

Visualize Retirement
What Are Your Participants Saving For?

All too often, retirement planning success is measured purely by financial metrics: savings amounts (15 percent per year), income replacement ratios (75 percent of preretirement income), or withdrawal strategies (4 percent per year). And the most critical part of planning for retirement is forgotten: the plan itself.

Put another way: how can an employee know how much money they're going to need in retirement if they don't know what they're saving for?

74% of 50-59-year-olds have made a serious effort to plan for financial aspects of retirement.¹

Only 35% of 50-59-year-olds have made a serious effort to prepare for the emotional aspects of retirement.¹

Visualize Retirement addresses the one planning need that many pre-retirees don't even know they have: preparing for the nonfinancial side of retirement.

Studies and actual retiree responses indicate the three key drivers of happiness in retirement are:

1. **Lifestyle:** How participants will spend their time in retirement (family, leisure, travel, work, etc.)

Workers' Visions for Retirement:¹



70% want to travel



50% want to pursue hobbies



57% want to spend time with family and friends

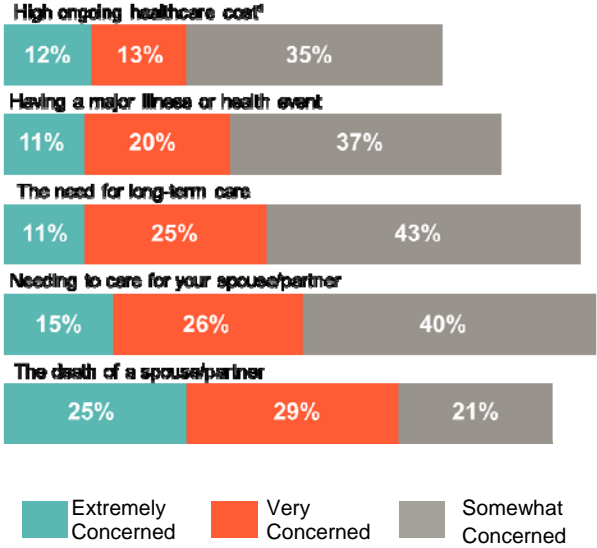


30% say they want to work



2. **Health Care:** How participants want to give and receive needed care

Concern About Personal Events:



3. **Meaning:** How participants will create a sense of purpose fulfillment

Following almost 1,000 people, a study found that people with “high purpose” were:¹

2.4x Less Likely
to be afflicted with Alzheimer’s

Less Likely
to develop mild cognitive impairment

Less Likely
to develop disabilities or die young

Benefits for Plan Sponsors

Workforce Management Flexibility:

- Large amounts of time, money and resources go to offer and maintain benefits programs that help prepare employees for the next phase of their lives (retirement plans, company matching

money, physical/financial wellness programs, healthy incentive programs).

- What happens when the employee – due to a lack of emotional and psychological preparedness- doesn’t end up retiring?
- That backlog can create recruitment and retention issues – as younger talent may seek opportunities elsewhere if A) there is no “foot in the door” position open, or B) they see minimal opportunities to advance internally.

Food for thought: Even if widespread workforce management issues are not prevalent, consider the type of employee that may have a difficult time moving on: the “career-minded executive” whose identity is wrapped up in their achievements and stature within the organization.

Long-term Cost Mitigation:

- As a workforce’s age and tenure increase, so do the costs related to keeping that employee
- An aging demographic – many of whom may not be emotionally prepared to retire – could impact organizational costs such as increased health care, payroll, or worker’s compensation.

To learn more about the Visualize Retirement program and plan sponsor and participant resources associated with it, please contact your plan advisor.

The monthly participant memo companion piece to this newsletter is the Visualize Retirement workbook that helps participants visualize their retirement and define their purpose in retirement.

¹Retiree Insights 2018 Survey of Consumers Ages 50-59. Greenwald & Associates/The Diversified Services Group.

This article and this month’s participant memo are provided by T. Rowe Price.

Hey Joel!

Hey Joel! – Answers from a re-covering former practicing ERISA attorney

Welcome to *Hey Joel!* This forum answers plan sponsor questions from all over the country by a former practicing ERISA attorney.

Hey Joel,

My client wants to conduct an RFP for an ERISA attorney, what are important questions they should include?

- *Questioning the Expert*

Dear Questioning,

While it is a somewhat unusual step to formally RFP for an ERISA counsel search, it can be a good exercise to ensure your client finds the best fit for their organization. Note, ERISA counsel typically does act in a fiduciary capacity in providing legal advice, so selection of ERISA counsel would likely not engender the same fiduciary scope as selection of an advisor, recordkeeper or TPA. Fees, if paid out of plan assets, have to be reasonable, but that can be difficult to determine as legal fees can have an incredible variance.

All that said, here are a few excellent questions to assist the client in identifying ERISA counsel who will be a good fit:

- Do you require a retainer? If so, what is the required amount? Does it need to be replenished on a regular basis, or is it just an initial engagement requirement?
- What is your hourly fee?
- Do you provide project-based fees? If so . . .
 - What falls into the scope of a project?
 - How are scopes determined?



- How are scopes tracked to ensure the original quote is met?
- What services do you anticipate will be included on an ongoing basis on an annual basis? What do you project the cost to be?
- What services do you anticipate will be necessary on a longer-term basis? What do you project the cost to be?
- What ad hoc services do you believe may become necessary in the future? What do you project the cost to be?
- What issues do you commonly see arise with plans of similar size and design that require legal assistance? Please provide an estimate of cost for legal work for each.
- Who in your firm will provide the work on our engagement? Please lists all attorneys, paralegals and anyone else whose time might be billed to us with their bio and their potential/anticipated role on our engagement.
- Please provide three referrals for three clients who sponsor plans of a similar size and complexity.

The Expert,

Joel Shapiro

About the Author, Joel Shapiro, JD, LL.M

As a former practicing ERISA attorney Joel works to ensure that plan sponsors stay fully informed on all legislative and regulatory matters. Joel earned his Bachelor of Arts from Tufts University and his Juris Doctor from Washington College of Law at the American University.

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