

Perception vs. Reality

How Advisors Can Optimize
Retirement Plan Design



INVESTMENTS

Today, retirement is an issue that can no longer be ignored.



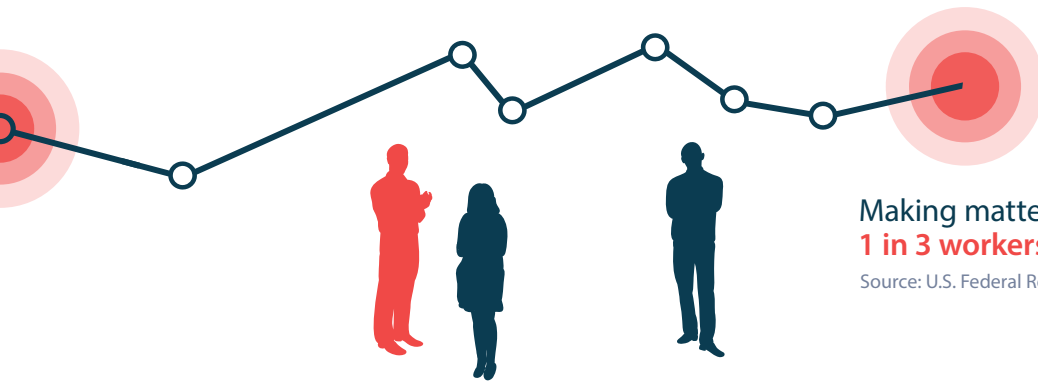
67%

of Americans say the country faces a **retirement crisis**.



54%

are worried about a **financially secure retirement**.



Making matters worse, the pandemic has led **1 in 3 workers** to rethink their retirement timeline.

Source: U.S. Federal Reserve (Mar 2022)

To address these challenges, we will look at the **biggest gaps and opportunities** in retirement plan design.



Are People Achieving Their Retirement Vision?

To look deeper into retirement plans, NYL Investments partnered with RTI Research, surveying 800 people:

Plan Participants

Employees with 401(k)/403(b) plans
n=500

Plan Sponsors

Companies offering 401(k) plans
n=150

Plan Providers

Advisors providing 401(k) services
n=150

Here are the results they found.

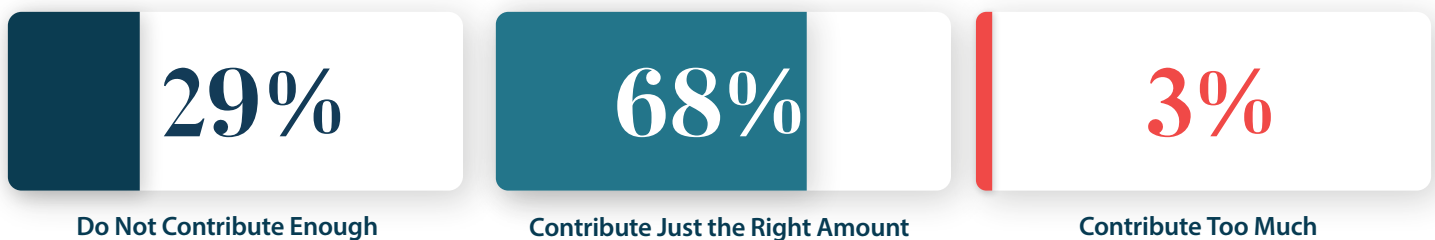
% of Annual Income Contributed to 401(k)



Interestingly, survey participants contributed **almost double the U.S. average of 6%**.

Source: Plan Council Sponsor (Dec 2021)

Contributions



The vast majority of participants who feel prepared for retirement say they contribute the right amount.



Prepared for Retirement

Two structural trends—lack of savings and not having access to a retirement plan at work—are impacting retirement readiness today.

Source: Ghilarducci et al. (May 2015)

% Who Feel Very Prepared



By a significant margin, men feel more prepared for retirement, which may be explained by historically higher earnings.

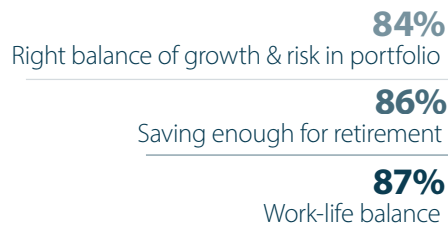
Overall Satisfaction % Who Feel Very Satisfied



Over 70% of employees in their 20s were very satisfied with their employer-sponsored plans.

Key Priorities

What were the 3 most important factors in planning for retirement?



Retirement Gaps

Let's now look at some of the biggest gaps in retirement plans.

% Satisfied



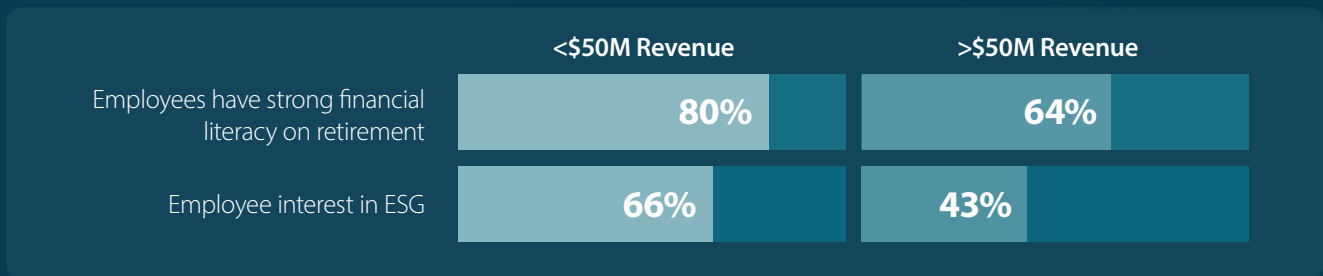
53%	57%	67%
Managing the cost of healthcare	Having a roadmap to ensure I'm doing the "right thing" to plan for retirement	Working to get out of debt

As the above findings suggest, not only are participants looking for guidance with their 401(k) investments, they are looking for **personal financial advice** on managing debt and healthcare costs.

The Employers Perspective

Often, there are misconceptions about small employers and retirement plans. However, the survey found contradicting results to these assumptions.

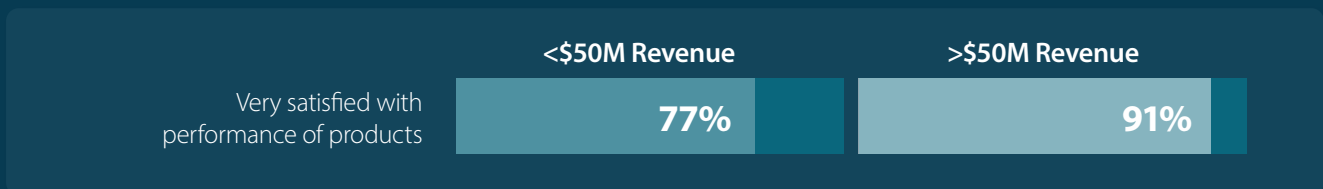
Employee Financial Literacy



The majority of smaller employers believe their employees have **excellent knowledge on retirement planning along with a higher interest in sustainable investing.**

Meanwhile, employers at larger firms were more satisfied with fund performance.

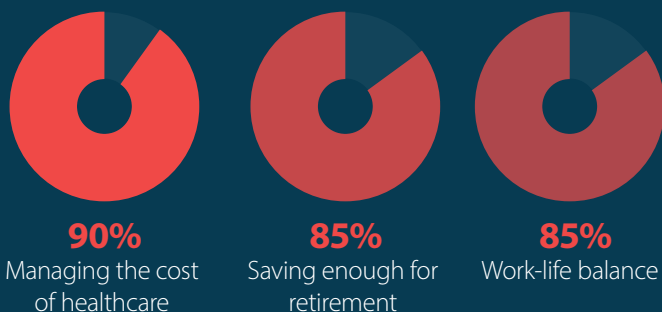
Performance



Key Priorities

Across all firms, what were the **3 most important factors** for their employees across all firms?

Top 3 Factors



Retirement Gaps

Interestingly, employers place **saving enough for retirement** near the top, but many don't offer these services to their employees.



To address these gaps, advisors can create **a well thought out financial wellness program** for employers that bridges the disconnect.

Understanding the Disconnect



Over the last five years, retirement plans that offer advice have risen **44%**.

Source: Plan Sponsor Council of America (Dec 2021)

The evidence is clear: **employers value providing their employees personalized advice.**

Source: Vanguard (2021)

Here are some key insights on providers, and where the disconnects lie.



% Who Offer Advisory Services:

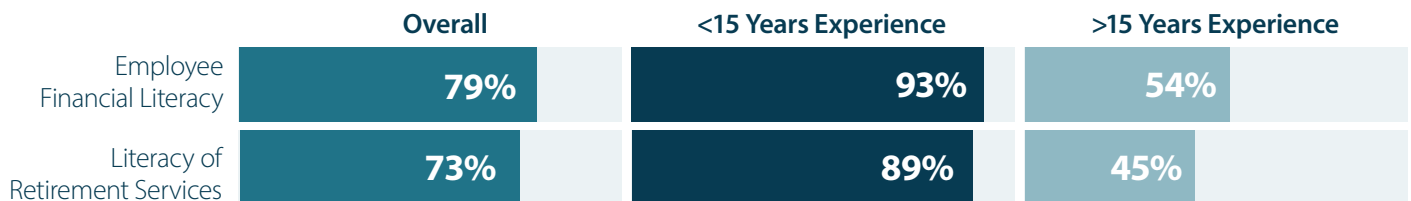
Overall
95%

<\$75M
93%

>\$75M
96%

Employee Financial Literacy

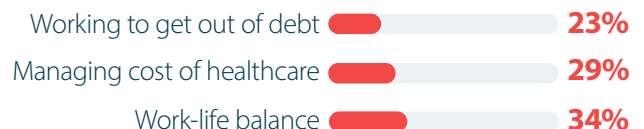
Younger advisors report much higher financial literacy of the employees they work with.



Key Disconnects

Some of the largest disconnects from participant and employer needs center around **managing debt and healthcare costs.**

3 Gaps in Providers



Importantly, new opportunities arise when advisors connect with participants and employers in areas that matter most.

Optimizing Retirement Plan Design

When employees and sponsors are active participants in their retirement journey, advisors can provide:



Human-centered advice



Personalized skills



Holistic planning models

Based on the above findings, advisors can strategically design retirement plans that align with participants and employers needs.



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