



# 2025 State of Retirement Readiness Planning

StartRight.RetireRight.



# 2024 Highlights

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- 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

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

6 in 10 workers are confident in having enough for a comfortable retirement<sup>2</sup>

- 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 participation<sup>1</sup>

<sup>1</sup>"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.

<sup>2</sup> 2024 EBRI Retirement Confidence Survey

# ERISA and Retirement Plans

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## Communication

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

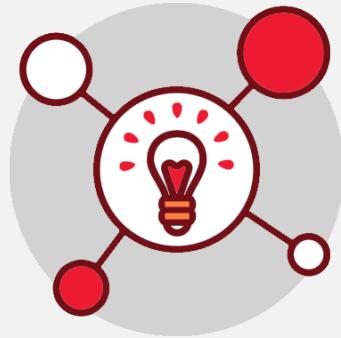
- Snail mail
- Electronic mail
- In person

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

# The Right Retirement Plan can...

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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

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- 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.

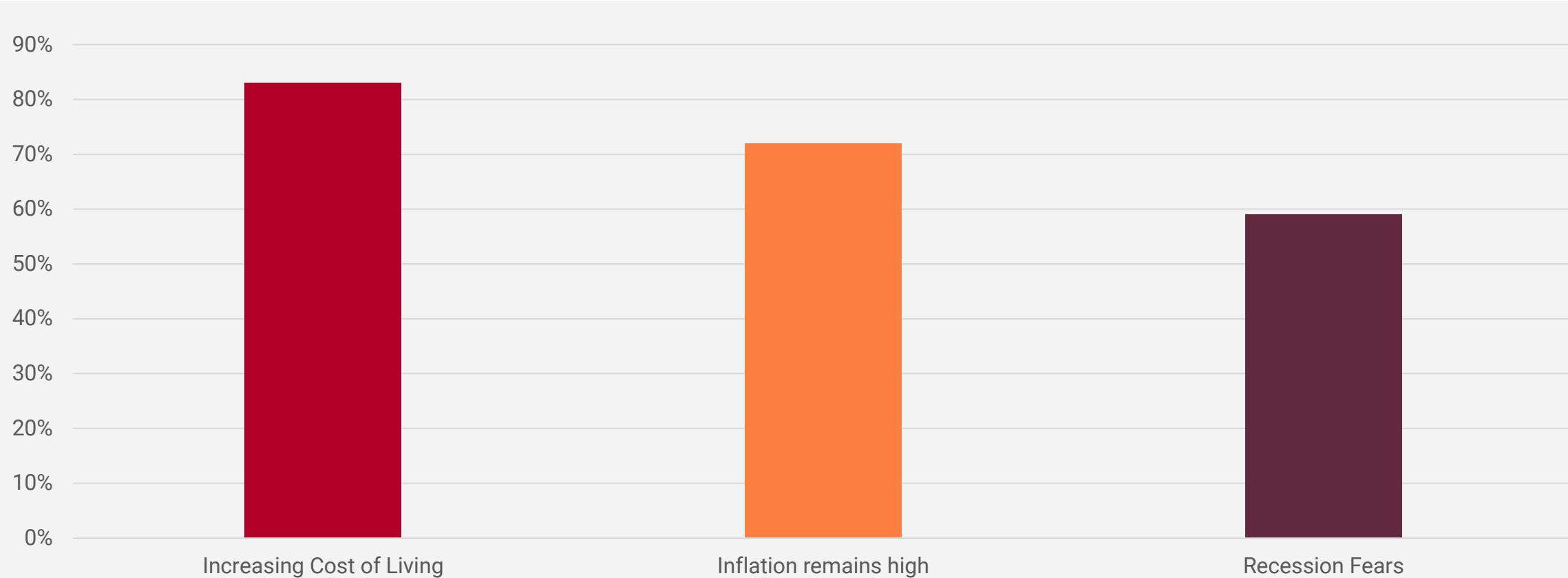
**3**  
Take It.

**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

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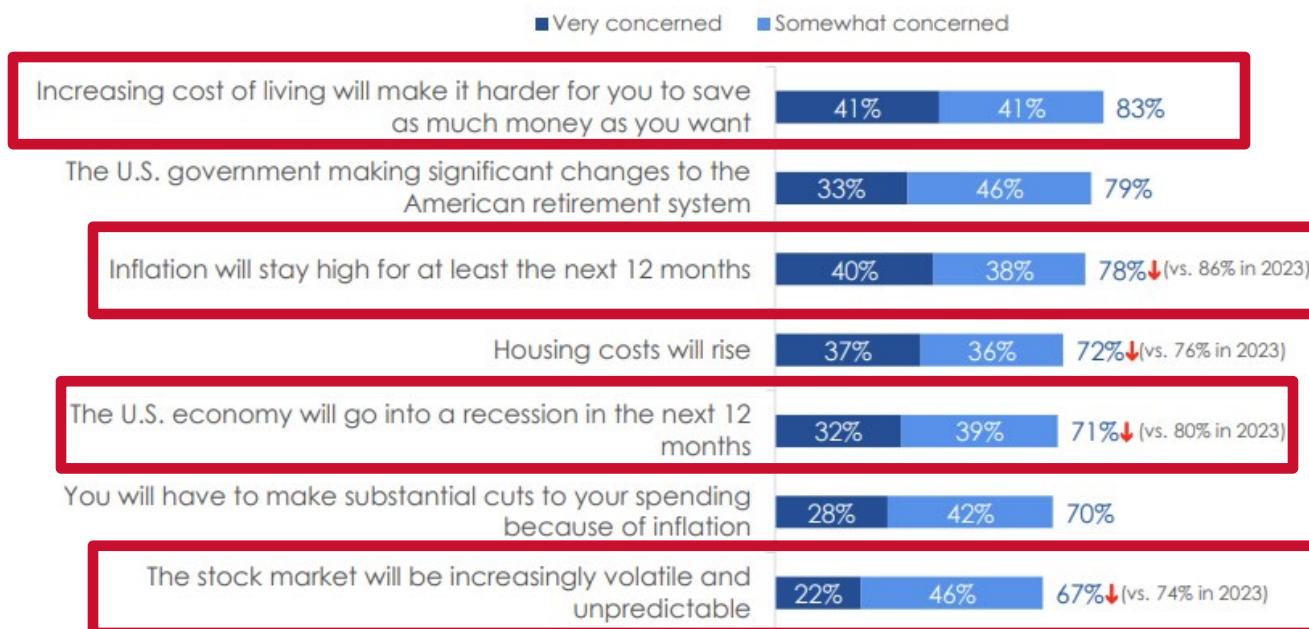
## Top 3 Worker Concerns<sup>1</sup>



# Scenarios Impacting Retirement

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



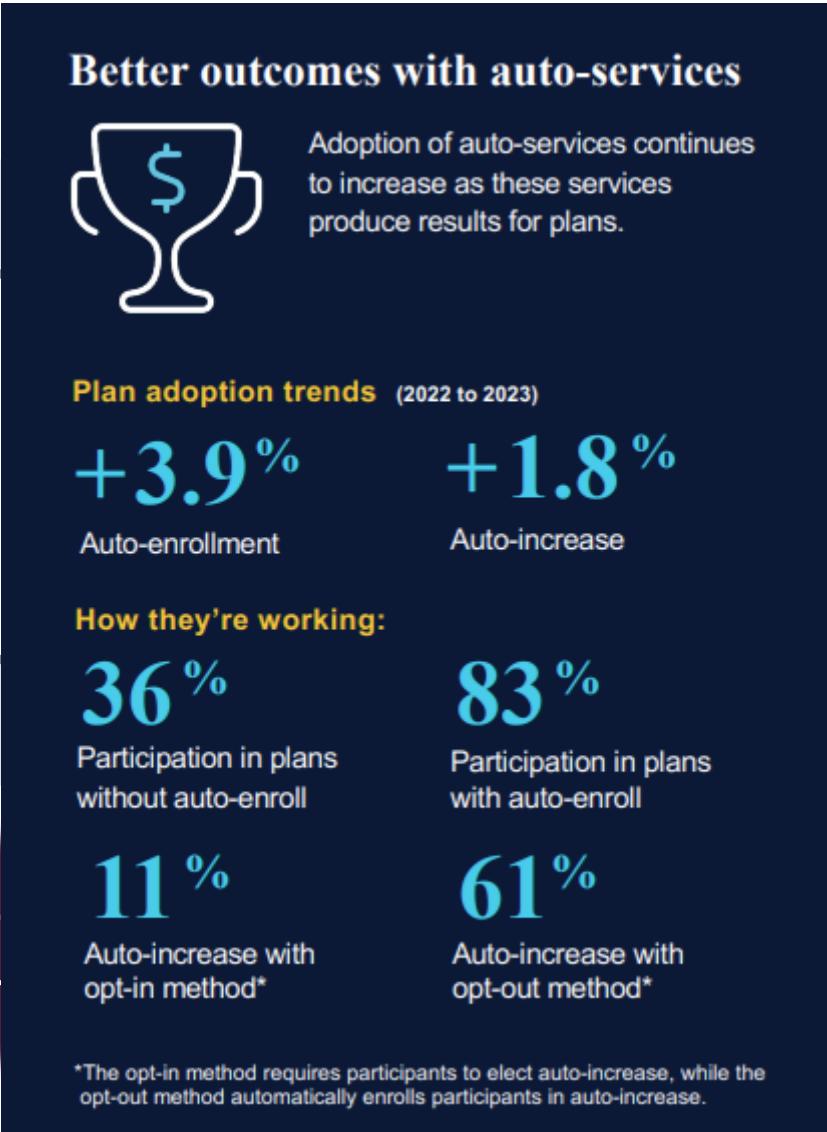
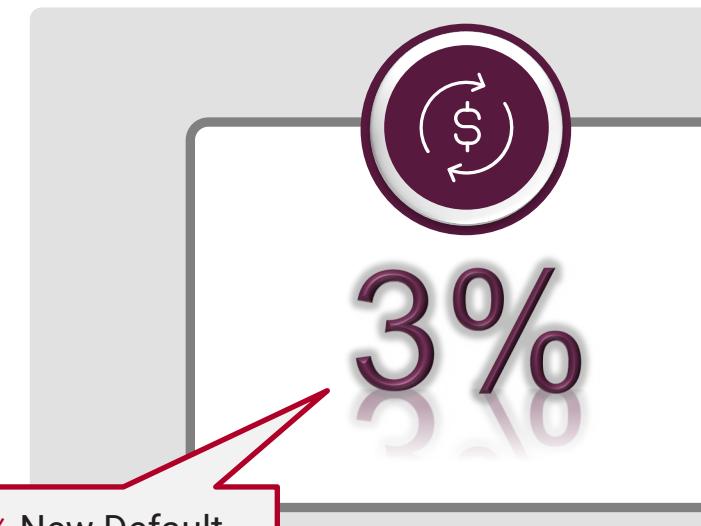
# Concerns

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**Not Having Enough  
Money During  
Retirement**



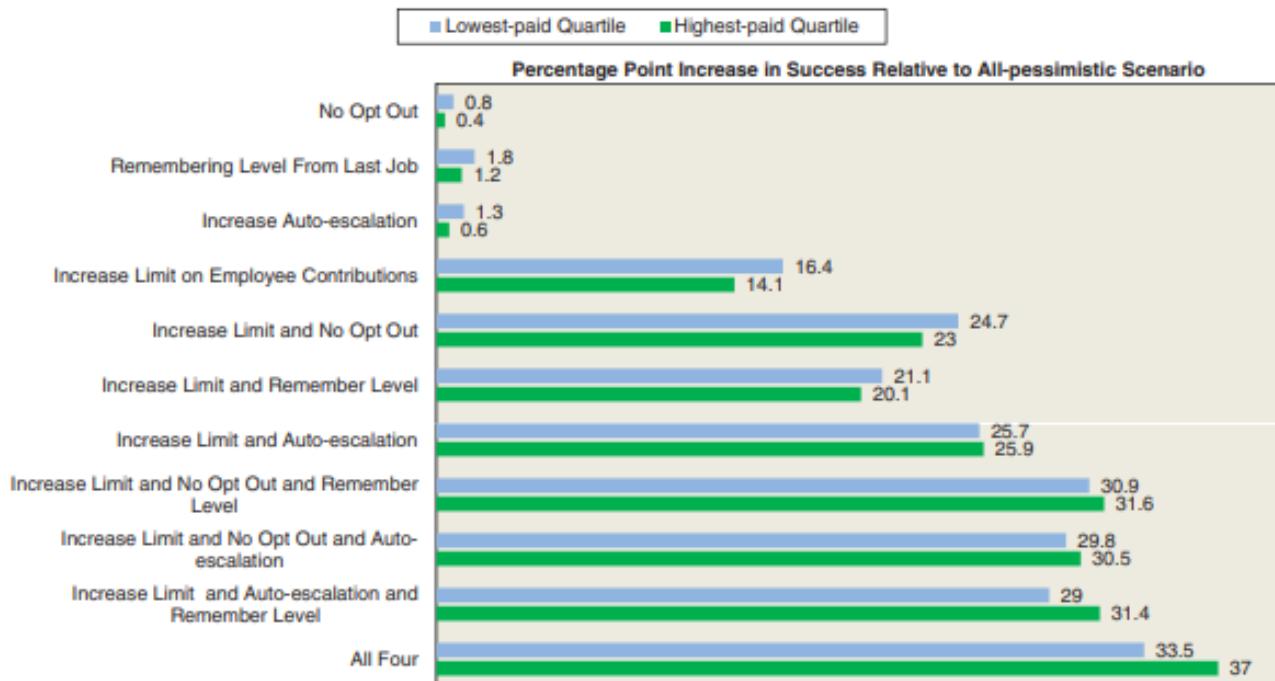
# Set up Higher Automatic Enrollment



# 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



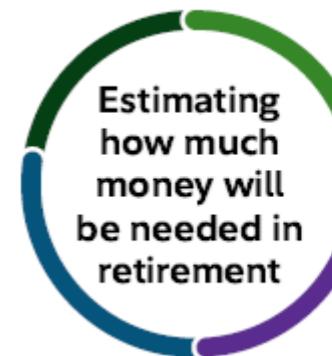
Generation	Percentage
Gen X	45%
Boomers	36%



Generation	Percentage
Gen X	37%
Boomers	47%



Generation	Percentage
Gen X	30%
Boomers	18%



Generation	Percentage
Gen X	26%
Boomers	20%

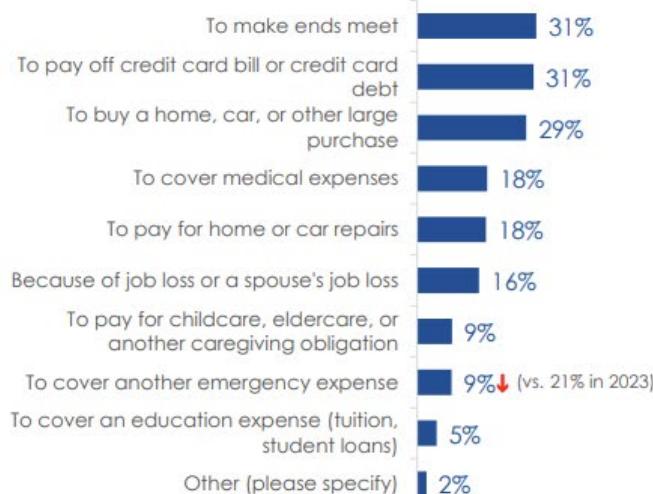
# Saving for Emergencies

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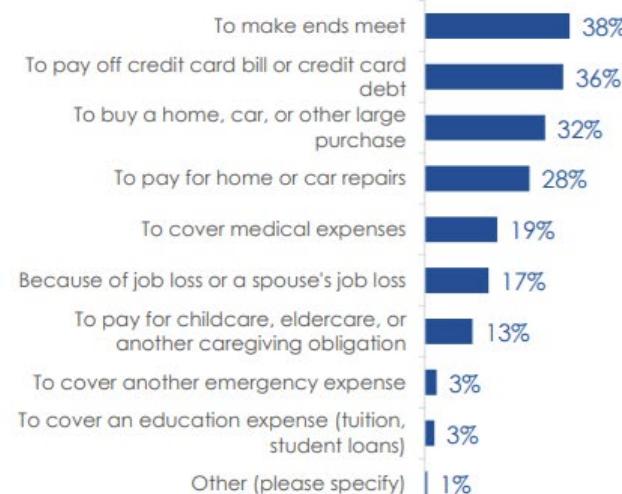
Workers would like help saving for emergencies through their retirement plan

## Reason Loans/Withdrawals Were Taken

### Workers Who Have Ever Taken Money From Plan (n=162)



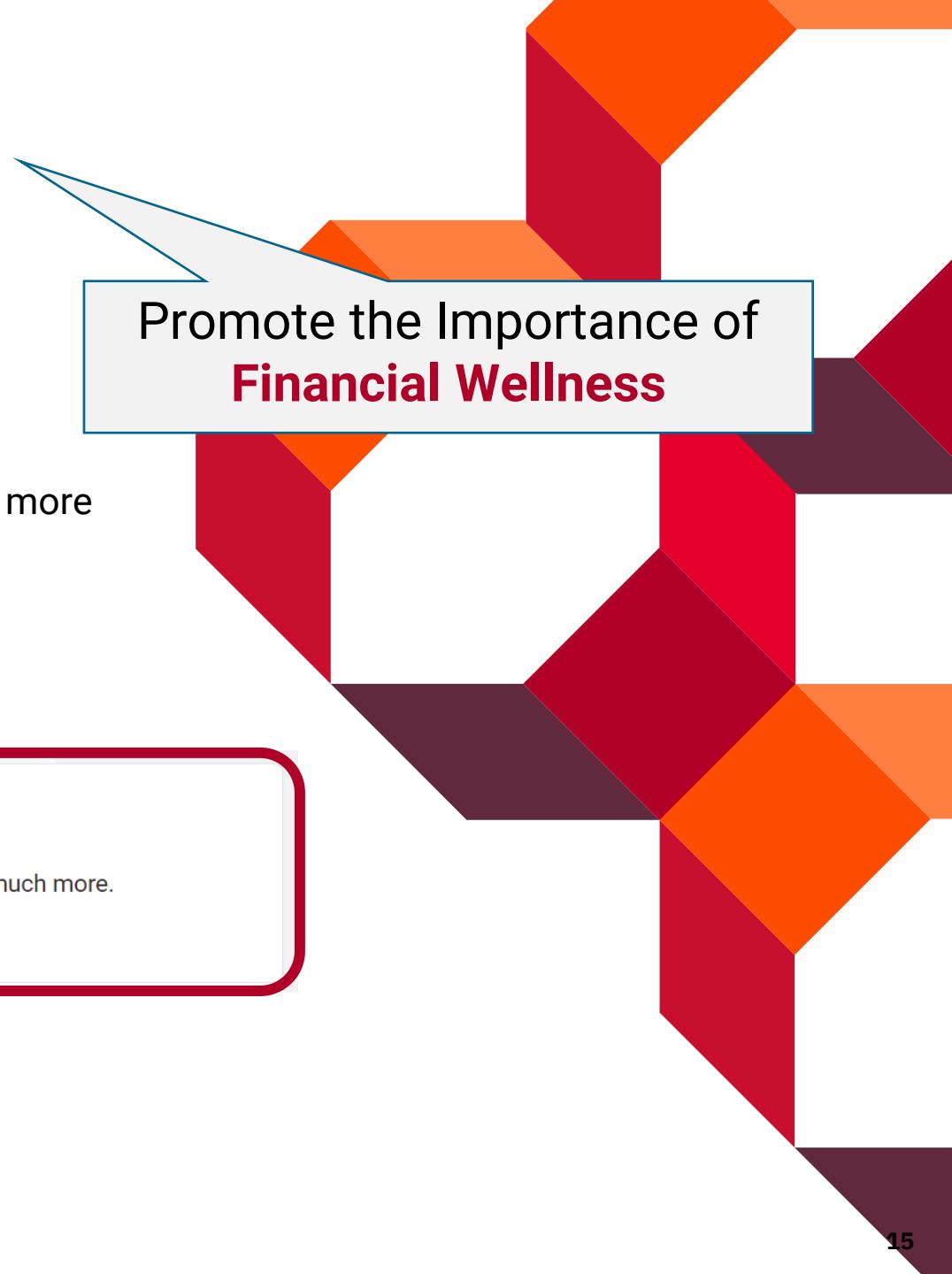
### Workers Who Have Taken Money in Past 12 Months From Plan (n=81)



# Financial Wellness Tool

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- 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**



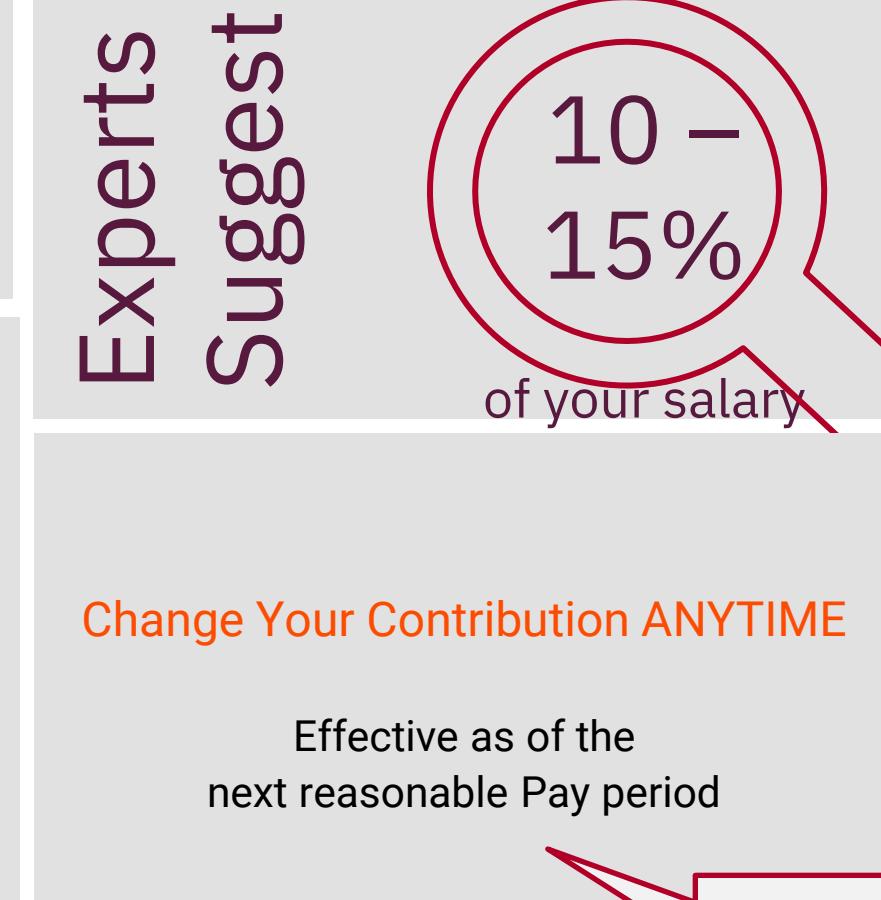
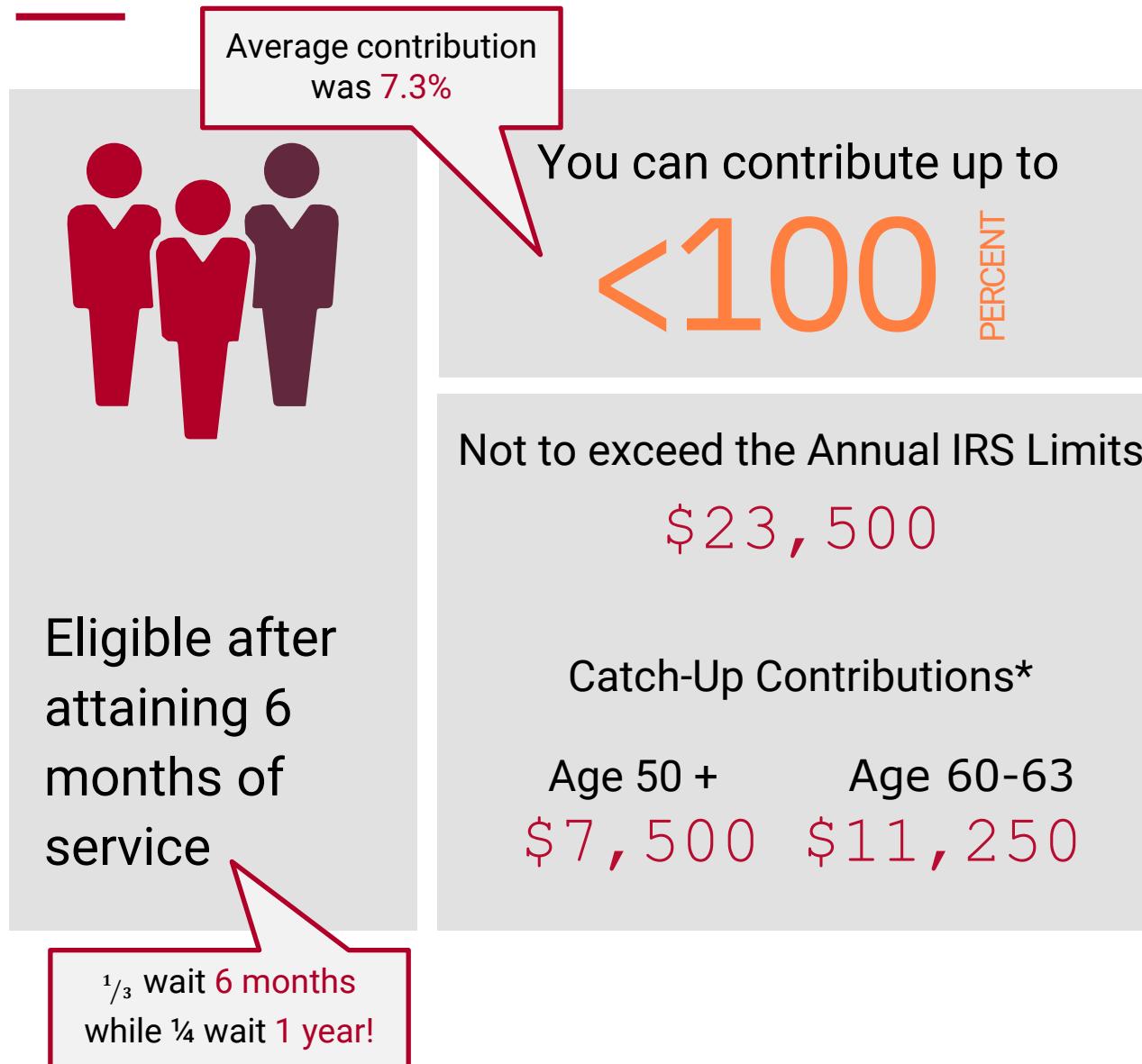
**New!**

## Financial Wellness

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

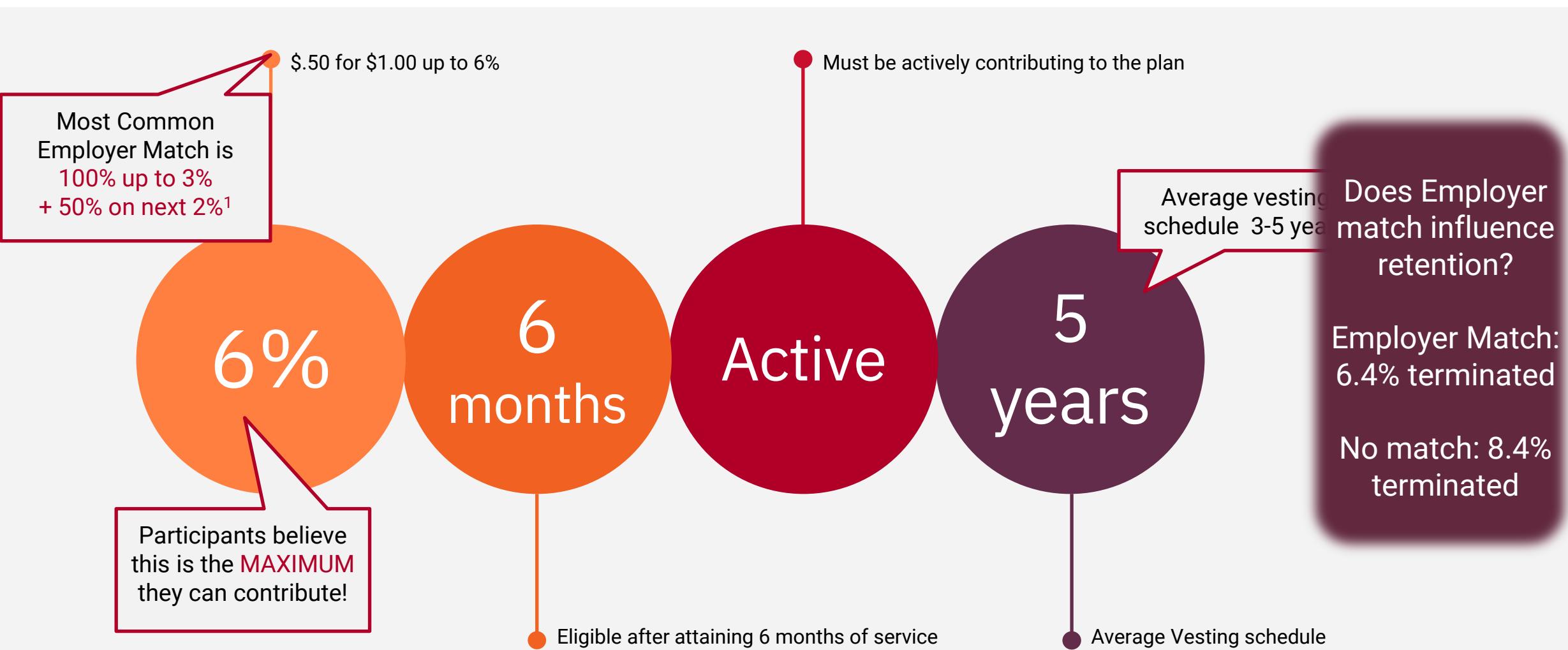
[Get started >](#)

# Communicate Control over Contributions



Many plans allow changes at ANYTIME!

# Employer Contributions: Starting Point



# 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.

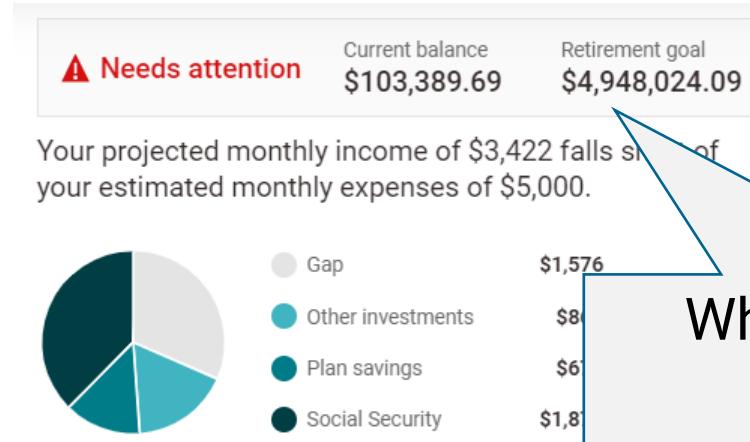
Assumptions

- Retirement
- Additional savings
- Estimates
- Employer contributions

Reset  Save assumptions

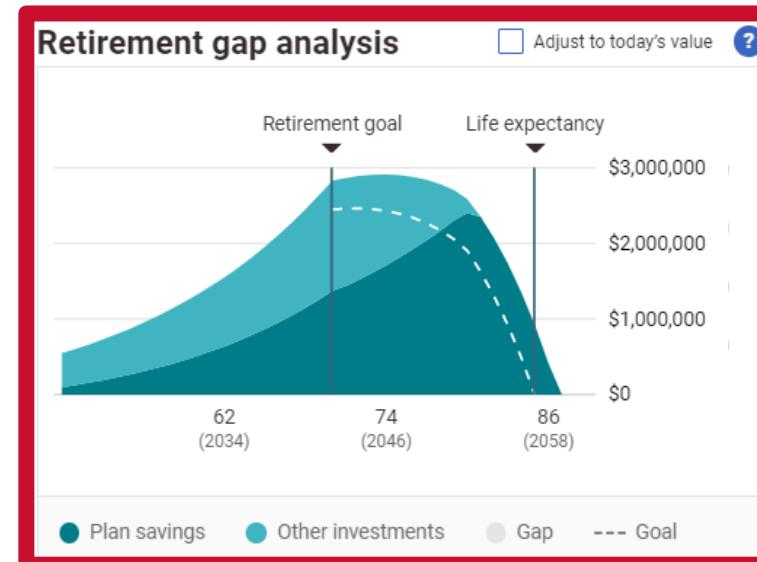
**Save:** Saving these changes will not cause any financial changes to your account, but it will allow you to retain your assumptions for a later date.

Assumptions used to generate estimates



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

What is your Retirement Number?



# Top Tips for Plan Participants

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## 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

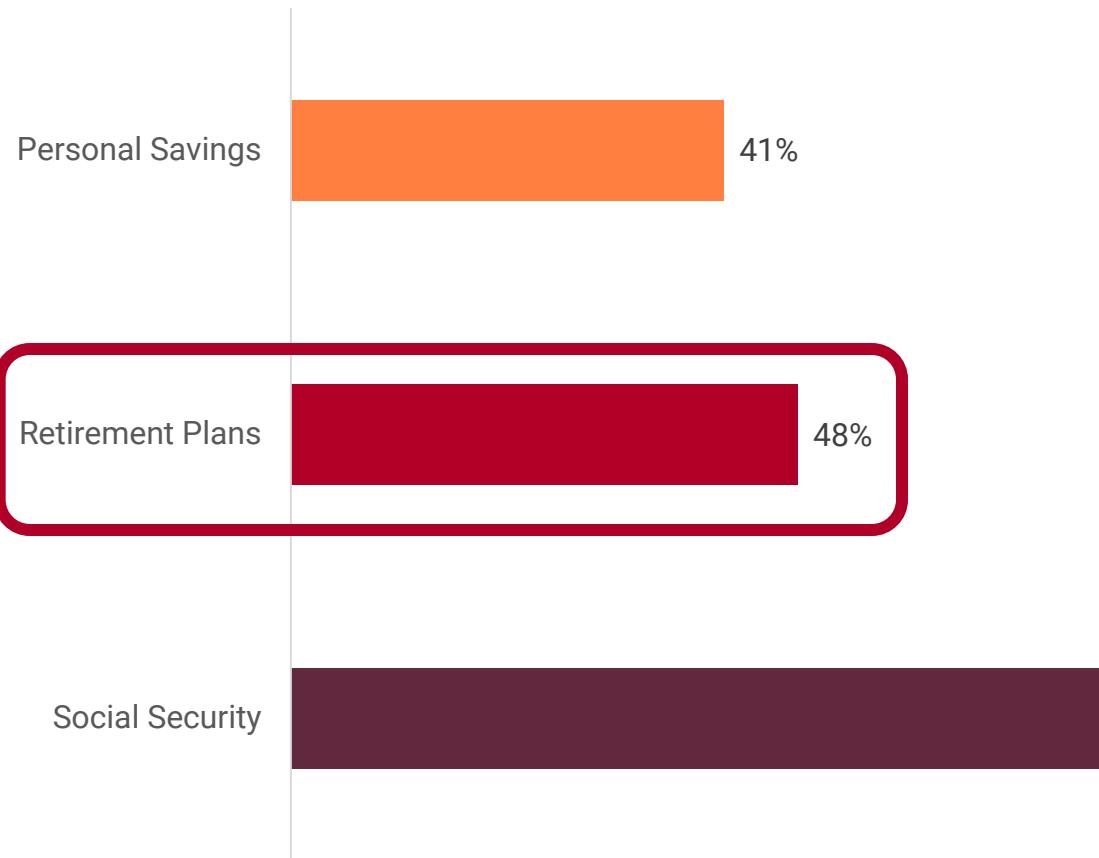
Focus on catchup contributions, diversifying investments, and ensuring you have a retirement income plan.



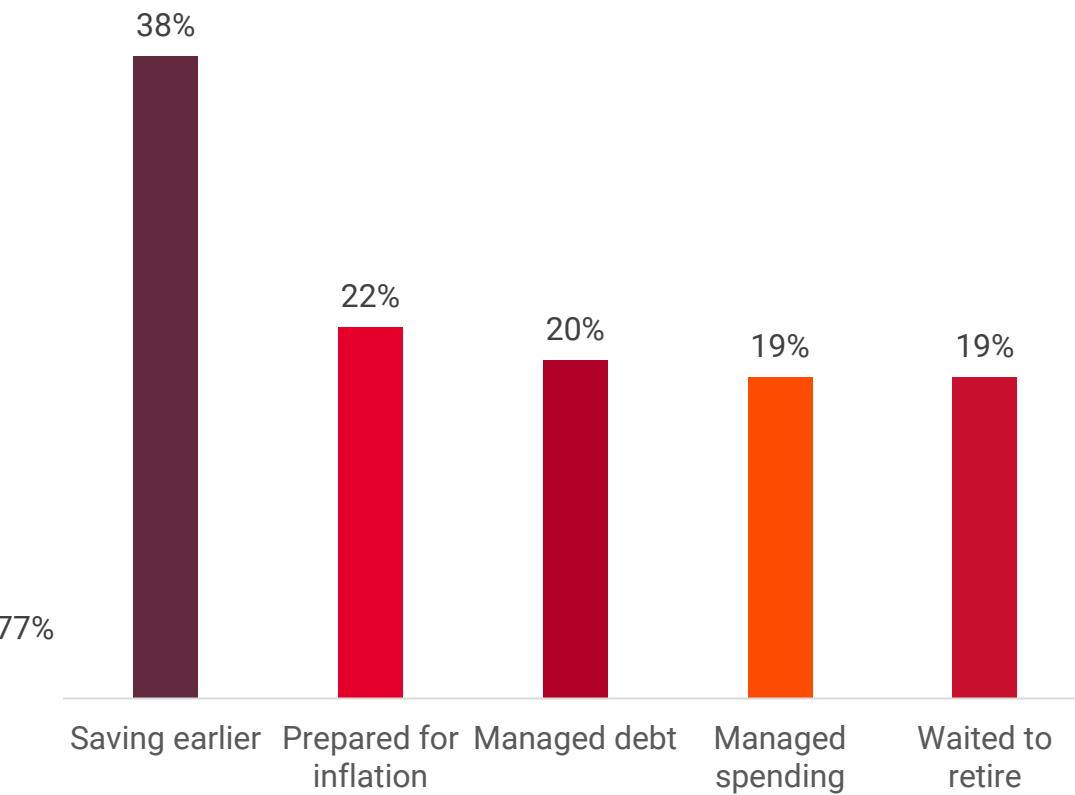
## Going from saving to living in retirement

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.<sup>1</sup>

# Top 3 Sources of Income for Retirees



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



# Confidence in Investment Decisions

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→ +26 points



39% of workers get their advice through their retirement plan<sup>1</sup>

# 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

2. Encourage Calculating Retirement Goal

3. Encourage Financial Wellness

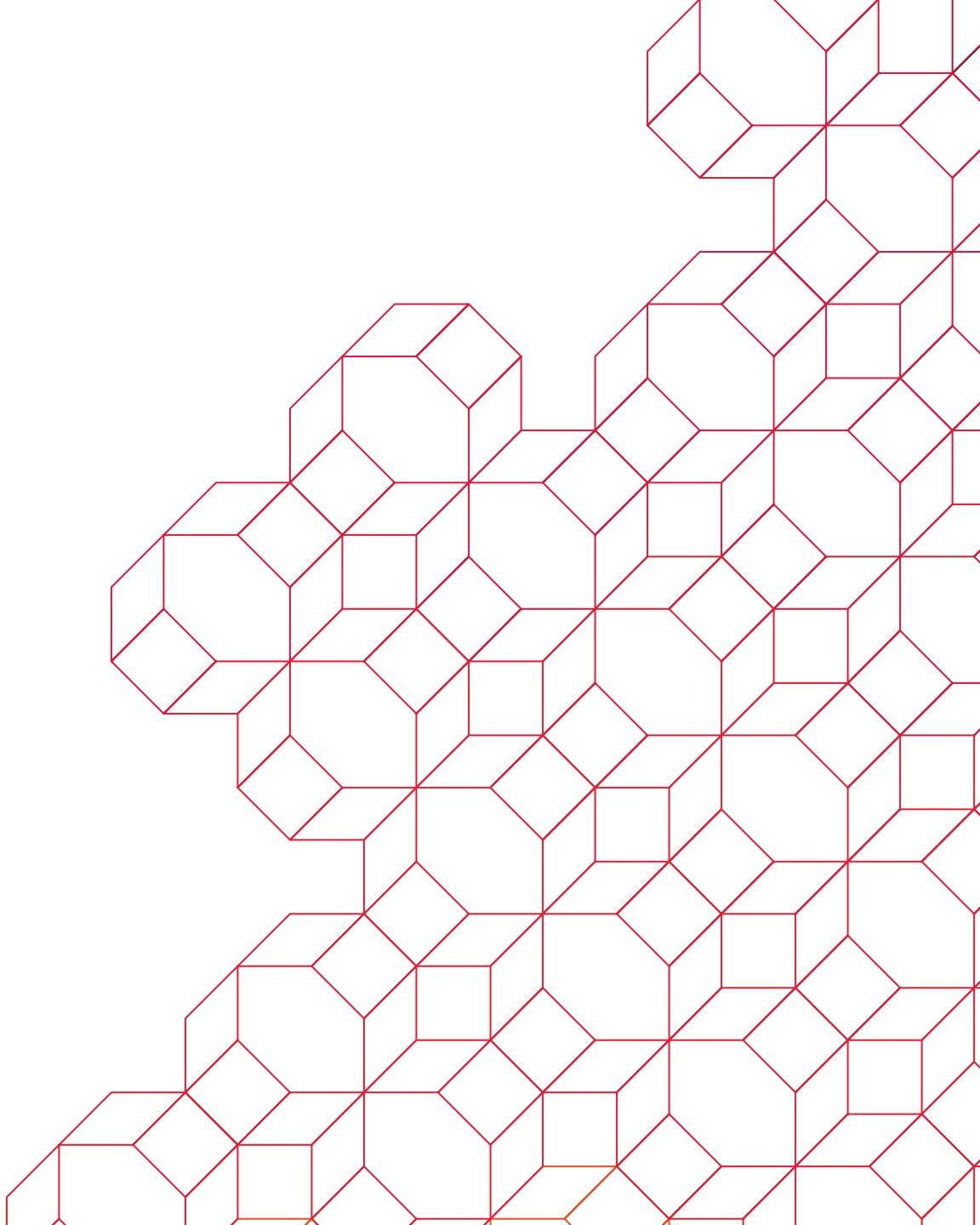
4. In-person group meetings

5. Encourage Personal Consultations

# Thank You



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