

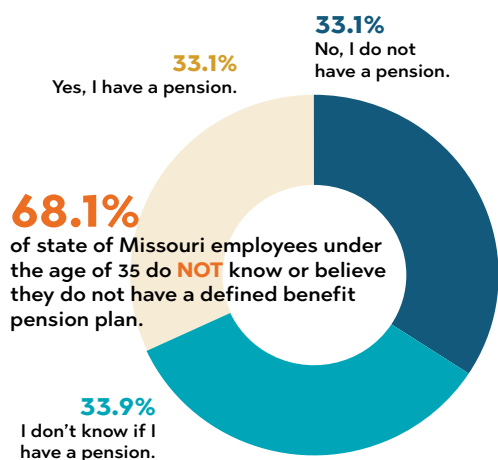
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Retirement Savings Education, Simplified

Fourth Quarter 2016

The results are in!

Each generation is different. From their values and beliefs to their sense of style and money saving habits, they are all unique. This fall, MO Deferred Comp conducted three Retirement and Savings surveys targeting various groups of individuals in order to compare how generations save money, as well their understanding of financial topics, retirement plans, and communication preferences. The results of the surveys were eye-opening. Not only did we receive a huge response rate, but the feedback also gave us a better insight on the savings habits of state of Missouri employees. Here are a few important takeaways from the 2016 retirement surveys:



Unfortunately, 37.7% workers under age 35 are unsure where their retirement income will come from.

Your retirement paycheck is made up of three parts: your defined benefit pension plan, social security, and personal retirement savings (like MO Deferred Comp). The defined benefit pension plan is provided by MOSERS or MPERS and, as long as certain working requirements are met, will provide a steady stream of income during your retirement. Of those surveyed, 42.5% of those nearing retirement and 62.1% retirees believe their pension will be their largest source of income in their golden years. An alarming 68.1% of savers under the age of 35 do not know they have a defined benefit pension plan. **The takeaway? Know where your income will be coming from in retirement.**

Less than 10% of active workers are very confident they are putting away enough money for their retirement. Of those 35 and older, 51.5% are confident they will be able to fully retire with a lifestyle they consider comfortable.

Understanding how much you need to save in retirement seems complicated and can be very overwhelming. If you feel this way, you're not alone. Over 75% of both active and retired participants either do not know or only have a rough idea of how much they'll need to save for retirement. With all the resources available to state employees – such as seminars and consultations, educational videos, and handy calculators – less than 9% have used MO Deferred Comp's custom RetirementTrack calculator or met with an education specialist to discuss their retirement goals. **Using the appropriate tools and guidance from our experienced staff, you can set attainable retirement goals and start saving accordingly today.**

Over 75% of both active and retired participants either do NOT know or only have a rough idea of how much they'll need to save for retirement.



11.1%
of retirees are working
full-time in retirement

46.7%
of retirees planned
on **NOT** working
in retirement

**Roughly
70%**
of retirees are working
part-time in retirement

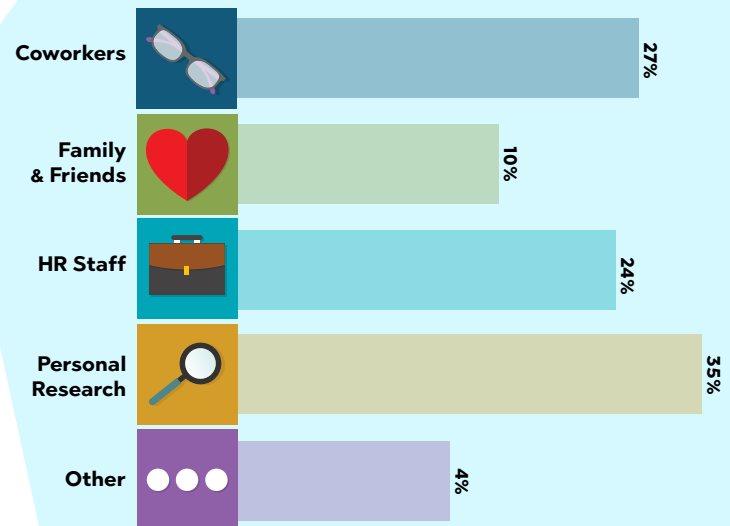
The entire surveyed population unanimously claimed that paying for general living expenses (i.e., food, car, electricity, etc...) is the number one obstacle keeping them from saving more. Paying for student loans falls right behind living expenses for workers under age 35, while active employees nearing retirement rank paying their mortgage as second.

Everyone has their own budgeting hurdles, but having a plan on how to manage your expenses is crucial when it comes to planning for your future. According to the survey, less than 20% of active employees and 30% of retirees have a written savings plan in place. This lack of preparation is one of the reasons why 46.7% of retirees originally planned on not working in retirement, but now roughly 70% are working part-time jobs and 11.1% have a full-time job. On the positive side, 44.1% of younger employees and the majority (54.9%) of savers over age 35 have a rainy day stash for unexpected expenses. **While state of Missouri employees may not be planning for the long-run, they are at least saving for the short-term and that's a step in the right direction!**

Thank you to everyone who took the 2016 Retirement & Savings Survey!

When faced with a question regarding state benefits, the majority of participants who took the survey, would rather research the answer for themselves instead of asking others (HR staff, coworkers, friends/family, etc.) for help.

MO Deferred Comp's website is full of helpful resources and information for savers. If you have additional questions, do not hesitate to contact one of our friendly Participant Service Representatives or your local Education Specialist. **After all, deferred comp is here to serve you and make sure you have the tools you need to prepare for your retirement**



Looking at all three surveys as a whole, it's safe to say that all state of Missouri employees, no matter their age, gender or career stage, need to make their financial wellness a priority. Whether it's taking the time to attend a deferred comp seminar, watching a few short videos, like the plan's DC Updates, or simply reevaluating their retirement strategy, making your future self a priority is a must.

To review each of the survey's results, please visit modeferredcomp.org/news/2016-surveyresults.html



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