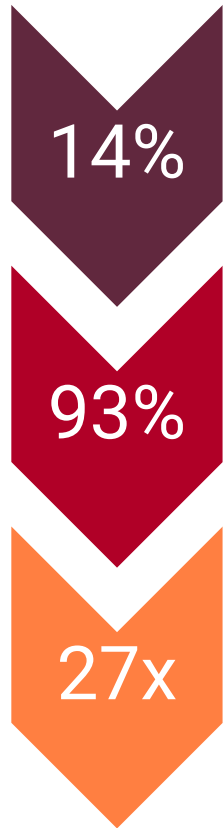




2025 State of Retirement Readiness Planning

StartRight.RetireRight.

2024 Highlights



- Average account balances grew by **14%**
- Plan adoption of **Roth** Contributions
- Participants who invested **100%** in a target date fund were less likely to make an exchange

Only **14%** Participants who use Roth

Goals

What are the goals you have for your company's retirement plan?

6 in 10 workers are confident in having enough for a comfortable retirement²

- Want employees to do the right thing for their financial wellness
- Want participants to achieve retirement readiness
- Attract Talent: Showcase all the benefits of the plan
- Pass testing

Secure Act 2.0:
Employers may offer de minimis
financial incentives to encourage plan participation¹

¹"De Minimis" has not been defined, cannot be paid from plan assets. Notice 2024-02 clarifies that a "de minimis" incentive cannot exceed \$250 in value and can only be provided to employees that don't already have an election to defer in place.

² 2024 EBRI Retirement Confidence Survey

ERISA and Retirement Plans

Communication

Requires plans to provide participants with information about the plan regularly and automatically

- Snail mail
- Electronic mail
- In person

Face-to-Face request is **34** times more successful than email.

The Right Retirement Plan can...

How are you going to get there?



Attract
more potential
hires



Discourage
turnover



Reward
loyalty

If you can get your employees to **JOIN**
the plan – and make the most of it!

Make it Easy to Join Retirement Plan

- Opt-out instead of opt-in
- Automatic features
 - Auto enroll
 - Auto increase
- Shorten waiting period and/or remind them of upcoming eligibility
- Hold an enrollment meeting to showcase features of the plan and allow questions
 - Most participants think they have no control over their retirement plan

Secure Act 2.0: For most plans established on/after 12/29/2022
Required Automatic Enrollment of at least 3% but not more than 10%
and Auto Increase 1% each year Maximum limit of 10% with
a cap at 15% for certain plans.

Make it **EASY** to Rollover Old Plans

1
Leave It.

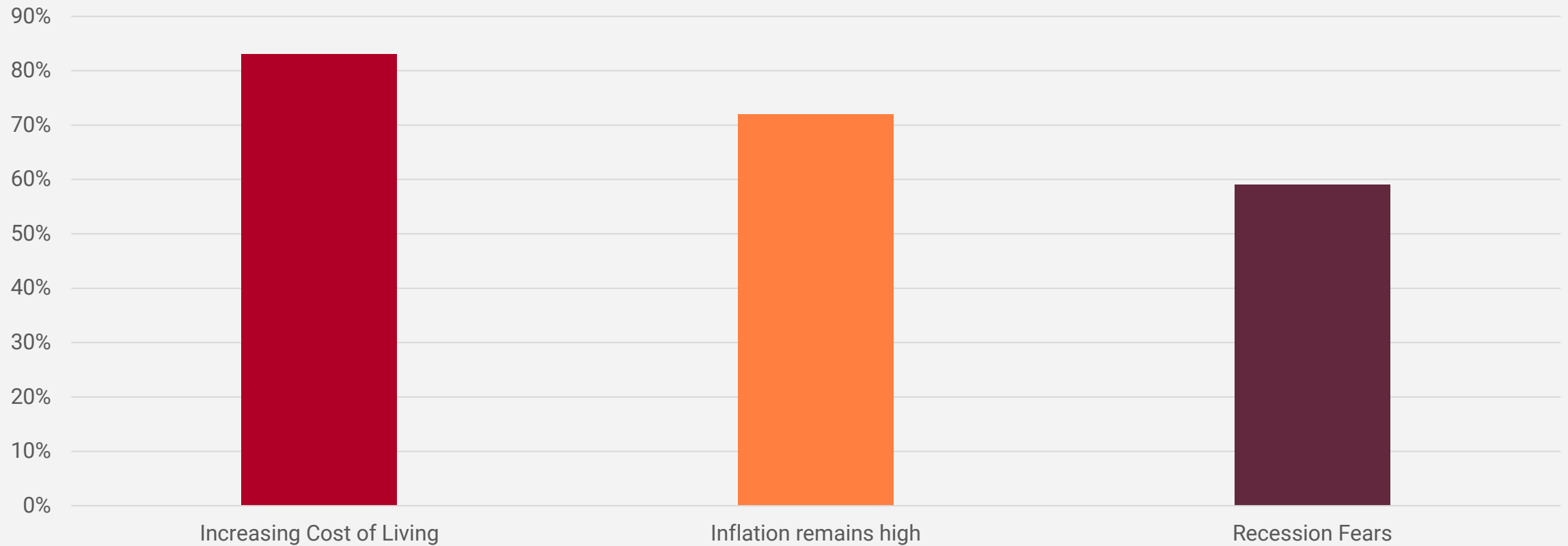
2
Roll It.

3
Take It.

SECURE 2.0 instructs the labor department to establish the nation's FIRST government sponsored lost-and-found database for retirement benefits

2024 Participant Concerns

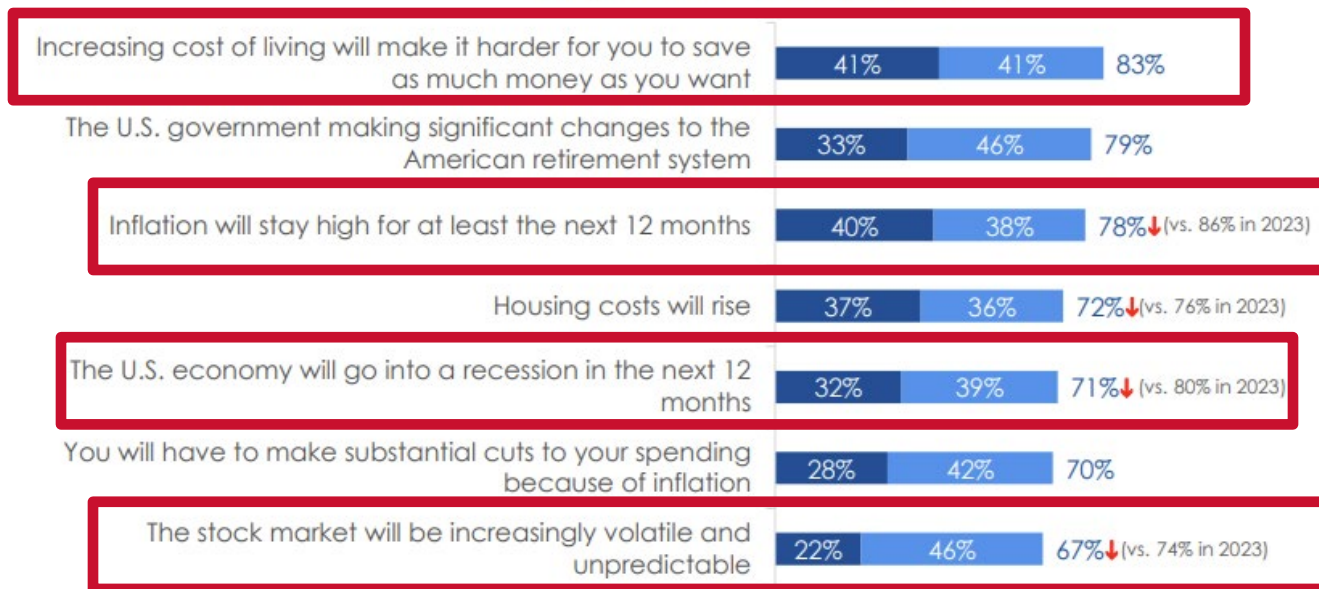
Top 3 Worker Concerns¹



Scenarios Impacting Retirement

Workers' Concern Surrounding Scenarios Impacting Retirement (2024 Workers n=1,255)

■ Very concerned ■ Somewhat concerned



Concerns

**Not Having Enough
Money During
Retirement**

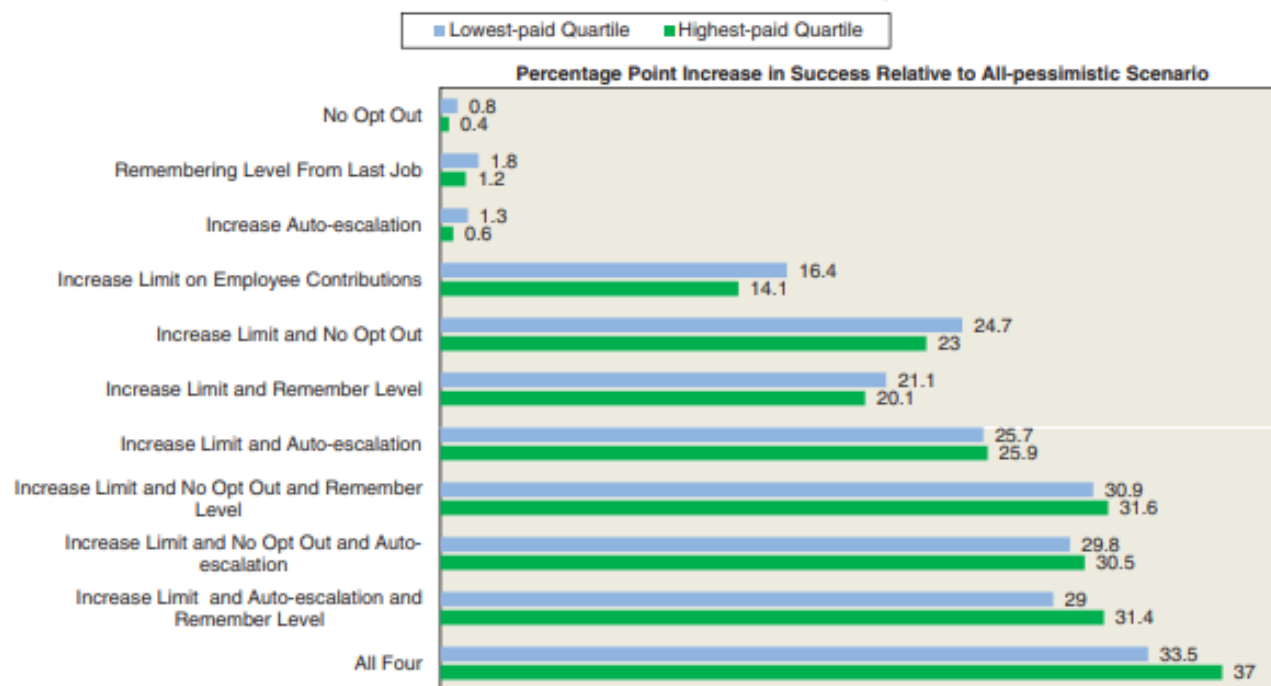


Set up Higher Automatic Enrollment



Modifying Plan Design & Employee Behavior

Figure 4
Increase in Probability of Success* From Modifying Plan Design
Features of Automatic Escalation and Employee Behavior

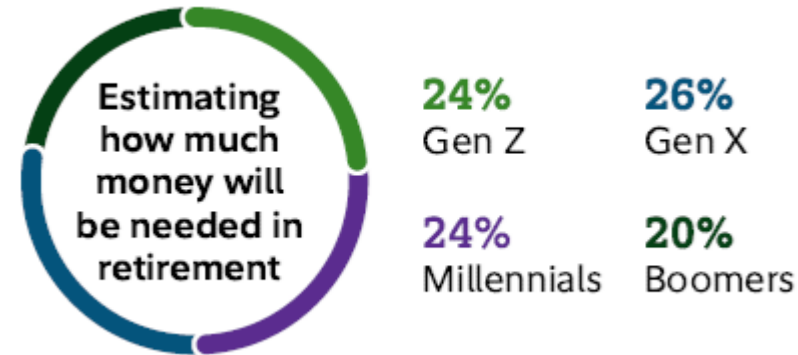
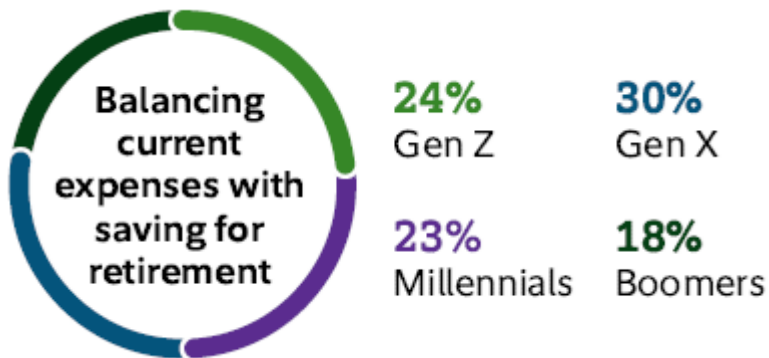
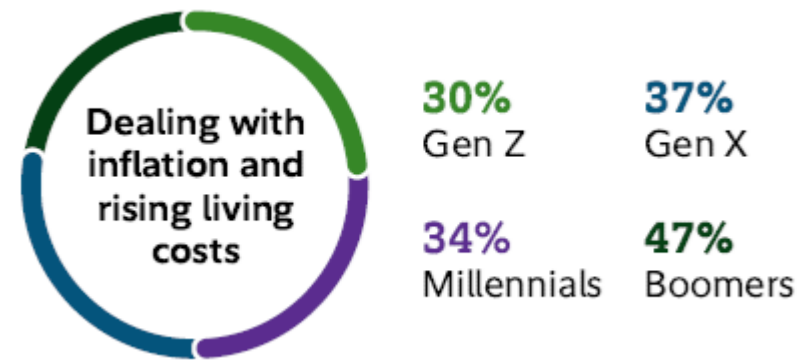
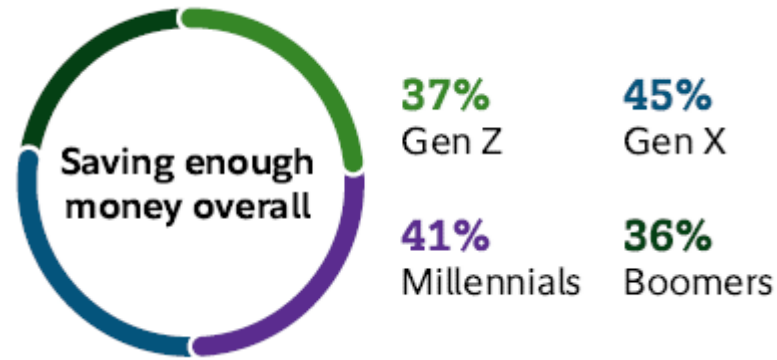


Source: EBRI/ERF Retirement Security Projection Model, versions 100810a1–100810a16.

* "Success" is defined as achieving an 80 percent real replacement rate from Social Security and 401(k) accumulations combined as defined in the text. The population simulated consists of workers currently ages 25–29 who will have more than 30 years of simulated eligibility for participation in a 401(k) plan. Workers are assumed to retire at age 65 and all 401(k) balances are converted into a real annuity at an annuity purchase price of 18.62.

The probability of success for the lowest-income quartile increases from the baseline probability of 45.7 percent to 79.2 percent when all four factors are applied.

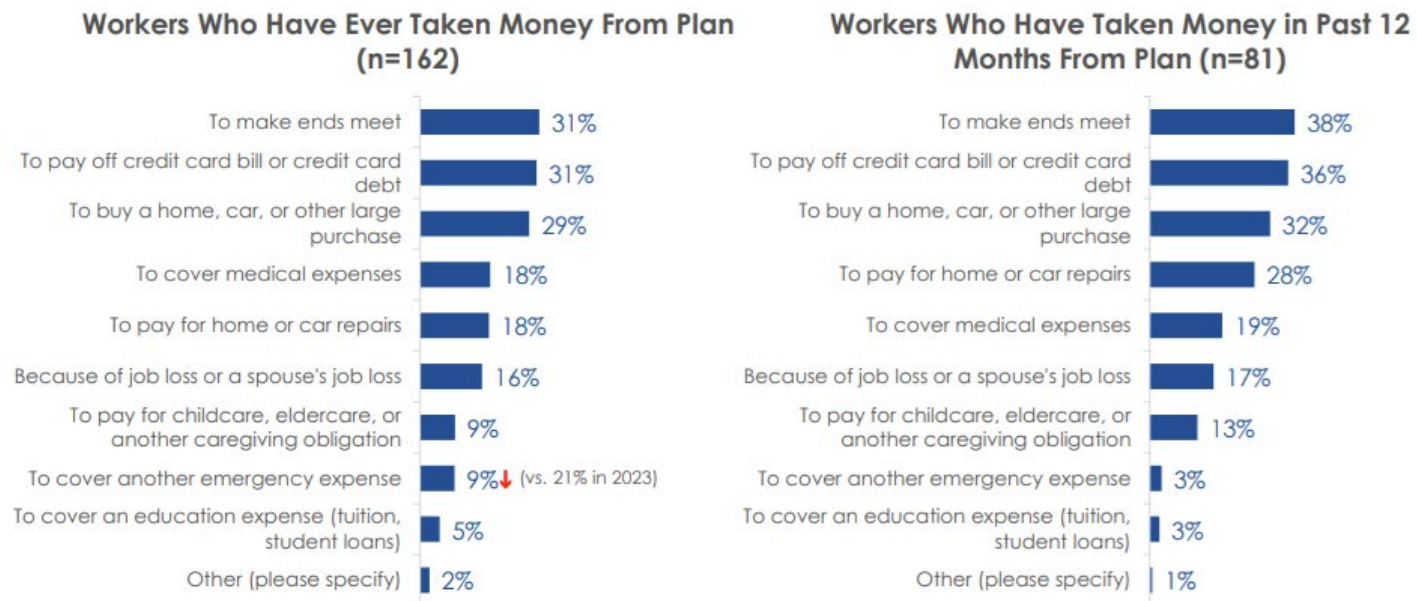
Top Challenges Preparing for Retirement



Saving for Emergencies

Workers would like help saving for emergencies through their retirement plan

Reason Loans/Withdrawals Were Taken



Financial Wellness Tool

- Digital snapshot of your overall financial health
- Comprehensive financial resource that you can tailor to your needs
- Financial planning tools, including calculators, goals, reminders, and more
- Ability to link external accounts
- Automated money tracking and budgeting

Promote the Importance of
Financial Wellness



New!

Financial Wellness

Calculate your net worth, create a budget, take a financial management course, and so much more.

[Get started >](#)

Communicate Control over Contributions

Average contribution
was 7.3%



You can contribute up to

<100 PERCENT

Not to exceed the Annual IRS Limits

\$23,500

Catch-Up Contributions*

Age 50 +	Age 60-63
\$7,500	\$11,250

Experts
Suggest

10 -
15%

of your salary

Change Your Contribution ANYTIME

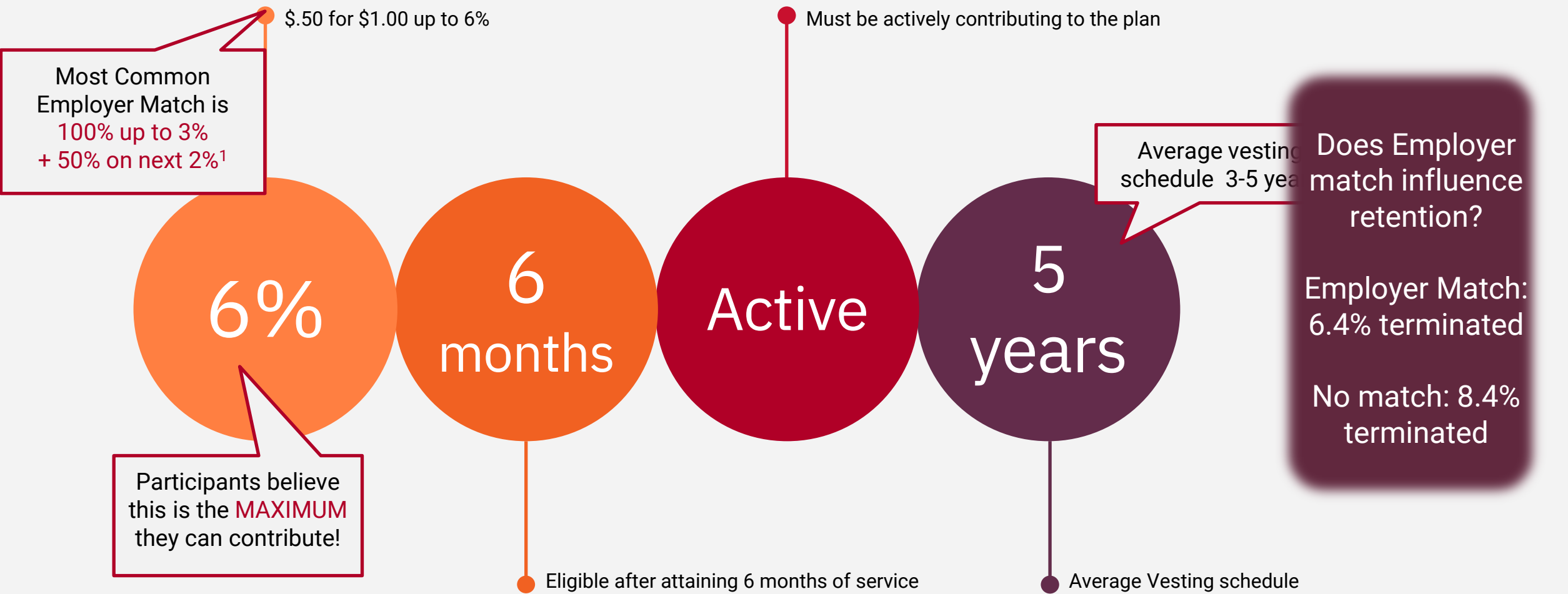
Effective as of the
next reasonable Pay period

Eligible after
attaining 6
months of
service

$\frac{1}{3}$ wait 6 months
while $\frac{1}{4}$ wait 1 year!

Many plans allow
changes at
ANYTIME!

Employer Contributions: Starting Point




¹ Source: T. Rowe Price Reference Point 2023

Promote Your Retirement Calculator[®]

Help them determine the contribution that is right for them

Account settings

Total contribution rate ?

10 % 

Show individual contribution rates ▼

Investment style ?

Moderate growth ▼

Reset Implement changes

Implementing these changes will start the process to execute the financial changes to your account. You will have the opportunity to cancel before completing the transaction.

Assumptions

Retirement

Additional savings

Estimates

Employer contributions


Reset Save assumptions

Save: Saving these changes will not cause any financial changes to your account, but it will allow you to retain your assumptions for a later date.

Assumptions used to generate estimates 

⚠ Needs attention Current balance \$103,389.69 Retirement goal \$4,948,024.09

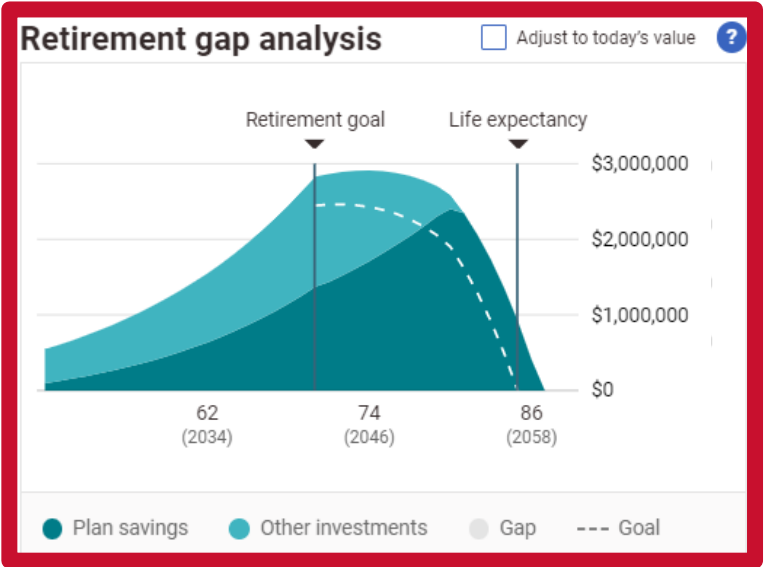
Your projected monthly income of \$3,422 falls short of your estimated monthly expenses of \$5,000.



- Gap
- Other investments
- Plan savings
- Social Security

52% of Workers **HAVE** calculated how much money they will need in retirement

What is your Retirement Number?



Top Tips for Plan Participants



In your 20s

Focus on saving as much as you can in tax-advantaged accounts and investing for potential compounding growth.



In your 30s and 40s

Focus on amping up savings in tax-advantaged accounts and continuing to invest for long-term growth potential.



In your 50s and 60s

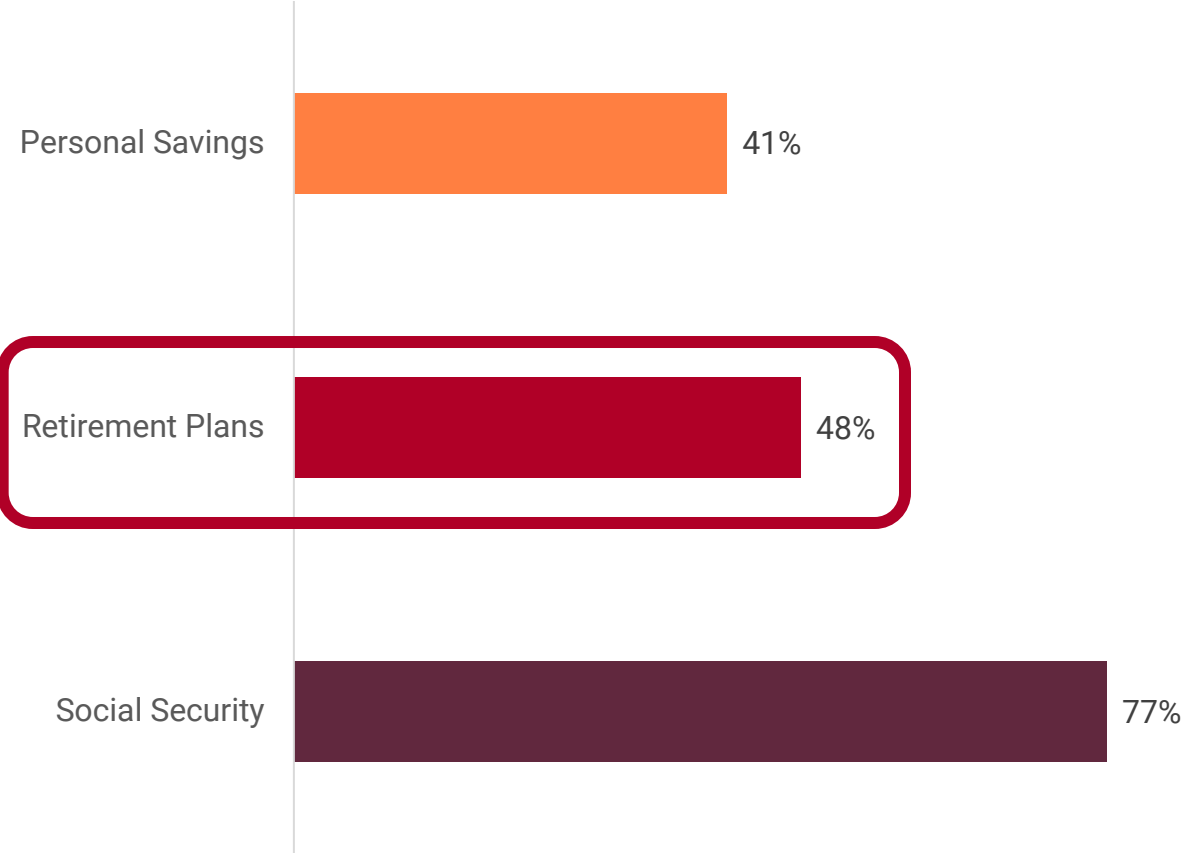
Focus on catchup contributions, diversifying investments, and ensuring you have a retirement income plan.



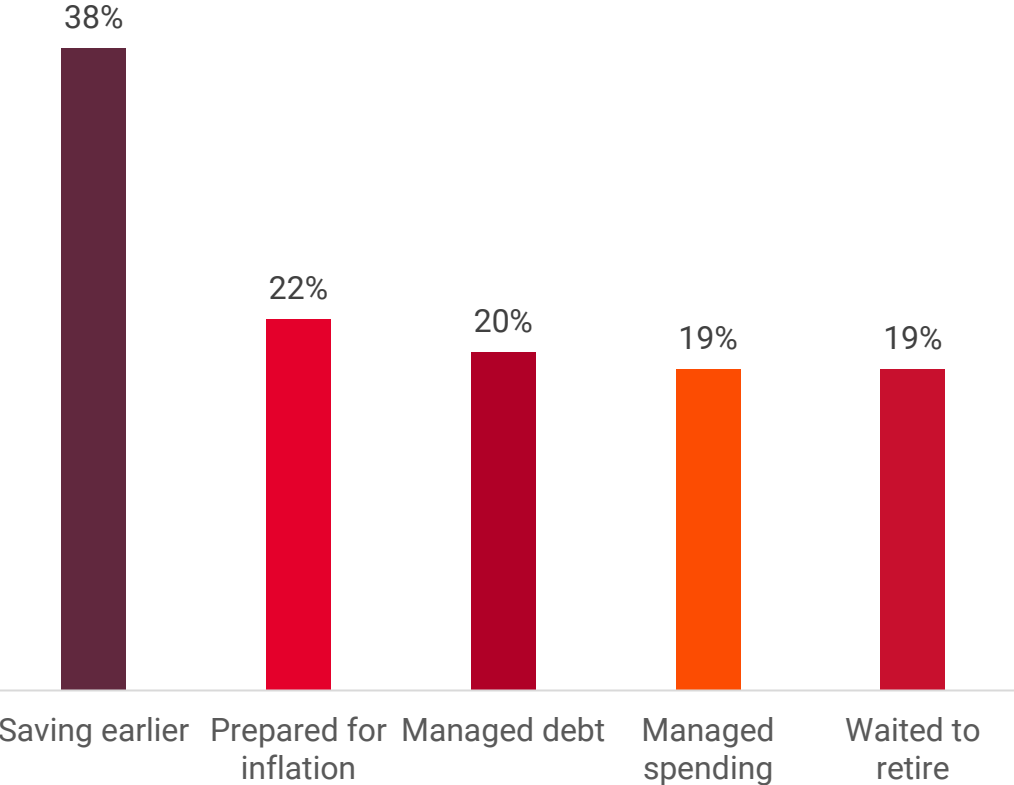
Going from saving to living in retirement

Aim to have saved 10 times your annual salary by the age you plan to retire, **withdrawing no more than 4% to 5% of your savings each year**. Plan to cover essential expenses through guaranteed income sources that keep up with inflation (such as annuities) and cover discretionary expenses through savings or investment income.¹

Top 3 Sources of Income for Retirees



If retirees could go back in time, actions they would've prioritized include:



Confidence in Investment Decisions



29% vs. 27% in 2023


Very confident in investment
decisions on own



55% vs. 49% in 2023

Very confident in investment
decisions with professional help

 **+26 points** 



39% of workers get their
advice through their
retirement plan¹

Encourage One-on-one Consultations

- ✓ Q&A
Answer questions about saving for retirement and other goals.
- ✓ Evaluate
Evaluate investment choices that meet your needs.
- ✓ Create
Create an action plan to get and stay on track for retirement.
- ✓ Review
Review retirement income and cash flow options.
- ✓ Complimentary
No additional charge.

Best Practices for Retirement Readiness

1. Promote Enrolling in the Plan

4. In-person group meetings

2. Encourage Calculating Retirement Goal

3. Encourage Financial Wellness

5. Encourage Personal Consultations

Thank You



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