The impact of generational, demographic and geographic differences on plan participation

Moderator:
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Speakers:
- Fredrik Axsater, Head of Global Defined Contribution, SSgA
- Scott Coopersmith, VP Participant Communication, Transamerica
- Maria Pe, Chief Deputy Tax Collector, San Diego County
- Jennifer Putney, VP Total Retirement Solutions, Prudential
Silent Generation (Born 1931-1945)

Conforming, stable, hard-working

Information sharing based on “need to know”

Loyal and selfless

• Technology may adversely affect the workplace; don’t know how to use new gadgets and don’t want to know
• Prefer face-to-face meetings; length depends on info; like personal touch; don’t like webex
• Need to see the benefits of recommended changes
• Prefer proposals in writing; like examples

A bridge to your retirement
Baby Boomers (Born 1946-1964)

Hard-working, dedicated, loyal
Strong-willed and self-empowered
Relationship focused

- Technology may adversely affect the way we communicate; some things are still done better without technology
- Meetings should be held as needed, but not used excessively; webex can lack personal interaction; agendas to keep on track
- Give it to me straight; needs background to make decisions
- Engage me by being engaged

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Gen X (Born 1965-1977)
Entrepreneurial, self-building
Instant gratification, long term=risk
Training, development and mentoring

• First generation with technology woven into their lives; techno-literate
• Limit in-person meetings; use small productive groups; email is #1 tool; offer conference calls, video and webex; short detailed briefings, sound bytes, immediate and often
• Provide easy access to information and resources
• Use straight talk and present facts
Millennials (Born 1978-1994)
Self-confident, optimistic, independent
Tech dependent
Expect cutting edge equipment

• Tech dependent, but not necessarily tech savvy; mobile/portable computing and communication
• Ability to shape technology to unique needs means the world should adapt to them; tech is “fun” and can facilitate interactions, but talk in person for very important messages
• Meetings can seem confrontational; prefer short, informal interactions in small groups
• Provide info upfront
Gen Z (Born 1995-2009)
Well-behaved, trusting, smart, high achieving
Digital natives
Will do more with less and defer gratification

- Grew up with technology so less absorbed in it
- Communication through texts; short messages with abbreviations, shorthand, acronyms; expect quick responses
- Tech savvy; use social media to communicate; value diversity
- Self-directed and able to process information quickly; productive, results-driven multi-taskers

A bridge to your retirement
# Plan Participation and Deferral Rates

<table>
<thead>
<tr>
<th>Generation</th>
<th>#Employees</th>
<th>#Participants</th>
<th>Participation Rate</th>
<th>Avg. Savings Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Silent Generation</td>
<td>140</td>
<td>72</td>
<td>51%</td>
<td>11%</td>
</tr>
<tr>
<td>Baby Boomers</td>
<td>5,361</td>
<td>3,423</td>
<td>64%</td>
<td>9%</td>
</tr>
<tr>
<td>Gen X</td>
<td>7,866</td>
<td>4,878</td>
<td>62%</td>
<td>6%</td>
</tr>
<tr>
<td>Millenials</td>
<td>4,276</td>
<td>1,890</td>
<td>44%</td>
<td>5%</td>
</tr>
<tr>
<td>Gen Z</td>
<td>16</td>
<td>2</td>
<td>13%</td>
<td>9%</td>
</tr>
</tbody>
</table>
Eighty-four percent of Generation X workers who are offered a 401(k) or similar plan participate in that plan; a rate which is higher than that of their Baby Boomer (81 percent) and Millennial (71 percent) counterparts. However, despite high participation rates, Gen X contributors report the lowest level of annual salary contributions to the plan at seven percent (median). Millennial contributors are contributing at eight percent (median) and Baby Boomers at 10 percent (median). Increasing savings rates is a critical opportunity for Gen Xers to build their nest eggs and improve their long-term retirement security.

Source: 15th Annual Transamerica Retirement Survey of Workers (2014). The Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica InstituteSM, a nonprofit, private foundation. The Transamerica Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties. For more information, please refer to www.transamericacenter.org.
Nearly six in 10 Generation X workers (58 percent) are saving for retirement outside of work. Baby Boomer workers (64 percent) are most likely to do so, with Millennial workers (56 percent) being somewhat less likely to be saving outside of work.

Source: 15th Annual Transamerica Retirement Survey of Workers (2014). The Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica InstituteSM, a nonprofit, private foundation. The Transamerica Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties. For more information, please refer to www.transamericacenter.org.
The majority of Generation X workers (56 percent) who participate in their 401(k) or similar plans are using some form of professionally managed account in those plans. “Professionally managed” accounts refer to a managed account service, strategic allocation funds, and/or target date funds. In contrast, Baby Boomer participants are more likely (50 percent) than the younger generations to set their own asset allocation percentages among available funds in the plan.

### What is your current approach to investing in your employer-sponsored retirement plan? (%)

<table>
<thead>
<tr>
<th>PROFESSIONALLY MANAGED (NET)</th>
<th>Millennials</th>
<th>Generation X</th>
<th>Baby Boomers</th>
</tr>
</thead>
<tbody>
<tr>
<td>I invest in an account (or service) that is managed by a professional investment advisor and I do not have to make investment or allocation decisions</td>
<td>62</td>
<td>56</td>
<td>47</td>
</tr>
<tr>
<td>I invest in a strategic allocation fund that is designed to address my specific risk tolerance profile</td>
<td>25</td>
<td>24</td>
<td>22</td>
</tr>
<tr>
<td>I invest in a target date fund that is designed to change allocation percentages as I approach my target retirement year</td>
<td>29</td>
<td>26</td>
<td>18</td>
</tr>
<tr>
<td>I set my own asset allocation percentages among the available funds</td>
<td>30</td>
<td>23</td>
<td>12</td>
</tr>
<tr>
<td>Not sure</td>
<td>14</td>
<td>12</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: 15th Annual Transamerica Retirement Survey of Workers (2014). The Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica Institute®, a nonprofit, private foundation. The Transamerica Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third-parties. For more information, please refer to [www.transamericacenter.org](http://www.transamericacenter.org).
How Confident Are you that you’re on track to have enough saved through your employer sponsored DC plan?

Source: SSgA Transatlantic Survey 2013 and 2014
Research shows, Millennials value hands-on financial tools.

How useful are the following information sources and tools available to you in helping you save enough for retirement?

- Guidance from the government: 9% (2013), 14% (2014)
- Guidance from my employer: 27% (2013), 33% (2014)
- Retirement planning tools and checklists and/or online planning tools: 34% (2013), 37% (2014)
- Retirement planning financial info available online, advisors, financial publications, etc.: 38% (2013), 40% (2014)

Source: SSgA Transatlantic Survey 2013 and 2014
Millennials seek deeper levels of engagement and more frequent interactions.

How useful are the following information sources and tools available to you in helping you save enough for retirement?

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Source: SSgA Transatlantic Survey 2014

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Carnegie Mellon
Expert in neuroeconomics

DALE GRIFFIN
Sauder School of Business
Expert in judgement

ALICIA MUNNELL
Boston College
Expert in retirement
We can’t tackle our financial challenges until we first understand their roots

Big Five Human Challenges

- **LONGEVITY DISCONNECT**: We treat our future selves as strangers
- **PROCRASTINATION**: The average person procrastinates two hours per day
- **OPTIMISIM BIAS**: We think things will turn out better for “us”, than “them”
- **OVERREACTION**: Our emotions too often guide our decisions
- **IMPULSE CONTROL**: We’re simply preconditioned to want things NOW

Guide to Succeed
Encourage to Save
Guide to Succeed
Guide to Succeed
Motivate to Join