

# Reinventing the Retirement Income Roadmap



Workers are worried about their retirement income — and Congress has taken note. The 2019 SECURE Act smoothed the way for fiduciaries who want to incorporate lifetime income options in their savings plans. It streamlined the evaluation process and eased the burden of performing due diligence on insurers.

If you are thinking of incorporating lifetime income options in your plan, this quick start guide will show you how.

## Why Offer Lifetime Income Options?

Americans are concerned about earning enough in retirement — and looking to you for help.

18yrs

Average length of retirement in the U.S.<sup>1</sup>

\$4T

Americans' expected collective savings shortfall.<sup>2</sup>

49%

of Americans say their chief concern is outliving their retirement savings.<sup>3</sup>

76%

of working Americans would value an employer-sponsored retirement income solution.<sup>4</sup>

# Retirement Income Roadmap

## 1 Evaluate Your Plan

Does your plan feature:

### A younger workforce?

- Lack of interest in retirement income?
- High turnover that could raise concerns about portability?

Then a retirement income solution may not be your top priority now.

### Older workers nearing retirement?

- Low turnover, enabling workers to keep participating without interruption?
- Interest in supplementing or replacing income from a defined benefit plan?

Then a retirement income solution might make sense for your plan.

### Younger workforce

**Pet Insurance** may be a more popular workplace benefit among Millennials than retirement income products, but it is never too early to start the conversation.

<sup>1</sup> 2018 U.S. Census Data  
<sup>2</sup> <https://www.ebri.org/content/retirement-savings-shortfalls-evidence-from-ebri-s-2019-retirement-security-projection-model>  
<sup>3</sup> <https://www.aarp.org/retirement/planning-for-retirement/info-2019/retirees-fear-losing-money.html>  
<sup>4</sup> State Street Global Advisors 2018 Global Retirement Reality Report, n=826  
<sup>5</sup> 2019 Hiring Challenges, LaSalle Network  
<sup>6</sup> If success metrics are not met, sponsors can remove the retirement income option from the menu without penalty to invested participants, thanks to the RI Portability provision of the SECURE Act.

## 2 Set A Goal

Choose a measurable objective you want to achieve by introducing retirement income solutions—workforce management, employee satisfaction, alignment with organizational values such as innovation, or other goals.

## 3 Engage An Advisor or Consultant

The SECURE Act broadens the fiduciary safe harbor for sponsors selecting an annuity provider. Still, sponsors may want help navigating the range of options, including:

- |   |   |
|---|---|
| <b>Providers</b>  | <b>Products</b>   |
| <ul style="list-style-type: none"> <li>• Asset managers</li> <li>• Insurers</li> <li>• Consultants</li> </ul> | <ul style="list-style-type: none"> <li>• Annuities of various types</li> <li>• Annuity + Target Date Fund hybrids</li> <li>• Managed payout strategies</li> </ul> |

### Talk to Your Recordkeeper

Engage your recordkeeper as a partner in integrating your preferred solution.

## 4 Create A Participant Communications Strategy

Participants have spent decades hearing about savings. They need help making the mental shift to focusing on retirement income.

- **Target the right people.** Focus on pre-retirees (55+), but educate participants at every stage
- **Keep it real.** Translate benefits into dollars and cents, such as projected monthly income
- **Convince participants of their longevity** (“Yes, you will live that long!”)

## 5 Measure Results

Analyze how well you achieved the goals you established in Step 2. If your progress is falling short, you can tweak the program, change products or providers, or even opt out.<sup>5</sup>



## Need Help Getting Started?

For more information on our retirement income solutions, contact [definedcontribution@statestreet.com](mailto:definedcontribution@statestreet.com).

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