

Fidelity Investments® Fixed Income Study

A few words about the study

The Fidelity Investments Fixed Income study questioned Americans age 50 to 75 with regard to their awareness, attitudes and ownership around fixed income investment products, with a focus on CDs and deferred fixed annuities

Key Findings

WHO OWNS FIXED INCOME PRODUCTS?

Among 50-75 year olds:



reported owning CDs



own an annuity, with 5% saying it is a deferred fixed annuity in particular

Savings Products

Savings Products	Ownership
Savings/checking account	92%
Money market accounts	34%
Certificates of Deposit (CDs)	25%
Annuities	23%
Bonds	18%
Stable value/bond funds	16%
Treasury securities	7%

WHERE ARE FIXED INCOME INVESTMENTS PURCHASED?

While most (85%) know CDs can be purchased at local banks or credit unions—and at 52% the number one source for CDs was in fact a bank....

...only half (49%) know CDs also can be purchased from brokerage or investment firms, and just one-quarter (26%) realize they can be purchased from independent financial advisors

While over half (56%) of respondents know deferred fixed annuities (DFAs) can be purchased from brokerage/investment firms and/or from insurance companies (52%)...

...fewer than half know they also can be purchased from other sources such as independent financial advisors (39%), national banks (31%), and local banks or credit unions (31%)

HOW ARE FIXED INCOME PRODUCTS PERCEIVED?

When asked "How well do you think each of the following words describe CDs or annuities," the study revealed the following:

- CDs are seen as **safe, easily understood** and **convenient** investments
- Annuities are seen as **safe** (although less so than CDs) but **more complex** and **less convenient**

Descriptions	Described as "well" or "very well"	
	CDs	DFAs
Safe	80%	50%
Easy to understand	73%	32%
Convenient	69%	43%
For people like me	51%	35%
Good investment returns	42%	39%
Flexible	33%	28%
Obsolete	21%	14%



WHY DO PEOPLE INVEST IN FIXED INCOME PRODUCTS?

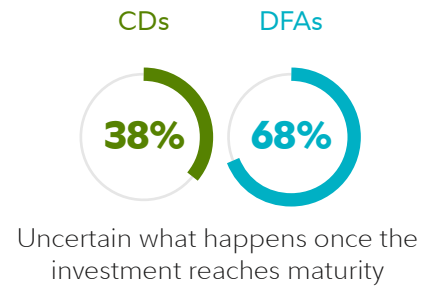
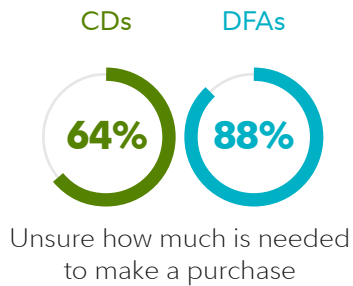
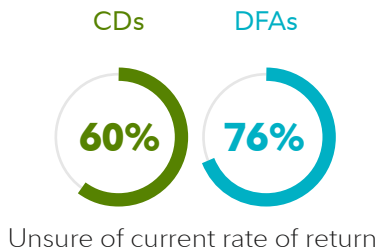
CDs are generally utilized as a **higher paying alternative to savings**, while annuities are used as **a way to boost and diversify retirement savings**

Main Reason for purchasing	CDs	DFAs
To save more for retirement	Not asked	31%
To diversify retirement savings	Not asked	18%
To invest with a guaranteed fixed return	Not asked	17%
Safe investment with higher rates than savings accounts	62%	12%
To generate income	14%	12%
Safe place to keep cash for future investing	10%	6%
To hold emergency savings	12%	3%

BOTTOM LINE: THE STUDY UNCOVERED SEVERAL KNOWLEDGE GAPS

In fact, the knowledge of specific details such as **current rates, what happens at term-end** and **minimum investment levels** could stand to be improved

Percent of respondents who were...



To learn more about making fixed income products a part of overall retirement planning needs, **visit www.Fidelity.com/balance**, for information on deferred fixed annuities, CD and money market products.

About the study

The Fidelity Investments Fixed Income study presents findings from a nationwide survey of 1,004 Americans age 50 to 75 regarding their awareness, attitudes, and ownership of fixed income investment products, including retirees and deferred fixed annuity owners. Final data were weighted to correct for oversampling. Interviews were conducted September 25 to October 8, 2018 by Versta Research, which is not affiliated with Fidelity Investments. The results of this survey may not be representative of all adults meeting the same criteria as those surveyed for this study.



Deferred Fixed Annuities differ from CD's in that (1) Annuity earnings compound on a tax-deferred basis, (2) Annuities are not FDIC-insured, (3) Withdrawals during the first several years may be subject to a surrender charge and other charges, (4) withdrawals before age 59½ may be subject to a 10% IRS penalty.

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