

## Understand employee sentiment around having retirement income for life

*A 401(k) plan is an important part of an employer's compensation program. In order to recruit, retain and help employees retire (on time), employers need a competitive benefits package to attract and engage their workforce. When it comes to retirement, a 401(k) plan needs to be more than a resource to accumulate assets. Employees need to understand what options they have available as they near retirement to strategically decumulate their savings to last a lifetime.*

As businesses across America have shifted away from defined benefit pension plans, employees are still relying on their employers to provide solutions to help them reach and sustain their income throughout retirement. Why?

### Two main reasons:

**1** According to AARP, **nearly 50% of survey respondents are concerned they will run out of money during retirement.**<sup>1</sup> Studies have shown that guaranteed lifetime income in retirement is a definite appeal to American workers.<sup>2</sup>

In fact, 70% percent of participants surveyed by TIAA — a leader in lifetime income and Nuveen's parent company — expressed a preference to work for a company that offers a guaranteed lifetime income solution in retirement.<sup>3</sup>

**2** **Employers could use this feature to motivate recruit, retain and eventually allow employees to retire financially secure and on time.** Employee turnover impacts a company's bottom line. According to the Harvard Business Review, voluntary resignations have been trending upward over the past 10 years.<sup>4</sup> The pandemic greatly impacted this trend, leading to the Great Resignation in 2021, where 47 million Americans voluntarily to left their jobs.<sup>5</sup>

Another challenge employers are facing is getting their employees to an on-time retirement. These *reluctant retirees* are near or at retirement but not confident they can make it without a paycheck. So they extend their retirement date - potentially causing the company to incur higher labor costs, increased healthcare premiums and lower productivity due to financial stress. According to the USI Consulting Group, it costs a business about \$50,000 per employee each year retirement is delayed.<sup>6</sup>

It's estimated that employee turnover results in



in lost productivity each year.<sup>7</sup>

It costs



of an employee's base salary to replace a new hire with benefits.<sup>8</sup>

# How can employers support their workers' retirement goals?

It's important to understand how employees use their retirement plan while working, and what they plan to do with those funds upon retirement. This sample survey may help plan sponsors gauge employee interest when it comes to lifetime income, including in-plan income solutions.

## SAMPLE PARTICIPANT SURVEY

1. Overall, how confident are you that you will have enough money to live comfortably throughout your retirement?

- Very confident     Somewhat confident     Not too confident     Not at all confident

2. Do you participate in the 401(k) plan sponsored by your employer?

- Yes     No

3. Do you expect your retirement savings to be a major or minor source of income during retirement? Consider your 401(k) plan plus any other savings earmarked for retirement, such as an IRA.

- Major     Minor

4. How much of a priority will each of the following be for managing your personal finances during retirement?

	High priority	Moderate priority	Low priority
a. Maintaining your standard of living throughout retirement.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
b. Not outliving your financial assets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
c. <b>[IF MARRIED]</b> Ensuring the financial security of your [spouse] [partner] if you die first.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
d. Leaving an inheritance.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
e. Maintaining control over how your retirement savings are invested.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
f. Having income that will not decrease with decreases in financial markets.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

*Annuitization can convert savings into fixed monthly payments guaranteed to continue for life, as well as the life of a spouse or partner, and provide consistent income throughout retirement.*

5. Do you think it would be valuable for 401(k) plans to provide a way for participants to annuitize some of their savings during retirement?

- Very valuable     Somewhat valuable     Not too valuable     Not at all valuable

6. Would you be interested in annuitizing some of your 401(k) savings during retirement if the plan provided a way to do so?

- Very interested     Somewhat interested     Not too interested     Not at all interested

7. To what degree have you considered how you will manage your 401(k) savings during retirement and draw income from it?

- A lot     Some     Not much     Not at all

8. How confident are you about choosing the best way to draw income from your 401(k) savings during retirement?

- Very confident     Somewhat confident     Not too confident     Not at all confident

9. Agree or disagree? Employers have a responsibility to help employees achieve adequate and secure income throughout retirement.

- Strongly agree     Agree     Disagree     Strongly disagree

*To access a copy of this survey in Word, please contact your Nuveen representative.*



## Understand the survey results

What considerations can be drawn from this survey that could provide actionable steps for plan sponsors? Survey responses can help to provide direction when it comes to developing an income strategy for their company's 401(k) plan.

### *Employers can gain valuable insights from their employees around*

- ✓ Preparedness when it comes to having a financially secure retirement.
- ✓ Sentiment that their employer's 401(k) can meet their needs in retirement.
- ✓ Dependency on their 401(k) plan to fund their retirement.
- ✓ Comprehension on how to fund retirement using their 401(k) plan.
- ✓ Interest in having an in-plan lifetime income solution available with their 401(k) plan.
- ✓ Reliance on the employer to help employees achieve a reliable and stable income stream throughout retirement.

For more information, please visit us at [nuveen.com/lifetimeincome](https://nuveen.com/lifetimeincome)

#### Endnotes

#### Sources

- 1 AARP, May 2019.
- 2 TIAA 2021 Lifetime Income Survey, May 2021.
- 3 EBRI Retirement Confidence Study, 2020.
- 4 Harvard Business Review, The Great Resignation Didn't Start with the Pandemic, March 23, 2022
- 5 Bureau of Labor Statistics. December 2023.
- 6 USI. Is Delayed Retirement Impacting Your Bottom Line? 05 Oct 2021.
- 7 HubSpot. How to Stop the Most Common Productivity Prohibitors, 10 Jun 2021.
- 8 Zippia. 25+ Crucial average costs per high facts [2023]: All cost of hiring statistics.

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