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*Financial Advisor*

RETIREMENT SYMPOSIUM

**What's Next  
For Defined  
Contribution  
Plans**

MODERATOR

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PANELISTS

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SVP, Benefit Policy Dev. & Thought Leadership  
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# Retirement Readiness

## Confidence at Record Low

*"Only 13% of workers are very confident about having enough money for a comfortable retirement"*

EBRI Annual Retirement Confidence Survey- March 2011

**With Dignity ?  
or  
In Despair?**



# Setting Education Goals

## Education Policy Statement (EPS)

- Supports strategic initiatives – employee retention, ROI...
- Provides basis for standards, prudent practices, and procedures which can help to drive successful outcomes.
- Facilitate communication among all stakeholders.
- Meaningful basis for benchmarking, documenting and measuring results.
- Enhance participant awareness of plan.

# Translating Metrics into Real Value

## Compare plan participant results to a benchmark

- Participation rate
- Average Deferral percent for HCE and NHCE
- Percentage of employees who maximize match
- Percentage of participants making catch-up contributions
- Percent on track to meet retirement income goal
- Target date or risk-based model usage
- Number or percent with more than one loan
- Number or percent who take hardship withdrawals
- Adoption rate of online advice service

# Four Values Participants Should Know

- 1. Real, Real Rate of Return:** rate of return on portfolio minus rate of inflation and effective tax rate.
- 2. Replacement Income Rate:** calculated at the beginning of each year as expected monthly income from my 401(k) account divided by current monthly compensation.
- 3. Income / Spending Ratio:** how much of the expected annual income amount is derived from an employer sponsored retirement plan.
- 4. Amount Saved Since Enrolling in Plan:** in addition to the current portfolio value.

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# Legislation: 2013 and beyond

## Budget

in ten years 75%  
will be used for  
entitlements

## Tax reform

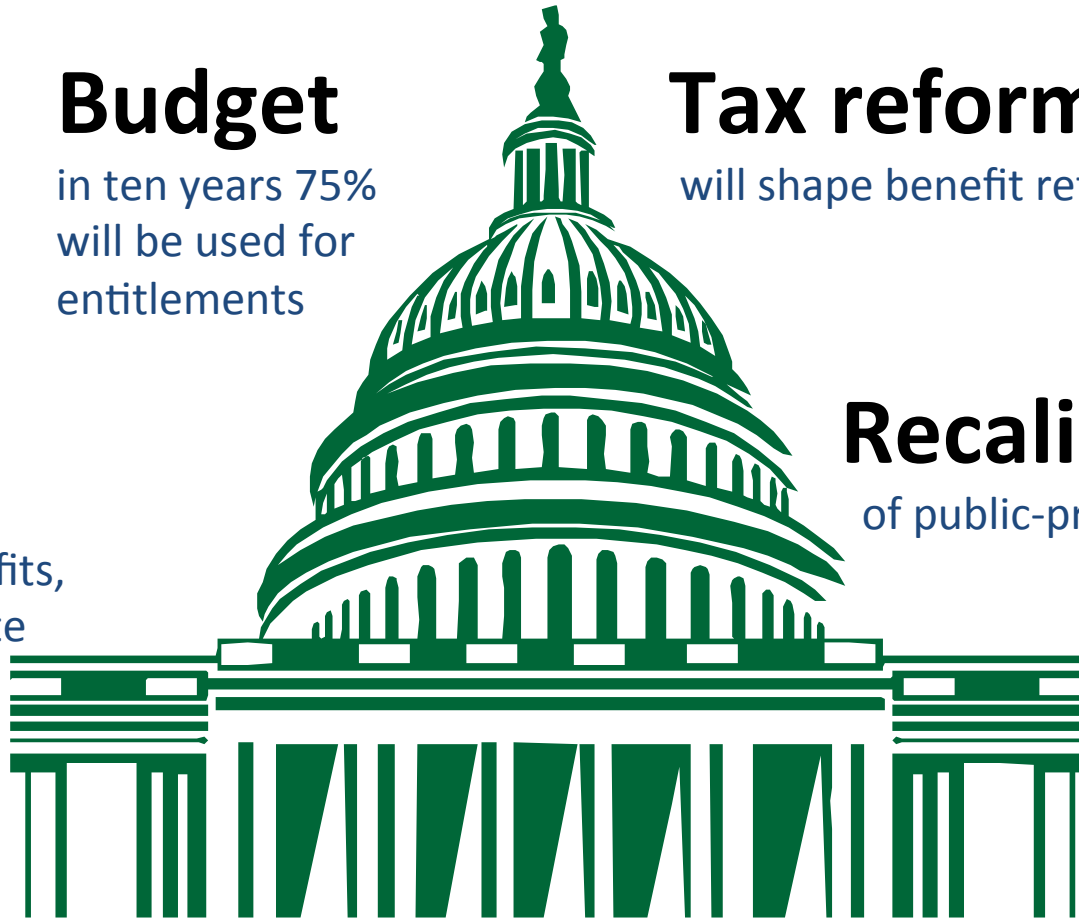
will shape benefit reform

## Benefit Security

impacts all benefits,  
public and private

## Recalibration

of public-private retirement



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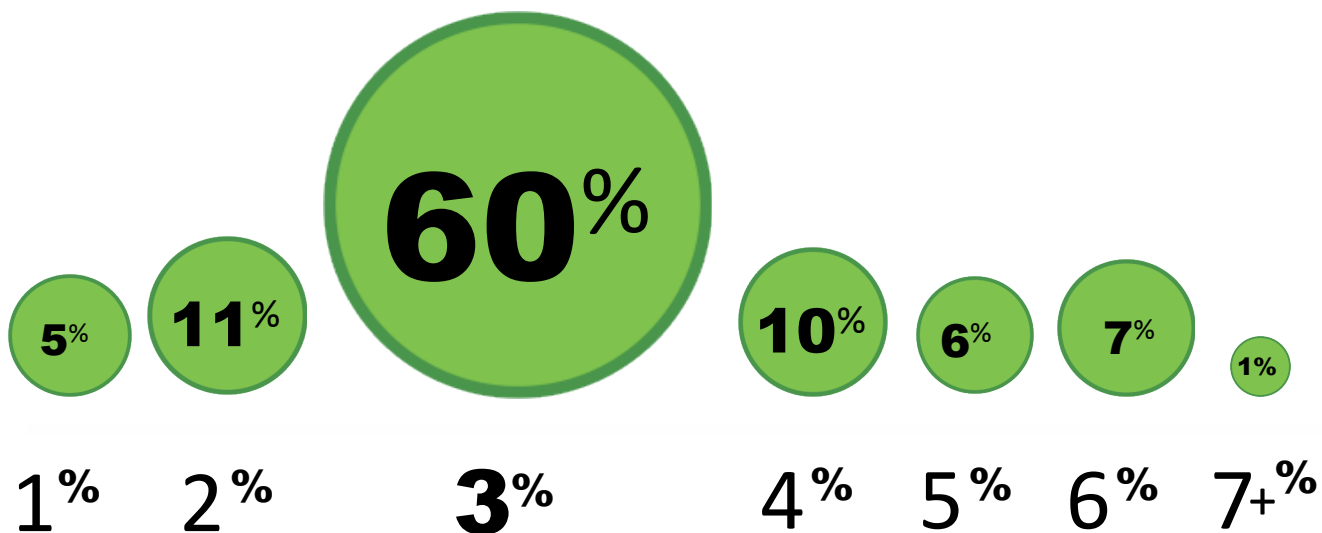
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# Limiting factor: 76% set the default at 3% or less

Percent of auto enrollment plans by default deferral rate (as of 3.31.12)



Source: Fidelity Investments record kept data of 20,500 corporate DC plans and 11.5M participants as of 03/31/2012

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# The value plan sponsors place on your expertise

## MY ADVISOR:



<b>73%</b>	<b>Improves plan performance</b>
<b>58%</b>	<b>Helps me understand plan design options to evolve my plan</b>
<b>57%</b>	<b>Helps me review my investment options</b>
<b>55%</b>	<b>Saves me time and resources</b>
<b>54%</b>	<b>Gives me a better understanding of my fiduciary obligations</b>
<b>51%</b>	<b>Helps me save on costs</b>
<b>43%</b>	<b>Is a formal fiduciary on the plan</b>
<b>17%</b>	<b>Provides employee education</b>

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- The need for advanced plan design.
  - Alternatives
  - Tax efficiency
  - Potential government restrictions and limitations.
  - Prospecting tools

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- Need to increase participation.
  - Automatic enrollment
  - Automatic escalation
  - Automatic Ira's
  - Tax payers credit
  - Prospecting tools

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RETIREMENT SYMPOSIUM

- Need for Lifetime Income.
  - GAO study
  - Alternatives
  - Statistics
  - Prospecting tools