

Retirement Readiness Study

Presented by

Mary Willett, InFRE Project
Director, & Willett Consulting





**The opinions expressed in this presentation
are strictly
those of the presenters,
who are representing InFRE and Greenwald &
Associates.**

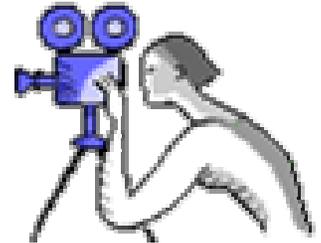
**They are not those of
the U.S. Office of Personnel
Management, which funded
this research project.**

Who is InFRE?

- Independent resource on public and private sector retirement issues
 - Nationally recognized certification and education programs
 - Source for retirement educational tools and comprehensive research studies

Retirement Readiness

- You need to look at the entire retirement picture ...
 - Financial
 - Emotional
 - Physical risks
 - Contingency planning



Why is this important?

- Workers view of retirement is changing
- Baby boomers are nearing retirement age
- Assessing future retirement needs is more challenging than ever before

Retirement Readiness Index & Survey Assessment

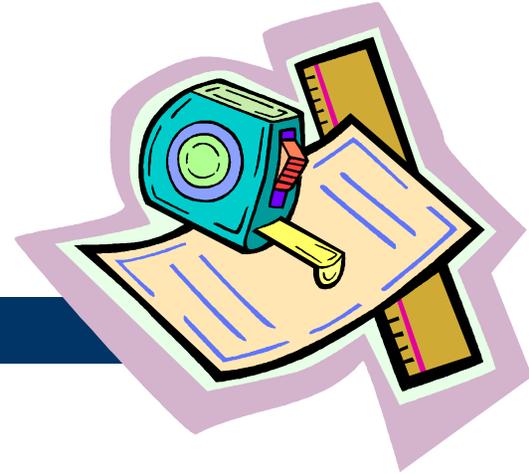
PHASE ONE



Project Objectives

- Establish a definition and an age-based profile index:
 - to raise awareness and understanding of what it means to be ready for retirement
 - that takes into consideration all financial and life variables and risks

Project Objectives



- Create a tool to measure readiness
 - to help employers establish and evaluate education efforts
 - to allow individuals to evaluate their personal level of retirement readiness

Roadmap for Success

- Create employee awareness
- Identify best practices for employee education
- Develop policy recommendations



Test Sample

- Universe of employees with recognizable and similar employer-funded benefits
- Federal government workforce, except military and postal workers

This workforce is...

- 1.8 million active civil service employees and 2.4 million retirees
- Approximately 50,000 retire each year
- Average retirement age is 60, retiring within 3 years of eligibility
- Average length of service at retirement ...
27 years!

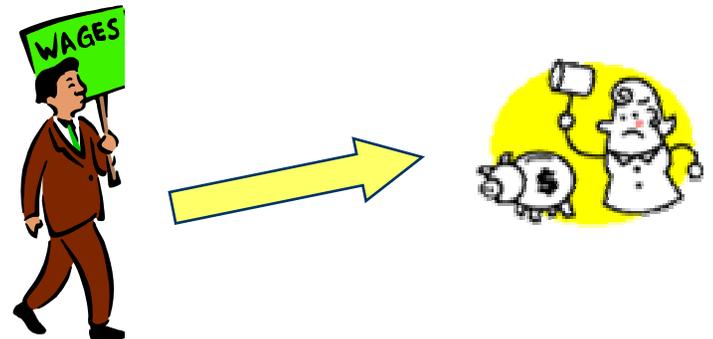
Retirement Expertise

- Define Retirement
 - 20 plus professionals in retirement fields
 - Two full-day brainstorming sessions, several conference call meetings



Retirement Defined

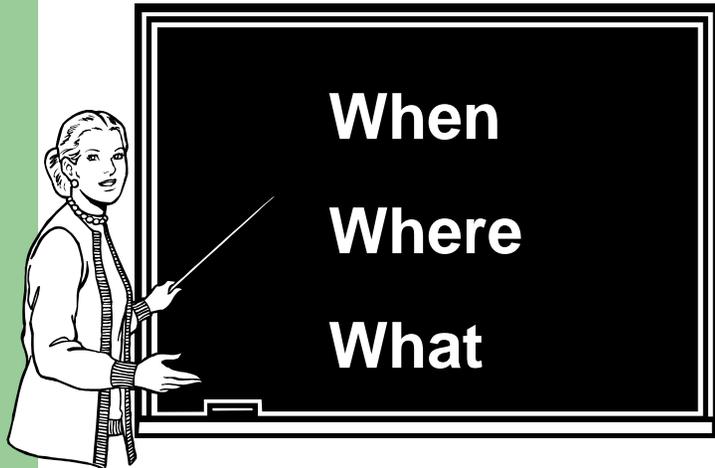
- Means different things to different people
- In general
 - point in time when all, or majority of, income shifts from earned wages to employer benefits, investments, savings, etc.



Retirement Readiness is ...

- Being aware of the decisions and actions that need to be made, and making them at the appropriate time, to live the lifestyle that is desired in retirement

Retirement Issues



- The three W's
- When ... will it begin?
- Where... will you go?
- What ... retirement lifestyle will you have?

Assessment Considers

- Financial
- Psychological – family issues
- Behavioral



Successful retirement is...

- Maintaining a quality of life that meets or exceeds expectations
- Establishing an identity beyond work
- Becoming careful savers and spenders

Successful retirement is...

- Having to count on nobody but yourself
- Establishing realistic expectations and reevaluating periodically

Age-Based Profile Index

- Retirement readiness is not the same for all age groups
 - Early career (20s and 30s)
 - Mid career (40s)
 - Pre-retirement (50s)
 - Retirement (60s and up)



Survey Process

- Contract with Mathew Greenwald & Associates to develop and execute survey
- Survey to evaluate...
 - *What employees are aware of and understand*
 - *What they have done to prepare for retirement*

Testing Process



- On-line survey tool
- Statistically valid testing sample
- Approximately 90,000 employees invited to participate
- Pre-test conducted
- Currently in-progress

Evaluate Findings

- Establish age-based profile of readiness
- Identify education needs
- Discover best practices



Validate and Expand

PHASE TWO



Federal Agency Feedback

- **Agency reports**
 - To help identify employee retirement education needs
- **Focus groups with Benefit Officers**
 - To gather input on the survey as on-going assessment and educational tool
- **Pilot programs**
 - To test effectiveness of index as an assessment and education tool

Retiree Evaluation



- Focus groups
 - To gather input on personal challenges
- Survey
 - To gather information on what they wish they would have known, or done differently, to prepare for retirement

General Population

- Survey of American workers
 - To validate established index and assessment tool
- Input from benefits personnel
 - To gather ideas about how this can be applied to private and other public employees

Research is Important!

- Helps employers understand the needs of their workforce
- Helps employees become more aware of what is needed for a financially successful future
- Watch for more information about this important study!

Questions and Comments?

