2015 JACKSON INVESTOR SURVEY
"DEFINING THE FUTURE"

JACKSON®

SURVEY OVERVIEW

Jackson National Life Insurance Company® (Jackson®) and The Center for Financial Insight team distributed a survey in September 2014 to more than 2,500 investors in an attempt to capture insight into how pre-retirees view their financial future and how they will spend their later years.

Respondent Profile and Methodology

- 2,662 total respondents completed the survey.
- All respondents were non-retired investors with $100,000 or more in investable assets.
- All respondents were working in a full- or part-time capacity (87 percent working full time) at the time of the survey.
- The survey was completed with the assistance of a third-party survey provider.

Analysis

In December 2010, Pew Research Center* released the statistic that, beginning January 1, 2011, roughly 10,000 Baby Boomers would reach the age of 65 every day until at least 2030. In the several years following that finding, many people in the financial industry interpreted that statistic to mean many of these Boomers would also be retiring at a similar rate. However, the results of our survey indicate that retirement is no longer easy to define. The question then becomes, "Are we facing a fundamental shift in the path American workers may be choosing as they approach their golden years?"

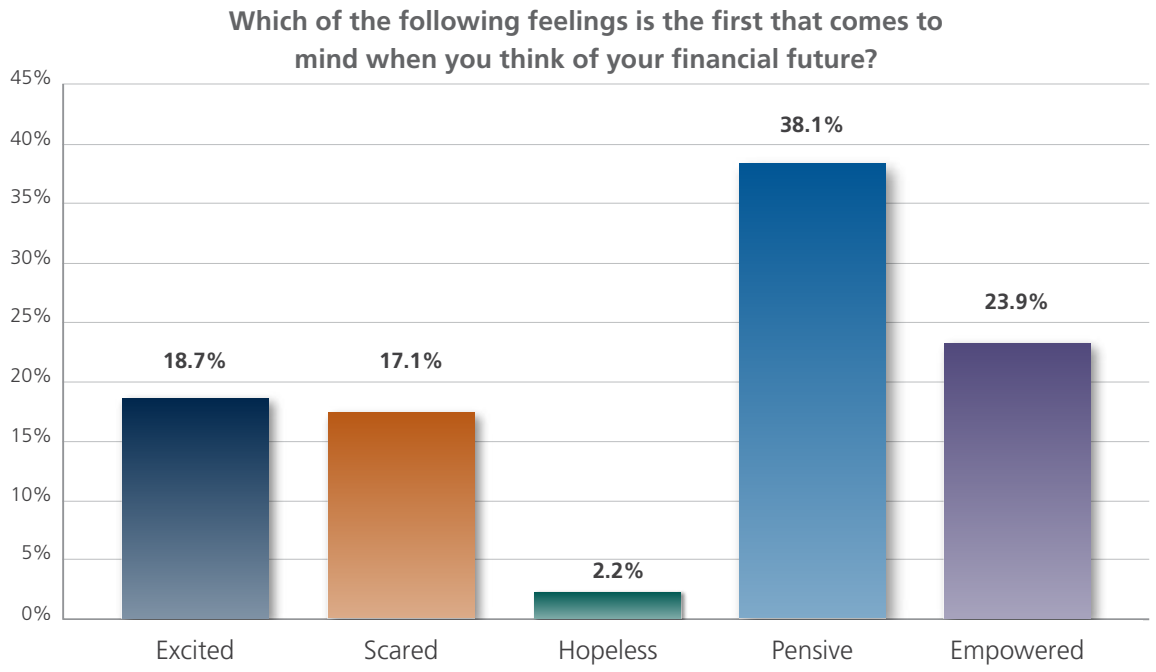
Across all demographics, we expected to see a large number of respondents who would classify themselves as members of what Jackson calls "Generation Delay" (Generation D). Unlike the traditional pre-retiree class of investor, which was set in a structured age range and had similar overarching investment or financial planning objectives, members of Generation D have a diverse set of needs, wants, and goals, depending on what they expect their life will hold between the ages of 50 and 80.

Based on Jackson's research, we believe that the Baby Boomer generation will be the first in a line of future generations to re-define what "retirement" means for the U.S. worker. Specifically, we believe that many individuals will no longer exit the workforce simply because they reach age 65 or 70. Furthermore, we also believe that for those who do choose to leave the workforce, fewer will opt to embark on the "traditional" retirement journey.

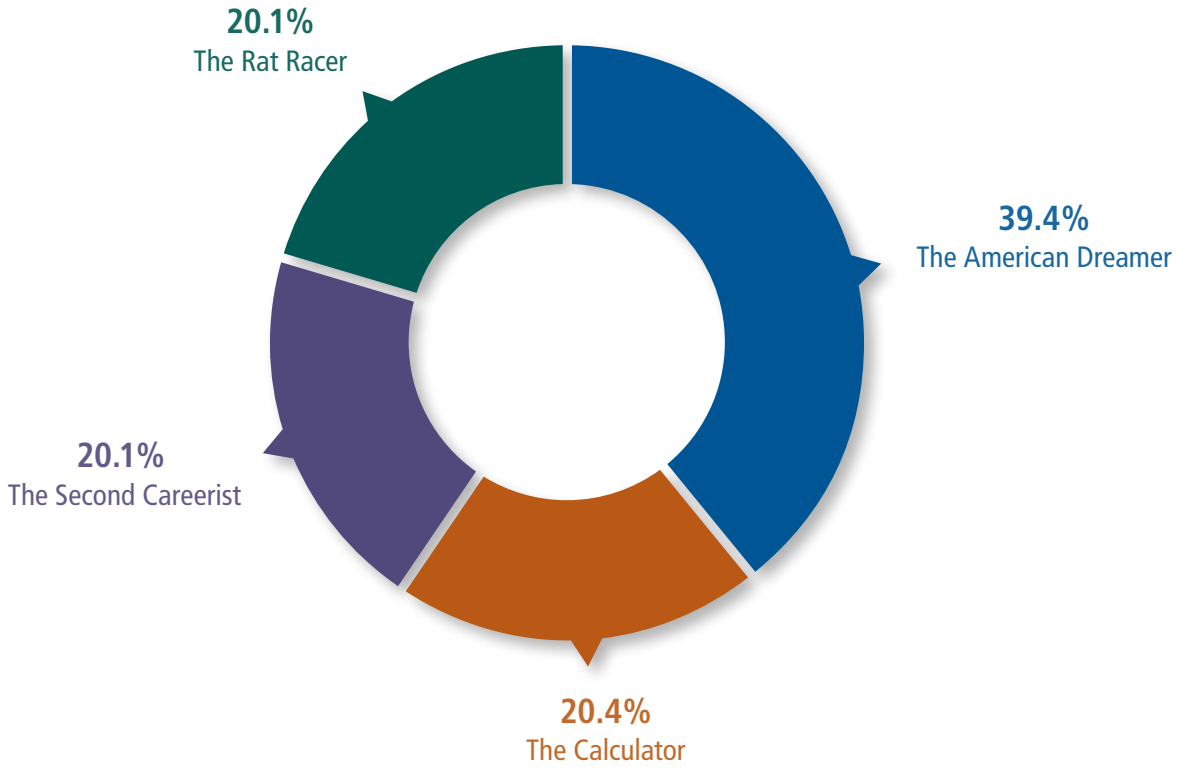
*Pew Research Center, "Baby Boomers Retire," December 29, 2010.

Key Highlights

- When asked which feeling first comes to mind when they think of their financial future, more than 38 percent of respondents chose "Pensive," which means "wistfully thoughtful" or "thoughtfulness marked by some sadness."
  - This result shows that, above all, the investors surveyed across all demographics are at least putting some level of thought into their financial future. It is also interesting to note that this moderate response outperformed answers at both ends of the spectrum ("Excited" vs. "Scared"). There has been a tendency for some in the financial services industry to perceive that investors are either 100 percent ready to leave the workforce or are completely unprepared. Based on our survey results, the actual landscape appears to be far more complicated.
- Just under 24 percent of respondents feel "Empowered" when thinking about their financial future, followed by "Excited" (18.7 percent) and "Scared" (17.1 percent). Encouragingly, only 2.2 percent of respondents feel "Hopeless" when thinking about their financial future.



- We offered respondents four different ways to categorize themselves in the context of their future plans. The results break down as follows:



"The American Dreamer" – I plan to completely leave the workforce (i.e., retire) sometime between the ages of 65 and 70, using the money I have saved to fulfill a wide variety of lifelong dreams.

"The Calculator" – I have done the math and plan to delay retirement a few years past the traditional age range (65 to 70) to ensure I have enough money to live comfortably before I leave the workforce.

"The Second Careerist" – Later in life, I plan to transition from a job that pays the bills to the job or career I've always wanted. While I may have to take a significant pay cut, and potentially lose certain benefits, it's worth it to pursue my dream job.

"The Rat Racer" – I love my job or just like working, and I don't want to leave the workforce when society expects me to. I plan to work at least long enough to retain health care and other employee benefits from my current company well into my golden years.

39.4 percent – **"The American Dreamer"** – "I plan to completely leave the workforce (i.e., retire) sometime between the ages of 65 and 70, using the money I have saved to fulfill a wide variety of lifelong dreams."

- As one might expect, the highest percentage of respondents are still interested in the traditional idea of retirement. However, what is somewhat surprising is how many of the respondents chose one of the other three categories. While every respondent would certainly not fit into a simple category, the fact that more than 20 percent landed in all three ancillary categories signifies the beginning of a shift in the way Americans view their financial future. It is important to remember, however, that as of September 2014, nearly 40 percent of those surveyed are still interested in the traditional exit from the workforce.

20.4 percent – **"The Calculator"** – I have done the math and plan to delay retirement a few years past the traditional age range (65 to 70) to ensure I have enough money to live comfortably before I leave the workforce.

- These are the true members of Generation Delay, and the fact that 542 respondents chose this option shows that the percentage of those delaying retirement by necessity continues to rise. It's also interesting to note that these investors are choosing to delay retirement in advance—in other words, making a calculated move. As can be seen by other data in the survey, there are still other investors surveyed who are interested in retiring on time, but who believe they are unable to do so. This distinction is small, but it is an important indication that perception can make quite a bit of difference when it comes to planning for the future.

20.1 percent – **"The Second Careerist"** – "Later in life, I plan to transition from my job that pays the bills to the job or career I've always wanted. While I may have to take a significant pay cut and potentially lose certain benefits, it's worth it to pursue my dream job."

- In recent years, the U.S. has seen a renewed move toward entrepreneurship, and the world of the small business owner is no longer limited to the young. When you look at the increasing ease with which Americans can launch a business, combined with the volume of information the public receives on the advantages of entrepreneurship, it is not surprising to see that more than 20 percent of respondents are planning to launch their own business after leaving their "real" job.

20.1 percent – **"The Rat Racer"** – "I love my job or just like working, and I don't want to leave the workforce when society expects me to. I plan to work at least long enough to retain health care and other employee benefits from my current company well into my golden years."

- The fact that more than 20 percent of respondents identified with "The Rat Racer" is one of the most surprising results of our survey, and one that may have the largest impact on the way we look at how investors perceive their financial future. According to these results, many people simply don't *want* to retire. With a large percentage of U.S. workers making the choice to stay in the workforce on their own terms, it is becoming increasingly important for both financial services providers and advisors to ensure they are equipped to engage with, understand, and support this unique group of investors.

CONCLUSION

We believe that these results have far-reaching applications, not just for those surveyed but for important stakeholders across the financial services industry:

- For investors, a continuing change in perception in how they plan to spend their financial future could impact their overall financial planning strategy, as well as how they plan to approach other personal and professional objectives moving forward.
- For advisors, the rise of Generation D may change how they position their financial practices to serve this new demographic. Specifically, members of Generation D will likely be searching for advisors who not only understand their unique objectives, but who can be equally effective in helping them pursue, later in life, a financial path that differs from the traditional retirement plan model.
- For financial services providers, the number of investors profiling themselves outside of traditional retirement ideals emphasizes the significance of crafting strategies flexible enough to fit a wide range of investing and saving goals, as well as underscoring the vital importance of offering useful educational tools and materials specifically designed to add value for members of Generation D.

NOTES:

About Jackson

Jackson is a leading provider of retirement strategies for industry professionals and their clients. The company offers a diverse range of products including variable, fixed, and fixed index annuities designed for tax-efficient accumulation and distribution of retirement income for retail customers, and fixed income products for institutional investors. Jackson subsidiaries and affiliates provide specialized asset management and retail brokerage services.

With $206.8 billion in assets (IFRS unaudited) as of 6/30/14, Jackson prides itself on product innovation, sound corporate risk management practices and strategic technology initiatives.* Focused on thought leadership and education, the company develops proprietary research, industry insights and financial representative training on retirement planning and alternative investment strategies. Jackson is also dedicated to corporate social responsibility and supports charities focused on helping children and seniors in the communities where its employees live and work. For more information, visit www.jackson.com.

If you have any questions regarding the data, please contact Melissa Hernandez at 303-224-7572 or melissa.hernandez@jackson.com.

*Jackson also has $192.6 billion in IFRS policy liabilities set aside to pay primarily future policyowner benefits (as of 6/30/14). International Financial Reporting Standards (IFRS) is a principles-based set of international accounting standards indicating how transactions and other events should be reported in financial statements. IFRS is issued by the International Accounting Standards Board in an effort to increase global comparability of financial statements and results. IFRS is used by Jackson's parent company.

Read a prospectus carefully before investing. It contains the investment objectives, risks, charges, expenses and other information which should be considered carefully before investing. To obtain a prospectus please contact the Issuing Company.

Portfolios that have a greater percentage of alternatives may have greater risks, especially those including arbitrage, currency, leveraging and commodities. This additional risk can offset the benefit of diversification. Diversification does not assure a profit or guarantee against a loss in a declining market.

Alternative investment strategies such as leveraging, arbitrage and commodities investing are subject to greater risks and volatility than more traditional investment offerings. Although asset allocation among different asset categories generally limits risk and exposure to any one category, the risk remains that management may favor an asset category that performs poorly relative to the other asset categories. Other risks include general economic risk, geopolitical risk, commodity-price volatility, counterparty and settlement risk, currency risk, derivatives risk, emerging markets risk, foreign securities risk, high-yield bond exposure, noninvestment-grade bond exposure commonly known as "junk bonds," index investing risk, industry concentration risk, leveraging risk, market risk, prepayment risk, liquidity risk, real estate investment risk, sector risk, short sales risk, temporary defensive positions and large cash positions.

Jackson is the marketing name for Jackson National Life Insurance Company (Home Office: Lansing, Michigan) and Jackson National Life Insurance Company of New York® (Home Office: Purchase, New York). Jackson National Life Distributors LLC.

This survey represents the opinions of those surveyed.

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