

Golden Ruler Certificate of Merit
“Pass or Fail? What Consumers Don’t Know About Retirement Income
And What the Media Has Been Telling Them”
MetLife and David Michaelson & Company, LLC

Executive Summary

To raise awareness about the risks that retirees will face in retirement and educate personal finance reporters about income annuities, MetLife commissioned two studies: (1) “The MetLife Retirement Income IQ Test,” which gauged Americans understanding of the risks they will face in retirement and (2) “The Media Reality Check: A Content Analysis of Recent News Coverage on Annuities.”

The findings of both studies were released at a series of financial education/press events co-hosted by MetLife and the American Savings Education Council entitled, “Pass or Fail? What Consumers Don’t Know About Retirement Income and What the Media Has Been Telling Them.”

The primary goal of the “Media Reality Check” was the degree to which correct, incorrect and only partially correct information is included in news stories about annuities. Unlike traditional content analysis, an additional goal was the unique effort to determine the extent to which key information about income annuities was also omitted or misreported from these articles. The analysis allowed us to make a connection between the extent and depth of media coverage on annuities and the consumers’ understanding of the guaranteed income needed for the 20 or 30-plus years they will likely live in retirement.

Description of the Challenge

With a looming retirement crisis and many Baby Boomers concerned about outliving their assets, a focus on guaranteed income during retirement is more critical than ever. In fact, more than one-quarter of Americans who reach age 65 will live into their 90s, and risk running out of money.

Up until now, the focus of employers, the press and the financial services industry has been on saving for retirement. While saving for retirement is very important, there has been little information available in terms of education, tools, advice and guidance around the most critical aspect of retirement: ensuring that you do not outlive your nest-egg.

Income annuities, which are insurance products, are the only products that can guarantee income for life. Unfortunately, all too often income annuities are incorrectly compared in news stories -- the primary source of information about retirement portfolio related issues for more the vast majority of Americans -- to investment vehicles such as mutual funds and CDs. As a result of “apples and oranges” comparisons, annuities are often thought to be inflexible and too expensive by both the personal financial media and their readers – and, therefore, have been overlooked as a critical component of a retirement portfolio.

Strategic Approach

The primary goal of the research was the degree to which correct, incorrect and only partially correct information is included in news stories about annuities. Unlike traditional content analysis, an additional goal was the unique effort to determine the extent to which key information about income annuities was also omitted or misreported from these articles. The analysis allowed us to make a connection between the extent and depth of media coverage on annuities and the consumers’ understanding of the guaranteed income needed for the 20 or 30-plus years they will likely live in retirement.

The research also supported broader PR objectives:

- Educate consumers on planning for -- and living in -- retirement.
- Help consumers recognize the major hazards that block consumers from a secure retirement: inflation, market and longevity risks.
- Educate the media on the benefits of income annuities as part of a retirement portfolio.

- Position MetLife in the national media as a thought leader on a range of retirement and savings issues and trends, with a particular emphasis on building annuity market preeminence.

Audience Analysis

There was a broad range of audiences for this research. They included the personal finance reporters who write about retirement issues and products, members of Congress and Congressional aides who sponsor or influence legislation encouraging retirement planning, and consumers who rely on the media for investment advice and retirement information.

Strategy

To raise awareness about the risks that retirees will face in retirement and to educate personal finance reporters about income annuities, MetLife's Mature Market Institute commissioned two studies that were released at events in Washington, DC and New York. The studies were (1) *The MetLife Retirement Income IQ Test*, which gauged Americans understanding of the risks they will face in retirement and (2) *The Media Reality Check: A Content Analysis of Recent News Coverage on Annuities*, which analyzed the types of information consumers were receiving on these issues. The opportunity was to understand why the key gaps in consumer knowledge exist on these important issues.

The findings of both studies were released at a series of financial education/press events co-hosted by MetLife and the American Savings Education Council entitled, "*Pass or Fail? What Consumers Don't Know About Retirement Income and What the Media Has Been Telling Them.*" Nearly 150 reporters and congressional staffers attended the events. The events and the release of the two studies also resulted in a significant amount of press coverage for MetLife.

Research/Planning

For purposes of this award submission, we are highlighting the success of the *Media Reality Check* study commissioned by MetLife's Mature Market Institute to evaluate media coverage of annuities by the major media. The analysis was conducted by David Michaelson, Principal of David Michaelson & Company, LLC, who has more than 20 years experience conducting research on the evaluation of media coverage. To the best of our knowledge, no other financial services company or organization has conducted a formal analysis of media coverage of annuities. This type of research is also innovative because -- unlike traditional content analysis that only analyzes what is stated in each article -- a comprehensive understanding of consumer knowledge could only be assessed by understanding not only what was reported but also what was incorrectly reported, as well as what was missing in the reports overall.

Execution/Tactics

The media analysis focused on all articles on income annuities that appeared in the Top 25 major market daily newspapers (Wall Street Journal, New York Times, etc.), personal finance publications (Kiplinger's, Money, Smart Money, etc.) and personal finance columns at the major business and news magazines (Newsweek, Time, U.S. News & World Report, Fortune, Forbes, Business Week). The content analysis focused on articles appearing in major media from January 1, 2001 through March 31, 2003. The search yielded approximately 700 article abstracts that met initial search criteria and this was supplemented with review of select publication Web sites to ensure accuracy and completeness of the search. Based on the initial search, each article abstract was reviewed for content to ensure relevance to analysis. 196 articles qualified for full review based on this first analysis, yielding 120 articles included in final analysis.

Each article was assessed for overall content, messages and tone. Articles were reviewed and analyzed to determine which messages were correctly reported, misreported and completely overlooked. The analysis was based on codes organized around four areas: (1) basic facts about income annuities, (2) misstatements about income annuities, (3) incomplete information about income annuities, and (4) omissions of basic facts about income annuities. Codes were developed in consultation with leading industry experts, including annuity experts at MetLife, as well as through a review of the articles included in the analysis. Coding was done in the "context" of each article. For example, if the article dealt with longevity risk, codes dealing with cost issues were typically not included in the analysis. This was done to ensure balanced and fair evaluation of content.

Key Research Findings

The central finding of this research determined that three in four articles on income annuities had information gaps that need to be filled. Overall, 74 percent of all articles published from January 1, 2001 through March 31, 2003 have at least one error or omission. A typical article with errors and omissions contained up to five misstatements, incomplete truths or omissions. Performance and costs were the most common categories where errors and omissions about income annuities occurred.

Another key finding was that omissions of basic facts about income annuities were even more prevalent than the inclusion of misstatements or incomplete truths. Fifty-nine percent of articles contained a misstatement or incomplete information about income annuities. By comparison, 69 percent of articles omitted a basic fact on this subject. These findings were consistent with what was learned in the *Retirement Income IQ Survey*, where high proportions of retirement age Americans demonstrated a low level of knowledge about retirement and retirement income.

Evaluation of Success

As a result of these efforts, we have developed stronger relationships with personal finance reporters at the top tier media outlets and seeing more accurate reporting of the issues. The release of the studies resulted in a significant amount of media coverage (see supporting materials), and, anecdotally, MetLife has noticed an increase in the number of articles overall focusing on income annuities, as well as the risks people will face in retirement. MetLife has also received dozens of media calls from reporters who are interested in learning more about income annuities and the tools that MetLife has launched to educate consumers. This includes MetLife's Income Meter, a monthly calculator that quickly helps individuals figure out how to convert their savings into a monthly stream of income, and new guidebook entitled "The Road to Retirement Security: Creating Lifetime Income With Annuities." However, the most salient example of the success of this effort was comment by a key personal finance reporter who stated at the New York briefing that as a result of this research she was not surprised by findings that Americans did not understand the issues facing retirement planning. She "always tells her own readers not to invest in anything they do not understand and her own lack of knowledge contributed to this problem." Since the event, she has written several comprehensive articles on retirement income.