International Society
of Certified Employee Benefit Specialists

Employers Role in Helping Employees Achieve Their Retirement Goals

Presented by:
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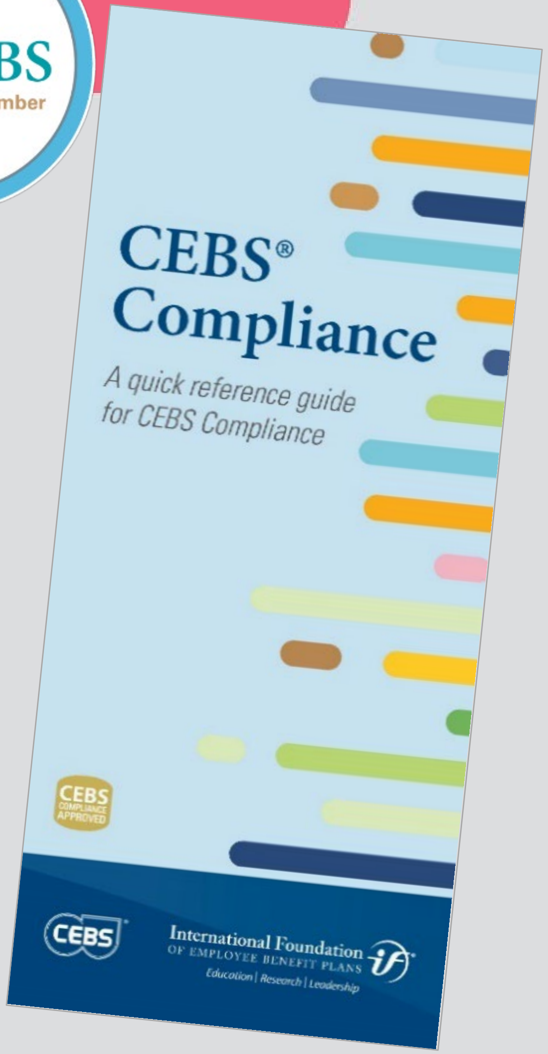

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TODAY'S SPEAKER

Leonard B. Comberiate, ISCEBS Fellow, CFP, CBP, SPHR-SCP, RIA, CECP

Len Comberiate received his BS degree *summa cum laude*, from Pratt University and holds an MS from SUNY Stony Brook, MBA in Actuarial Science from Temple University and a MSFS from the College for Financial Planning.

He has been a faculty member of NYU SPS since 2017 where he teaches courses in retirement planning, risk management, investments and estate planning.

In addition, he has consulted on global benefits and retirement planning for major organizations and not for profit organizations.

He has been a Certified Financial Planner since 1985 and his clients have included high net worth individuals, couples and small business owners.

In 2021, he was inducted into the ISCEBS Hall of Fame based on the significant contributions that he has made to the employee benefits profession over the past 50 years.

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Employers Role in Helping Employees Achieve Their Retirement Goals

LEN COMBERIATE

CERTIFIED EMPLOYEE BENEFITS SPECIALIST (CEBS)

CERTIFIED FINANCIAL PLANNER (CFP)

NYU-ADJUNCT ASSOCIATE PROFESSOR

GLOBAL BENEFITS CONSULTANT

NOVEMBER 18, 2025

TED BENNA—THE FATHER OF THE 401K PLAN

The way Americans think about their retirement has fundamentally shifted over the past four decades, and much of that revolution is due to a man you've probably never heard of: **Ted Benna.**

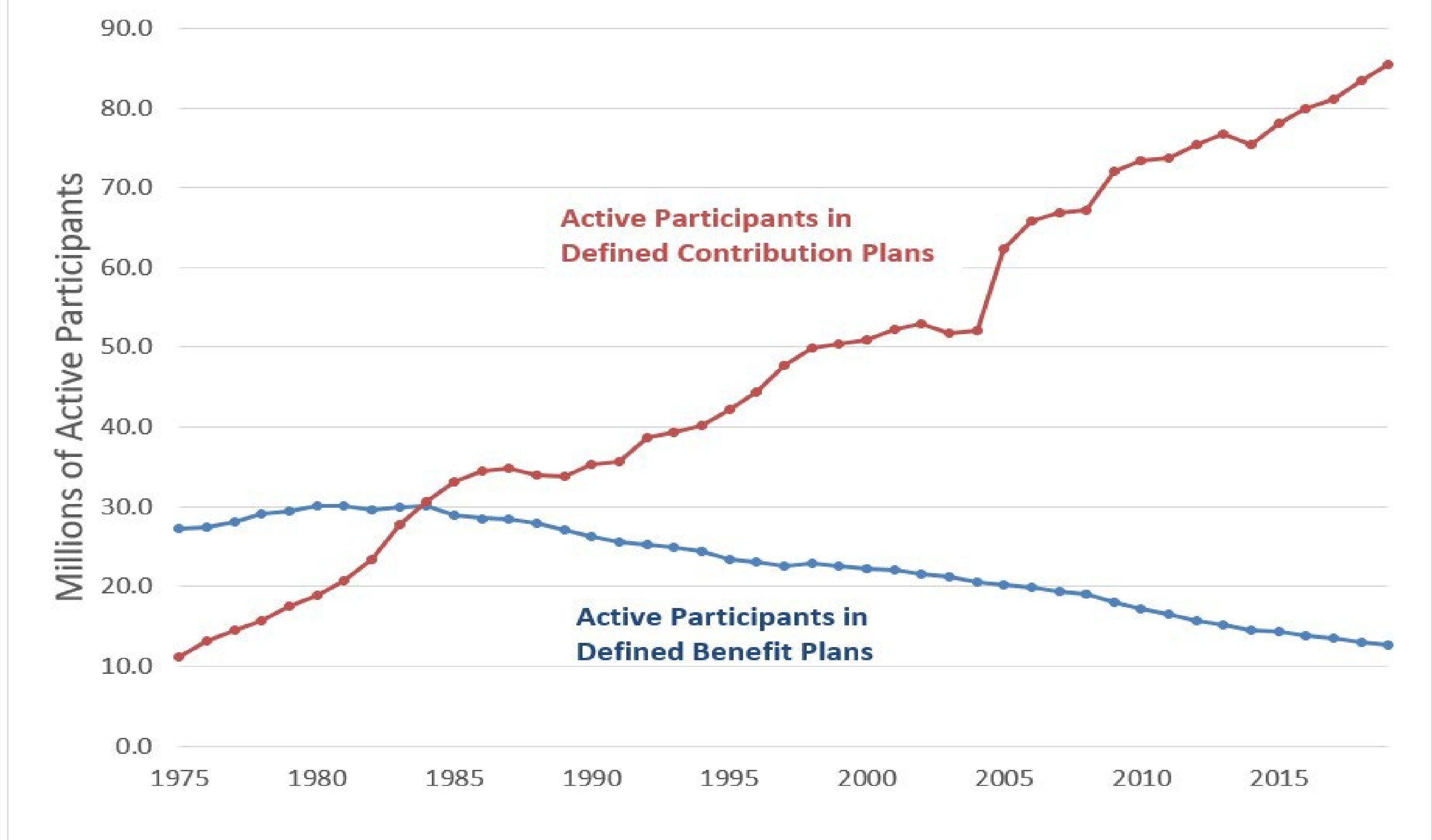
The so-called "Father of the 401(k)" didn't exactly invent the 401(k), which is named after an eponymous section of the Revenue Act of 1978. Rather he pioneered a novel way to interpret the law that allowed employees to save pre-tax salary in a retirement account while also receiving a matching contribution from their employers.

"Neither one of those moves were included in legislation, which was only about a page and a half long," ***Benna told Forbes Advisor's Taylor Tepper****. "There was nothing saying you couldn't do it, and nothing saying you could."*

Benna thought up this scheme during a quiet day on behalf of a bank client, although they were ultimately not interested.

So he turned around and implemented the new strategy in his company's own retirement plan and the rest is history*.*

HISTORICAL SHIFT IN PLAN PARTICIPATION 1975-2019-- PRIVATE SECTOR



Source: Congressional Research Service

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

- How have Americans done in saving for their retirement?
- Rule of thumb for retirement readiness—10X annual income at the time of retirement

Age Range	Median Balance	Average 401k account Balance	Source
55-64	$87,571	$244,750	Vanguard
65+	$88,488	$272,588	Vanguard
60s (60-69)	$188,792	$568,040	Empower data
70s (70-79)	$92,611	$420,795	Empower data
80s (80+)	$78,534	$413,614	Empower data

Notes:

1 *Median values gives a better sense since the average is pulled up by high balances*

2 *These numbers are for 401k account balances only*

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Employer's Vision For a Successful Retirement Plan

- Increase participation among employees
- Increase plan investment options
  - Introduction of Target Date Retirement funds
  - Risk of Target Date Funds
    - **Participants may use multiple funds along with target date funds**
- Competitive Plan provisions
  - Eligibility
  - Vesting
  - Level of Company Match
  - Distribution Options

  - **A More Enlightened Vision:**
    - **Can employees meet their retirement goals?**
    - **Retirement Readiness?**

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

- **2024 MFS DC Survey**

- MFS Work Retirement Readiness Indicator (WRRI)

- The average grade for 2024 is C+ indicating relatively low plan sponsor confidence in their participants' retirement readiness

- Only 18% of plan sponsors were very or extremely confident that their participants would be able to retire at the age that they want to retire
  - Impact of competing financial priorities on participants ability to save for their retirement
  - Changes to plan design
  - Reviewing their investment lineup
  - Providing participants with access to financial advice

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

- **2024 Goldman Sachs Retirement Survey and Insights**

- Almost 2/3 of respondents are saving for multiple goals
  - Paying down existing debt
  - Home purchase
  - Paying off student loans
  - Car payments
  - Vacation
  - Child's education
  - Retirement

- ***Only 1/3 say they have the time, interest and knowledge to manage their savings***

- Impact of Financial Vortex may lead to Retirement Savings Shortfall

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Vanguard –How America Saves 2025 Report

- Median participation deferral rate was 6.8%
- Automatically enrolled participants had average deferral rate of 7.3%
- During 2024, only 14% of plan participants saved the maximum deferral of $23,000
- Only 16% of eligible plan participants took advantage of "catch up" contributions
- Based on employee and employer contributions, the median contribution was 10.1% including eligible non-participants

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Vanguard –How America Saves 2025 Report

- In 2024 Vanguard's average account balance was $148,153 and the median account balance was $38,176

- In 2024, only 12% of plan participants made at least one portfolio exchange down from 29% in 2004

- Nearly 13% of plan participants had a loan outstanding as of 12/31/2024

- Participants with no loans outstanding had account balances that were 16% higher than those who had loans outstanding

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Vanguard –How America Saves 2025 Report

- Only 30% of all plans had adopted a "Safe Harbor"401 k plan
- 69% of plan sponsors that used automatic enrollment used all "autopilot" plan designs
  - Automatic enrollment
  - Automatically increased deferral rates
  - Automatically invested participants into target date retirement funds
- Plan weighted participation rate was 85% in 2024
  - Plans with automatically enrolled participants had an overall participation rate of 94% compared with 64% for employees without voluntary enrollment

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Bright Scope ICI Plan Profile –March 2025

- In 2022 more than half of 401k plans in the survey with more than $500 million in plan assets had automatic enrollment
- More the 6 out of 10 plans with more than $500 million in plan assets had automatic enrollment
- Most common formula match was 50% up to 6% of contribution or 3%--26.8% survey
- Next most common match was 100% up to 4% of contributions—16.7% survey
- Most common percentage of employee contributions matched was 6% used by 42.8% of surveyed plan sponsors

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

2025 Fidelity Retiree Health Care Costs

- ***Retiree retiring at age 65 in 2025 can expect to spend an average of $175,000 in health care expenses during their retirement***

- 1 out of 5 Americans say they have never considered health care expenses during retirement

- Across all generations 17% have taken no action at all when it comes to planning for health care expenses in retirement

- Only 15% of Americans age 55-64 have a Health Spending Accounts (HSA)

- Among this group, more than 52% are not aware that these accounts can be used for retiree medical expenses

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

- **<u>67% of Retirement Plan Participants say their Employer could encourage them to save more by helping then understand how much to save</u>**

- Employees are more likely to reach their goals if they have help figuring out what concrete steps they can take and when they need to take them

- A strong objective should support all employees, no matter what stage they are in their career (early, mid and later)

- Employers should make signing up easy

- Provide engaging educational materials

- **Offer applications and tool kits built on an understanding of behavioral finance**

  - *Retirement Confidence Survey, Employee Benefits Institute*

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

- Surveys of Retirement Readiness
  - <u>**Goldman Sachs (Retirement Survey & Insights Report for 2022)**</u>
    - Majority of retired Americans are living on less than half of their pre-retirement income which when Social Security is included
    - 29% of retired respondents are getting by on 40% or less of their preretirement income
    - 53% of working baby boomers and 51% of working Generation X reported that they are behind in their retirement savings
    - Working Americans are on track to replace 61% of their household income in retirement
    - Retirees are deeply concerned about how much they can spend and how long their savings will last
    - ***Financial Vortex***
      - ***Pulled one way by wanting to save in order to start a family, or a home***
      - ***Beaten down by market volatility and high inflation***
      - ***Lack of Investment expertise***
  - US Census Bureau 2024
    - % of Americans age 65 or older living in poverty rose to 15% up from 12.3% in 2023 and 10.7% in 2021 –the only group that saw an increase in poverty levels

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

- Surveys of Retirement Readiness

  - **<u>Third Annual Putman Study</u>**
    - Working Americans are on track to replace 61% of their household income in retirement

  - <u>81% of surveyed employees trust financial information provided by their employers</u>
  - <u>Ahead of financial institutions, family and friends</u>

  - TIAA CREF Survey-23% of plan participants are forgoing some or all of the company match available to them—40% of plan participants have taken two or more plan loans

  - Intl Foundation of Employee Benefits—more than 3 in 5 plan sponsors believe that their employee populations face more financial challenges today

  - Only 23% of Americans are confident that they will retire

    - *Retirement Confidence Survey, Employee Benefits Institute*

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Overcoming Behavioral Impediments

- **Setting the Default Plan Option**
  - Automatic Enrollment
  - Enrollment rate increases to between 86% and 96% of eligible employees
  - Participation may increase by 15% to 25%
  - Default contribution rate of 6% of employee's base salary
  - 1% increment auto escalation
  - Max out at 10%-15%

- **Modify Employer match**
  - Increasing employer match shows only a low correlation on increasing plan participation
  - Estimated at 3% to 10%
  - Impact of a match cap
    - Go for the deferral rate that maximizes the employer match
    - Contributions in excess of the employer match are much less powerful
    - 50% on the first 6% of contributions are matched
    - 25% on first 6%---1.5% company match
    - 40% on next 4%--1.6% company match
    - Total company match 3.1% of salary
    - Most common employer match is 50% of contribution up to 6% (3% employer match)

SECURE ACT 1.0 and 2.0 Implications

- "Safe Harbor" that provides plan fiduciaries from liability when selecting lifetime income provider
- Plan administrators must provide plan participants with an annual statement that includes lifetime income illustration @ NRD
- Eliminated QLAC premiums to 25% of account balance --$210,000 in 2025 indexed
- Allows participants with partially annuitized accounts to aggregate payments from their annuity with assets in their retirement accounts to satisfy RMD
- "in-plan annuities" with TDFs with embedded annuities
- Managed accounts with professional management –no guarantees
- Single Premium Immediate Annuities (SPIA)
- Qualified Longevity Annuity Contracts (QLAC) ---income commences at late as age 85
- Fixed Index Annuity—performance linked to a stock market index
- Systematic Withdrawal Plans
- Managed Payout Accounts

THE EMPLOYER’S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

<u>**Behavioral Impediments**</u>

- **Inertia**
  - Know as the “status quo’
  - We dislike change if it involves mental or physical effort
  - Never made plan change during their working career
- **Loss Aversion**
  - Implication is that losses are more fearful in our minds than gains
  - Nothing ventured nothing lost
  - Savings is perceived as a loss
  - Do not cut spending—it’s a loser
- **Myopia**
  - Reflects that is hard to do today what will be in our best interest tomorrow
  - Live for today
  - We will save next week, next month, next year!
- **Hyperbolic Discounting**
  - Tendency to heavily discount the importance of Future Benefits in favor of immediate action
  - Focus on the present -–skip the future
- **Endorsement Effect**
  - Contributing at the level to maximize the company match will result in a secure retirement

Loss aversion results in participants not electing annuities—annuity premium is immediate and certain while benefits are delayed and depend upon survival –annuitization is perceived as a potential loss rather than protection against outliving their assets

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Education Needs of Employees by Three Groups

Employee Group	Issues	Focus Area
The Unknowns	**Have no Idea of where they are**	**Access their current financial situation**
The Unknowns	**Never ran a financial projection**	**Run a Financial Projection**
The Unknowns		**Work with a CFP**
The Unknowns		**Access to investment information, budget, asset aggregation**
The Unknowns		**One on one retirement sessions**
The Unknowns		**Guidance on retirement options**
The Unknowns		**Establish a retirement plan**

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Education Needs of Employees by Three Groups

Employee Group	Issues	Focus Area
The Underfunded	Know where they stand financially but do not have sufficient assets to retire	Financial coaching to get back on track
The Underfunded		Automatic increases to BT savings
The Underfunded		Access to Managed Accounts
The Underfunded		Workshops to overcome funding obstacles
The Underfunded		Help in adjusting life-style and expectations in retirement
The Underfunded		Guidance on retirement options
The Underfunded		Overall financial planning plan

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Education Needs of Employees by Three Groups

Employee Group	Issues	Focus Area
The Uncertain	Have sufficient assets to meet their retirement goals and objectives	Assurances that they are on track
The Uncertain	Lack confidence in making decisions to retire because of worries about health care inflation, unknown longevity and sequence of return risk	Guidance on retirement solutions
The Uncertain		Review of health insurance to protect assets
The Uncertain		Workshops to overcome funding obstacles
The Uncertain		Detailed retirement distribution plan
The Uncertain		Discussion about sequence of return risk
The Uncertain		Overall financial planning plan

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Overview of Effective Steps For the Employer

- **Provide In plan Investments that provide lifetime income options**
  - Paid up Annuities
  - Fixed period payouts (10, 15, 20 years)
- **Provide Advice that helps drive action and outcomes**
- **Offer streamed communications tailored to individual unique situations and goals**
  - Personalized advice
  - Retirement Planning tools
- **Monitor progress toward retirement readiness and set benchmarks as success**
  - Focus is on plan participation, increased participation levels and portfolio diversification
  - Target communications based on groups that show gaps in their plan behavior
  - Target communications on participants that combine target date funds with other plan investments
- **Interactive Tools**
  - Retirement Planning Software--AI
- **Include projections on quarterly plan statements**
  - Amount of monthly income that current account balance will provide at retirement ages
- **Online gaming as part of engagement strategy**
- **Offer professional investment advice at the employee level**

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

New Breed of Financial Wellness

Definition: Helps employees make better decisions about their retirement by addressing their total financial picture including emergency savings, debt payments, health savings and insurance

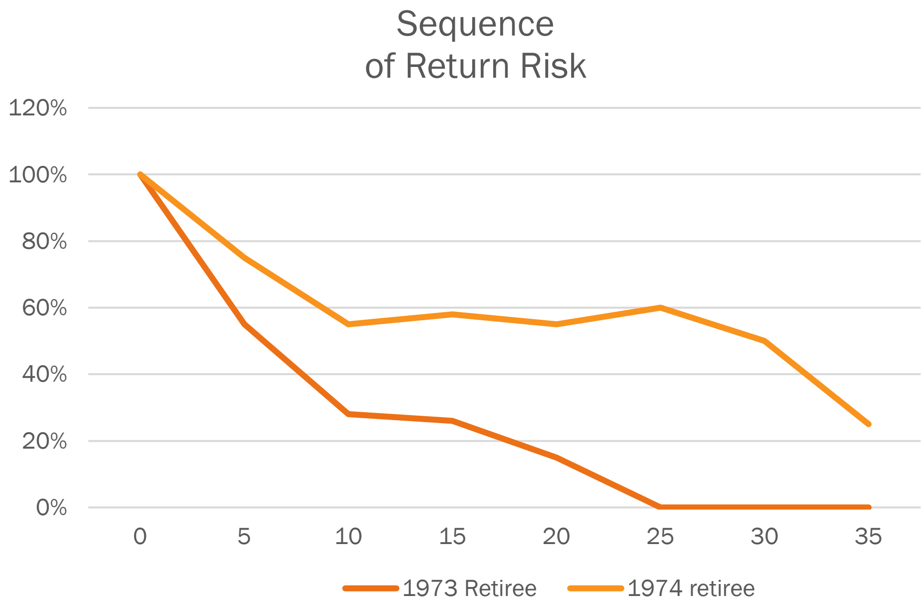
- **Employer collects data that allows the Plan Sponsor to pinpoint issues that are preventing employees from achieving their financial wellness goals and objectives**

- **Post Retirement Risks**
  - **Long Term care risk**
    - Only 10% of the US population has LTC insurance
  - **Health Care expenses**
    - Retirees at age 65 are expected to spend $175k or more on health care expenses during retirement
  - **Sequence of return risk**
  - **Market risk**
  - **Reinvestment risk**
  - **Liquidity risk**
  - **Public policy risk**
  - **Unexpected financial responsibility risk**

Sequence of Return Risk

Same Generation, one year return difference on retirement wealth over time

- By postponing retirement by one year, the 1974 retiree would have maintained a balance of about $300,000 for most of the 35 years and was able to leave a bequest of about $125,000



- 1973 retiree who left work in a severe bear market decline would run out of money in 25 years

Two hypothetical retirees retiring at the beginning of the year with $500,000 in assets invested 50%/50% stocks and bonds and fixed withdrawals of $25,000 per annum (inflation indexed)

Source: Vanguard article June 2020

SEQUENCE OF RETURN RISK

Sequence of Return Risk	$1,000,000 Initial Balance	5.00% Annual increase in withdrawal	$25,000 Initial Withdrawal

Year	Beg Balance	Distribution	EOY	ROR
1	$1,000,000	$25,000	$1,062,750	9.00%
2	$1,062,750	$26,250	$1,191,975	15.00%
3	$1,191,975	$27,563	$1,199,345	3.00%
4	$1,199,345	$28,941	$1,345,965	15.00%
5	$1,345,965	$30,388	$1,473,446	12.00%
6	$1,473,446	$31,907	$1,542,447	7.00%
7	$1,542,447	$33,502	$1,629,660	8.00%
8	$1,629,660	$35,178	$1,993,104	25.00%
9	$1,993,104	$36,936	$1,995,291	2.00%
10	$1,995,291	$38,783	$2,191,288	12.00%
11	$2,191,288	$40,722	$2,258,094	5.00%
12	$2,258,094	$42,758	$2,281,796	3.00%
13	$2,281,796	$44,896	$2,684,279	20.00%
14	$2,684,279	$47,141	$3,032,709	15.00%
15	$3,032,709	$49,498	$3,341,196	12.00%
16	$3,341,196	$51,973	$3,453,684	5.00%
17	$3,453,684	$54,572	$3,908,979	15.00%
18	$3,908,979	$57,300	$4,313,879	12.00%
19	$4,313,879	$60,165	$4,806,697	13.00%
20	$4,806,697	$63,174	$5,170,440	9.00%
21	$5,170,440	$66,332	$5,767,642	13.00%
22	$5,767,642	$69,649	$6,153,832	8.00%
23	$6,153,832	$73,132	$6,992,806	15.00%
24	$6,992,806	$76,788	$8,437,541	22.00%
25	$8,437,541	$80,627	$8,524,052	2.00%
26	$8,524,052	$84,659	$8,101,817	-4.00%
27	$8,101,817	$88,892	$7,916,771	-1.20%
28	$7,916,771	$93,336	$6,649,919	-15.00%
29	$6,649,919	$98,003	$6,027,762	-8.00%
30	$6,027,762	$102,903	$5,865,611	-1.00%

Year	Beg Balance	Distribution	EOY	ROR
1	$1,000,000	$25,000	$974,753	0.99%
2	$974,753	$26,250	$948,261	0.92%
3	$948,261	$27,563	$920,464	0.85%
4	$920,464	$28,941	$891,240	0.98%
5	$891,240	$30,388	$860,561	0.96%
6	$860,561	$31,907	$828,015	2.00%
7	$828,015	$33,502	$787,143	22.00%
8	$787,143	$35,178	$746,688	15.00%
9	$746,688	$36,936	$706,797	8.00%
10	$706,797	$38,783	$662,972	13.00%
11	$662,972	$40,722	$618,585	9.00%
12	$618,585	$42,758	$570,268	13.00%
13	$570,268	$44,896	$519,984	12.00%
14	$519,984	$47,141	$465,771	15.00%
15	$465,771	$49,498	$413,798	5.00%
16	$413,798	$51,973	$355,588	12.00%
17	$355,588	$54,572	$292,830	15.00%
18	$292,830	$57,300	$224,070	20.00%
19	$224,070	$60,165	$162,099	3.00%
20	$162,099	$63,174	$95,767	5.00%
21	$95,767	$66,332	$27,444	3.00%
22	$27,444	$36,790	$0	
23				
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Source: Author

Example:

Same rates of return over 30 years of retirement except the worst five-year rates of return occur during the last five years as compared to the worst returns occur during the first five years of retirement.

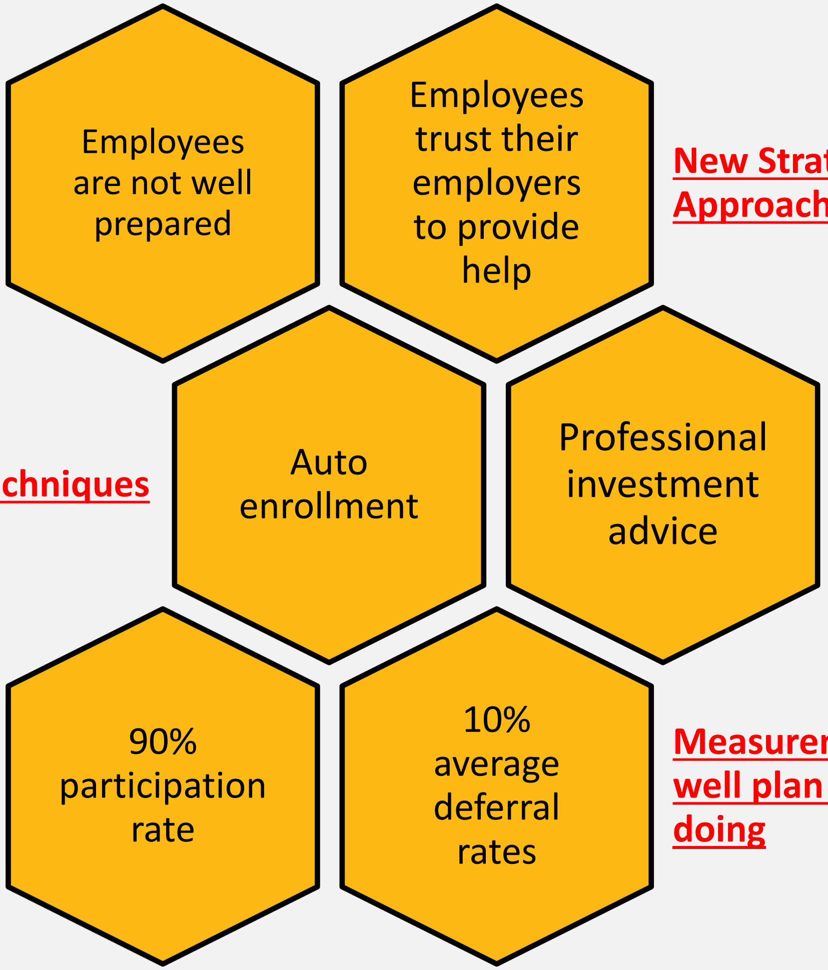
Market risk—market downturn early in your retirement could force you sell more assets to meet your needs which may deplete your nest egg prematurely.

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Best Practices Financial Planning Model

1	**Step One: Online Education Analysis and Plan** **Online Financial Wellness Assessment** Provide employees with a personalized assessment of their financial wellness Provide an educational plan based on their vulnerabilities Aggregate and point employees to specific benefits based on their assessment Provide Employer with aggregate reporting on their employees' financial planning issues
2	**Step Two: Workshops/Webcasts** **Workshops and webcasts to cover topics as determined by assessment** In person or web based depending on plan demographics Gives the framework to make decisions and plan for the future Curriculum is customized to include specific employer benefits Employees walk away with details and next steps
3	**Step Three: Individual Counseling** **Ongoing Support to help Employees Drive Behavioral Changes** Intensive one-on one financial planning sessions followed by ongoing phone based coaching to help employees address specific issues and continue the learning process Employees receive a step by step action plan

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS



New Strategic Approach

Tools and Techniques

Measurement of how well plan sponsor is doing

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Planning Models for Retirement Readiness

Planning Model	Input/Output	Limitations
Monte Carlo Simulation	Stochastic Modeling with numerous inputs to obtain a distribution of results. In financial planning, often displayed as a "probability of success".	Output only as good as input. Also depending on the model chosen or how input is aggregated may not be a good predictor of left tail market events. Binary answer is "Do I have enough money"
Replacement Ratio	Used to identify the percentage of pre-retirement income needed to produce retirement income. Rule of thumb is less than 100%	Retirement spending can be dynamic versus static, Clients may overspend or underspend, they may conserve their savings during market turmoil or save more perceived excess savings during market booms.
Reliance Rate	Percentage of your retirement income coming from your savings to help measure your sensitivity to your retirement strategy	Limited ability to include guaranteed income sources: pension, social security and annuity income streams.
Withdrawal rate	Percentage of your overall savings needed to generate income. Rule of thumb 3% to 4% and indexed to inflation	A static number affected by sequence of returns and is contingent on how other risks such as longevity and inflation unfold over time for a particular investor.
Milliman RISE Index	Realisitc estimation of retirment readiness based on stochastic modeling acrossa varierty of circumstances	Limitations in that tool does not consider every possible concern including liquidity prefernece not captured by the index and tax considerations of an annuity

Source: Milliman Rise Score 10/2022

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Decumulation Strategies During Retirement

Type	Insured	Purchased By	Provisions	Common Payment Options	Other
Income Annuities	Yes	Plan or Ira	Mitigates against longevity and investment risk	SL, Period Certain, J&S, Cash Refund, COLA	Plan must uses unisex annuities
Single Premium Immediate Annuities (SPIAs)	Yes	Plan or iRA	Mitigates against longevity and investment risk	SL, Period Certain, J&S, Cash Refund, COLA	Plan must uses unisex annuities
Deferred Income Annuities (DIAs)	Yes	Plan or iRA		SL, Period Certain, J&S, Cash Refund, COLA	Plan must uses unisex annuities
Qualifying Longevity Annuities (QLAC)	Yes	Plan	May be purchased within Plan	Pmt at age 85	Max age is age 8
Required Minimum Distinctions	No	NA	IRS mandated	Single Life	Back loaded
1/N Approach	No	NA	Period during which distribs are paid	May modify N	Easy to implement
4% Rule	No	NA	Subseq pmts increased by inflation	Well reviewed	Easy to implement
Age divided by 20	No	NA	Easy to understand	Age divided by 15	Flexible number of years
X% over N years	No	NA	Distribs adj by "Hurdle Rate"	Initial Hurdle rate based on assumed growth rate	Somewhat complex

Source: American Academy of Actuaries Issue Brief---March 2025

PLAN SPONSORS STRIVE FOR A "DEFAULT TO ENGAGE PLANNING" PARTICIPANT EXPERIENCE

Common Default Features	Broadly Available Planning Experience
Automatic Enrollment	Automatically provide personalized retirement plan based on recordkeeping data: Estimated retirement savings goal
Automatic Escalation	Recommended savings strategy Investment strategy aligned with individual retirement goal
Professionally Managed Portfolio Target Date Accounts Managed Accounts Balanced Fund	Recommended savings amount and personalized strategy as part of automatic enrollment features Provide periodic planning report to participants with their personalized path to encourage future engagement

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Age	Savings as Multiple of Salary	
25	0.1	x
30	0.6	x
35	1.4	x
40	2.4	x
45	3.7	x
50	5.2	x
55	7.1	x
60	9.4	x
65	12	x

Optimal savings rate to meet your estimated retirement goals and objectives -- 12% to 15% of base pay over your career

Estimated Required Multiples of Saved Pay
Needed Every Five Years of your career
Starting at age 25 to attain 80% Goal by Age 65
Includes estimated Social Security Benefits

Source: Author

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

<u>Targets to Evaluate how you are Doing:</u>

1. **90% level of plan participation?**

2. **Automatic Enrollment?**

3. **10% average deferral rate?**

4. **Total contribution made including employer match (12-15%)**

5. **90% of overall plan assets invested in one stop diversified investments**
   - Target Date Funds
   - Professionally Managed Portfolios
   - Brokerage Accounts
   - **Issues when you have plan participants in a target date fund plus other mutual funds**
     - **Defeats the objective of asset allocation and asset portfolio allocation**
     - **How many participants have a target date fund and other mutual funds in their account?**

1. THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Targets to Evaluate how you are doing:

Age	Account Balance as of Base Salary	Target	Difference	Retirement Readiness
35	1.0	1.4	-.4	No
45	2.9	3.7	-.8	No
55	4.7	5.2	-.5	No
60	8.7	9.4	-.7	No
65	10	12	-2.0	No

Target multiples as % of Base pay

Age	Savings as Multiple of Salary	
25	0.1	x
30	0.6	x
35	1.4	x
40	2.4	x
45	3.7	x
50	5.2	x
55	7.1	x
60	9.4	x
65	12	x

Have you performed a retirement readiness evaluation?

Where does your plan fall?

The Future?

“Democratizing Access to Alternate Assets for 401k Plans”

Alternative Asset Allocation-Executive Order

- Prive Equity Investments
- Real Estate
- Digital Assets
- Infrastructure
- Lifetime Income Investment Strategies
  - Tontines—a pooled fund that pays benefits to it participants and as participants die, the remaining funds in the pool are reallocated to the remaining participants
  - *Milliman report January 22, 2022*

THE EMPLOYER'S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

The Past?

Incorporate a deferred group annuity type contract into a DC plan???

$5,000		65		0.03
Annual contrinbution		NR		Growth

Attained age		Accumulated value at age 65	Lifetime Annual Annuity
20		$463,599	$33,708
25		$377,006	$27,412
30		$302,310	$21,981
35		$237,877	$17,296
40		$182,296	$13,255
45		$134,352	$9,769
50		$92,995	$6,762
55		$57,319	$4,168
60		$26,546	$1,930

Key Take Aways

1. Employers need to adopt a better vision of their role of sponsoring a retirement plan to help employees achieve their retirement goals and objectives

2. Most plan participants will not be able to achieve their retirement goals and objectives

3. Behavioral Impediments are barriers that need to be addressed

4. Employees trust the employer to provide objective professional support

5. Plan sponsors can take effective steps to help their employees achieve retirement readiness

6. Employers may adopt a new breed of financial wellness to help their employees using a variety of tools and techniques

7. Employees will be able to secure their retirement goals and objectives based on an enlightened employer's vision and actions

THE EMPLOYER’S ROLE IN HELPING EMPLOYEES ACHIEVE THEIR RETIREMENT GOALS

Questions?

Every journey begins with the first step!

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Join Us for Our Upcoming Events!

- 2025 TCISCEBS Annual Membership Meeting
  - December 4. 2025 4:30 – 6:30pm CST
  - Location: USI Insurance Services Offices, 8000 Norman Center Drive; STE 400, Bloomington. Happy Hour to follow at Kincaid's
- TCISCEBS Welcome to 2026 Coffee Talk
  - January 13, 2026 at 11:00am CST
  - Virtual
- Women's Health Panel
  - February 17, 2026 at 11:00am CST
  - Virtual
- Watch your email or visit our website for more upcoming events
  - tciscebs.org

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