

## Retirement Analytics

### Are your employees prepared for retirement?



Retirement readiness is the ability to be financially prepared to retire. Many forces are converging to escalate this lack of retirement readiness for employees, creating a previously unknown and unquantified liability for employers.

The workforce is staying employed longer than it ever has, causing us to rethink how we look at retirement.



**38% of workers expect to retire at age 70 or beyond.**

The proverbial three-legged stool was the symbol for retirement income. The legs were:

- Employer benefits
- Social Security
- Personal Savings.
- Each leg played a relatively equal role in retirement planning.

Unfortunately, through the years, each one of the legs deteriorated.

### Employer Benefits

With the move to popular defined contribution 401(k) plans, employers thought the risk was on each employee.

### Social Security



Scheduled Social Security benefits would be paid out at 75% in as soon as 15 years, if no changes are made to taxes or benefits (source: Social Security Administration).

### Personal Savings

These stats paint a frightening picture of the state of personal savings.

Increased life expectancy has also impacted the ability to retire. Many people are financially unprepared to live so long after retirement age.

#### The median retirement account balance:

-  For all working age adults: \$2,500
-  For near-retirement households: \$14,500

#### The percentage of Americans unable to cover a \$1,000 emergency without borrowing money:

-  \$65%

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These factors are causing the stool to grow a 4<sup>th</sup> leg—income from working into or through retirement.

This is creating a bottleneck of older employees who aren't ready to retire, adversely impacting what is referred to as an employer's demographic trend.

It's critical for employers to successfully manage their demographic trend to understand future risk.

### Retirement Analytics Provides:

- A metric of your company's retirement readiness
- A calculation of potential unfunded liability using medical, Rx, income, age, retirement contributions, and any other available human capital data.
- A dashboard of real-time, interactive 401(k) data and retirement analytics information.



## How is lack of retirement readiness impacting your unfunded liability?

Call Innovu to learn more.

412.212.7520

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## Innovu Client Uses Data-Driven Insight to Reduce Risk

The 5-year net present value of unfunded liability related to income, medical, and Rx costs resulting from retirement delays. among 2,800 employees =

# \$17 M

HR	Each aspect of its HR strategy is under review, including hiring, training, retention, absence, retirement planning, and employment status options.
Benefits	The company is considering various benefit plan design changes, including benefits for part-time employees.
Retirement	Employer match and profit-sharing incentives are being re-directed to support financial wellness initiatives, such as credit consolidation and rainy day funds.
Financial	Cost/benefit scenarios are being conducted to assess the impact on retention, training, retirement, benefits, and other operating expenses.
C-Suite Alignment	The company is building an integrated HR/finance plan based on quantified and measurable risk metrics.

The Innovu Retirement Analytics Model is available through EmployerLens® analytics only and is priced separately. Call Innovu at 412.212.7520 for more information.