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**STRATEGIES FROM LEADING
RETIREMENT PLAN ADVISORS**

**Lifetime income:
Setting up the
conversation with
plan sponsors**

Strategies from leading retirement plan advisors

next
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STRATEGIES FROM LEADING RETIREMENT PLAN ADVISORS

LIFETIME INCOME: Setting up the conversation with plan sponsors



Driving conversations with plan sponsors on the value and timeliness of guaranteed lifetime income has never been more pressing.

Guaranteed lifetime income plays an important role in securing retirement for millions of Americans who are at risk of running out of money after they stop working. As this important conversation continues to grow, we need decision makers and leaders in this industry to drive forward the change.

At Nuveen, we are on a mission to provide plan advisors and consultants with long-lasting best practices and long-term solutions to prevent this common shortfall that Americans face in retirement. We spoke with three retirement plan advisors who share how they talk to plan sponsors about the placement of a guaranteed lifetime income solution in a workplace retirement plan to help close the retirement income gap.

INITIATING THE CONVERSATION

Beginning the discussion with employers starts with understanding the fundamental role of a plan sponsor and an advisor. As George Fraser with The Fraser Group at RBG says, “I used to think our job was telling people how to save, but really, I think it is broader: it’s to help people reduce financial stress. The biggest worry for anyone working at a company today is being ready to retire when it’s time.”

On the topic of addressing urgency with plan committees and establishing why we need to be discussing lifetime income, Jason Chepenik with OneDigital feels we’ve had too much inertia. “The demographics speak to the urgency here. We’ve had automatic enrollment for 20 years. In that time, we’ve gotten people into the 401(k) plan, but no one knows how to decumulate. We have to make it easy to understand how to turn those savings into an income stream,” he explains.

Renee Scherzer with OneDigital looks to the pandemic and the changing relationships between employers and employees over that time, noting that “employees are now expecting more from their employers. Coming through the pandemic, that relationship has tightened, and culturally, firms want to support their employees more than ever. We need to examine the sponsor’s whole benefits program and see if they are acting as a true retirement resource for their employees.”

EVOLVING THE CONVERSATION

“I think many conversations are stale,” says Jason Chepenik, “Too many meetings with sponsors are just investment reviews, recordkeeper issues, updates on fees. They are not pushing the envelope on what is a relevant measure of success. If we don’t focus on plan design and address the need for lifetime income, we aren’t getting our clients and their workers where they need to be.”

Renee Scherzer highlights the importance of the partnership between advisors and plan sponsors, saying, “For plan sponsors, lifetime income is confusing. As the offerings have expanded in the marketplace, we need to have deeper conversations. Sponsors trust us, because we’re doing the due diligence on the underlying investment options and giving that information to them in digestible pieces.”

Renee goes on to say, “We need to take a step back and approach this as one part of the overall vetting process. Our role is to explain it so the sponsor and their investment committee can make informed decisions with the proper due diligence.”

On his approach, George Fraser adds, “Through my business model, I spent a lot of time trying to make what we do understandable. Make it simple.”

“ I think many conversations are stale.”

Jason Chepenik on building successful client relationships

1.

Get the client’s retirement plan to where it needs to be, so it can be truly part of their total rewards system. “As an advisor, my role is to help support the client’s culture, because happy cultures attract the best talent. An advisor can help deliver a happy workforce with a retirement plan that focuses on the right things.”

2.

A technically savvy team will know how to design and operate a plan without the help of third-party administration (TPA). “Solving any technical problems of a plan could help it operate efficiently and effectively.”

3.

Make these retirement plans come alive by leveraging unique ideas to get plan sponsors engaged. Jason finds that when plan stakeholders are engaged, they stay more focused. “The advisor should try to have relevant conversations, asking their client what’s impacting them today and keeping them away from some of the noise.”

- JASON CHEPENIK



George Fraser on the value of Social Security

George Fraser, of *The Fraser Group at RBG*, is a firm advocate of the value of Social Security. “I recently read that over 90% of 65-year-olds have \$60,000 or less in their 401(k) or 403(b) plan. I believe Social Security will be there for people. Even at \$1,000 a month, that’s nearly a quarter-million dollars between ages 65 and 85. That is a big base of income.”

According to research, only 4% of retirees claim Social Security at the most financially optimal time. This means the remaining retirees in the study are collectively losing \$3.4 trillion, or around

**\$111,000
per household.¹**

George recommends, “As advisors, we need to make sure participants have a strategy for taking Social Security at the right time.”

He adds that financial professionals need to start looking at Social Security as an asset class. “It is a fixed account — a guaranteed sum of money that a worker will receive. That changes the way you invest the rest of your portfolio in your retirement plan.”

“

We need to make sure participants have a strategy for taking Social Security at the right time.”

GEORGE FRASER

EXPANDING THE CONVERSATION TO INCLUDE PARTICIPANTS

The advisor and plan sponsor should be in agreement when it comes to speaking to participants and getting them to understand their retirement options. As Jason explains, “We’ve been using automatic enrollments for 20 years. We made it easy for participants to get into the plan and accumulate wealth. But inertia has set in. We need to make it easy to understand how you turn that money saved into an income stream.”

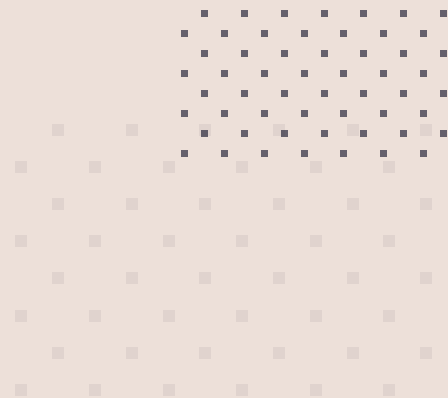
Jason suggests pivoting the message, so it’s relevant to the person in the room. Start the conversation in a very personal way by asking questions, such as:

- **What are they going to do when they’re no longer working?**
- **What’s the game plan for retirement?**
- **How does their spouse/partner fit in the picture?**
- **Where do they have other income sources?**

When it comes to having these conversations with employees and maintaining understandable and simple communication, Renee looks to advisors for education. She feels, “Employees don’t look at this the way we think they do. They trust us to do the work. So if an annuity is the right vehicle for them, then they will trust that. But it is our job to make sure it fits their needs.”

On bringing together plan sponsors and participants, Jason is driving the need to educate companies on which options might work best. “I think we can do a better job of talking to sponsors. Industries that had defined benefit plans will get lifetime income quickly, higher income earners will understand this, but plan design has to work for all employees.”

Renee takes this a step further, seeing the importance of making lifetime income automatic for employees, as “most aren’t looking to make decisions. We see this in the data around auto enrollment and auto escalation. If we are not adding lifetime income into the default, we are going to see difficulties with participant uptake.”



ADVICE TO OTHER ADVISORS

The simplest form of communication is often the best way to proceed. George advises, “If we do what is best for the participant every single time, we will do great.” Jason agrees on the need for simple and direct messaging, adding that “the key is making it relevant. We have to ask what we can do to make the plan more personally relevant to the majority of people.”

“ We need to be the moving force to get lifetime income into being an integral part of what we offer.”

RENEE SCHERZER

Renee Scherzer’s top tips for starting the lifetime income conversation

1.

Research the options that are in market.

2.

Network and talk to peer groups.

3.

Align yourself with organizations, like Nuveen, who are having these conversations.

4.

Prepare action steps then meet with your clients.

“As advisors and leaders in this space, we serve as the voice of our clients and their employees. When we work together, it’s amazing what we can accomplish.”

Renee sees a much larger role for advisors in the lifetime income discussion. “To do this right, [lifetime income] needs to be integrated [from the start] and not just at the point of decumulation. We need to be the voice for our clients and their employees by making lifetime income an integral part of our offer.”

About the advisors



Senior Vice President,
OneDigital Retirement +
Wealth

- Focused on providing fiduciary guidance to corporate retirement plans
- Founder of the 4.01k Race for Financial Fitness™, helping to raise more than \$1 million to support community-based financial literacy programs

20+ YRS EXP.

Jason Chepenik

Managing Director,
Fraser Group, a division
of BCG

30+ YRS EXP.

- Developed an educational model PENNIES ON THE DOLLAR® as a way to reframe from the discussion of percent of salary deferral to pennies on the dollar when educating participants
- Recipient 401(k) Specialist magazine's inaugural Top Advisor for Participant Outcomes award in 2017. Chaired the 2023 Institutional Investor magazine Advisors Forum
- Speaker at ASPA, CFDD and PLANSPONSOR; featured in the Wall Street Journal, Forbes magazine, 401(k) Specialist, Mutual Fund magazine, Blackrock Advisor, P&I magazine and the Arizona Republic



George Fraser



Senior Vice President,
OneDigital Retirement +
Wealth

- Focused on providing clients with strategies to empower their employees to build financial independence while managing the fiduciary liability of organizations and their executives and navigating the ever-changing regulatory environment
- NAPA Leadership Council president and the American Retirement Association (ARA) executive board member

20+ YRS EXP.

Renee Scherzer

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straight to your inbox.*



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please visit us at nuveen.com**

Endnotes

1 United Income, 2019.

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