Axia Advisory

REDEFINING THE RETIREMENT PLAN

Trends and Strategies for Getting the Most Out of Your Defined Contribution Programs

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A Change Is In the Air

As companies move farther away from the remnants of the "great recession," they are beginning to focus more on what they can do to recruit new talent and retain key employees. Throughout this review, we'll focus on the different ways plan sponsors are creating a better retirement plan for both the employee and the company.

A tidal wave of change is coming to organizations across America. As the largest generation in U.S. history begins retirement, another giant generation begins their journey. This is happening just as traditional retirement vehicles, like a defined benefit plan, seem to be disappearing.

The road to retirement has continually changed over the generations and this does not appear to be ending any time soon. Plan sponsors must be prepared for a world where the key to success will come from strategic planning and communication, and not from a willingness to throw money at the problem as years past allowed.

Defined benefit plans, along with Social Security, were the simple answer to retirement for the past century. Life expectancy, though, has improved and put a strain on funding goals for both plan sponsors and the government. Because of these issues, the defined contribution plan has become the primary retirement savings vehicle for workers and has created another issue. How do we get our employees ready for retirement?

The realization that many companies have begun to face is that if they don't help their employees to the finish line, it can end up costing them much more than they expected.

It is well worth the effort to provide a well-designed retirement plan and make sure your employees understand the benefits. Participants who are better prepared for retirement help everyone.

For the firm,

Michael Ready, AIF®

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The Role of Retirement Plans

Most plan sponsors are familiar with the 3 Fs – Fiduciary, Fees and Funds. Plan sponsors have dealt with these three words for what seems like an eternity. Organizations, though, can end up with a fourth “F” if they’re not careful: Failure. While these are important concepts to retirement plans, they do not answer the question, “Will my employees be ready to retire and what’s my role?”

Today, defined contribution (DC) plans are the backbone of the retirement landscape. Most employees will hold the bulk of their retirement assets in some type of employer-sponsored retirement plan. The downside of this phenomenon is that employers see their DC plan as nothing more than a “check-the-box” benefit that is needed for recruiting and retention. Couple that with the effort, time and money dedicated to managing the benefit and it’s no wonder plan sponsors question whether the plan’s return on investment is worth it.

Research, though, shows that may not be the case. In 2012, BlackRock and the Boston Research Group conducted surveys[1] of plan sponsors and participants. Among the results of the research was that the DC plan helped build greater alignment between employee and employer. If the employer can “market” the DC plan effectively to the employees, the participants’ positive perception of the plan creates engagement and alignment.

Employers see their DC plan as nothing more than a “check-the-box” benefit…

In BlackRock’s research, they cited a 2012 Towers Watson study[2] showing that companies with a higher percentage of engaged employees also had better operating margins. But how do you create a more engaged employee population? Most proven companies would point to a corporate culture of trust, values and rewards as key drivers. Another key driver is perception – what does the employee think of the company?

When it comes to the retirement plan, it is vital that plan sponsors communicate the value of saving for retirement from the first engagement with the employee – interview process and on boarding – to the last engagement with the employee – retirement.

By first understanding what your employees think of the plan, then promoting it effectively across the many different profiles, and then finally creating a plan that the employees can feel good about, plan sponsors will create value in the eyes of their participants and further alignment between the two will begin to take hold. And as we’ve seen, with better alignment comes better profits.

[1] Heyligers, Allegra and McKinnon, Laraine. 2013. “Unlimited Engagement: Unlocking the Full Power of Your DC Plan. BlackRock Retirement Engagement Benchmark™”
[2] Towers Watson Normative Study 2012

Plan Design

It used to be easy. Set up a retirement plan; give a match; hope participants put something in. It has changed dramatically. With so many saving inadequacies, plan sponsors have found that just offering a retirement plan with a match is not enough anymore. With the passing of the Pension Protection Act in 2006, plan sponsors are equipped with more tools than ever before to help their employees save.

More and more organizations are looking at their particular demographics or industries for clues on creative plan design strategies. The status quo will soon be no more and customization will become the norm.

Auto Engagement

Many plan sponsors are still reluctant to auto-enroll and auto-escalate employees in their retirement plans, though most studies show it's both needed and wanted by employees.

Many plan sponsors are reluctant to implement auto-features…though studies show it is both needed and wanted by employees.

The research on defaults has highlighted its importance on a wide range of topics, including organ donation in Europe (Johnson and Goldstein, 2003). The research showed that in Germany, where you were asked to *opt-in* to organ donation, only 12% of the population chose to donate. In Austria, where you were asked to *opt-out* of organ donation, 99% of Austrians chose to donate. With what we know about organ donation, automatic enrollment helped people make a decision they might have already wanted to make.

Research[3] shows that companies' participation rates with automatic enrollment are, on average, more than 30% higher than companies without automatic enrollment (84.3% vs. 52.5% in 2013). It also shows that less than 10% of employees affected by automatic enrollment actually opt out. Companies that have implemented the feature have learned it works.

While companies are more apt to adopt automatic enrollment, many of them opt-in employees at only 3%. Research in 2009[4] showed that there was no discernible difference in opt-out rates between auto-enrollment at 3% and auto-enrollment at 6%. While participation hovered around 70% without auto-enrollment, it shot up above 95% and stayed there when implemented at 3% and 6%. (Note: These ideas and others have been highlighted to a greater extent in Shlomo Benartzi's book *Save More Tomorrow*.)

[3] Fidelity Investments, *Building Futures,* 2014
[4] Brashears, Choi, Laibson, Madrian, 2009, "The Importance of Default Options for Retirement Saving Outcomes: Evidence from the United States"

A recent survey by TIAA-CREF[5] found that 36% of employees have never increased the percentage they are contributing to the retirement plan. On top of that, an additional 26% have not increased their contribution in more than a year. Of those that received a raise, only 43% increased their contribution at the same time.

Studies have shown that most Americans will need to save between 10-15% of their salary for retirement, and, in one survey, it was found that over 50% of employees actually favored automatic increases to their contributions[6]. This shows that the same inertia that affects participants getting into the plan also affects them from increasing their savings.

The benefits of automatic features are not only felt by the participants, but they're also felt by the plan sponsors. For companies with lower participation rates and lower deferrals, automatic features can help plans pass discrimination testing as well as allow executives and highly-compensated employees to increase their deferrals.

There are several reasons why plan sponsors may be hesitant to use automatic features. For one, administrative expenses can go up with an increase in participation. Also, plan sponsors would have a greater contribution if matching those dollars. This can be increasingly troublesome in industries with high turnover. To address the turnover issue, many employers will change eligibility and entry dates to soften the administrative burdens. Overall, the hope is that the benefits of higher participation, greater engagement, and better savings may offset some of the costs.

We all understand the benefit of organ donation, just like the importance of retirement savings, but sometimes it takes a little nudge to overcome inertia. Plan sponsors must welcome automatic features if they want their plan to help employees retire on time and with adequate retirement income.

The key reasons to consider re-enrollment are fiduciary protection, high adoption rate, professional investment management, and minimizing extreme outcomes.

Re-Enrollment

Investors understand the benefits of asset allocation as being one of the most important decisions you need to make while saving for retirement. The problem with today's retirement plans is that the ones that have been around for many years may not have the appropriate asset classes to allow a participant to properly diversify their savings. We see this in many defined contribution plans that have seven or eight U.S. stock funds, but only one international option.

This is where re-enrollment comes into play. A plan re-enrollment is a process by which participants are notified that their existing assets and future contributions will be invested in the qualified default investment alternative (QDIA), unless they make an election otherwise. The default investment would be a risk-based asset allocation strategy, a target-date fund or a managed account service.

[5] TIAA-CREF Investing in You Survey, August 2014
[6] One America Participant Behavior Survey, March 2014

JPMorgan recently highlighted key reasons why plan sponsors should consider re-enrollment[7]:

- Strengthened fiduciary protection. Most plan sponsors aren't aware that they can receive fiduciary protection for assets that are defaulted into their plan's QDIA.
- High adoption rate. Many participants keep the asset allocation strategy.
- Professional investment management. JPMorgan found in their research that only 25% of participants know how best to allocate their assets.[8]
- Extreme outcomes can be minimized. Participants invested in asset-allocation strategies have typically outperformed do-it-yourselfers with less volatility.[9]

The benefits are massive. For investors, the potential for improved asset allocation will help them during times of volatility. It also addresses existing participants, the ones that haven't had the benefit of being originally enrolled in the asset-allocation strategies. For plan sponsors, they receive the potential for stronger fiduciary protection from investment-related liability, as well as a better participant experience.

The Match Game

The way a company structures its matching contribution is an important factor in participant savings behavior. Multiple studies have shown that participants tend to save up to a company's match cap or choose a round number (such as 5, 10 or 15), despite the level of match.[10] The opportunity for plan sponsors is significant.

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The most common employer match is 50% of 6%, for a total employer contribution of 3%. Plan sponsors can "stretch" the match out farther, say to 8% or 10% and keep costs the same.

	Traditional Match 50% on 6%	**"Stretch" Match 30% on 10%**
If salary is…	$50,000	$50,000
Participant Deferral	$3,000 (6%)	$5,000 (10%)
Company Match	$1,500 (3%)	$1,500 (3%)
Total Contribution	$4,500 (9%)	$6,500 (13%)

With the "stretched" match, the participant is encouraged to save more to maximize the company contribution. If research shows that we need to save 10% to 15% in retirement, this set-up helps participants reach their goals. An employer could even increase their total maximum contribution from 3% to 3.3% or 4.0% and keep costs somewhat controlled, knowing that there will always be a number of participants that will not contribute enough to reach the full match (no matter what you do). The key is communicating the savings goals each and every participant should have and then creating a match strategy that encourages optimal savings.

[7] "Understanding Re-Enrollment: Benefits for participants and plan sponsors," J.P. Morgan, 2014.
[8] J.P. Morgan 2013 Plan Participant Survey Findings
[9] J.P. Morgan Retirement Plan Services proprietary research done from 2008-2013. For more information, please see "Understanding Re-enrollment: Benefits for participants and plan sponsors," J.P. Morgan, 2014.
[10] Choi, Laibson, Madrian, 2004, "Plan Design and 401(k) Savings Outcomes."

Investment Opportunities

The expectation of an investment lineup has already begun to change. Plan sponsors and fiduciaries are focused on making it easy for the participant. This means fewer choices and more professionally managed portfolios. This also means a concerted effort to figure out how your demographics can affect your investment lineup.

A move to lower investment fees has become a boon for replacing active investments with indexed options. We see this continuing in the future, as well as a move to institutional investment options with little to no revenue sharing.

The biggest challenge, though, will continue to be finding strategies that prevent plan participants from making poor investment decisions and falling behind in saving for retirement.

Smaller Investment Lineups

Over time, investment lineups have grown in size. While retirement plans back in the 1980's had maybe four choices – stock fund, bond fund, balanced fund, fixed account, some retirement plans today have over 20 choices (not including target-date funds). Studies have shown that the more choices a person is given, the less likely they will feel confident in their decision. It also drives plan participation levels lower.[11]

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In 1995, Columbia University professor Sheena Iyengar conducted a study in a supermarket with samples of jams. They would switch from offering 24 jams to only 6 jams and back. Sixty percent of customers were drawn to the larger assortment, but only three percent of those made a purchase. On the other hand, thirty percent of those that approached the smaller selection purchased a jar. We want fewer choices. We just don't realize it.

Also supporting a smaller lineup is the relative correlations of historical returns in US equity classes. Correlations of traditional U.S. stock market equity asset classes are high. It may be surprising to some that the Russell 1000 Index (large-cap) is 93% correlated with the Russell 2000 Index (small-cap) over the past 10 years (as of 12/31/2014)[12].

PIMCO's 2014 Consultant Survey[13] found that on average, consulting firms believe the optimal core investment menu consists of one capital preservation, two fixed income, six equity, one inflation-protection, one global balanced and one alternative option.

[11] Iyengar and Wang, 2003. "How More Choices Are Demotivating: Impact of More Options on 401(k) Investment."
[12] Source: Russell
[13] PIMCO, "Defined Contribution Consulting Support and Trends Survey." 2014

Would it be more beneficial for a participant to have one or two choices, possibly large stock and small stock, rather than small value, mid value, and large value? The simplification of retirement plan lineups will help participants focus on savings and not on whether they should be overweight growth or value.

Customized Asset Allocation Strategies

Target-Date Funds (TDFs) have become an increasingly popular investment option in retirement plans. In fact, some expect these types of funds to capture almost 90% of 401(k) contributions by the end of this decade.[14] With that expectation in mind, it has become important for plan sponsors to review all the options they have in this area.

A Towers Watson Survey in 2014[15] found that almost 50% of plan sponsors see the value in a custom Target-Date Fund (TDF) series, may explore implementing a custom TDF series, or have already implemented one. Callan Associates found that plans with custom target-date funds increased materially, from 11.5% in 2013 to 22.3% in 2014.[16]

The recent DOL-published tips pertaining to TDFs[17] alluded to the fact that plan sponsors may want to investigate the possibility of customizing their offering. Although there is no doubt additional administrative complexity associated with customized strategies, the change could bring immense benefits. These include:

- Investment and cost transparency
- Flexibility to use core investments as well as other non-core investments
- Ability to tailor the offering based on plan objectives

Almost 50% of plan sponsors see the value in custom TDFs…

Another benefit is the flexibility to add or replace investments inside the customized strategy, without changing the entire asset allocation program. Lastly, the DOL mentioned another benefit of a custom TDF is the advantage of having non-proprietary investments which would diversify participants' exposure to one investment manager.

It is important to remember, though, that when choosing an asset-allocation strategy such as a Target-Date Fund, the most significant decision to make is to understand the allocation of the investments and how they will change over time.

Plan sponsors are beginning to rethink how they present the investment lineup to their participants and custom strategies, whether target-based or risk-based, are at forefront of these decisions.

Next Steps in Fixed Income Diversification

Beginning in the early 1980's, interest rates have steadily declined. This has led to a multi-decade rally for bonds, not to mention an incredible increase in the value of equities. Even after the "Lost Decade" of 2000-2009, the 30-plus year period from 1980 through Dec. 2013 witnessed U.S. bonds returning an annualized 8.22% (Barclays Capital

[14] The Cerulli Report, Retirement Markets 2014, "Sizing Opportunities in Private and Public Retirement Plans."
[15] Towers Watson, 2014 U.S. Defined Contribution Sponsor Survey and Commentary
[16] Callan Investments Institute, 2015 Defined Contribution Trends Survey
[17] US Dept. of Labor, "Target Date Retirement Funds – Tips for ERISA Plan Fiduciaries" Feb. 2013

U.S. Aggregate Bond Index). It was ultimately an environment in which it was not difficult to achieve good results.

We live in a different world now. Rates across the developed world are at the lowest in history. Investors have begun looking elsewhere for yield and returns. With the threat of rising interest rates in the U.S., plan sponsors and investors have begun to worry what that may mean for fixed income options in their retirement plan.

While investors have been bombarded with the idea of diversification since the first day of joining an employer-sponsored retirement plan, most of the discussion has revolved around the importance of *equity* diversification. Historically, plans have had one bond fund and this worked for most due to a declining interest rate period in the U.S. The future may not look much like the past.

Below you can see how much less correlated the different sectors of the fixed income market have been over the past ten years. Compare this to U.S. equity markets and a plan sponsor may wonder why they have so many stock funds instead of bond funds.

With the threat of rising interest rates, plan sponsors have begun to worry what that may mean for fixed income options in their plan.

Fixed Income Market
10 Year Correlations
As of 12/31/2014

	Barclays Aggregate	Treasuries	Corporate	High Yield	Global	Emerging Markets
Barclays Aggregate		0.85	0.75	0.26	0.69	0.61
Treasuries	0.85		0.35	-0.24	0.62	0.22
Corporate	0.75	0.35		0.68	0.52	0.76
High Yield	0.26	-0.24	0.68		0.20	0.76
Global	0.69	0.62	0.52	0.20		0.46
Emerging Markets	0.61	0.22	0.76	0.76	0.46	

Source: Barclays Capital, ML, Citi. Fixed Income sectors shown are provided by the following indexes. Barclays Aggregate: Barclays Capital U.S. Aggregate index; Treasuries: U.S. Treasuries Index; Corporate: Barclays Capital Corporate Bond Index; High Yield: Barclays Capital U.S. High Yield Index; Global: Citi World Government Bond Index; Emerging Markets: BofA ML US Dollar Emerging Market Sovereign Plus Index.

Another key reason to consider diversification of fixed income is the high correlation between the traditional bond index retirement plans use (Barclays Capital U.S. Aggregate Bond Index) and the U.S. Treasury index. Moving outside of government bonds may help future returns.

Given the current circumstances, plan sponsors may rethink the fixed income decision within their investment lineup. One of the most important questions to ask is whether adding additional fixed income options to a plan is a positive or negative. While if used correctly, it can add needed diversification away from the U.S. Treasuries market, it also adds another choice to an investment lineup that may already have too many choices. There are other options available to plan sponsors, like multi-manager fixed income portfolios and collective funds that utilize different strategies.

While it is not best to confuse participants with too many options, diversifying through a well-constructed portfolio of fixed income can be particularly helpful in the next thirty years of investing.

White Labeling

It was found that 40% of plan sponsors recognize combining multiple investment strategies is a more efficient approach to active management than single, stand-alone active options.[18] Findings also showed that plan sponsors see the benefits in promoting fewer diversified options, simplifying choice for participants, maximizing buying power, and possibly leading the plan to better outcomes.

"White Labeling" the investment options in the retirement plan allows a plan sponsor to customize asset classes. A custom approach allows you to offer fewer investment options, which we know is important, by building a well-diversified portfolio that otherwise may be difficult due to plan participant behavior.

For example, instead of a plan offering the ABC Large-Cap Value Fund, XYZ Large-Cap Growth Fund, and Large-Cap Index Fund, the plan can offer one pre-mixed option called "U.S. Large Cap Stock Fund." This option would have a combination of the other three options in a predetermined allocation.

40% of plan sponsors recognize that combining multiple investment strategies is more efficient.

This strategy is especially beneficial in areas that investors are not as familiar with, such as international investing or fixed income. As discussed prior, many investors have not used the added bond funds in their plans. If a plan sponsor created a pre-mixed "Bond Fund" option containing U.S., Global and High Yield bonds, the participant would be in a more diversified portfolio.

The same can be done for international investing. We understand the benefits of investing in companies in emerging markets, but the volatility of a stand-alone emerging market fund may lead to poor investor decisions. By incorporating large foreign equity, small foreign equity, and emerging markets into one strategy, a participant will be able to have a diversified approach to investing outside the United States without the risks of chasing a hot market.

In addition, when the "white labeled" option is unitized, managers inside the option can be added and removed without the communication and administrative issues that occur when changing investment options in the core lineup.

Customization of the investment lineup will continue to evolve away from off-the-shelf solutions to customized solutions. While this trend has already begun in the target-date arena, it will become a larger part of the core lineup. We understand the benefits of complementary options in retirement plans, but we also know the limitations and risks associated with just adding another fund. White-labeled investment options solve some of these issues.

[18] Towers Watson, 2014 U.S. Defined Contribution Sponsor Survey and Commentary

Participant Engagement

While many plan sponsors and experts have stated that the retirement plan industry has failed to educate investors, there are new ways to impact change being created every day. "Preparing employees for retirement" was the most commonly identified goal for plan sponsors in 2014, according to annual research from Fidelity.[19]

This concern has helped the evolution of employee education. Until recently, education was done through enrollment meetings and focused on importance of savings, investments and other plan-related information. Today, plan sponsors are seeing a shift in education and the need to take a holistic approach to engagement.

Change the Focus

With 81% of working age people considering "Saving for Retirement" not their main priority[20], educating employees about their finances is becoming the top topic among plan sponsors. Improving financial literacy is seen as an intricate part of helping participants develop good habits and, in turn, save more in the retirement plan.

Financial worries are the number one source of stress among employees.

In 2013, LIMRA asked 2,000 Americans a series of ten questions to gauge their knowledge of basic financial topics. The study found that only one in eight correctly answered at least nine questions, while more than a third failed to answer more than half of the questions correctly.

In addition, Deloitte found in their annual defined contribution benchmarking survey[21] that the right type of education and communication continues to be a challenge to plan sponsors. Lack of employee understanding was the most frequently selected barrier to plan effectiveness, according to those surveyed.

As companies have begun to implement wellness programs into their health care offerings, the same will need to take place in retirement plans. Studies have found that financial worries are the number one source of stress among employees.[22] Also, an AP-AOL Health Poll[23] found that financial stress takes an enormous toll on the body. For instance, stomach ulcers occurred in 27% of people with high levels of stress as opposed to only 8% with low levels.

Also troubling is a recent report from the Employee Benefit Research Institute (EBRI) that finds more and more pre-retirees are carrying higher debt levels towards

[19] Fidelity Investments 2014 Plan Sponsor Attitudes Survey
[20] HSBC, "The Future of Retirement: A Balancing Act," January 2015.
[21] Deloitte, "Annual Defined Contribution Benchmarking Survey" 2013-2014 Edition
[22] Financial Finesse, Inc. Study of a *Fortune 500* Company in 2012
[23] AP-AOL Health Poll: Debt Stress: The Toll Owing Money Takes on the Body. April 2008.

retirement.[24] Over 65% of families aged 55 and older are on pace to carry debt into retirement and 9.2% are carrying a troublesome amount of debt (monthly debt payments greater than 40% of income). Below is chart that shows the undue stress that carrying debt into retirement has on retirees' goals.

Source: Employee Benefit Research Institute and Greenwald & Associates, 2014 Retirement Confidence Study

Participants are looking to their employers for help on budgeting, debt management, and social security planning. Many participants may find that their retirement goals are in within reach once they have other issues under control.

When it comes to communicating to participants, plan sponsors must "Know Their Audience."

With the need for financial literacy and wellness, plan sponsors looking to improve outcomes for their participants will likely begin to include these programs in the foreseeable future as a standard part of their education platform.

Customized Communication

In-depth demographic research is helping plan sponsors make a concerted effort in communicating the right message to their employees. Communication can be tailored to the demographics of the company. Plan sponsors can focus on employees that aren't saving up to the match as well as those who are not contributing at all. It can also focus on participants that may have a poor asset allocation or too much in company stock.

To help this cause, more providers are offering "Retirement Readiness" or "Plan Health" reports. This can allow plan sponsors the ability to break down the information and target a specific group of employees with customized communication materials. These reports also allow plan sponsors to benchmark their participants' progress. Many times this will help plans understand how the optimal plan design may help participants improve their retirement outcomes.

The communication medium has changed as well. While many plan sponsors are reluctant to move away from paper, more and more investors are using mobile

[24] EBRI, "Debt of the Elderly and Near Elderly, 1992-2013." January 2015

technology. This means that plan sponsors must consider the group of employees when it comes to the way they communicate. Millennials may prefer communication via text messaging or mobile app, while older participants may want traditional methods. When it comes to communicating to participants, plan sponsors must “Know Their Audience.”

Moving Towards Income

The majority of retirement plan participants have no idea how much they need to save for retirement. A 2014 TIAA-CREF survey[25] showed that most investors misjudge how much money they think they’ll need to live on. Over 70% believed they’ll need less than 75% of current income in retirement, while most experts on the subject state that we’ll need close to 80-90%. Clearly a disconnect exists.

It will become critical for plan sponsors and the providers they use to supply plan participants with retirement income projections. Fortunately, the tide is turning. In an aforementioned Deloitte survey,[26] it was also found that plan sponsors consider “Facilitating optimal retirement income replacement” as the second most important objective behind participation rates.

The government is also concerned. The Dept. of Labor (DOL) is currently considering making retirement income projections a requirement on statements and providers have already begun implementing the changes, despite no rule in place. A study conducted by the Center for Retirement Research at Boston College[27] concluded that income projections within communication strategies have a significant and beneficial effect on participants’ contributions and confidence.

Income projections… have a significant and beneficial effect on participants’ contributions and confidence.

For example, many participants have a difficult time understanding what their account balance is actually worth. While $100,000 sounds like a good sum of money, for someone living 20 years in retirement it is only going to pay $5,000 a year, assuming they follow the “5% rule” for their withdrawal rate. This is why it is imperative to show a participant what their account balance will actually afford them in retirement, as well as showcasing how much more they’ll have if they save.

Plan Sponsors must focus on educating their participants about the benefit of additional contributions and the effect it has on higher income in retirement. By shifting the conversation away from how much a participant has in their account to what the balance means, plan sponsors will be able to inspire their employees to begin sooner, save more, and become more engaged with the plan. As noted earlier, a more engaged participant is a healthier and happier employee.

[25] TIAA-CREF Lifetime Income Survey Executive Summary, January 2014
[26] Deloitte, “Annual Defined Contribution Benchmarking Survey” 2013-2014 Edition
[27] Goda, Gopi Shah, Colleen Flaherty Manchester, and Aaron Sojourner, 2013. “Do Income Projections Affect Retirement Savings?” *Center for Retirement Research at Boston College.* April 2013, Number 13-4

The Future of Retirement Plans

While first thought of as a secondary source of retirement income, the defined contribution plan has become the main source of retirement income for a majority of the American workforce.

Despite criticism, the employer-sponsored retirement plan has been a benefit to employees and will continue to improve each and every year. With all of the trends mentioned above, as well as others, plan sponsors have the tools to help their employees prepare for retirement.

We have to change our approach as fiduciaries. We must look at our benefit plans as a means to helping employees get to retirement safely and securely. We must design and maintain a retirement plan that meets employee needs while also accomplishing the goals of the employer. Companies must begin to care about the damage that is occurring across America when individuals don't save and invest appropriately.

About Axia Advisory

Axia Advisory Corporation is a fee-only registered investment advisor that offers a range of retirement plan and investment management consulting services to retirement plan sponsors and their committees. Our approach leads clients through the fiduciary process in a logical progression that addresses strategic planning, professionally managed investments, and a regular review and analysis of the results.

As an independent firm with no third-party affiliations, Axia Advisory provides unbiased and objective advice that is solely in the interests of our clients. Our independence is our most important credential.

For more information, contact us at www.AxiaAdvisory.com or 888.609.2942.