



Retirement Named A Saving Priority And Financial Concern

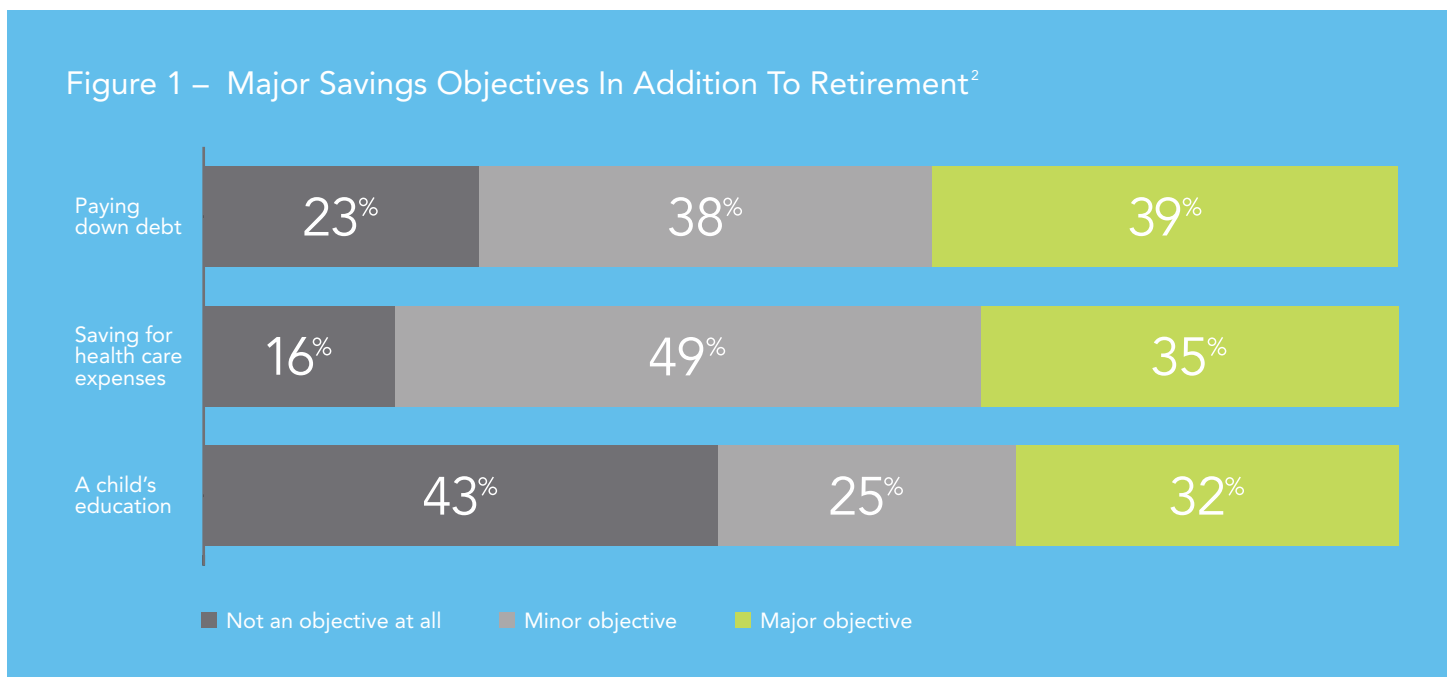
Nonetheless Participants Still Struggle To Save



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Low Retirement Savings Cause Employees to Delay Retirement

Most participants rank saving for retirement as a top savings objective.¹ This should be good news. It certainly reveals that participants surveyed as part of the Voice of the Defined Contribution Participant research place a high importance on saving for retirement. However, the same research also indicates that many workers are aiming for a retirement date that is later than their original targeted date. Why? According to the data from the *Voice of the Defined Contribution Participant* survey, they “need to save more” for retirement because the commitment to saving for retirement is challenged by other financial priorities like managing debt and saving for unexpected expenses. These other savings priorities can often pull financial resources away from retirement savings, hinder a participant’s savings progress and cause added financial anxiety.



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1 *Voice of the Defined Contribution Participant* Study, Brightwork Partners, LLC. September 2015.

2 *Voice of the Defined Contribution Participant* Study, Brightwork Partners, LLC. September 2015.

Retirement is a Top Financial Priority



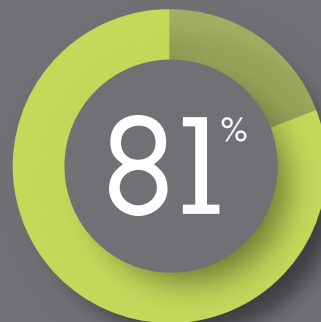
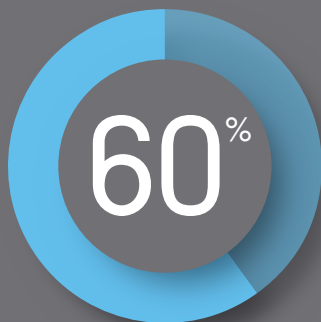
Based on the survey data, 66 percent of all participants name retirement as their leading savings priority – and saving for retirement becomes increasingly important as workers age and their retirement date nears. In the survey, 60 percent of participants under age 50 named saving for retirement as their top savings priority, compared to 81 percent of participants over age 50 who put retirement first.

Younger workers also prioritize paying down debt (42 percent) and saving for a child's education (37 percent) as other top financial priorities. These objectives, particularly repaying debt, may be preventing these participants from saving more for retirement.

Workers closing in on their retirement age overwhelmingly name saving for retirement as their highest saving priority. Other top financial objectives for this age group include saving for the unexpected (37 percent) and healthcare expenses (34 percent).

Retirement Savings

Participants
under
age 50
named saving for
retirement as their
top savings priority



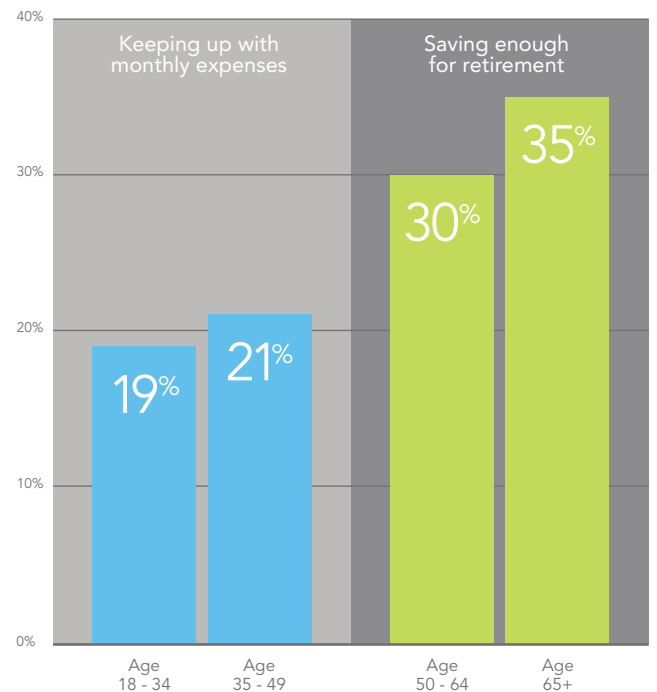
Participants
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Main Cause of Financial Anxiety

Saving Enough for Retirement is the Main Cause of Financial Anxiety for Older and Higher Earning Workers

The Voice of the Defined Contribution Participant research captured data on survey respondents by age and compensation. While saving for retirement takes top priority for all workers combined, the data finds participants' top financial worry doesn't agree. When the data is considered by age, those under age 50 say current financial pressures have them most worried (Figure 2). Younger generations (under age 34) say keeping up with monthly expenses is the financial challenge causing them the most anxiety, followed by managing credit card debt. Saving for retirement fell second on the list of worries for participants age 35 to 49 but topped the list of worries cited by all participants over 50. Workers over 65 name credit card debt as their second biggest financial worry (23 percent) behind saving enough for retirement while, for those between 50 and 64, saving for long-term care and an unexpected catastrophic illness are concerns that fall behind retirement savings.

Figure 2 – What's Your Biggest Financial Worry Right Now?³



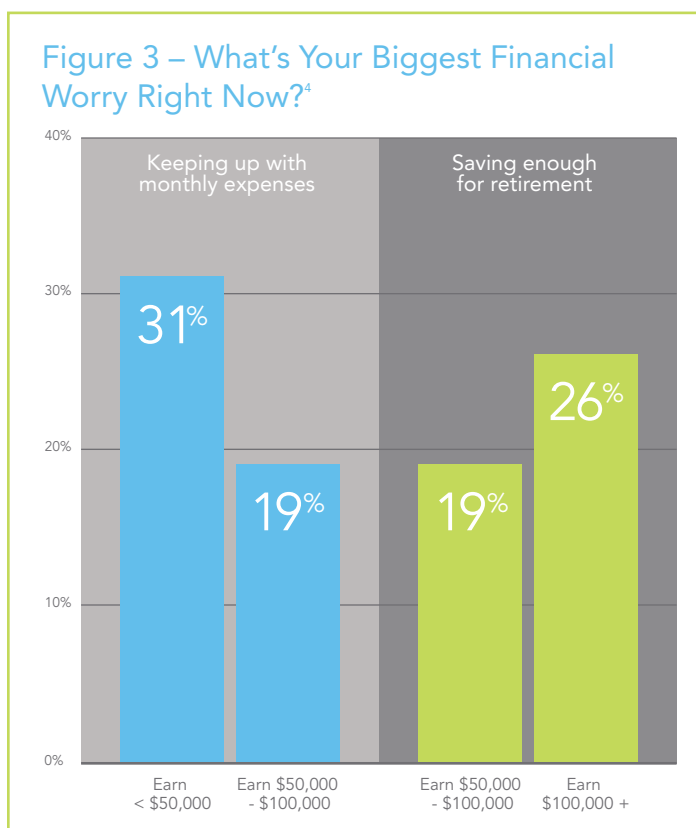
³ Voice of the Defined Contribution Participant Study, Brightwork Partners, LLC. September 2015.

Financial Benefits Can Diminish Financial Anxiety

Though the survey data reflects saving for retirement is the top saving priority named by all workers, it appears to be a disconnect between the top financial priority and top financial worry for survey respondents who are younger and earn less (those under age 50 and earning less than \$100,000). These workers worry most about more immediate financial concerns, like keeping up with monthly expenses and managing debt – unlike older and higher earning workers who name saving for retirement as their primary savings priority and cause of financial anxiety.

It's important that younger individuals – who are generally less compensated – gain better control over their current finances so they are able to focus on other important saving priorities, like retirement. Without improving their current circumstances, these workers may find themselves on the same path as some older generations of workers – trying to catch up on savings, extending their employment, and lowering their expectations of their retirement years.

Employer-sponsored benefits, like 401(k) plans and financial wellness programs, can help ease financial stress by helping workers better prepare for their retirement years. Financial wellness programs that teach fundamental financial skills like budgeting, debt management, and setting financial goals are a good complement to 401(k) plans because building better financial skills can help make saving for retirement more possible.



Building better
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4 Voice of the Defined Contribution Participant Study, Brightwork Partners, LLC. September 2015.

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