

## **Retirement Planning Presents Opportunity for Employers**

By Mike Marion

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The idea of retirement seems nice on its face. Most people would enjoy relaxing with family, devoting attention to hobbies, and spending time on leisure. However, 60% of Americans are “very/moderately worried” about not having enough money to meet their needs once they stop working. As roughly 10,000 Americans turn retirement age every single day, this is a staggering percentage of people dealing with the fears of financial insecurity.

This fear tops the list of financial worries. Financial insecurity beats out health care costs, paying off debt, and any other issues raised in Gallup’s 2015 Economy and Personal Finance Poll. The number is highest for the broad group of “middle-aged Americans” (ages 30 – 64). Almost 70% worry about not having enough money for retirement.

Many people who were once top income earners have had surprising reversals in their golden years. For them, a happy and well-deserved retirement has become a nightmare. Health challenges, family tragedies, business failures, stock market free-falls and other unforeseen events have had devastating impacts on fortunes.

Only 34% of employees expect to be better off in retirement than their parents, according to Towers Watson's 2013/2014 Global Benefit Attitudes Survey. They have little confidence in programs such as Social Security. Of those surveyed, 83% believe the entitlement will be less valuable for them in the future. Compounding the problem are concerns about higher medical costs during retirement, as a whopping 88% believe Medicare will be less valuable.

In light of these concerns, employees have been more involved and interested in retirement planning since 2010. For mid- and late-career employees, this type of planning is their number one priority. Over half of employees are willing to trade cash compensation for more generous retirement benefits. Three-quarters of employees identify an employer’s plan as their primary means for retirement saving. This is up from 61% just five years ago.

## **Opportunity for Employers**

These facts all point to an opportunity for employers to attract and retain top talent. Half of those with six-figure incomes and above identify their retirement plan as a reason to stay with their company. The appeal of a secure retirement is the strongest among mid-career and older employees.

In addition, employers can ensure higher levels of productivity. The Towers Watson Survey shows that employees satisfied with their retirement plans are five times more likely to be engaged at work. The survey also found that when retirement plans fail to meet employee needs, roughly equal amounts are engaged and disengaged. There is a significant difference in productivity between a team of mostly engaged employees and a team whose engagement is split in half.

Many companies have dealt with the strain of a weak economy over the last several years by asking more of their employees. This presents organizations with the challenge of employee burnout. But as workers seek greater financial security, employers have an opportunity to tailor their benefits packages to address the concerns of retirement and financial security for the future. The outcome could be a win-win.

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