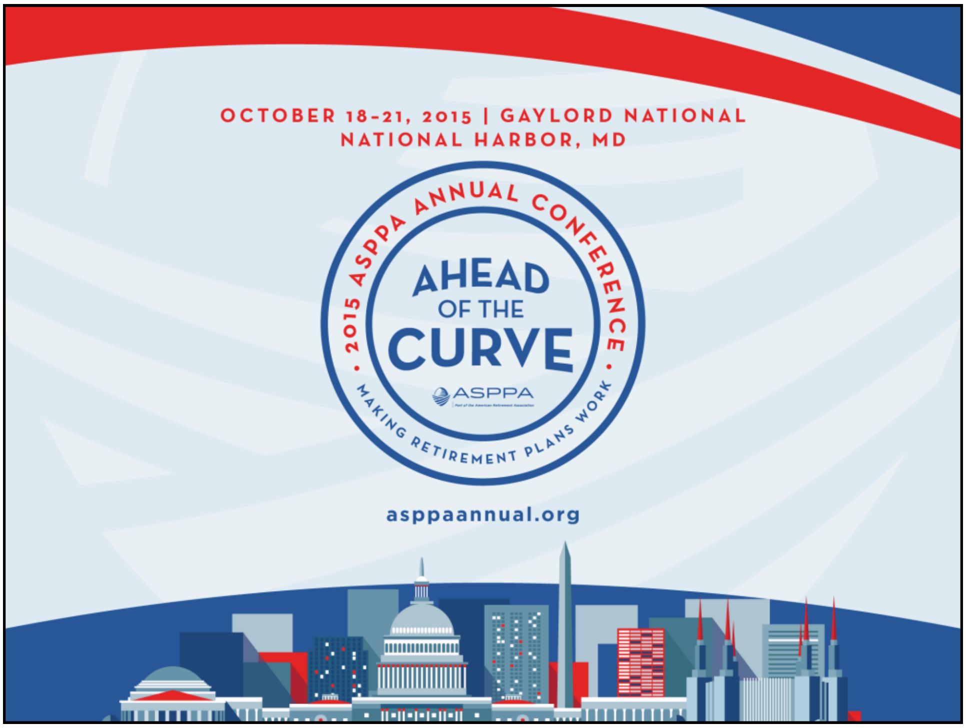

Workshop 24: Learning Lab: Designing and Communicating Plans for Gen X and Gen Y

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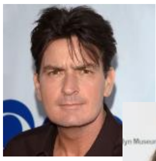
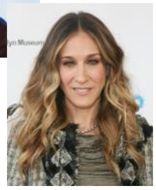
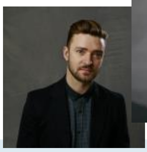
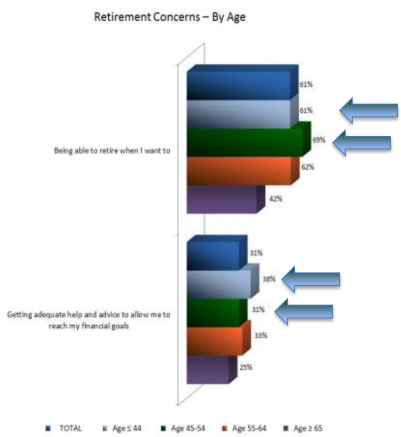
Gen X & Gen Y—Who are they?

Generation X—born between the mid 1960s and the early 1980s

Generation Y—born between the mid 1980s and 2000



Gen X—more pessimistic than Boomers

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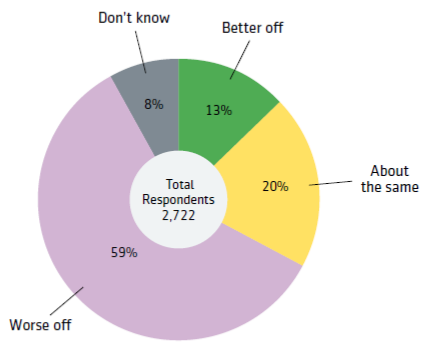

Gen Y— even more pessimistic

Case Study

What have you seen in your practice?

Is this just the same categorizations that are made as each generation ages?

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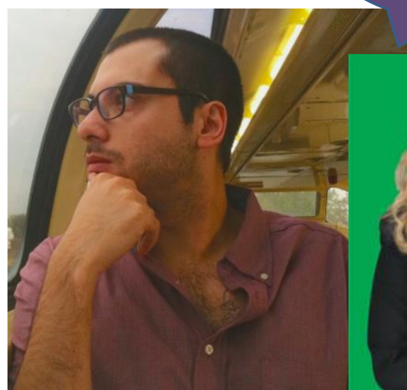
The younger generations have no work ethic!

Are you paying me to be here or to get the job done?



How Each Generation Works

Boomers
- Tell me what to do

Gen X
- Tell me what to do and when to have it done
- Let me figure out how to do it by myself

Millennials
- Tell me what, when and how
- Also tell me why!
- I'll see if I can figure out a better way
- Let me work with my friends
- Fear of failure

Clashpoints

LOYALTY **TIME** **TECHNOLOGY**

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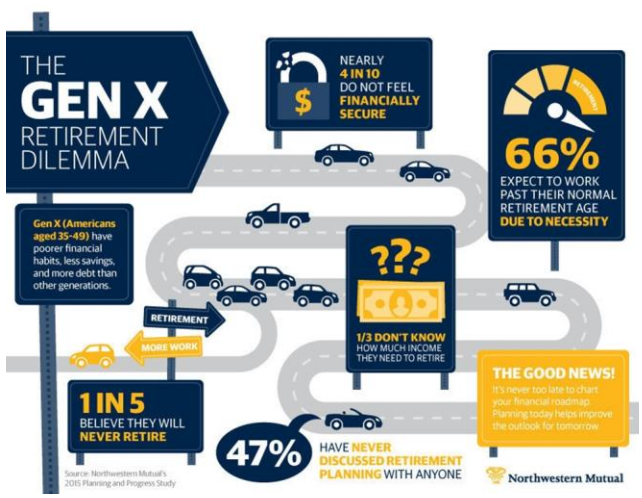

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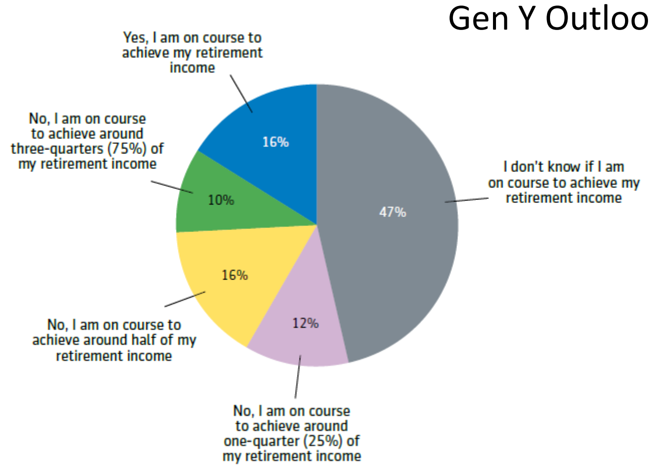
Gen Y Outlook



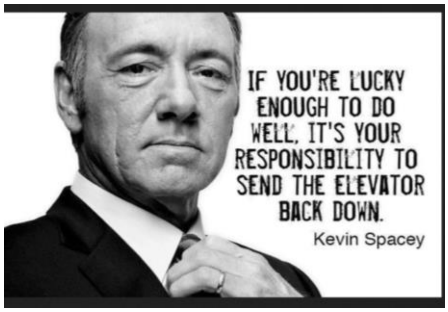
Case Study

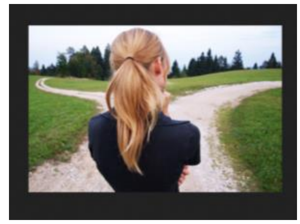
Do outcomes really matter?

What does financial independence mean to gen X and gen Y? How do we focus on FI rather than retirement?

How does re-enrollment help gen Y?

What tools and plan design options work? What about Roth?





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Opportunities in Plan Demographics

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Opportunities in Plan Demographics

- ✓Change in beneficiary designation
- ✓Watch for opt-out or deferral change

- ✓Check investment selection
- ✓Focus on financial independence NOT retirement
- ✓Provide meaningful web/app tools
- ✓ROTH!!

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Participant Driven Plan Design

"I care about MY outcome."

"What is all this going to cost the firm?"

"I am busy with ACA costs and compliance. If there is nothing new on 401(k), it can wait."

"The CFO and I disagree.
We DO care about outcomes!"

"I have so much on my plate.
Do you know of anyone who could make my life easier?"

"The match is the match.
We will make it work."

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Qualified and Non-Qualified Plans

- 53K/59K (DC) limit on HCE contributions
  DB limit on lump sums
- Difficult to target key employees
  Incr $$ HCE = Incr $$ NHCE
- "No such thing as a qualifi plan"

- No limit on timing or amount of contributions
- Can target any one or any group of employees
- Set specific distribution date and distribution type
- Limited reporting and disclosure and NO TESTING

Non-Qualified Plan Limitations

Case Study

How well do non-qualified plans really work for Gen X and Gen Y employees? Discuss retention strategies and savings goals.

What about other non-retirement savings programs such as student loan repayment, payroll deduction IRAs and HSAs?