

HELPING
YOUR
EMPLOYEES
PICTURE
RETIREMENT



FISHER INVESTMENTS®

401(k) SOLUTIONS



When people talk about retirement, they tend to ask a lot of questions. Questions about what retirement might mean for them, when they'll be able to retire (early, maybe?), and what they can do right now to start making it a reality. This is a major concern for employees of all ages; in fact, according to a 2017 Transamerica Center for Retirement Studies Survey, an astounding 79% of today's workers believe it will be much harder for them than their parents to achieve financial security in retirement.

While those fears can be difficult to face, we love hearing these kinds of questions, because it means people are thinking seriously about their goals. With that in mind, the best first step in getting employees active in and focused on their retirement plans isn't budgeting, or market research; it's dreaming about what the future might hold.

Set aside some time ahead of your annual 401(k) meeting to discuss these common

questions with your employees, give them room to dream a bit, and help them get in the right mindset to make good decisions for the future they want.

What does retirement look like for me?

The further your employees are from retirement, the tougher this question may be to answer, but it's an important one to consider at any age. Issue a challenge: "If you could retire right now, what would you do with your time?" Answers will vary. Some employees may want to spend their time with children and grandchildren. Others will want to travel the world, or indulge in a new hobby, or even start up a second career they could never afford to pursue before. Still others may not want to retire, or may not think they can.

And while those visions may evolve over the years, they can serve as good targets for savings and financial planning today. Your 401(k) provider should be able to help your employees think through more specifics later



on—monthly bills, taxes, healthcare expenses—but for starters, the clearer a vision for the future, the easier it will be to plan to make that vision a reality.

When can I afford to retire?

The concept of early retirement is certainly attractive. On the other end of the spectrum, some employees may find that they are behind where they'd like to be with their savings, and they're not positive that even retiring at 65 is possible.

Encourage your employees to set aside 20 minutes before enrollment day so that they can start putting some thought into when they'd like to retire. That way, they come prepared to speak with your 401(k) service provider about time horizon and questions they might have. Your employees can use this time to complete a simple retirement calculator and get an idea of what their annual retirement income might look like based on their current savings and contributions. Good calculators will also take

into account social security checks. Employees can change their target retirement age, income needed in retirement, and even the average rate of return on their investments to see what combination works best for them.

What else could I be doing to make my dream a reality?

While some of those basic calculations will give your employees a broad sense of their retirement readiness, they're by no means exhaustive. If some of your employees come to you asking for more resources, you can point them to retirement guides, like [this one from the DOL](#). Beyond that, encourage them to consider the following:

1. Budgeting: With some specifics in mind about how much they'd like to be saving for retirement, it might be easier for your employees to [stick to a budget](#) that allows them to cut needless or excess spending and find the extra money they need to stay on target. This is something you can



continue helping employees with by offering lunch-and-learns or other resources to educate them create manageable budgets.

2. Additional Income: Finding ways to augment income is one of the best tools anyone can use to help increase savings for retirement. Taking a part-time job, volunteering for extra hours at the office, or working on holidays are all ways to add extra income today. If some of that extra money is put toward retirement, it's a huge help. For some employees who want to retire early, working a bit harder in the short-term [might be something they'll want to consider](#), especially once they see the impact that extra income could make on their retirement savings.

3. Social Security: Talking about social security might not be fun, but it can be a powerful tool to make retirement dreams a reality when used properly. Did you know

that deferring social security benefits past a retirement age of 65 will result in higher benefits? If someone waits until 70 to begin collecting, they'll get 132% their normal amount, and that extra 32% could go a long way. [Share these calculators from the Social Security Administration](#) to help them get a clear view of their social security benefits options.

When your employees take the time to put definition around their future plans, it makes it much easier for them to think clearly about the finer details of retirement planning. These dreams will be what motivates them to enroll, to stay active in their 401(k), and to evaluate their own financial readiness with confidence ■