

# **WPBC Retirement Symposium**

## **Retirement Readiness Panel**

January 14, 2015

# Retirement Readiness Matrix

## GENERATION

## PREFERENCES

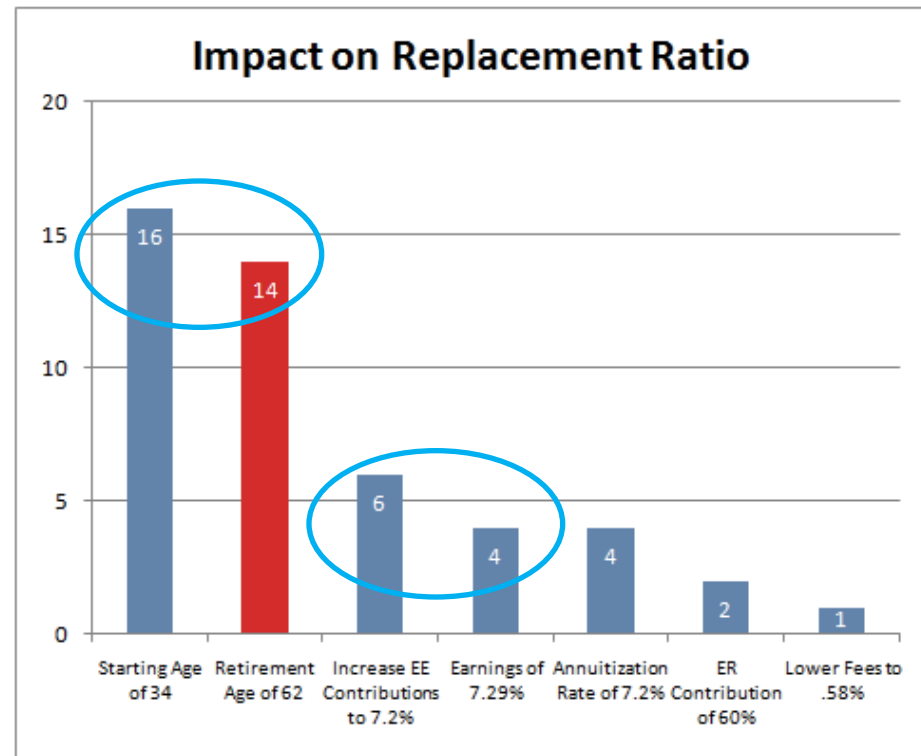
	Millennials	Gen X'ers	Boomers
Do It For Me	<p>Opt-out features:</p> <ul style="list-style-type: none"> <li>Auto enroll at 6%</li> <li>Auto escalate to 15%</li> <li>Auto invest in TDF</li> <li>Enroll before having competing priorities</li> </ul>	<p>Same</p> <p>+</p> <ul style="list-style-type: none"> <li>Competing priorities - high spending years, mortgages, etc.</li> </ul>	<p>Same</p> <p>+</p> <ul style="list-style-type: none"> <li>Competing priorities - college savings, aging parents, etc.</li> </ul>
Help Me Do It	<ul style="list-style-type: none"> <li>Peer comparison</li> <li>Lifetime income modeling</li> <li>Website and smart phone applications</li> <li>Educate on cash outs and loans</li> </ul>	<ul style="list-style-type: none"> <li>Peer comparison</li> <li>Lifetime income modeling</li> <li>Enroll non-participants, not just new hires</li> <li>One-on-one personal meetings</li> </ul>	<ul style="list-style-type: none"> <li>Lifetime income modeling</li> <li>Personal advice &amp; planning</li> <li>Reduce spending &amp; debt</li> <li>Work longer</li> <li>Social Security tool</li> <li>Distribution planning</li> </ul>
Do It Myself	<ul style="list-style-type: none"> <li>Super savers</li> <li>Financial wellness tools</li> <li>Overly cautious with investments</li> <li>Longest time horizon</li> </ul>	<ul style="list-style-type: none"> <li>Under savers</li> <li>Financial wellness tools</li> <li>Cautious investors (dot-com, housing bubble)</li> <li>Low confidence in readiness</li> <li>Long time horizon</li> </ul>	<ul style="list-style-type: none"> <li>Financial wellness tools</li> <li>Longevity insurance</li> <li>Deferred annuity (GMWB)</li> <li>Immediate annuity</li> <li>Consolidate disparate IRA's, former employer accounts</li> <li>Shortest time horizon</li> </ul>

# Retirement Readiness Sensitivity Analysis

- Assumptions below - a \$40,000 employee who should replace 85% of her pre-retirement income will replace only 65% at retirement for a Retirement Readiness Ratio (R<sup>3</sup>) of 76% (65/85).
- The sensitivity analysis below shows the impact on the R<sup>3</sup> of 76% by changing each of the factors shown in green in the table to the amounts shown in the chart below.

Factor	Assumption
Inflation	3.09%
Age	42
Salary	40,000
Beginning Balance	-
EE Contribution	6.00%
ER Contribution	50.00%
Earnings	6.39%
Retirement Age	67
Annuitization Rate	6.00%
Fees	72 bps

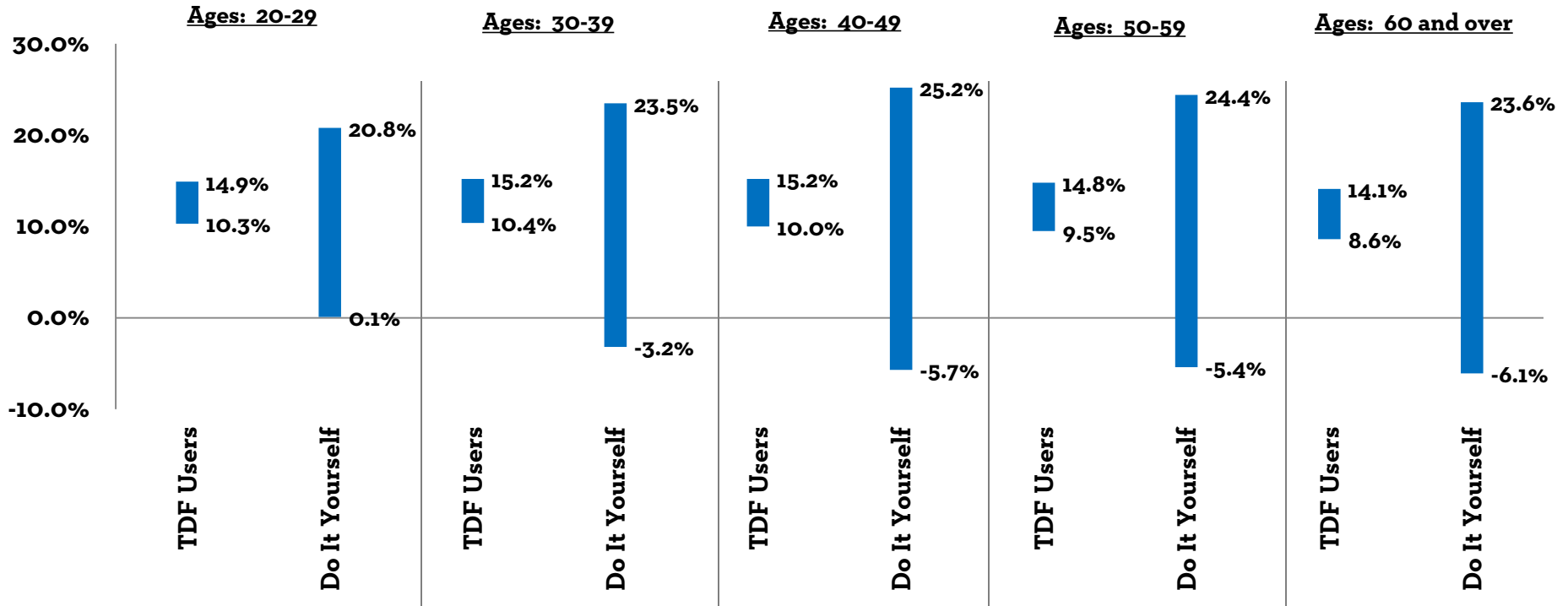
Source: Tom Kmak, CEO Fiduciary Benchmarks, Inc. 2011



# Target Date Versus Do It Yourself - By Age

## Standardized Three-Year Returns: High and lows by age

Personal Rate of Return



Source: JP Morgan;

\*Disclaimer available on performance calculation, as provided by JP Morgan