

Will My Participants Be Retirement Ready?

Formulating Retirement Readiness

Evidence of not saving enough:

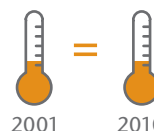
58% of employees **have not calculated their financial needs** for retirement.¹



5.3% was the **average pre-tax salary deferral rate** for 2010.

Same as 2001.²

5.3% pre-tax deferral rate



<\$10K



48% of workers have less than \$10,000 in savings and investments (not including the value of primary residence and defined benefit plans).¹

6%+

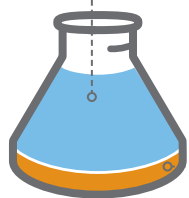


6% or more is the amount of savings 56% of pre-retirees estimate they can spend each year of retirement.

One rule of thumb is to withdraw no more than 4 to 5% a year.³

What drives better results?

82% of plan sponsors believe **plan participation rates define the success** of their defined contribution plan.

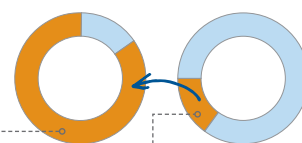


Only **15%** of plan sponsors use **Income Replacement Ratios** when designing their plan.⁴

Just because a plan is popular, doesn't mean it's successful.

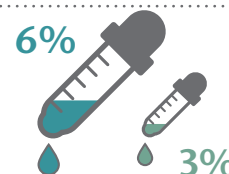
Financial professionals estimate participants may need

85% of their projected **salary at retirement**.⁶



Meaning, participants may need to **save 15% of pay, including employer match**, starting early in their career to have enough at retirement.⁷

Twice as many participants **have a savings rate of 11% or higher per year if the automatic enrollment default is 6% rather than 3%**.⁸



80% of participants stay in **Automatic Deferral Escalation** when it's a plan default.



Only **6%** opt-in when it's a participant choice.⁵

A **Match Formula** of 100% up to 2% of pay results in an average deferral rate of 5.3%; a match of 25% up to 8% of pay results in a deferral rate of 7.2%.⁹

Are you stretching your Match Formula?

