



## Financial Decision Partners

Donald H. McCarty, Jr., CFP®  
don.mccarty@fdp-planners.com  
[www.fdp-planners.com](http://www.fdp-planners.com)  
770-985-4071

### April 2014

- Employers Ramping Up Retirement Plan Features, Advisory Services
- Survey: Retirement Confidence Recovers for Those With Retirement Plans

## Employers Ramping Up Retirement Plan Features, Advisory Services

Employers are enhancing their retirement plans and increasing access to professional investment advice in an attempt to bolster employee retirement readiness.

A new study by Aon Hewitt, which polled more than 400 plan sponsors serving 10 million plan participants, revealed a number of initiatives being taken to strengthen employee ability to achieve greater financial security in retirement. Key actions include the following:

- **Boosting employer matching funds:** The percentage of employers offering dollar-for-dollar matches on the first 6% of employee contributions has nearly doubled in the past two years, from 10% in 2011 to 19% today. And virtually all employers now offer some level of matching contributions.
- **Offering immediate eligibility:** Three out of four employers now allow employees to begin participating in a workplace retirement plan as of their hire date -- a dramatic increase over the 45% of employers that offered immediate plan eligibility in 2001. In addition, more than half of employers also offer "day one" access to employer matching contributions.
- **Providing access to Roth-style plans:** Giving plan participants the option of choosing between a standard defined contribution plan and a Roth-style plan has become a priority for more employers in the past several years. Now 50% of employers allow Roth contributions (up 11% since 2008), and of those who offer the Roth option, 27% currently allow in-plan Roth conversions. Another 16% will offer this feature within the year.
- **Offering access to a range of advisory services:** One of the fastest-growing benefit trends is the availability of various types of professional guidance, which is now offered by three out of four plan sponsors. One-on-one financial counseling tops the list (with 59% of plans offering), followed by online guidance (55% of plans), and managed accounts (52% -- a significant jump from just two years ago when only 29% of plans offered this feature). Target-date funds -- another form of investment guidance -- are well into the acceptance curve, with 86% of plan sponsors offering them.

### Source/Disclaimer:

Source: [Aon Hewitt news release](#), October 30, 2013.

---

## Financial Decision Partners

Donald H. McCarty, Jr., CFP®  
don.mccarty@fdp-planners.com

[www.fdp-planners.com](http://www.fdp-planners.com)

770-985-4071

Providing Vision, Service,  
& Pathways  
Securing Your Future<sup>SM</sup>

## Survey: Retirement Confidence Recovers for Those With Retirement Plans

The Employee Benefit Research Institute's (EBRI) annual *Retirement Confidence Survey* found a marked increase in retirement confidence among workers with higher household incomes who also participate in one or more retirement plans -- including defined contribution plans, defined benefit plans, and/or IRAs.

Specifically, more than half (55%) of survey respondents are now very or somewhat confident about having enough money to live comfortably in retirement. The number of workers who are "very confident" rose from 13% in 2013 to 18% this year, while 37% said they were "somewhat confident." The number of workers who are "not at all confident" stayed statistically unchanged from last year at 28%.

### Confidence Tied to Retirement Plan Participation

Not surprisingly, the level of worker confidence seems to have a direct correlation to retirement plan participation. Commenting on the trend in a press release, Jack VanDerhei, research director at EBRI said, "workers reporting they or their spouse have money in a defined contribution plan or IRA or have a defined benefit plan from a current or previous employer are more than twice as likely as those without any of these plans to be very confident (24% with a plan vs. 9% without a plan)."

In keeping with past results, current retirees' confidence in their ability to have a financially secure retirement exceeds worker confidence levels, with 28% saying they are very confident, up from 18% in 2013.

### Debt: A Major Obstacle to Saving

Citing reasons why they are not saving (or not saving more) for retirement, workers pointed to their current level of debt as a key obstacle. Among those who indicated debt was a problem for them, just 3% said they were very confident that they would have enough money to live comfortably throughout retirement, compared with 29% of workers who said that debt was not a problem for them. Overall, 58% of workers and 44% of retirees reported having issues with debt.

### Other Survey Findings

Among the other findings in this year's survey:

**Worker confidence in their ability to pay for various aspects of retirement has increased.** More workers are "very confident" (29%, up from 25% in 2013) in their ability to pay for basic living expenses. In addition, the percentage of workers who are "not at all confident" about their ability to pay for medical expenses declined (24%, down from 29% in 2013), as did the percentage who were concerned about paying for long-term care services (32%, down from 39% in 2013).

**Most workers have not done a retirement needs calculation.** Just 44% of workers have tried to determine how much they will have to have saved by the time they retire in order to live comfortably in retirement. This statistic has remained relatively unchanged for the past decade.

**Workers are far more likely to say they will work for pay in retirement than retirees actually work.** Far more than half (65%) of current workers expect to work for pay after they retire, while in reality, just 27% of today's retirees actually are working for pay.

**Few workers seek financial advice.** Just 20% of workers report that they have obtained financial advice from a professional. Of those who did consult with a pro, 27% said they followed all of the advice, 36% followed most of it, and 29% followed some of it.

**Financial Decision Partners**

Donald H. McCarty, Jr., CFP®  
don.mccarty@fdp-planners.com  
[www.fdp-planners.com](http://www.fdp-planners.com)  
770-985-4071

Providing Vision, Service,  
& Pathways  
Securing Your Future<sup>SM</sup>

For more in-depth analysis of the study, visit the [Employee Benefit Research Institute's website](#).

**Source/Disclaimer:**

Source: Employee Benefit Research Institute press release, "[EBRI's 2014 Retirement Confidence Survey: Confidence Rebounds--for Those With Retirement Plans.](#)" March 18, 2014.



**Required Attribution**

Because of the possibility of human or mechanical error by Wealth Management Systems Inc. or its sources, neither Wealth Management Systems Inc. nor its sources guarantees the accuracy, adequacy, completeness or availability of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. In no event shall Wealth Management Systems Inc. be liable for any indirect, special or consequential damages in connection with subscriber's or others' use of the content.

© 2014 Wealth Management Systems Inc. All rights reserved.