

Money on the sidelines:

Boomers mindset on investing for retirement in today's economy



MetLife

To understand how Americans are preparing for retirement in the current market environment, MetLife conducted the "Money on the Sidelines" poll. The poll, conducted online with 1,858 adults age 45+ from September 9-20, 2010, focuses on the products and attitudes needed to save for and generate income in retirement.

The poll included 500 Baby Boomer individuals with \$200,000 or more in investable assets. The study provides good understanding of why Boomers persist in keeping significant money on the sidelines. They know they are paying a high price for keeping money in liquid low risk investments, but they see themselves in a vulnerable position - with limited ability to maintain their lifestyle should they or people that depend on them incur unexpected expenses, even relatively modest ones, or should their investments lose ground.

Key insights are highlighted here:

Key Insights

Boomers are living close to the wire, with little margin for error

- Nearly half (49%) say they could not cut spending by more than 10% without a dramatic change in lifestyle

Boomers are keeping money on the sidelines to cover unexpected expenses and manage market risks

- 58% of affluent investors keep a portion of retirement savings in liquid accounts in case of household emergencies; 31% say it's due to stock market volatility
- Half (52%) have had at least one unexpected expense in the past year that cost them \$2,000 or more; nearly 3 in 10 (29%) had between 2 and 5 major unexpected expenses
- 26% are also keeping assets liquid in case they need to help a friend or family member

Boomers are using costly sources to pay for unexpected expenses

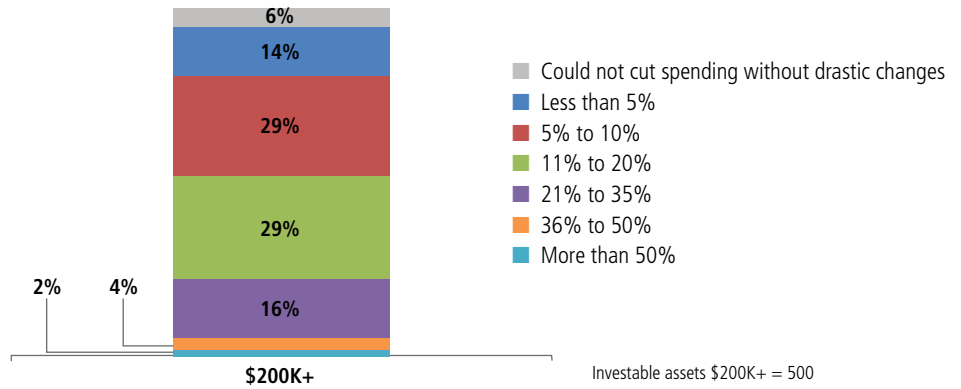
- 45% are using assets from their emergency savings to pay for expenses
- 32% are using liquid assets such as CDs, despite high levels of dissatisfaction with their returns - 51% are dissatisfied with the performance of their CDs (51%), 58% with bank savings accounts (58%) and 46% with money market accounts
- More than 1 in 5 (22%) used a credit card or other revolving debt; 9% took out a home equity loan and 4% borrowed from a retirement savings plan in order to pay for these bills

Boomers want a plan they can live with

- 71% cited understanding their tolerance for risk as a requirement for planning for retirement – the most cited requirement
- Other requirements included understanding various investment options (70%), and the help of a financial advisor (53%)

Nearly half (49%) say they could not cut spending by more than 10% without a dramatic change in lifestyle

Percentage Of Money You Could Cut Without Making Lifestyle Changes

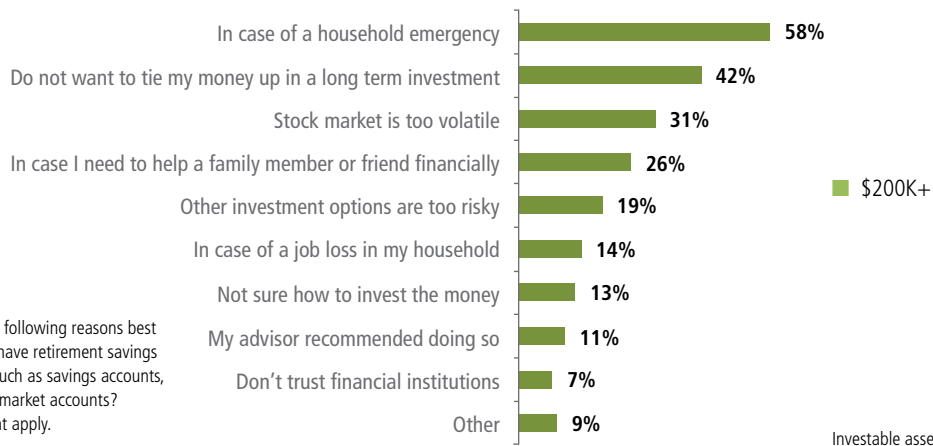


Q. 1210 Thinking about your current spending, how much could you cut spending without making a dramatic change in lifestyle? Please select one response.

Potential household emergencies and market risk are key reasons for keeping money on the sidelines

Reasons For Keeping Retirement Savings Liquid

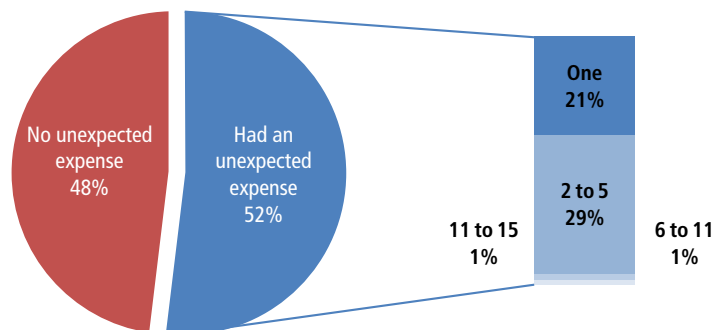
Among those who currently use bank savings account, CD, or money market account for Retirement



Q. 1160 Which of the following reasons best describes why you have retirement savings in liquid accounts such as savings accounts, CDs and/or money market accounts? Please select all that apply.

Half (52%) of those with \$200K+ have had at least one unexpected expense in the past year that cost them \$2,000 or more; nearly 3 in 10 (29%) had between 2 and 5 major unexpected expenses

Unexpected expenses of \$2,000+ experienced in past year



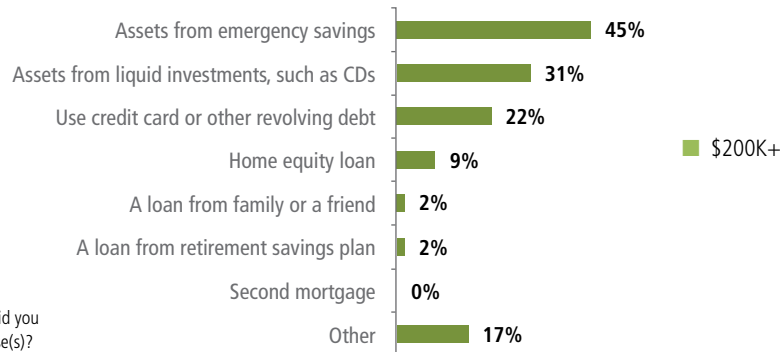
Q. 1220 In the past year, how many unexpected expenses have you had that were \$2,000 and above?

Investable assets \$200K+ = 500

While consumers mainly use emergency savings and liquid investments to pay for unexpected expenses, many use credit cards and home equity loans

Method Of Paying Unexpected Expense

Among those that had at least 1 unexpected expense above \$2,000 last year



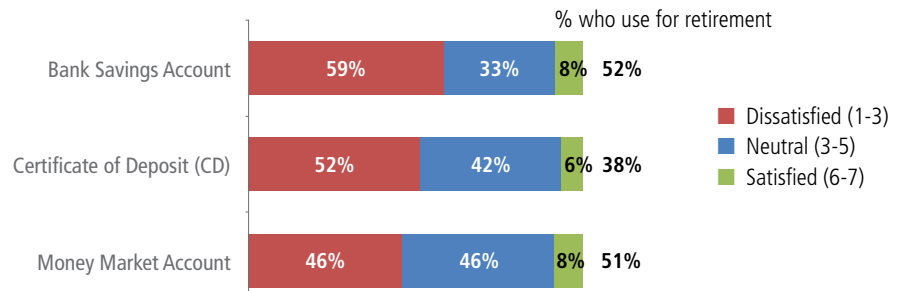
Q. 1230 Which of the following, if any, did you rely on to pay that unexpected expense(s)? Please select all that apply.

Investable assets \$200K+ = 500

Consumers dissatisfied with slim returns on low risk assets

Satisfaction With Investment Performance In Past 12 Months

Among those who use product for retirement savings/funding



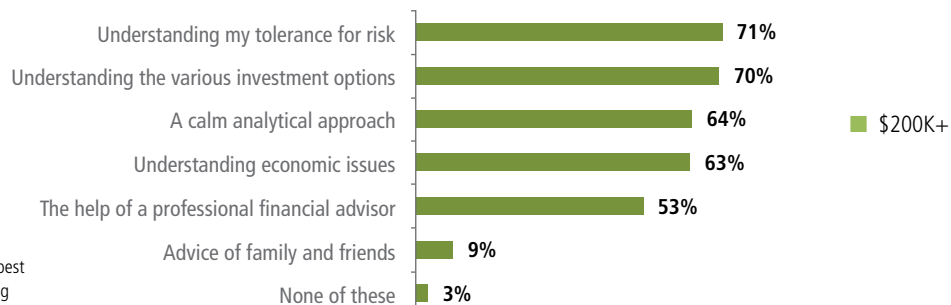
Q. 1130 Which of the following types of investments are you currently using to save for or fund retirement outside of what you currently have in retirement accounts (e.g., 401k, 403b, IRA, KEOGH)?

Q. 1141 Thinking about the past 12 months, please indicate how satisfied you are with the performance of each of the investments you indicated previously.

Investable assets \$200K+ = 500

Consumers cite understanding tolerance for risk and various investment options as requirements for retirement planning in the current environment

Planning for retirement in the current market environment requires...



Q. 1120 Which of the phrases below best completes this statement: "Planning for retirement in the current market environment requires..."

Investable assets \$200K+ = 500

It's clear that Americans, and specifically Baby Boomers, are sensitive to the high level of uncertainty, not only in the external markets, but also in their personal lives. Dealing with unexpected expenses is a real occurrence, and one that they are challenged to address without impacting their lifestyle. They are clearly looking for alternatives that earn more than liquid assets and provide protection from market risk, but need to be able to address unexpected cash needs – without unduly compromising on their growth and protection needs.

MetLife Investors offers products specially designed to help clients adjust when their circumstances change. To learn how, please contact your wholesaler or our Sales Desk at **(800) 848-3854**.

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