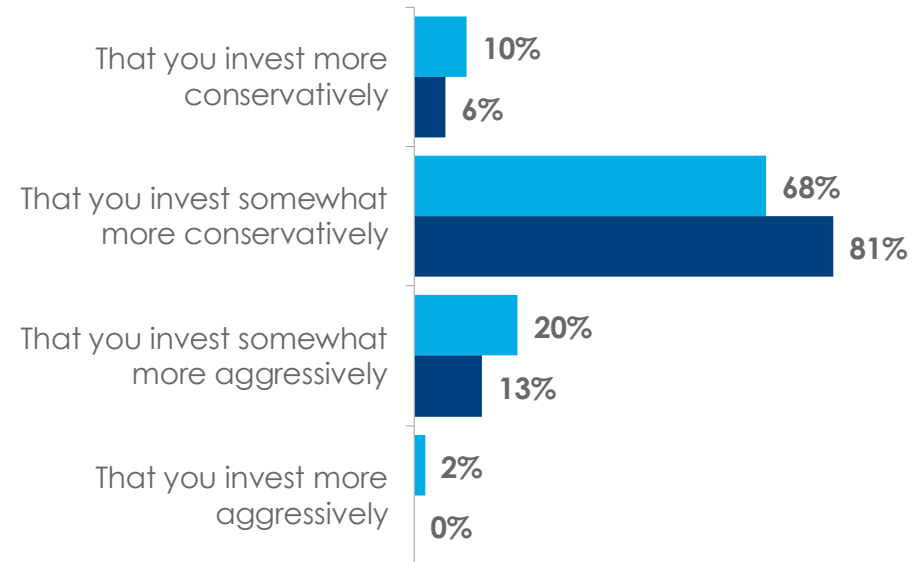


LGBT



Recommended Changes to Investment Mix

■ General population ■ LGBTQ



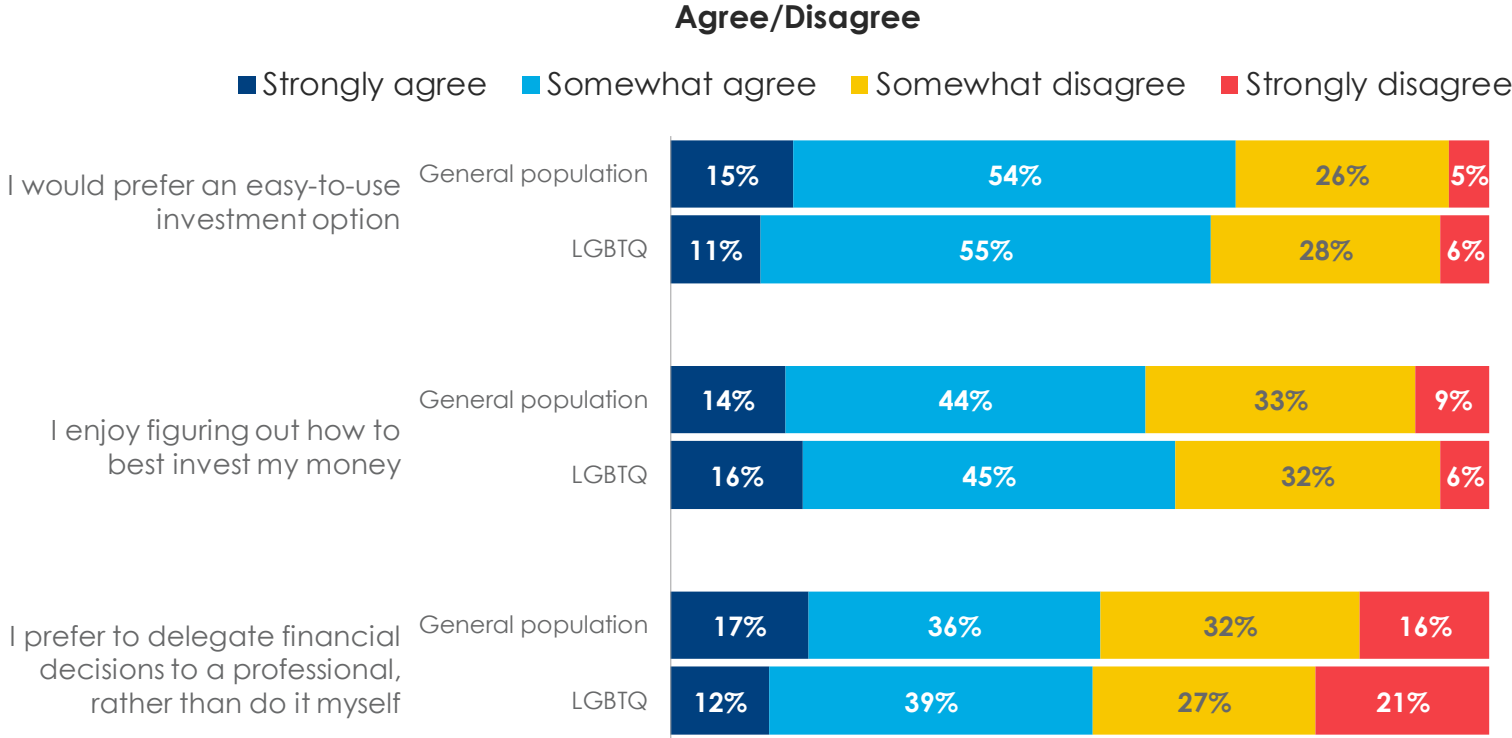
[IF HAS ADVISOR] Has/Did your advisor recommended/recommend changing/that you change your investment mix as you approach retirement?

(General population n=1,109; LGBTQ n=209)

[IF YES] What did your advisor recommend when it came to the mix of your investments? (General population n=616 ; LGBTQ n=126)

Two in three LGBTQ respondents prefer an an easy-to-use investment option

- Retired LGBTQ respondents are more likely than LGBTQ pre-retirees to strongly agree that they prefer to delegate financial decisions (26% vs. 8%).



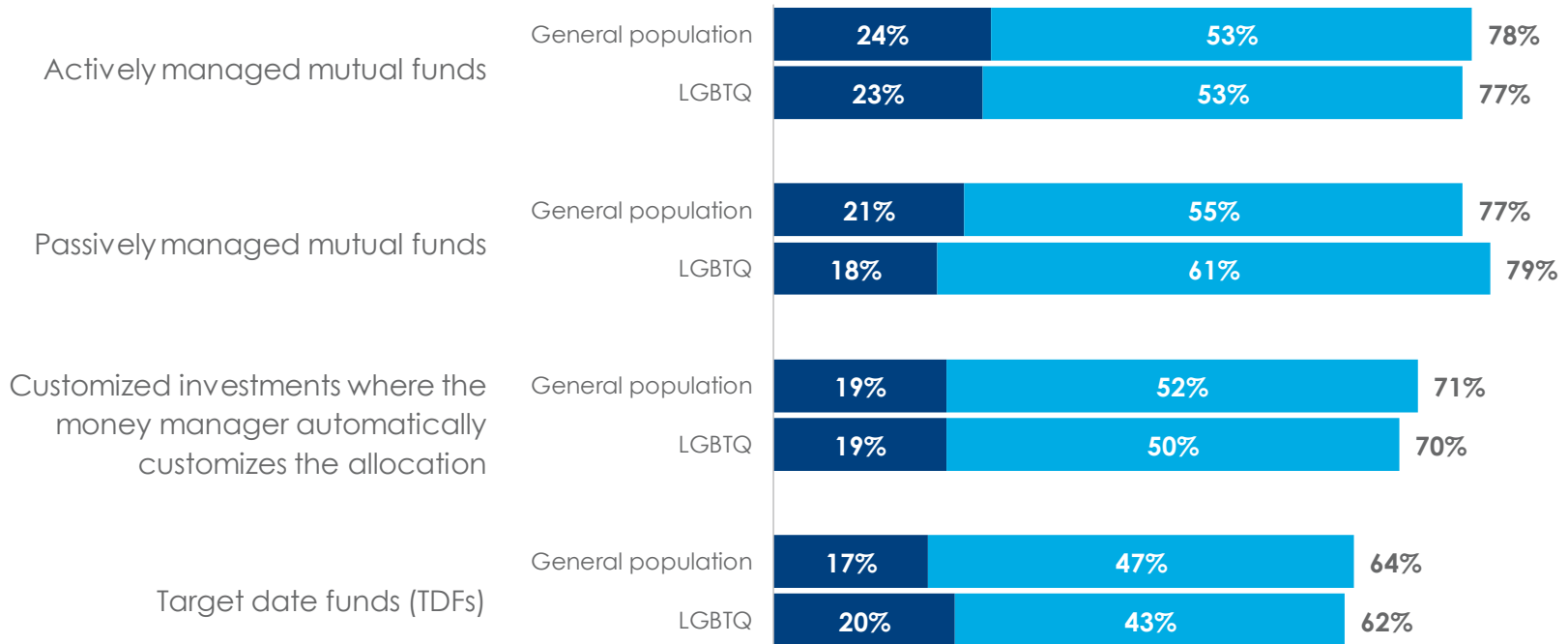
To what extent do you agree or disagree with each of the following statements? (General population n=1,605; LGBT n=315)

Six in ten LGBTQ respondents find TDFs appealing. More find passively managed and actively managed mutual funds appealing.

- LGBTQ retirees are more inclined to find passively managed mutual funds appealing than retirees overall (83% vs. 71%).

Appealing Types of Investments

■ Very appealing ■ Somewhat appealing

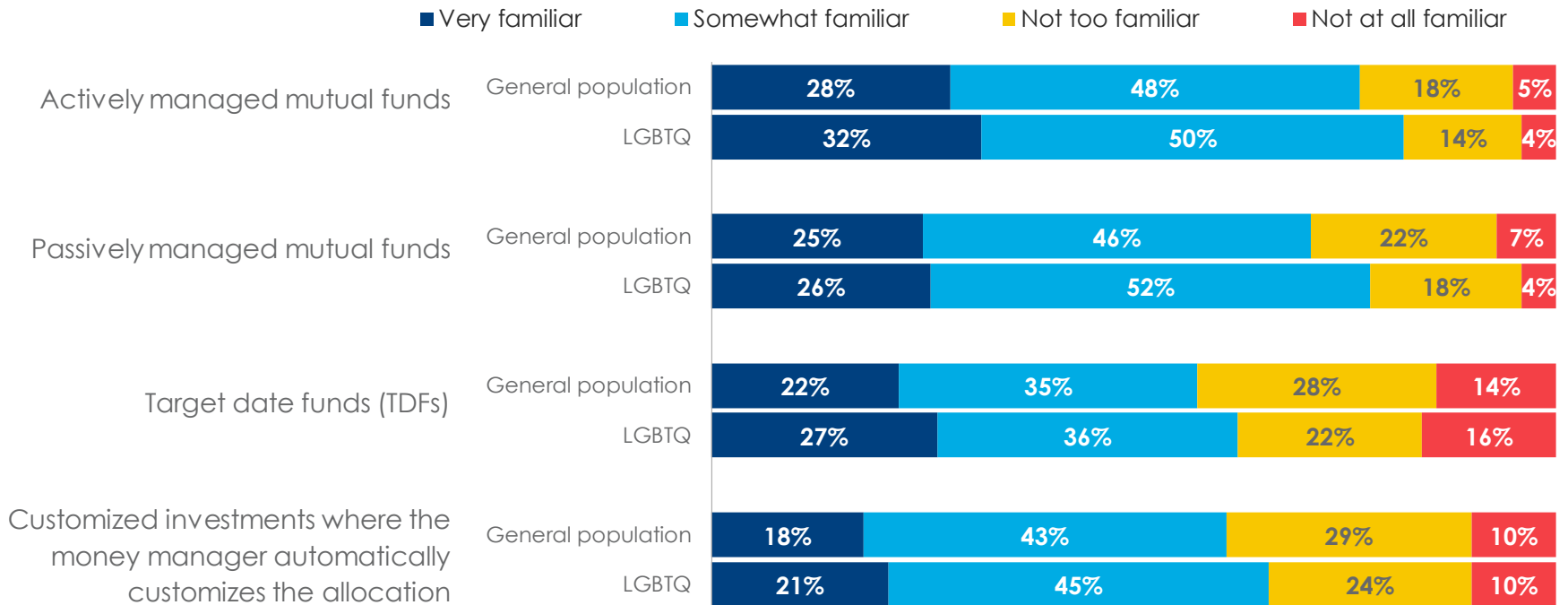


How appealing do you find each of the following investment types? (General population n=1,605; LGBTQ n=315)

Comparable to others, nearly two-thirds of LGBTQ respondents are familiar with TDFs.

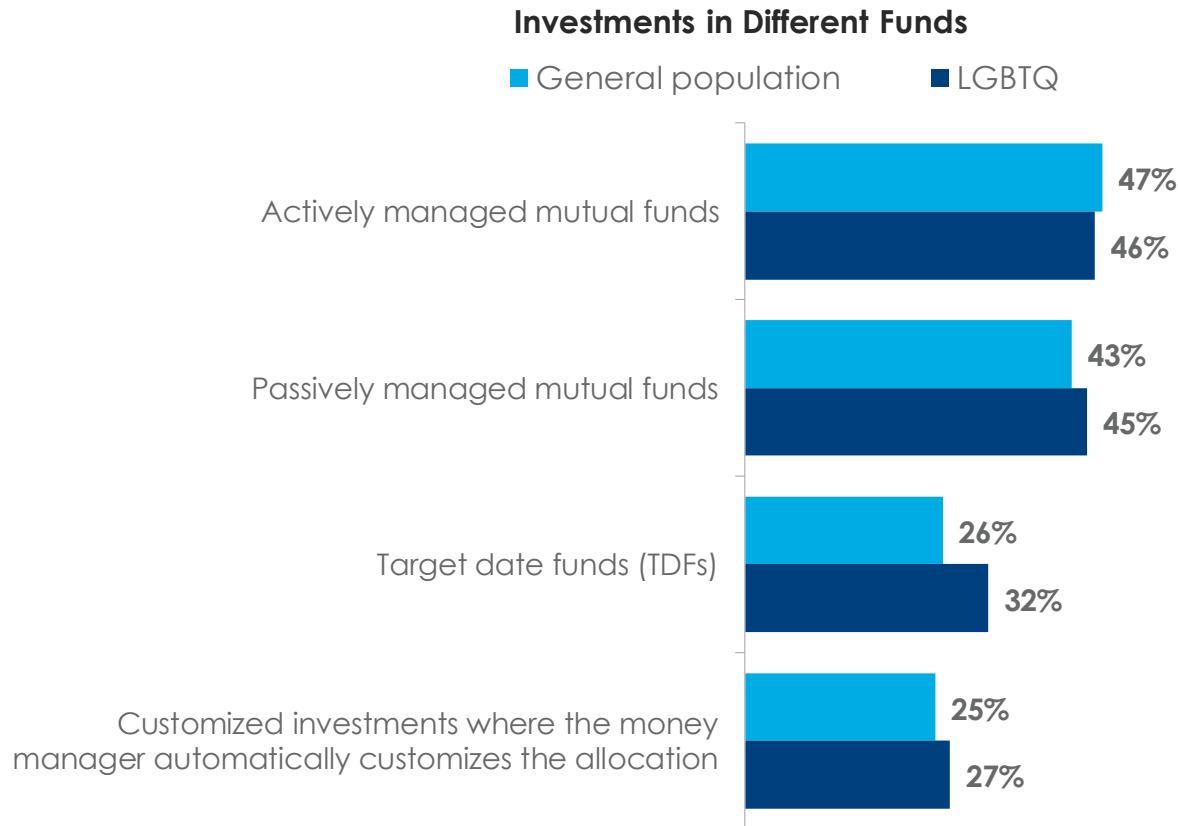
• LGBTQ retirees are more likely than all retirees to be familiar with actively managed mutual funds (93% vs. 82%).

Familiarity with Different Types of Investments



How familiar are you with each of the following investment types? (General population n=1,605; LGBT n=315)

Nearly half of LGBTQ respondents and respondents overall are invested in actively managed mutual funds. A third are invested in TDFs.



[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?

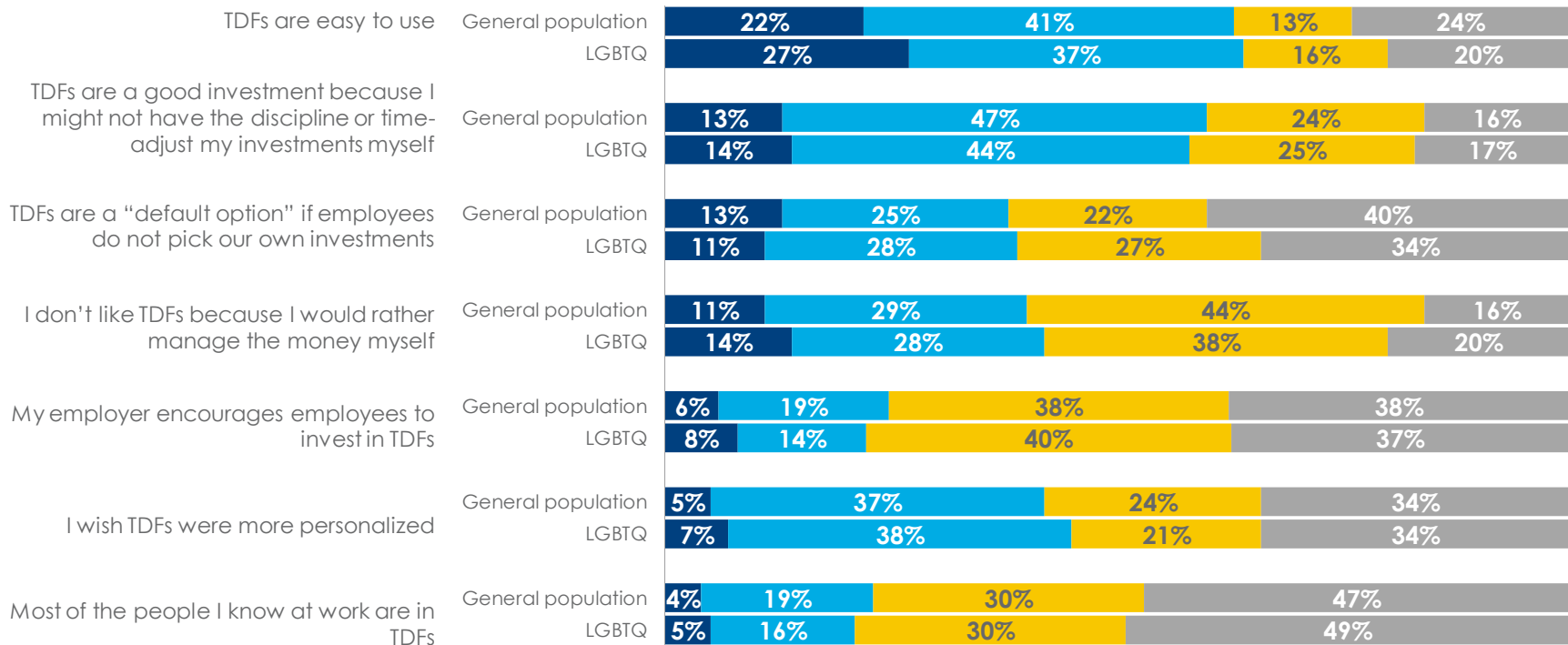
(General population n=1,605; LGBT n=315)

LGBTQ respondents say TDFs are easy to use and are good investments due to not having the discipline to adjust their investments themselves.

- LGBTQ respondents, more so than all respondents, strongly disagree with the sentiment that TDFs are a “default option” if employees do not pick their own investments (16% vs. 8%).

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; LGBTQ n=261)

LGBTQ respondents are slightly more likely to have committed a “bad plan behavior.”

- LGBTQ pre-retirees, more so than LGBT retirees, have taken a hardship loan while saving in a retirement savings plan (22% vs. 4%).

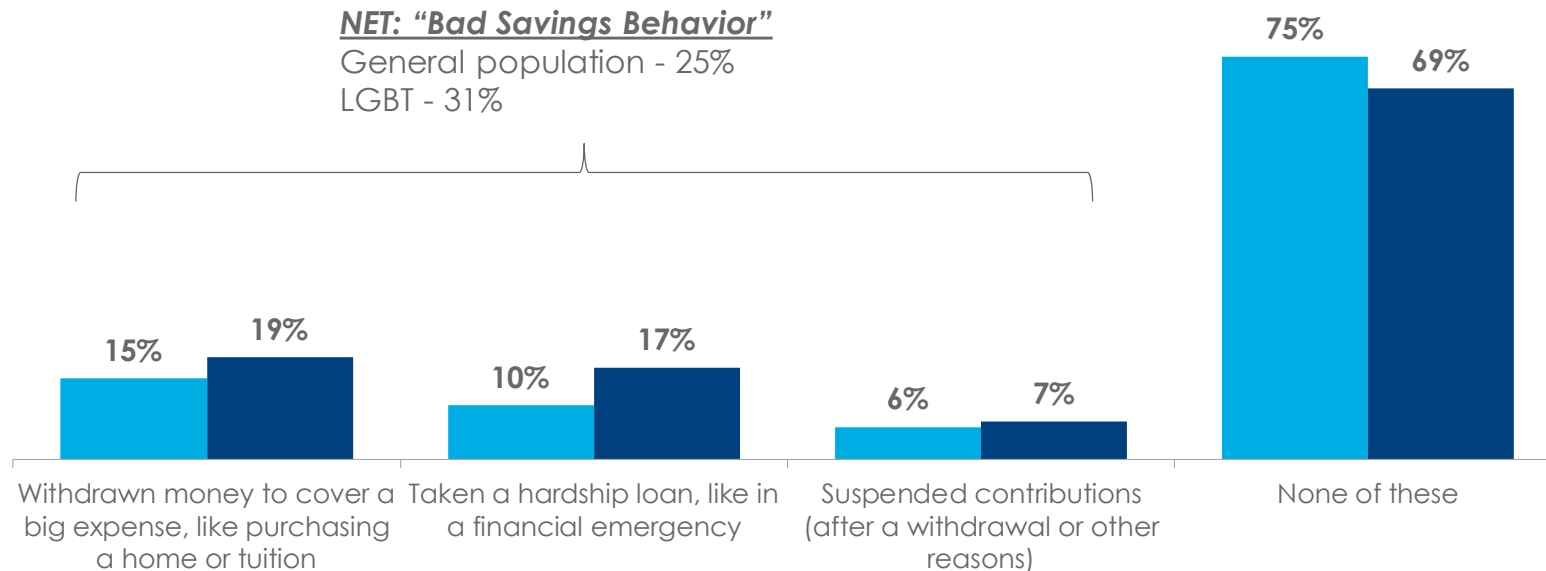
Have you ever...?

■ General population ■ LGBTQ

NET: “Bad Savings Behavior”

General population - 25%

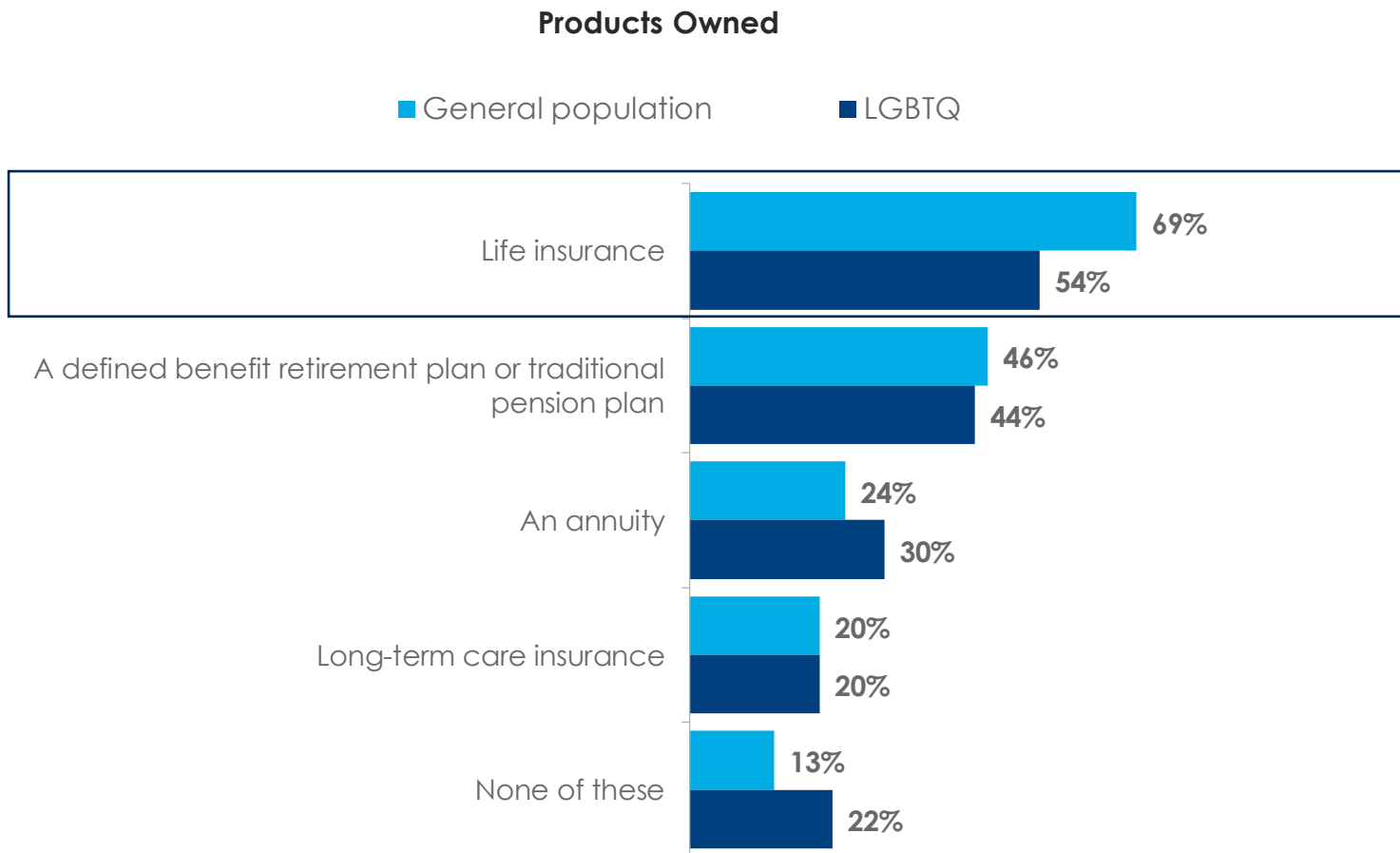
LGBT - 31%



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; LGBT n=315)

LGBTQ respondents are substantially less likely to own life insurance, or any of the financial products listed.

- LGBTQ respondents are more likely than the general population to not own any of these products (22% vs. 13%).



Do you currently own any of the following insurance or financial products? (General population n=1,605; LGBT n=315)

Demographics of Respondents

	General Population (n=1,605)	LGBT (n=315)
Age		
40-54	53%	69%
55-64	32	18
65-74	12	12
75+	3	1
Gender		
Male	48%	72%
Female	52	28
Employment Status		
Employed full-time	73%	74%
Employed part-time	1	1
Not employed	25	26
Education		
Some high school or less	<0.5%	<0.5%
High school graduate	9	4
Some college/trade or technical school	29	18
College graduate (4-year degree)	40	46
Graduate or professional degree	21	31

Demographics of Respondents

	General Population (n=1,605)	LGBT (n=315)
Retired		
Yes	27%	26%
No	73	74
[IF PRE-RETIREE] Within how many years do you expect to retire?		
	(n=804)	(n=149)
5 years or less	20%	10%
6 to 10 years	31	28
11 to 15 years	49	62
[IF RETIREE] For how many years have you been retired?		
	(n=801)	(n=166)
5 years or less	55%	54%
6 to 10 years	25	31
11 to 15 years	20	15

Demographics of Respondents

	General Population (n=1,605)	LGBT (n=315)
2017 Household Income		
Less than \$30,000	<0.5%	<0.5%
\$30,000 to \$39,999	1	<0.5
\$40,000 to \$49,999	2	1
\$50,000 to \$74,999	25	20
\$75,000 to \$99,999	20	22
\$100,000 to \$124,999	18	21
\$125,000 to \$149,999	12	13
\$150,000 or more	23	24
Savings and Investments		
Less than \$50,000	9%	4%
\$50,000 to \$99,999	6	4
\$100,000 to \$149,999	7	7
\$150,000 to \$199,999	6	4
\$200,000 to \$249,999	8	8
\$250,000 to \$499,999	19	20
\$500,000 to \$999,999	21	29
\$1 million or more	22	22
Prefer not to say	2	1

Demographics of Respondents

	General Population (n=1,605)	LGBT (n=315)
Hispanic, Spanish, or Latino Descent		
Yes	5%	9%
No	95	91
Racial/Ethnic Background		
White/Caucasian	89%	89%
African-American/Black	5	3
Asian/Indian/Pacific Islander	5	2
Other	<0.5	5

Demographics of Respondents

	General Population (n=1,605)	LGBT (n=315)
Sexual Orientation		
Heterosexual or straight	93%	1%
Gay	3	57
Lesbian	1	21
Bisexual	1	21
Prefer not to say	2	--
Transgender or Transsexual		
Yes	<0.5%	4%
No	99	96
Prefer not to say	1	<0.5
Marital Status		
Married	75%	47%
Divorced or separated	10	5
Single, never married	9	26
Not married, but living with a partner	4	20
Widowed	2	2

Demographics of Respondents

	General Population (n=1,288)	LGBT (n=225)
[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%	39%
You take the lead and discuss decisions with another household member	35	34
Decisions are made in total partnership	30	27
[IF MARRIED OR PARTNER] Spouse's/Partner's Employment Status		
Employed full-time	61%	66%
Employed part-time	7	4
Not employed	32	29
[IF MARRIED OR PARTNER] Spouse/Partner Retired		
Yes	36%	30%
No	64	70

Demographics of Respondents

	General Population (n=1,605)	LGBT (n=315)
Do you currently own any of the following insurance or financial products? Please select all that apply.		
Life insurance	69%	54%
A defined retirement plan or traditional pension plan	46%	44%
An annuity	24%	30%
Long-term care insurance	20%	20%
None of those	13%	22%
Until what age do you think that you can expect to live?		
Before 70	1%	2%
70 to 79	5	10
80 to 85	27	30
86 to 89	4	6
90 to 95	24	20
96+	3	4
Not sure/No way of knowing	36	27
Are you currently receiving Social Security retirement benefits?		
Yes	18%	14%
No	81	86
Not sure	<0.5	--

Demographics of Respondents

	General Population (n=1,605)	LGBT (n=315)
At what age (do you think you will /did you) claim your Social Security retirement benefits?		
Before 63	16%	21%
63 to 65	22	22
66 to 69	30	32
70+	14	15
Not eligible	1	1
Not sure	16	8
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%	19%
Taken a hardship loan, like in a financial emergency	10%	17%
Suspended contributions (after a withdrawal or other reason)	6%	7%
None of these	75%	69%

Demographics of Respondents

	General Population (n=1,605)	LGBT (n=315)
Nature of Occupation		
Professional or technical	28%	26%
Mid-level or lower level Manager	22	25
Senior Manager	14	13
Administrative	12	6
Other white collar	8	11
Blue collar	7	6
Executive	5	9
Service worker	2	3
Sales or retail	<0.5	<0.5
Medical or nurse	<0.5	--
Customer service	<0.5	--
Business owner	<0.5	--
Teacher	<0.5	--
Clerical	<0.5	--
Something else	1	2

Demographics of Respondents

	General Population (n=1,605)	LGBT (n=315)
Industry		
Manufacturing/Production	18%	10%
Business and financial	15	15
Health care	10	8
Computer technology	7	5
Services industry	7	8
Engineering	4	3
Technology (other than computer)	4	6
Construction and maintenance	4	3
Legal	3	3
Agriculture	1	<0.5
Arts and entertainment	1	2
Education	1	<0.5
Life sciences	1	1
Physical sciences	<0.5	2
Social services	<0.5	<0.5
Architecture	<0.5	1
Mathematical or statistical	<0.5	--
Social sciences	--	1
Other	23	31

