



Generational Perspectives on Savings:

Encourage Participation by Speaking their Language

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Objectives

By the end of this session, you will be able to:

- Recognize the different perspectives, visions and expectations of each generation.
- Describe the generational differences in goals and saving motivations.
- Implement strategies to increase saving in your organization's retirement plan.



Agenda

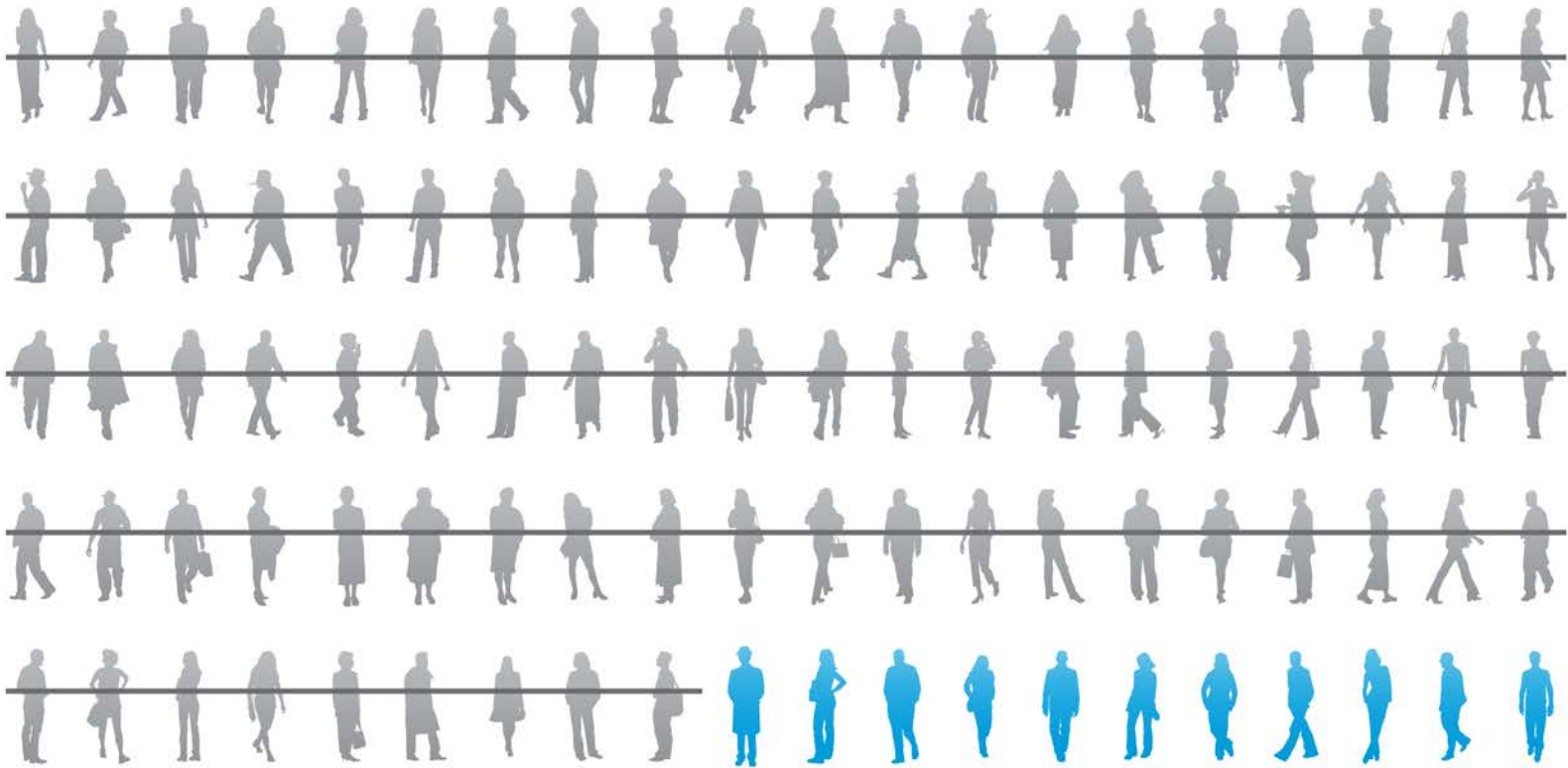
- Retirement Foundation Deteriorating
- Defined Contribution World in Crisis
- Different Generations, Different Perspectives
- Visions and Expectations for Retirement by Generation
- Goals and Saving Motivation by Generation
- Promote Retirement Saving

The Retirement Foundation Is Deteriorating



The Defined Contribution World is in crisis

80% have savings in the Defined Contribution Plan

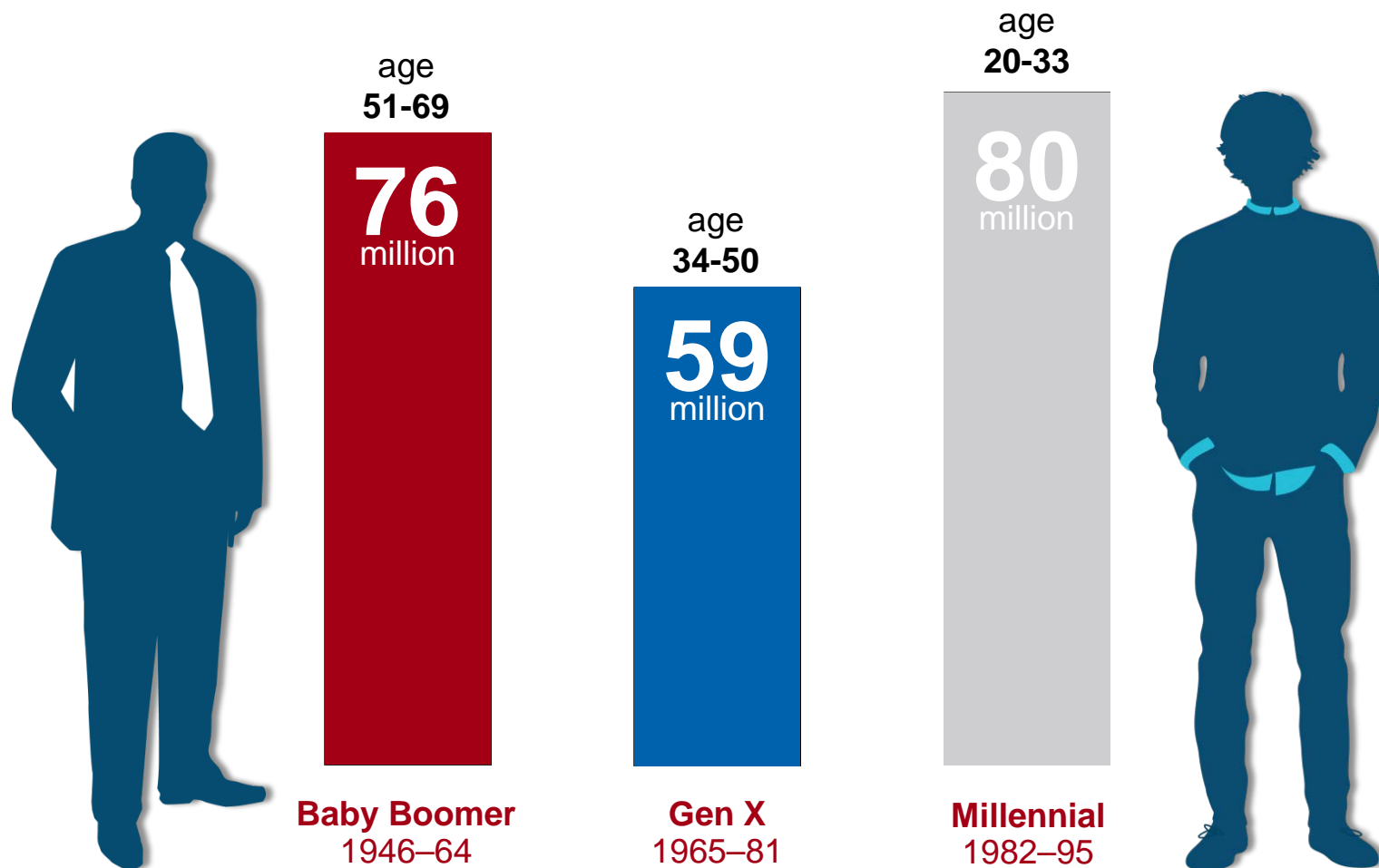


Different Generations Different Perspectives



The Generations

In 2015, they are...



The Generations – Influenced by:

Baby Boomers

- Civil Rights Movement
- Assassinations of JFK, RFK & MLK Jr.
- The Cold War
- Walk on the Moon
- Vietnam War
- Watergate

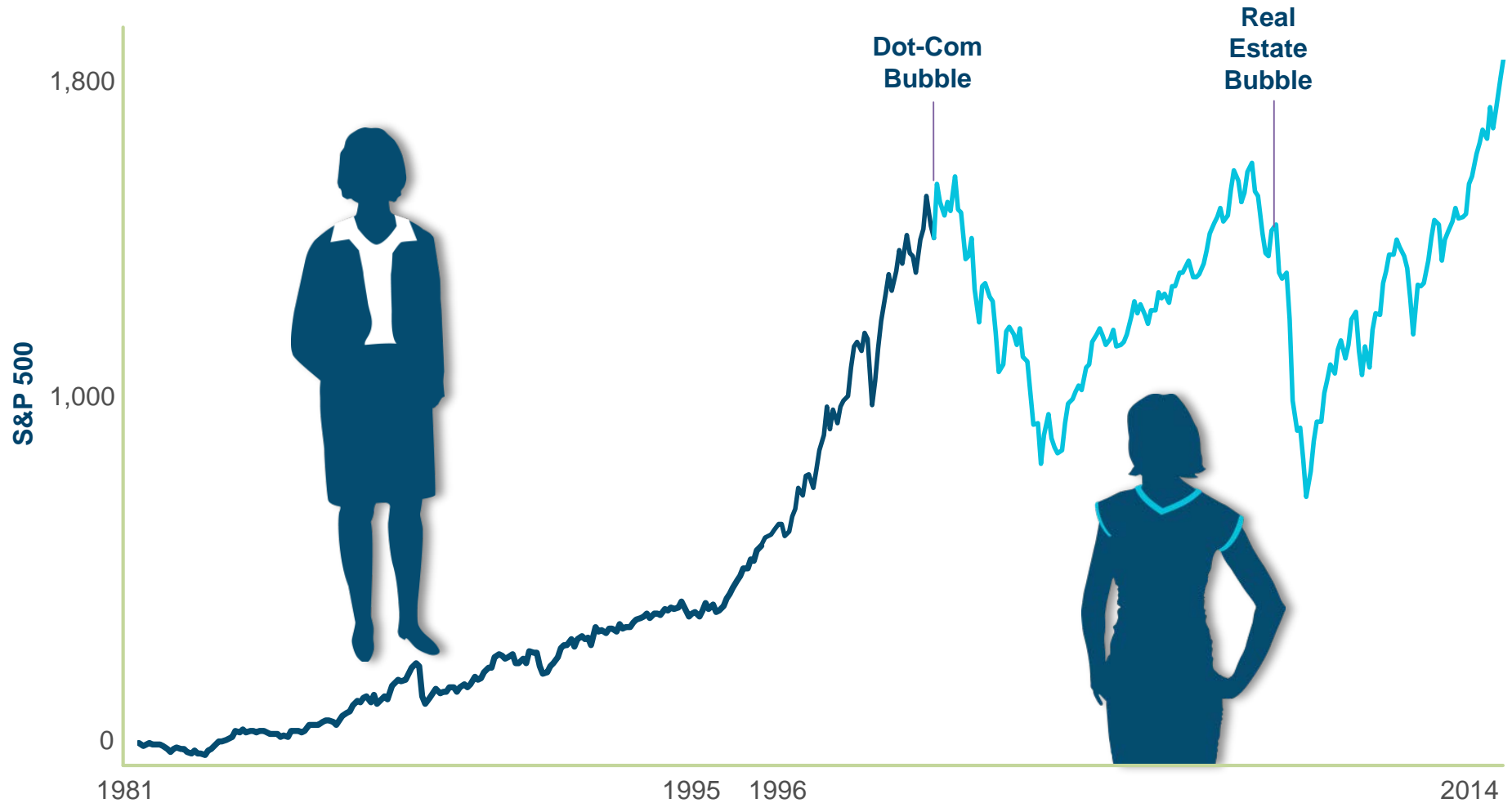
Generation X

- AIDS Epidemic
- Computers
- MTV
- Latchkey kids
- Challenger Disaster
- Fall of Berlin Wall
- Reaganomics

Millennials

- Rise of the Internet
- Great Recession
- Oklahoma City Bombing
- O.J. Simpson Trial
- Columbine
- Y2K
- 9/11

Slow and Steady to Boom and Bust



Baby Boomers: Trailblazers of New Retirement

34%

What % expect Social Security to be their primary source of income when they retire.

Half

How many plan to continue working after they retire for health benefits and income.

Two-Thirds

What percentage plan to or already are working past age 65 or do not plan to retire.

Baby Boomers: Trailblazers of New Retirement

\$147,000

What is the median amount saved in all household retirement accounts.

2-in-5

How many expect their primary source of retirement income to be self-funded accounts such as 401(k)s, 403(b)s, and IRAs.

1-in-4

How many plan to immediately stop working and retire when they reach a certain age or goal.

Generation X: The Stoic and the Struggling Savers

86%

Are concerned that Social Security will not be there when they retire.

77%

Are saving in a company sponsored retirement plan or similar account.

\$69,000

Is the amount saved in all household retirement accounts (median).

Generation X: The Stoic and the Struggling Savers

Seven

Is the percentage of their annual salaries the Gen X participants are contributing to 401(k) or similar accounts.

30%

Of participants have taken a loan, early withdrawal or hardship withdrawal from their retirement savings.

Just 12%

Are “very confident” they will be able to fully retire with a comfortable lifestyle.

Millennials: The Digital and DIY Retirement Generation

8-in-10

81% are concerned social security will not be there for them when they are ready to retire.

72%

Are already saving in a company sponsored retirement plan or similar account.

55%

Expect their primary source of retirement income to be self-funded through retirement accounts.

Millennials: The Digital and DIY Retirement Generation

1-in-4

Say that they are “not sure” how their retirement savings is invested.

75%

Would like to receive more information and advice from their employers on how to achieve their retirement goals.

4-in-5

80% of plan participants find mobile applications offered by their retirement plan provider helpful.

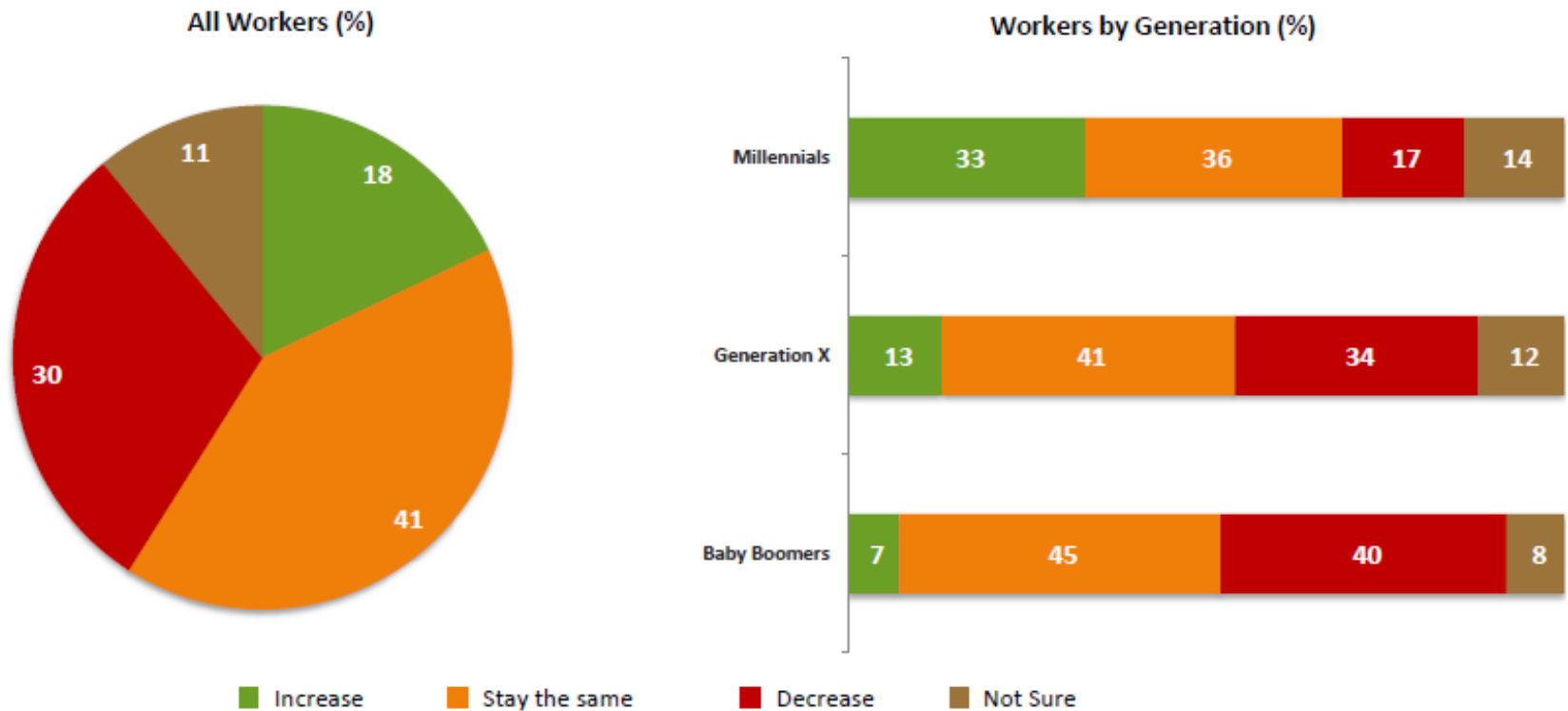


Visions and Expectations for Retirement by Generation

Visions and Expectations for Retirement by Generation

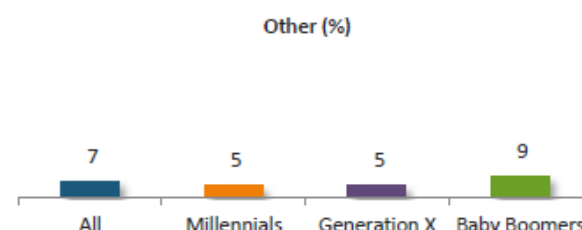
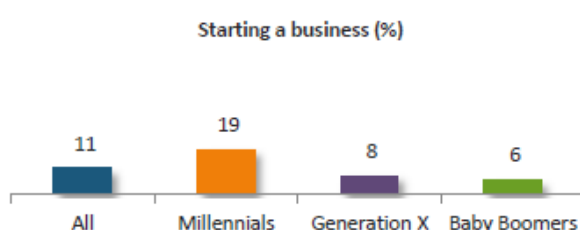
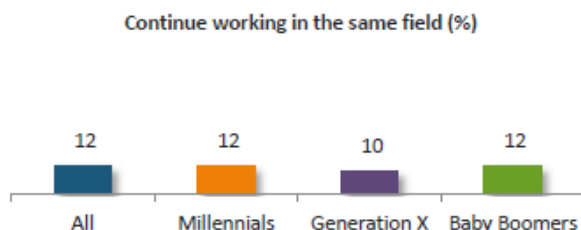
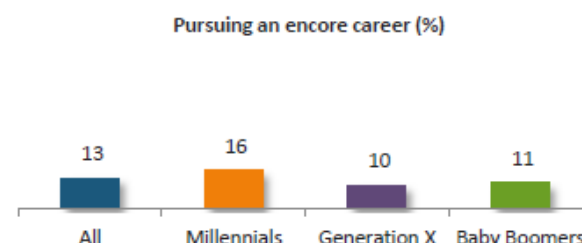
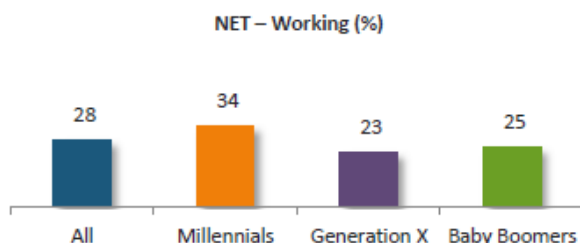
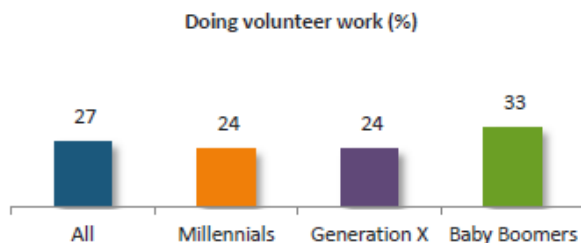
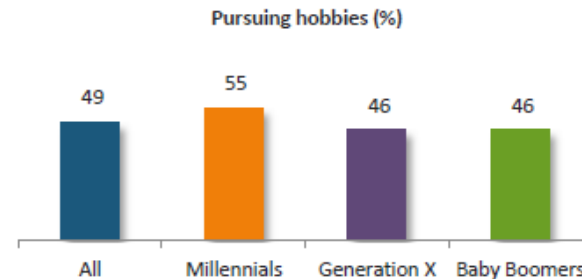
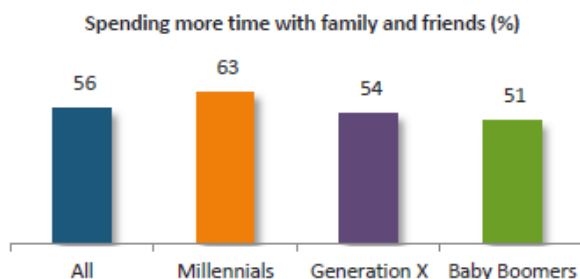
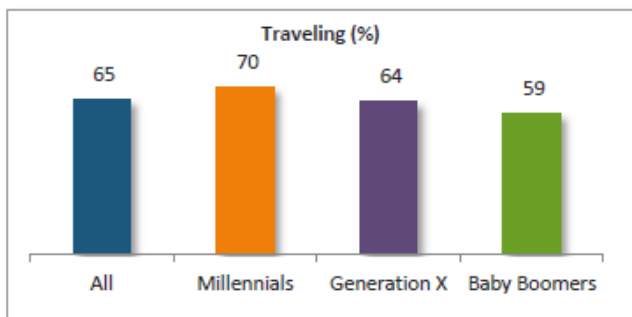
Many Expect a Decrease in their Standard of Living

Do you expect your standard of living to increase, decrease, or stay the same when you retire?



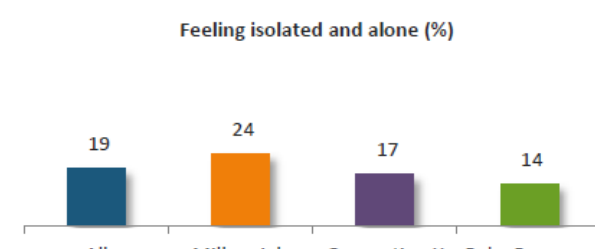
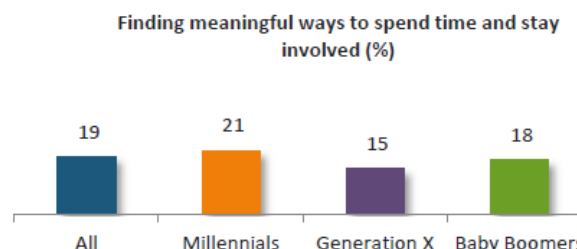
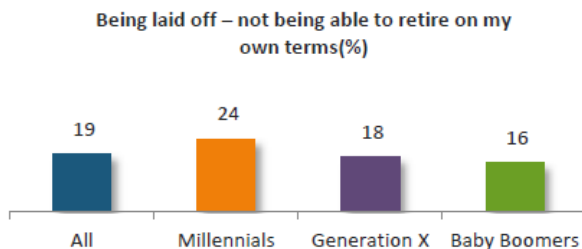
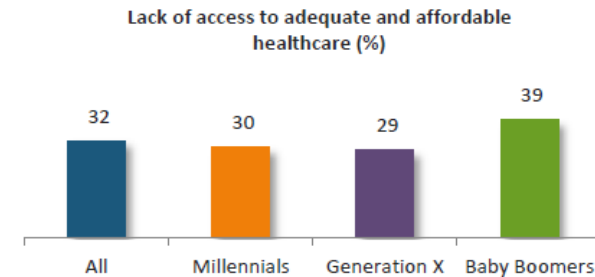
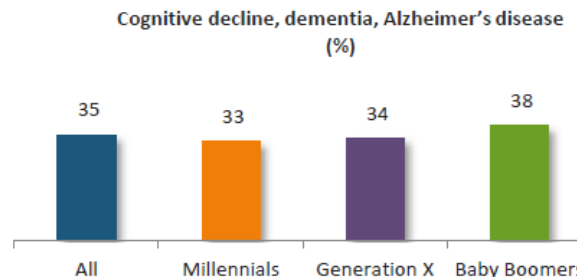
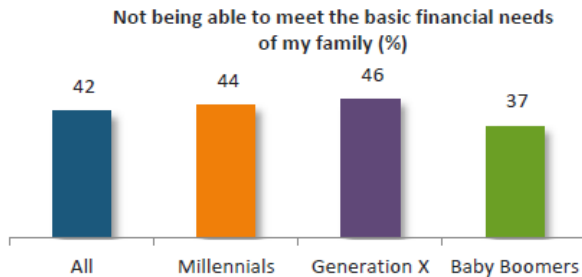
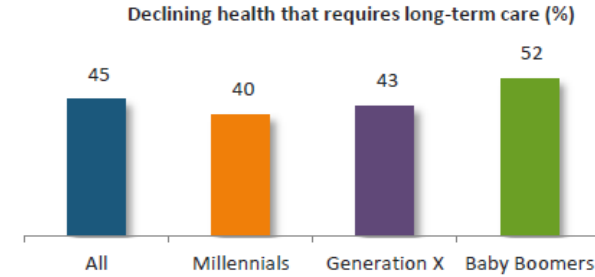
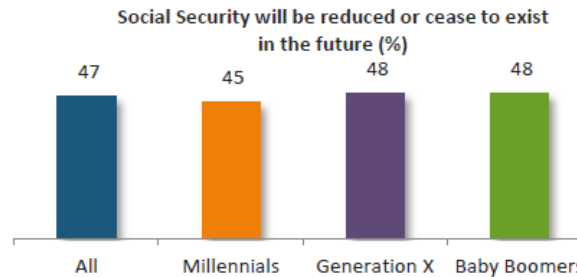
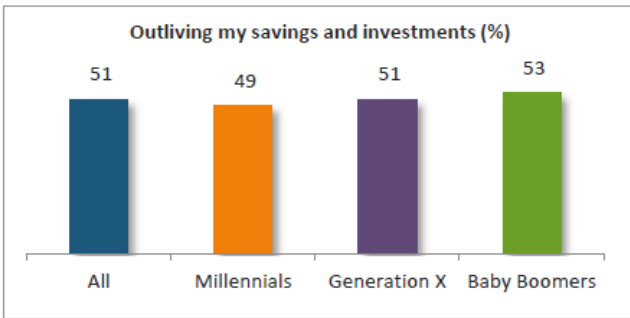
Visions and Expectations for Retirement by Generation

Workers across generations Share Similar Retirement Dreams



Visions and Expectations for Retirement by Generation

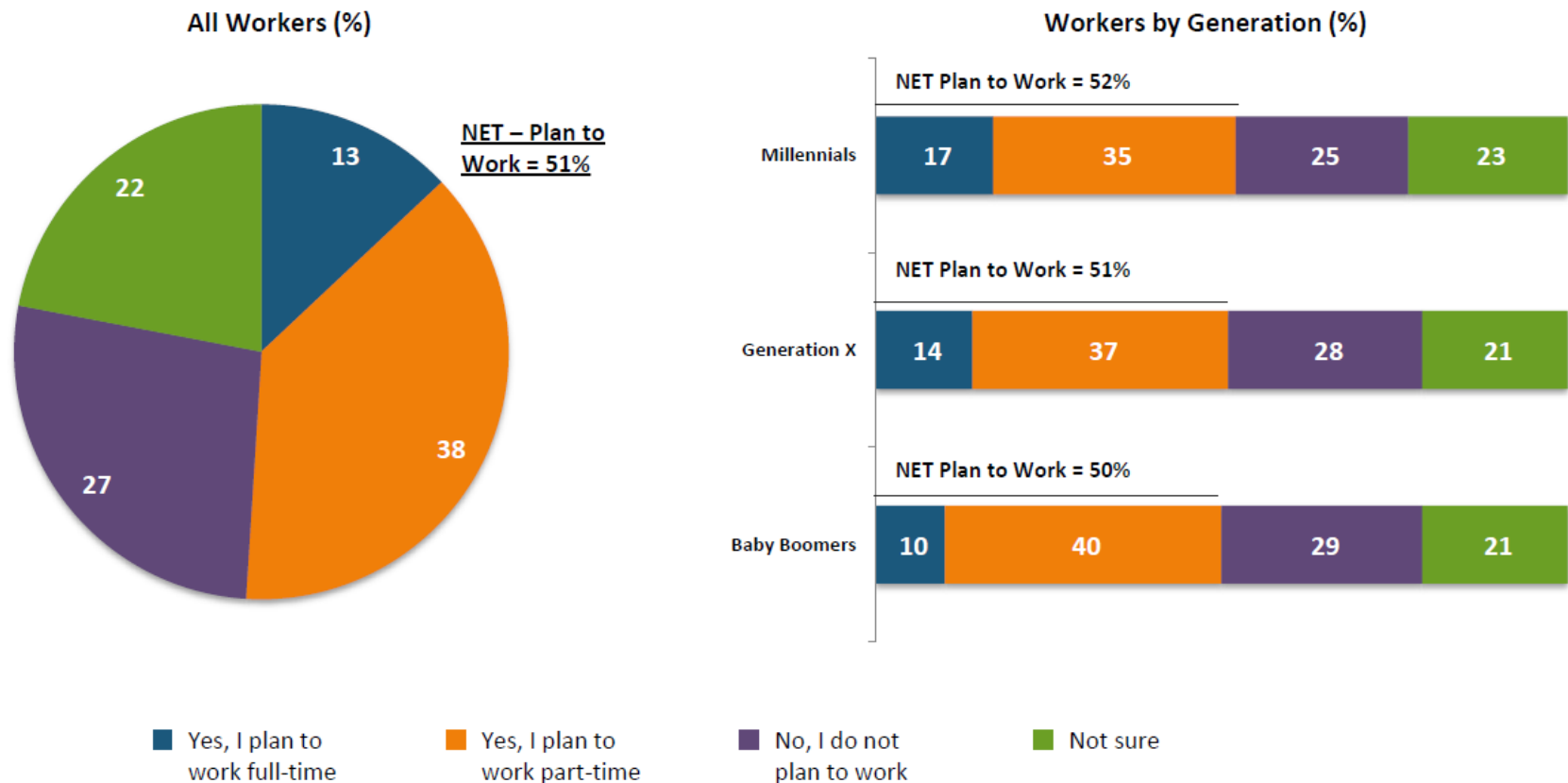
Workers Across Generations Share Similar Retirement Fears



Visions and Expectations for Retirement by Generation

Many Workers Plan to Work in Retirement

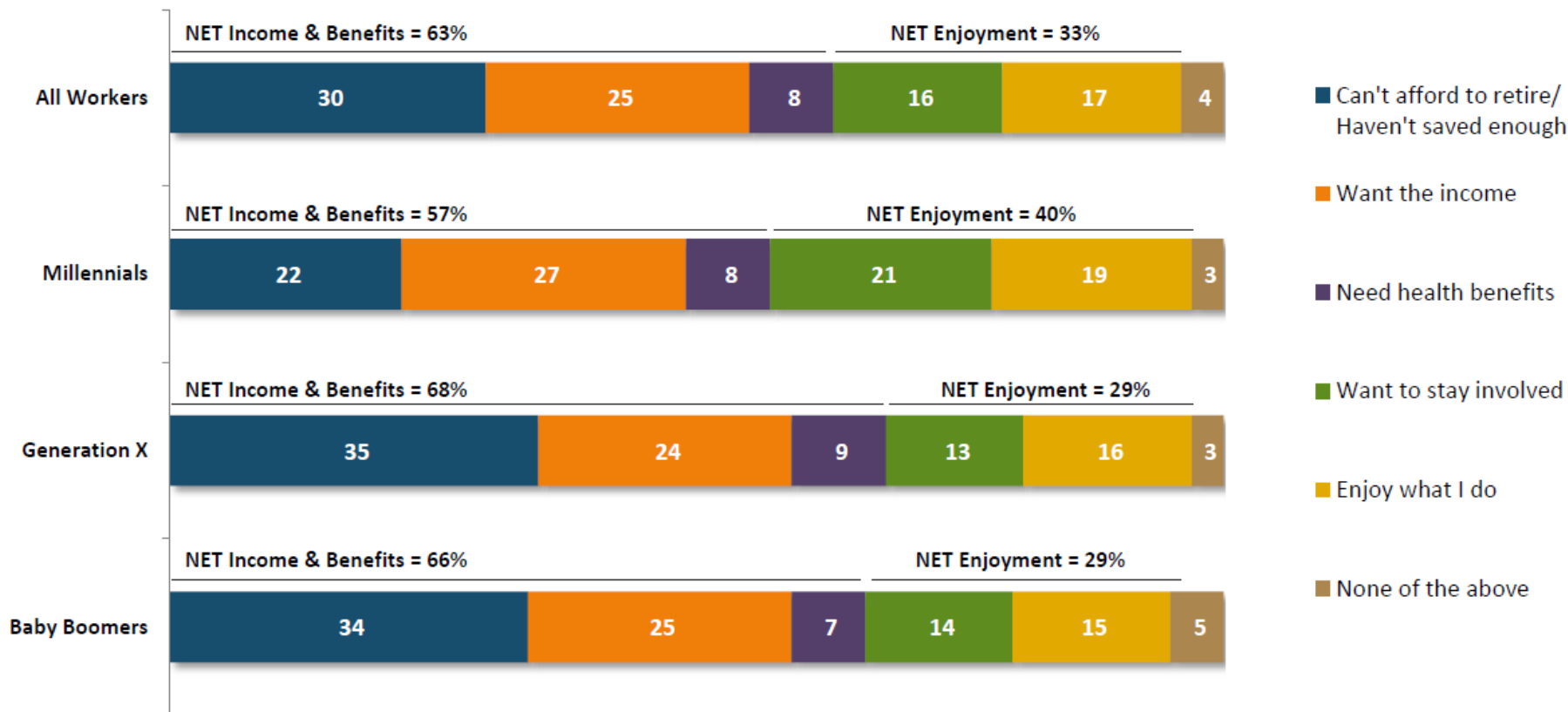
Do you plan to work after you retire?



Visions and Expectations for Retirement by Generation

Reasons for Working in Retirement Range from Need to Enjoyment

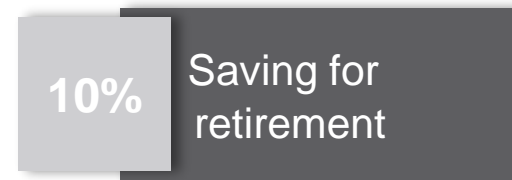
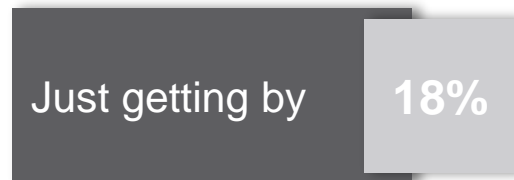
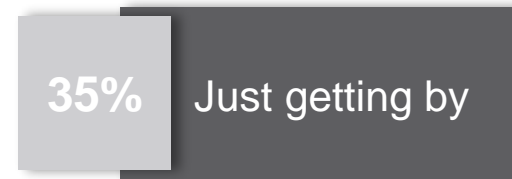
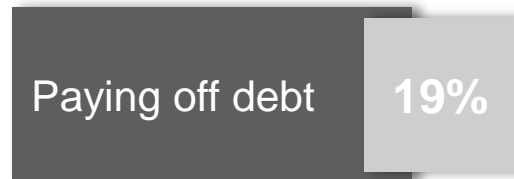
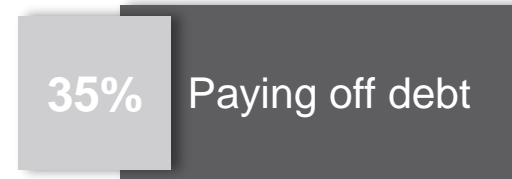
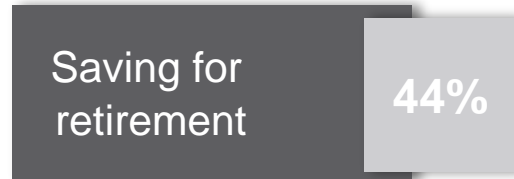
Main Reason for Working Past Age 65 and/or After Retirement (%)



The image features two woven baskets against a light blue background. The top basket is empty, showing a complex, circular woven pattern. The bottom basket is filled with several white, smooth eggs. The right side of the image is a solid red vertical bar containing the title text.

Goals and Saving Motivation by Generation

#1 Financial Goal by Age Group



Thinking About Retirement Goals

Employees start setting their goals in their 30s/40s



I'm starting to think about my retirement goals in my 20s/30s



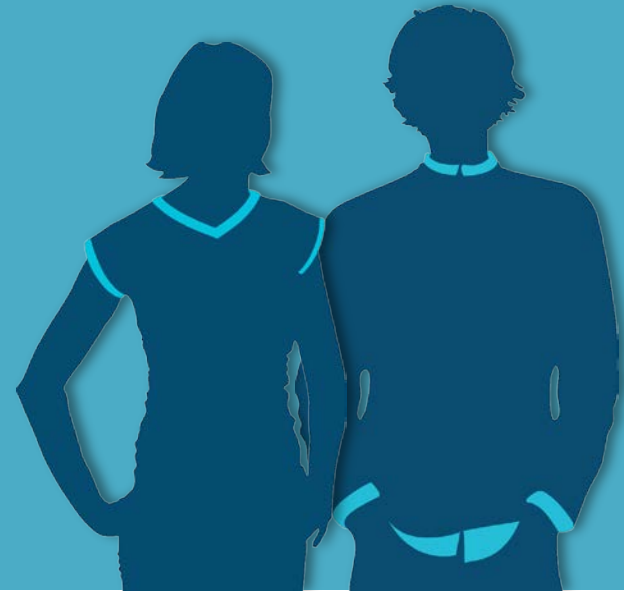
Plan Changes Don't Positively Impact Savings Behavior

1.2%

Typical Plan Changes

Company match
formula change
Participant allocations

0%



Top 3 Milestones to Save More for Retirement

Ages 50–59



Current events/economy
27%



Health
21%



Reaching a certain age
20%

Ages 20–29



Becoming a parent
29%



Current events/economy
19%



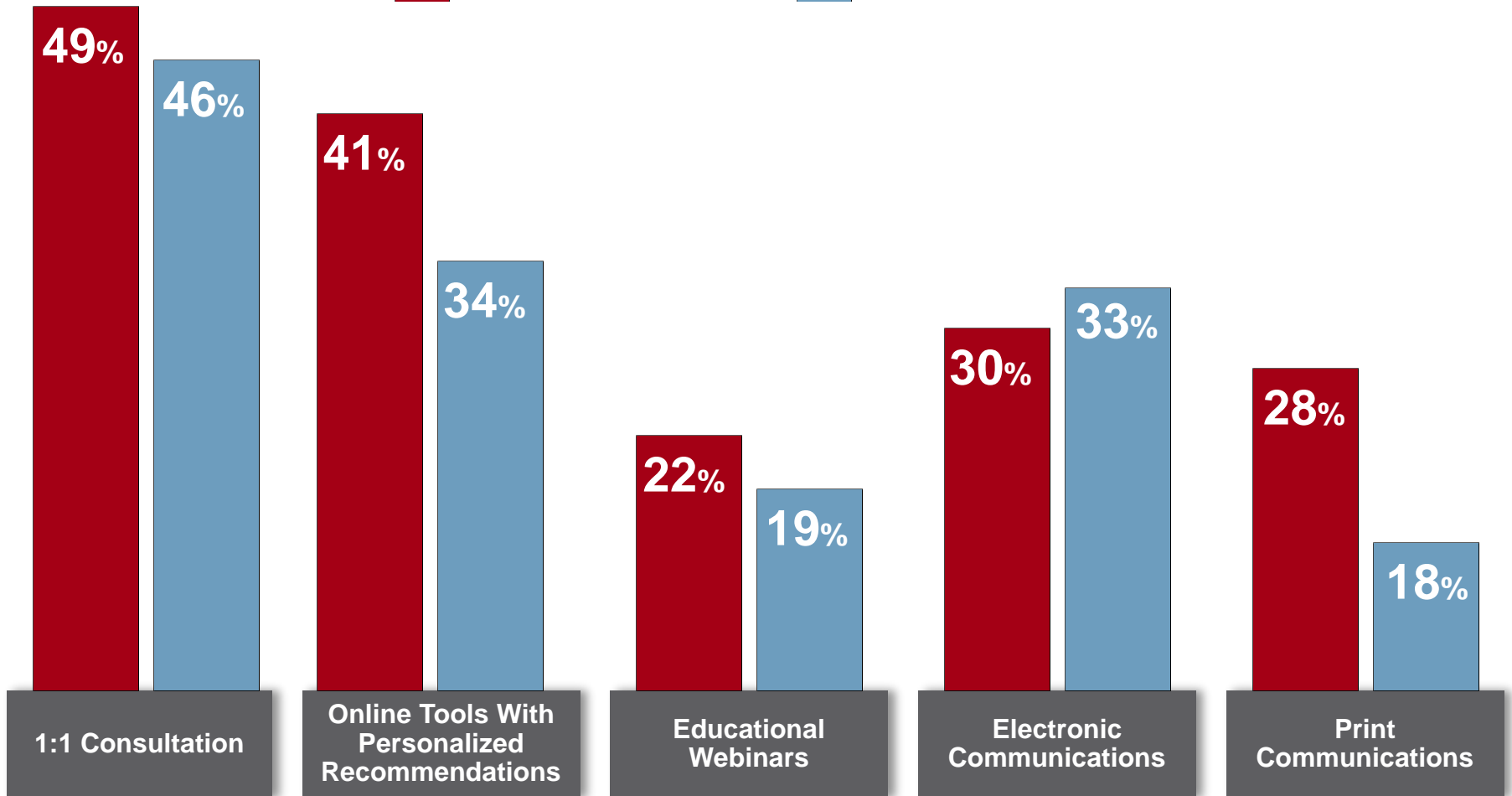
Marriage
17%



Promote Retirement Security

Communication Preferences

■ Ages 50–59 ■ Ages 20–29



Promote Retirement Security

Recommendations for Employers

- Recognize the need to connect with participants on an emotional and personal level.
- Promote communications and tools around holistic financial topics.
- Bundle retirement savings messages with key “milestone” events to maximize participant adoption.
- Tap into the innate desire to compete, to achieve results: GAMIFY to engage.

Promote Retirement Security

Recommendations for Employers

- Consider adding automatic enrollment and automatic escalation features.
- Increase default contribution rates.
- Discourage loans and withdrawals from accounts.
- Structure matching contribution formulas to promote higher salary deferrals.

Promote Retirement Security

Recommendations for Employers

- Illustrate savings as retirement income on account statements.
- Present long-term investment performance rather than short term.
- Offer Pre-retirees greater levels of assistance in transition to retirement.
- Create opportunities for workers to phase into retirement.

Footnotes

Statistics, data and research provided in this presentation were compiled from the following sources:

1. ***“Perspectives on Retirement: Baby Boomers, Generation X and Millennials.”*** 17th Annual Transamerica Retirement Survey of Workers, August 2016.
2. **“Next Generation Thinking,”** T. Rowe Price.
3. ***“GSAM EMPOWER® the Millennial Investor”*** Strategic Advisory Solutions, Goldman Sachs & Co., July 2015.
4. ***“Save for Tomorrow – Practical Behavioral Finance Solutions to Improve 401(k) Plans,”*** Shlomo Benartzi and Alliance Bernstein, 2012.



WE ARE ALWAYS AVAILABLE FOR YOUR QUESTIONS

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