



## New Jackson Study Uncovers Surprising Retirement Vulnerabilities and Missteps in Managing Market Risk

*Proprietary index evaluates investors' market risk vulnerability*

*86% of high-index investors do not meet the recommended asset diversification benchmark*

*Nearly half of high-index investors would allocate 49% of their portfolios to cash, doubling recommended levels*

**LANSING, Mich. — August 13, 2025** — [Jackson National Life Insurance Company](#)® (Jackson®), the main operating subsidiary of Jackson Financial Inc.<sup>1</sup> (NYSE: JXN), today unveiled key findings from its latest research on market risk,<sup>2</sup> conducted in collaboration with the [Center for Retirement Research at Boston College](#). This study, the fourth installment in [Jackson's Security in Retirement Series](#), sheds light on how investors perceive, plan for and manage market risk, and exposes a surprising truth: those who avoid the risk of losing money on investments may be vulnerable to a different form of market risk — the risk of low long-term returns.

“Our findings challenge the traditional notion that avoiding risk equates to financial security,” said Glen Franklin, Assistant Vice President of Research, RIA and Lead Generation Strategy for Jackson National Life Distributors LLC (JNLD), the marketing and distribution business of Jackson. “The research underscores the importance of aligning financial behaviors with long-term goals and highlights the value of working with a financial professional to help build resilience against market volatility.”

### The Jackson Market Risk Vulnerability Index

To better understand market risk exposure, Jackson developed the proprietary Market Risk Vulnerability Index (Index), a tool that evaluates investors' financial positioning against five key benchmarks: spending, savings, cash allocation, stock-bond split and diversification. Based on how many of the benchmarks they met, investors were scored as low-index (least vulnerable to market risk), medium-index or high-index (most vulnerable to market risk). The Index revealed that:

- 57% of high-index investors spend over 50% of their income on basic needs, compared to just 5% of low-index investors.

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<sup>1</sup>Jackson Financial Inc. is a U.S. holding company and the direct parent of Jackson Holdings LLC (JHLLC). The wholly-owned direct and indirect subsidiaries of JHLLC include Jackson National Life Insurance Company, Brooke Life Insurance Company, PPM America, Inc. and Jackson National Asset Management, LLC.

<sup>2</sup>Adam Hayes, Investopedia, “Market Risk Definition: How to Deal with Systemic Risk,” July 31, 2024.

- Only 4% of high-index investors meet the recommended stock allocation, leaving them ill-prepared for long-term growth.
- High-index investors are more than twice as likely as low-index investors to cite longevity risk as a major concern (56% vs. 27%), yet they are less likely to have a plan in place to address it.

Additional key findings from the study include:

- **Widespread financial vulnerability.** The Jackson report highlights significant financial vulnerability among investors nearing or in retirement. For example, approximately 30% of the survey respondents reported investable assets between \$100,000 and \$299,999. Many investors fail to meet key benchmarks of general financial health such as appropriate cash allocation, retirement savings targets, or asset diversification, with only 14% of high-index investors meeting the recommended asset diversification benchmark.
- **Risk-averse investors face heightened risk exposure.** Investors in the study who describe themselves as unwilling to take risks are among the most vulnerable to the market risk of not realizing potential investment gains. These individuals often hold excessive cash positions — with their ideal cash holdings averaging 49% of total assets, more than double the recommended 20% threshold<sup>3</sup> — and lack diversification. Such behaviors, while cautious on the surface, may leave these investors in a disadvantaged position. High cash holdings can minimize gains during market upswings, and a lack of diversification can leave investors more exposed to market volatility during downturns.
- **High-index investors lack financial resilience.** High-index investors, on average, have investable assets nearly 70% lower than their low-index counterparts. Additionally, their average remaining mortgage balance is 78% higher than that of low-index investors, further limiting their ability to build financial security.
- **Diversification too often cited as tactic to protect against market risk.** While diversification is a foundational strategy for managing many portfolio risks, it is ineffective in protecting against market risk. However, the study found financial professionals and investors widely cite diversification as a key tactic. During systemic market events like the 2008 financial crisis or the 2020 COVID-19 crash, nearly all asset classes decline together, often rendering traditional diversification strategies ineffective without additional protective measures like annuities or hedging tools such as derivatives.
- **Moderate risk-taking correlates with better outcomes.** Investors who adopt a balanced approach to risk (favoring diversification and moderate equity exposure) are more likely to

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<sup>3</sup>Eric Whiteside, Investopedia, "The 50/30/20 Budget Rule Explained With Examples," August 22, 2024.

meet key financial benchmarks. They are also more likely to use cost-efficient tools like index mutual funds and ETFs, contributing to better long-term outcomes.

- **Financial literacy and professional guidance matter.** The report found that 72% of low-index investors work with a financial professional, compared to just 43% of high-index investors. This collaboration, combined with higher financial literacy, correlates with greater confidence and preparedness among low-index investors. They are also more likely to engage in effective planning behaviors, such as annual portfolio rebalancing, which is practiced by 56% of low-index investors.
- **Annuities can play a unique role in helping manage market risk.** Of the financial professionals surveyed, 61% use annuities with guaranteed income to manage investment risk for clients in retirement. Annuities may complement traditional strategies by providing protection options, growth opportunities and income, especially when tailored to a client's vulnerability profile.

"Another key takeaway from this new survey data is that the widespread use of target date funds as a default option in 401(k) plans can help offset misperceptions held by individual investors," said Andrew Eschtruth, Director of the Center for Retirement Research at Boston College. "Investors tend to prefer lower stock allocations than professionals recommend due to overly pessimistic views of stock returns and risk, so nudging them toward higher allocations can improve their long-term financial security."

Financial professionals can learn more about the Index and how to use the tool to better understand their clients' vulnerability to market risk by downloading Jackson's white paper, available at [www.jackson.com/researchcenter](http://www.jackson.com/researchcenter).

### **About the Study & *Security in Retirement Series***

The research, fielded between October 15-29, 2024, included online surveys of more than 1,000 investors with at least \$100,000 in financial assets between the ages of 48 and 78 years. An additional online survey of 400 financial professionals was conducted between November 4-18, 2024, with respondents being client-facing financial professionals with at least 75 clients.

Jackson's *Security in Retirement Series* is a multi-phase research initiative in partnership with the Center for Retirement Research at Boston College designed to provide actionable insights on key risks to retirement security. Previous studies have explored [longevity risk](#), [inflation risk](#) and [healthcare risk](#). The next installment will examine policy risk and how uncertainty about the future of Social Security, Medicare, Medicaid, tax policy and the federal deficit influences decision making

and shapes public awareness and concern.

To access the full report and additional resources from Jackson's *Security in Retirement Series*, as well as other proprietary research materials developed by Jackson on topics that impact the saving and spending habits of Americans, visit [www.jackson.com/researchcenter](http://www.jackson.com/researchcenter).

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*\*SQM (Service Quality Measurement Group) Call Center Awards Program for 2004 and 2006-2024. (Criteria used for Call Center World Class FCR Certification is 80% or higher of customers getting their contact resolved on the first call to the call center (FCR) for 3 consecutive months or more.)*

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Jackson® is committed to ensuring more Americans in or nearing retirement can benefit from greater clarity and confidence in their financial futures. To better support this important goal, we have partnered with leading academic experts at the Center for Retirement Research at Boston College to launch the Jackson Security in Retirement Series. This multiphase research effort will take a comprehensive look at a range of potential threats to financial security with the goal of helping financial professionals and retirement savers more effectively identify and manage them. Jackson is not affiliated with the Center for Retirement Research at Boston College.

**Firm and state variations may apply. Additionally, products may not be available in all states.**

*\*Guarantees are subject to the claims-paying ability of the issuing insurance company.*

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