



Retirement Readiness – Equipped for Life



Drew Carrington, CFA, CAIA
Senior Vice President,
Head of Institutional Defined Contribution
Franklin Templeton Investments



QUESTION 1:

How is Retirement Readiness measured within your plan?

- 1. Participants are surveyed once a year on their retirement readiness satisfaction**
- 2. Retirement Readiness is measured using projected replacement-income ratios**
- 3. Retirement readiness is measured by a different method not listed above**
- 4. There is no measure of retirement readiness currently within my plan**

THANK YOU TO OUR PLATINUM SPONSOR:

QUESTION 2:

If you haven't implemented Retirement Readiness measures for your plan/participants yet, the PRIMARY reason is:

- 1. Philosophical – after they're gone, they are not my problem**
- 2. Administrative – not sure I could recordkeep/administer any solution out there for a reasonable cost**
- 3. Fiduciary – I'm worried we will get sued if we do anything on the topic of retirement readiness**

THANK YOU TO OUR PLATINUM SPONSOR:

The Oversimplified Model of Retirement

When we approach the retirement income challenge, we try to solve for it using an unspoken, simplified model of retirement assumptions.

But what if those assumptions we make about retirement don't accurately capture the real world complexity faced by most households?



The Oversimplified Model of Retirement

Many of these assumptions are *not only oversimplified, but worth challenging broadly.*

- **Assumption 1:** Most Americans permanently retire at 65
- **Assumption 2:** Most Americans spend most of their whole career with one employer
- **Assumption 3:** Most communication to near-retirees and retirees assumes they are single
- **Assumption 4:** Most Americans' spending in retirement is level



Cheri Klyn
Director of Shared Services
Vermeer Corporation

- Manufacturer of Industrial & Ag Equipment
- Founded in 1948. Headquartered in Pella, IA
- Family Owned - *caring culture; paternalistic*
- 4P Philosophy – *Principles, People, Profit, Product*
- 2,850 Team Members - *20 states; 7 countries*
- 3,000 Plan Participants – *mostly blue collar*
- \$300M Assets in our 401(k) Plan

Retirement Readiness

*Aggregate &
Individual Reports*

Before campaign
(2012)
15% on track

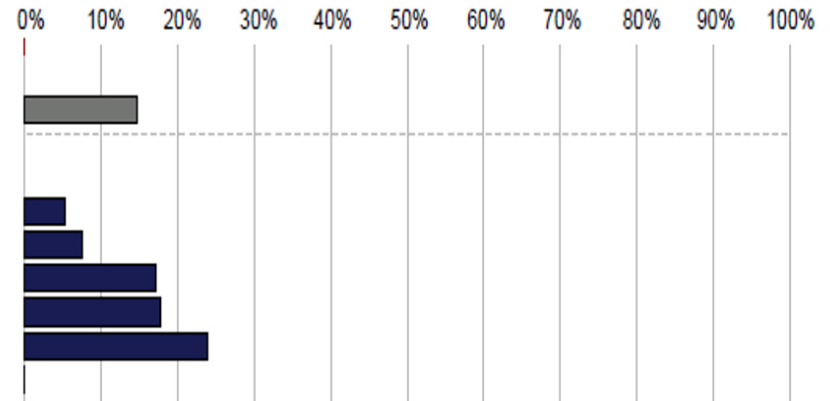
Funding Sufficiency



Are your participants on track to meet their needs?

Based on 401(k) and Social Security estimates, 15% of total participants had at least a 75% chance of success of attaining their targeted retirement income.*

Percentage of Participants with a Greater than 75% Chance of Success



Retirement Readiness

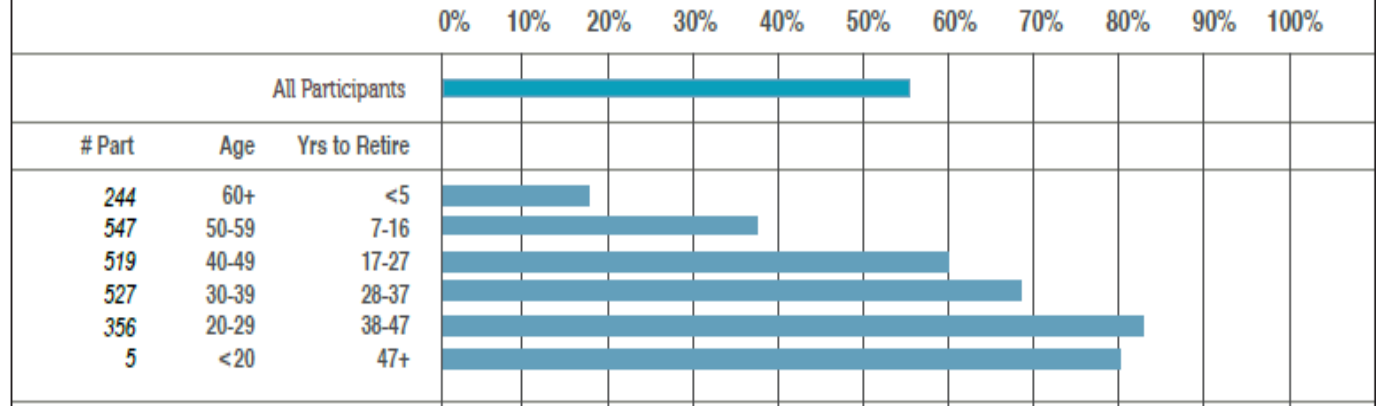
Recent report
(2017)
55% on track



Are your participants on track to meet their needs?

Based on 401(k) and Social Security estimates, 55% of total participants had a greater than 75% chance of success of attaining their targeted retirement income.*

Percentage of Participants with a Greater than 75% Chance of Success





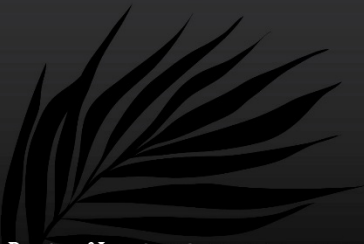
Vermeer[®]
Equipped For Life

- Relational Wealth — *family, friends, coworkers*
- Physical Wealth — *health, wellness, fitness, recreation*
- Spiritual Wealth — *what connects you spiritually*
- Intellectual Wealth — *self-directed learning and development*
- Financial Wealth — *money, assets and material possessions*

Additional Offerings

- *One-on-one meetings*
- *Age based portfolios*
- *Letters to those 55+*

“Do you know your options?”





Rainier Villatuya

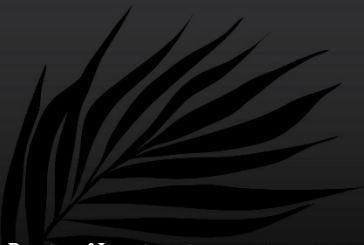
Director,
Retirement Plans and Time Off Policies
United Airlines

About United Airlines

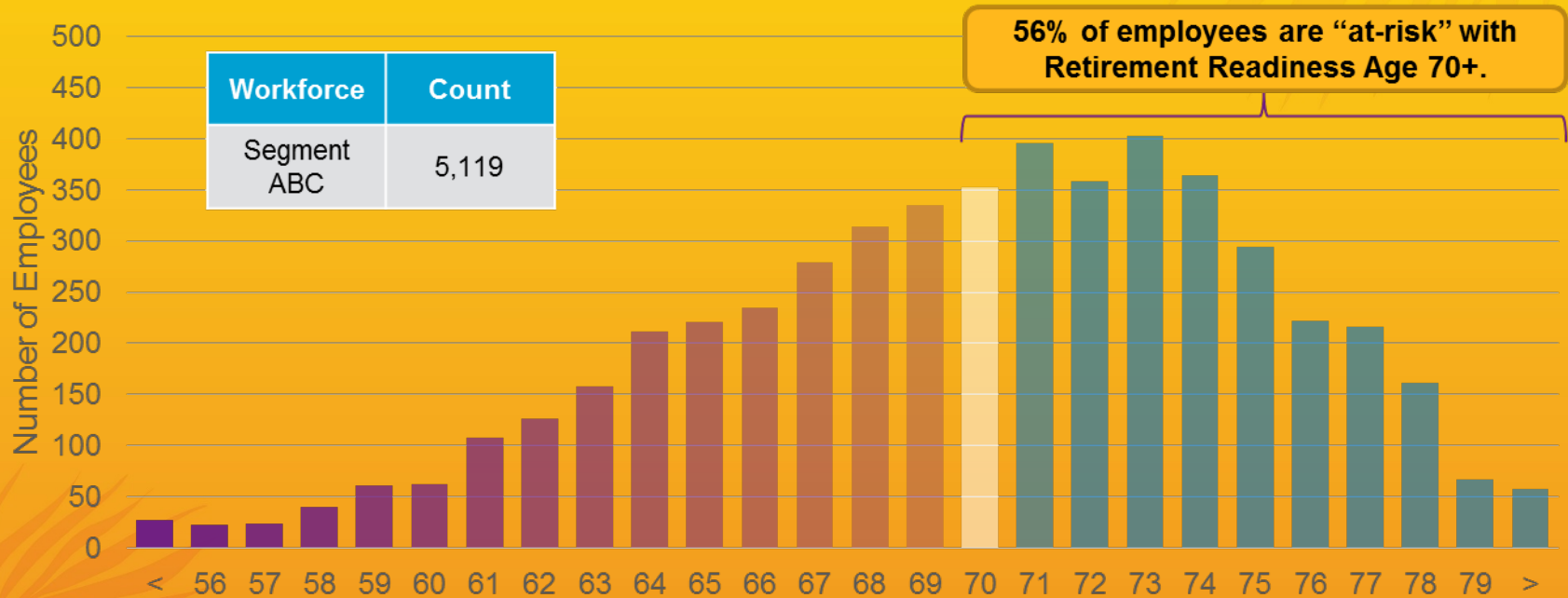
- 86,000 employees worldwide
- Number of US retirement plans
 - 3 DC
 - 2 DB (+ 2 multi-employer DB plans)
- Number of participants
 - DC 107,000
 - DB 45,000
- AUM: \$20 billion

Our Journey to Retirement Readiness

- Started in 2015 with review and optimization of plan design and investment options
 - Worked with actuaries to estimate at what age employees were financially ready to retire



Results – Employee Workgroup ABC



Our Journey to Retirement Readiness

- *Started in 2015 with review and optimization of plan design and investment options*
 - *Worked with actuaries to estimate at what age employees were financially ready to retire*
- Continues today by partnering with our record keepers and labor groups to inform and educate our participants
- Will continue to evolve as we roll out a broader financial wellness offering



Nick Nefouse, CFA
Head of DC Investment Strategy
and Co-Head of LifePath
BlackRock



Sue Walton

SVP, Senior Defined Contribution Strategist
American Funds from Capital Group

What Makes a DC Plan Successful?

▶ Set goals

 Participation rate

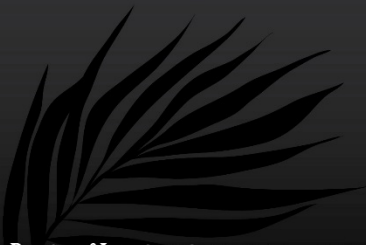
 Savings rates

 Investment results

 Retirees staying in plan

▶ Influence what you can

▶ Measure the impact



Success Measures



Participation Rates

- Auto-enroll
 - New
 - Existing



Savings Rates

- Default savings rate
- Match change
- Auto-escalate rate



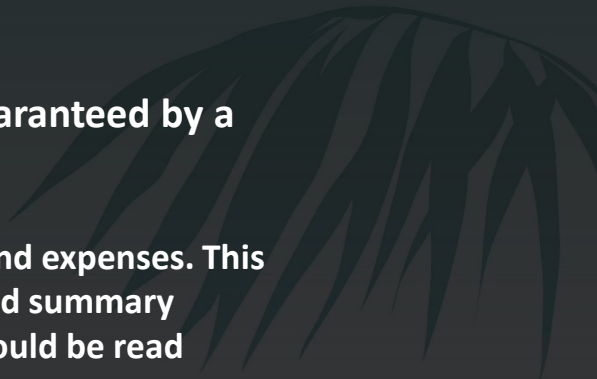
Investment results

- Investment re-enrollment
- Re-evaluate QDIA



Retirees staying in plan

- Use of post-retirement options
- More retirees staying in plan




Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

The statements expressed herein are informed opinions, are as of the date noted, and are subject to change at any time based on market or other conditions. They reflect the view of an individual and may not reflect the views of others across the organization. This information is intended merely to highlight issues and not to be comprehensive or to provide advice. Permission is given for personal use only. Any reproduction, modification, distribution, transmission or republication of the information, in part or in full, is prohibited.

Content contained herein is not intended to serve as impartial investment or fiduciary advice. The content has been developed by Capital Group which receives fees for managing, distributing and/or servicing its investments.

Securities offered through American Funds Distributors, Inc.



Please take a moment to fill out
your evaluation sheet.

THANK YOU.



Pensions & Investments

DC East 2018

March 18 - 20 | Miami

