



WISER Annual Symposium on Financial Solutions for Women

*Moving Forward: Building, Expanding and
Strengthening Women's Retirement Security*



Panel 3:

Strategies Leading to Action



5 Winning Ways Employers Can Improve Benefits

October 2, 2020

Catherine Collinson, CEO and President, Transamerica Institute®

Only 17%
of women workers
are very confident
they will be able to
fully retire with a
comfortable
lifestyle.





#1

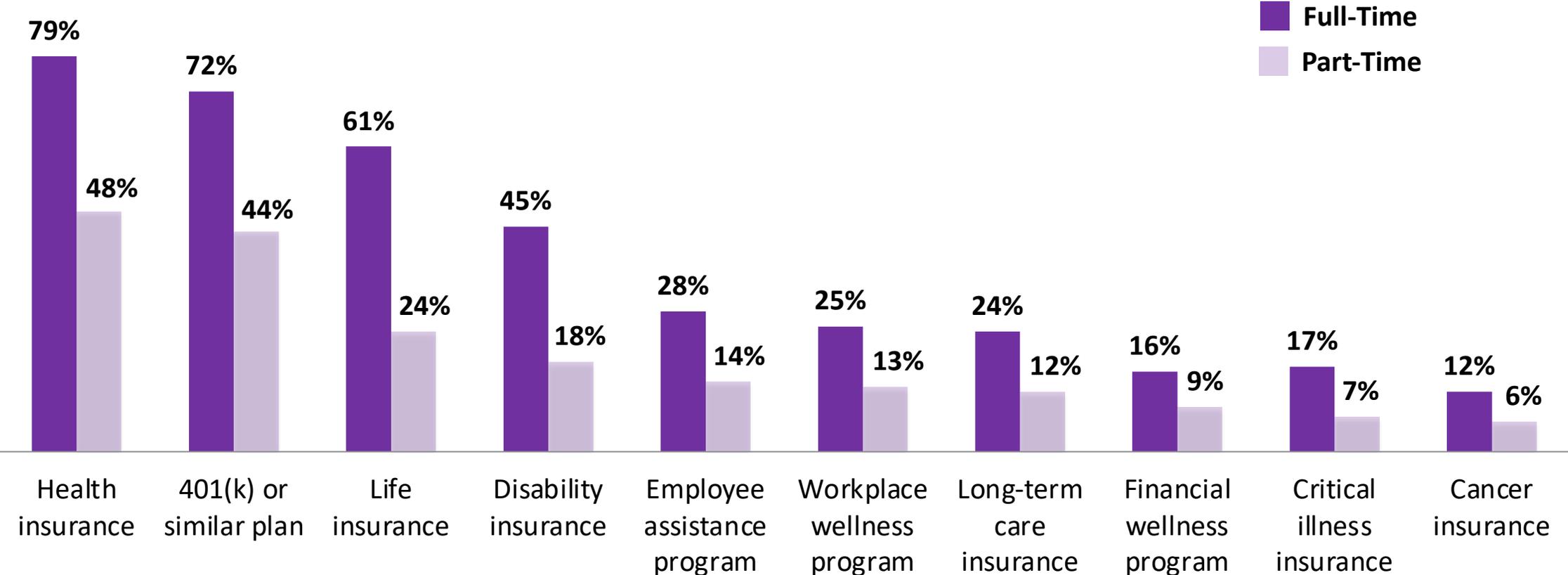
**Offer retirement
and other health &
welfare benefits.**

#2

**Extend benefits
eligibility to
part-time
employees.**



The Benefits Gap





#3

**Promote the
available
retirement
educational
resources and
planning tools.**

Specific Opportunities

64%

of women workers would like to receive more information and advice from their employers on how to reach their retirement goals.

51%

of women workers indicate they guessed when estimating how much they will need to save to retire comfortably.

35%

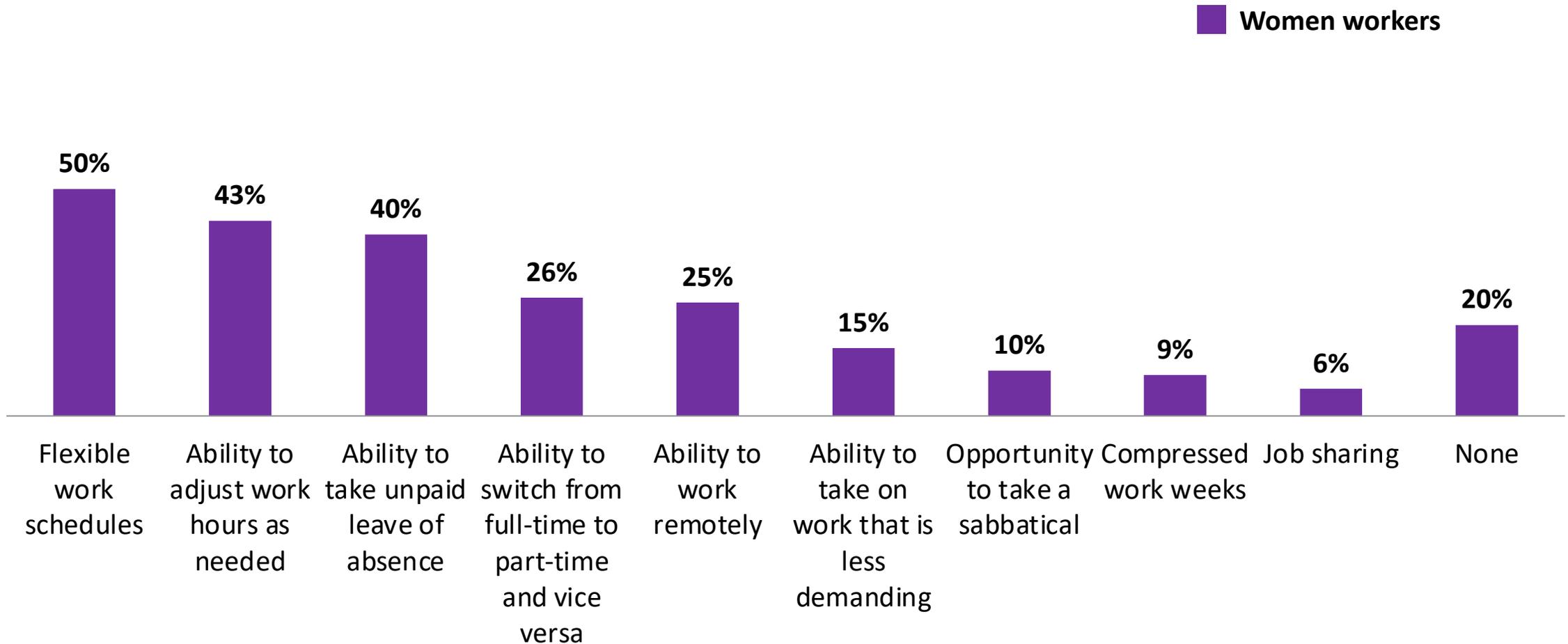
of women workers are aware of the Saver's Credit, a tax incentive to save for retirement.

#4

**Offer flexible work
arrangements that
support work-life
balance.**



Flexible Work Arrangements Offered



*Excludes “other” with response of <1%.



#5

**Support
caregiving
employees.**



38%

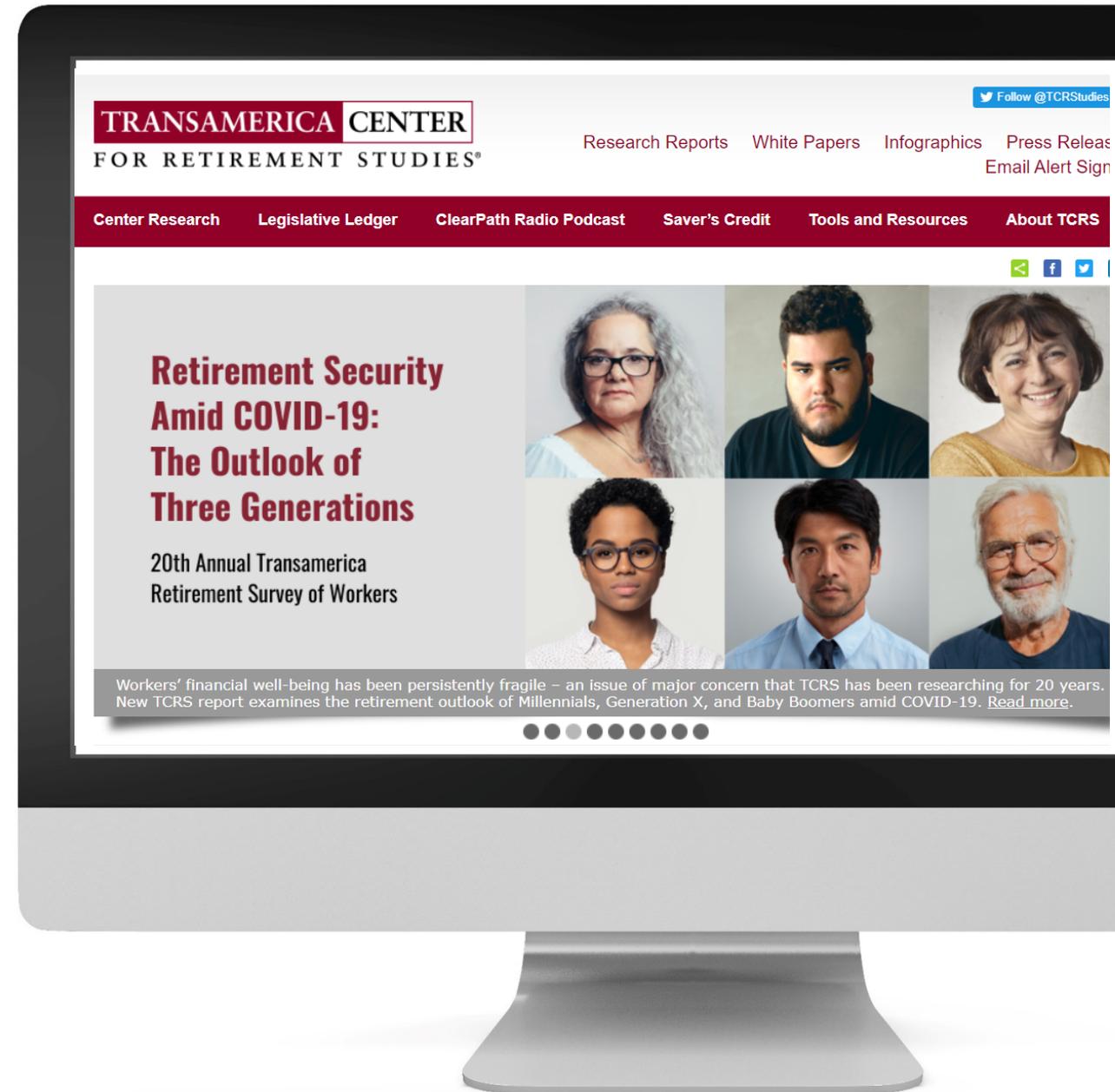
of women workers are currently and or have served as a caregiver during their working career.

Transamerica Center for Retirement Studies®

a nonprofit private foundation

www.transamericacenter.org

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Voluntary Benefits and Paid Family and Medical Leave

Cindy Goff

VP of Supplemental Benefits and Group Insurance

October 2, 2020

What Are Voluntary/Supplemental Benefits?

- Financial protection for costs not covered by major medical insurance
- Pays benefits directly to policyholder for use at their discretion
 - Copays and deductibles
 - Household expenses
 - Child or pet care
 - Transportation
 - It's your money
- Often sold directly through the worksite but also available through agents, the internet, and as group employer coverage

Types of Supplemental Products

- Accident-only
- Hospital Indemnity or Other Fixed Indemnity
- Specified Disease/Cancer Only
- Critical Illness
- Dental and Vision
- Disability Income
- *Products sold separately to decrease confusion with major medical*

Why Is Supplemental Coverage Important?

“Over the past five years, the average annual deductible among all covered workers has increased 53%.”
 - *The Kaiser Family Foundation*

“On average, people in their 50s who are admitted to the hospital will experience a 20% drop in income that persists for years.”
 - *Northwestern University*

“45% of respondents say they have \$0 in savings. And additional 24% said they only have \$1000 in savings.”
 - *GOBankSavings Survey, 2019*

“The average cost of a 3-day hospital stay is \$30,000.”
 - *HealthCare.gov (Federal Insurance Exchange)*

“59% of respondents had to miss a paycheck because of a major medical event and 69% had to take a leave of absence.”
 - *Aflac WorkForces Report, 2020*

Supplemental versus Major Medical

SUPPLEMENTAL

Not primary medical coverage – does not pay for health services and is meant to serve as expenditure replacement/financial protection

Specific amounts paid for “triggering events” regardless of how much medical expense incurred or covered by major medical

Cash benefits paid directly to consumers to use as they see fit – pays fixed dollar amount or lump sum

No networks required

Coverage is “evergreen” and premiums usually never increase

Premiums are relatively low (\$50 - \$100/mo) depending on product (because it is paying fixed benefits and not reimbursing for medical expenses)

MAJOR MEDICAL

Primary medical insurance covering a broad variety of health care services

Benefit amounts depend on how much the medical treatments or services cost

Benefits paid directly to the provider

More generous benefits if network providers are used.

Coverage renews each year and premiums increase annually

Premiums from \$300 to \$1500/mo depending on age (because it is paying for medical expenses)

Paid Family and Medical Leave (PFML)

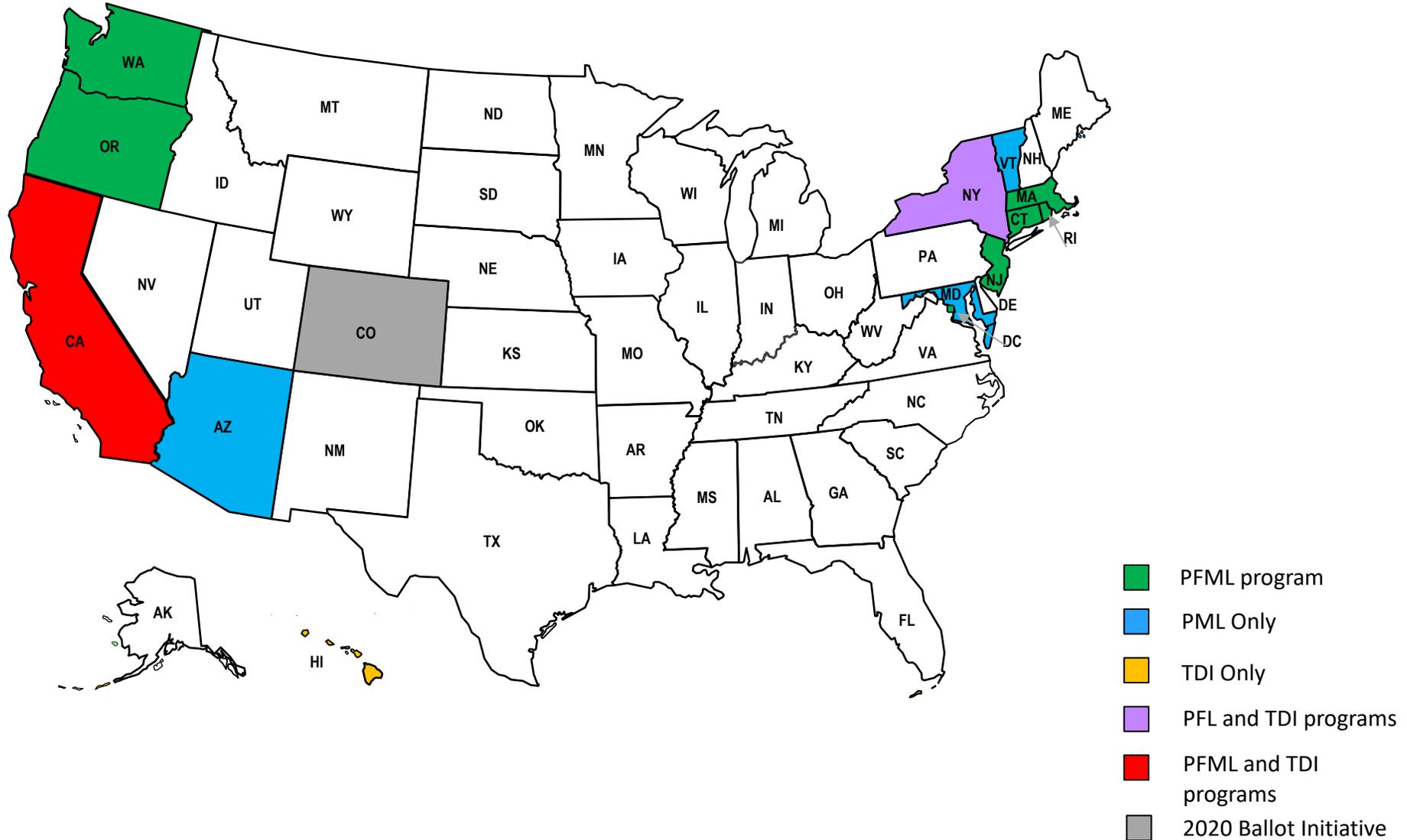


- Income replacement for people who need time off from work for their own illness, to care for a family member who is ill, or to bond with a new child

The Current State

- Federal law (Family Medical Leave Act of 1993) requires that employers with over 50 employees give qualified employees up to 12 weeks of unpaid leave for:
 - Birth or adoption of a child
 - Serious medical conditions of themselves or immediate family members
- There have been discussions for years in DC about how to expand the FMLA protections to include income replacement
- Absent federal action, 8 states plus Washington DC implemented Paid Family and Medical Leave programs to replace some or all income lost during a medical or family leave

Paid Family and Medical Leave Action in the States



State PFML Programs Vary Greatly

- Most of the 9 jurisdictions require that all employers (not just those with over 50 employees) participate
- Many states allow employers to be exempted from the PFML program funding assessment if they purchase PFML insurance from a private carrier that meets or goes above the benefit requirements
- **State PFML requirements vary greatly**
 - Family leave typically ranges from 6 – 12 weeks
 - Medical leave can range from 2 to 52 weeks
 - Income replacement ratios range from 50% to 100% depending on income levels
 - maximum benefits range from \$170/week to \$1,252/week

All Eyes Have Shifted to the Federal Government

- COVID has devastated state budgets
- Employers are calling for a federal solution
- Regardless of who wins in November, PFML has become a major issue with voters so it will be given priority
 - The FAMILY Act: S. 463 (Gillibrand)
 - The New Parents Act: S.920 (Rubio/Romney)
 - Biden Administration Platform

Public Engagement will move the discussion

- Public/Private Partnerships
- Building upon existing paid medical leave infrastructure
- Finding solutions for low-wage workers, gig workers, small employers
- What should the standards be?
- What it means for working families

Let me know if you have questions!

Cindy Goff

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Data citations available on request

Women's Financial Literacy: What We Don't Know *Can* Hurt Us

Anne Ollen, TIAA Institute

WISER
October 2, 2020

What is it?

The *P-Fin Index* measures knowledge and understanding which enable sound financial decisionmaking and effective management of personal finances.

Why this measure?

The *P-Fin Index* is distinguished by the breadth of topics it covers.

- Eight areas where individuals routinely make financial decisions.

How is it done?

Annual online survey of U.S. adults.

- 28 questions; 3 or 4 for each functional area.

Functional areas:

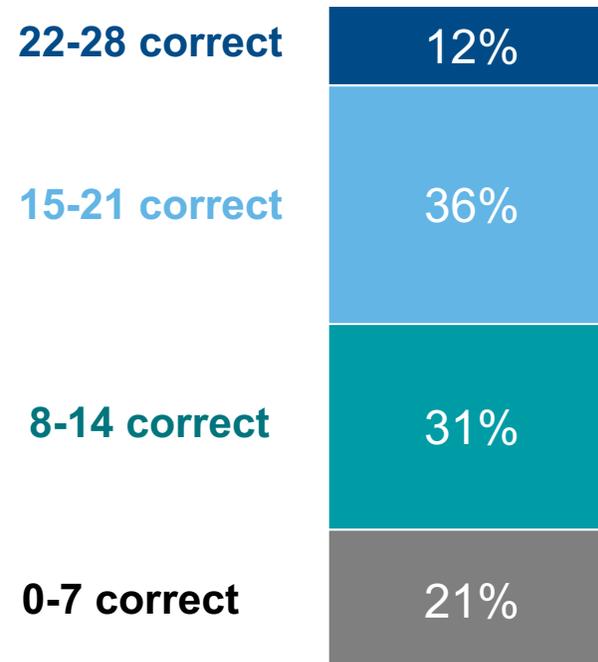
1. Earning
2. Consuming
3. Saving
4. Investing
5. Borrowing
6. Insuring
7. Comprehending risk
8. Go-to information sources

U.S. women correctly answered 49% of P-Fin Index questions, on average.

% of P-Fin questions answered correctly

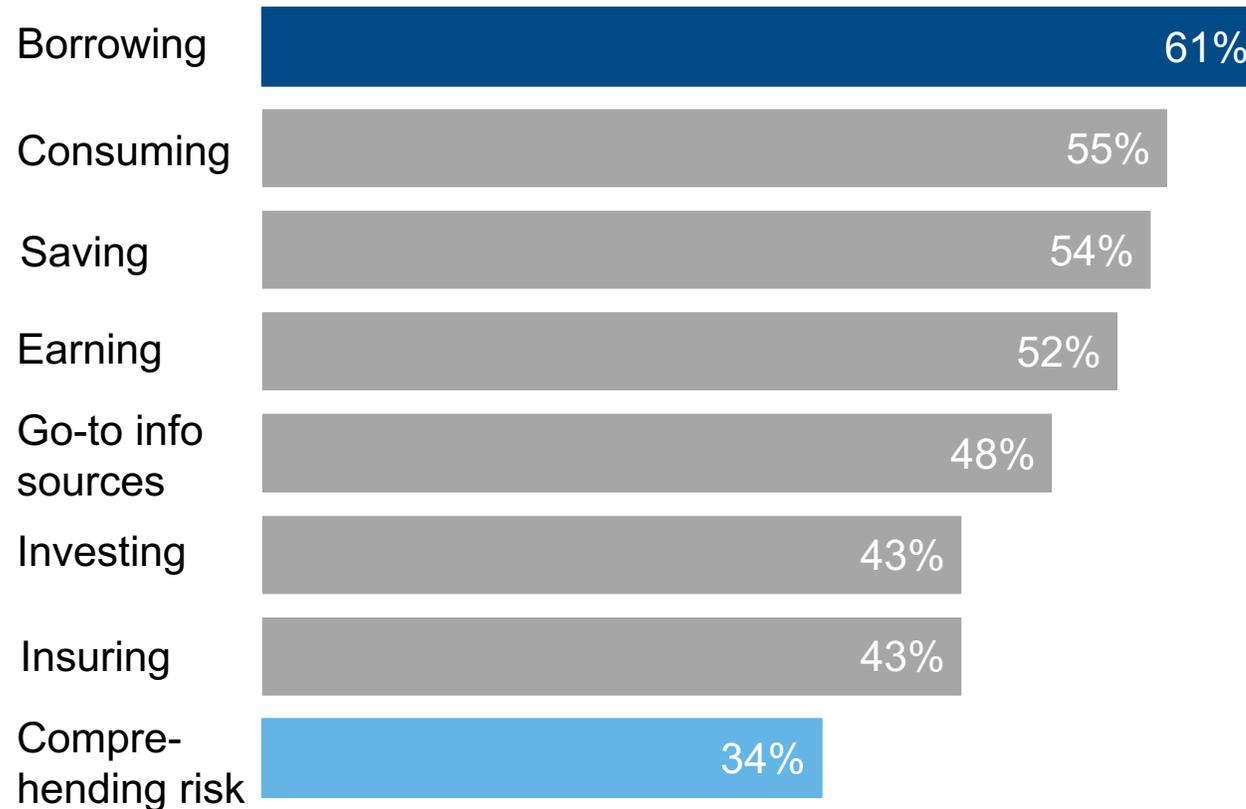


Distribution of correct answers to P-Fin questions



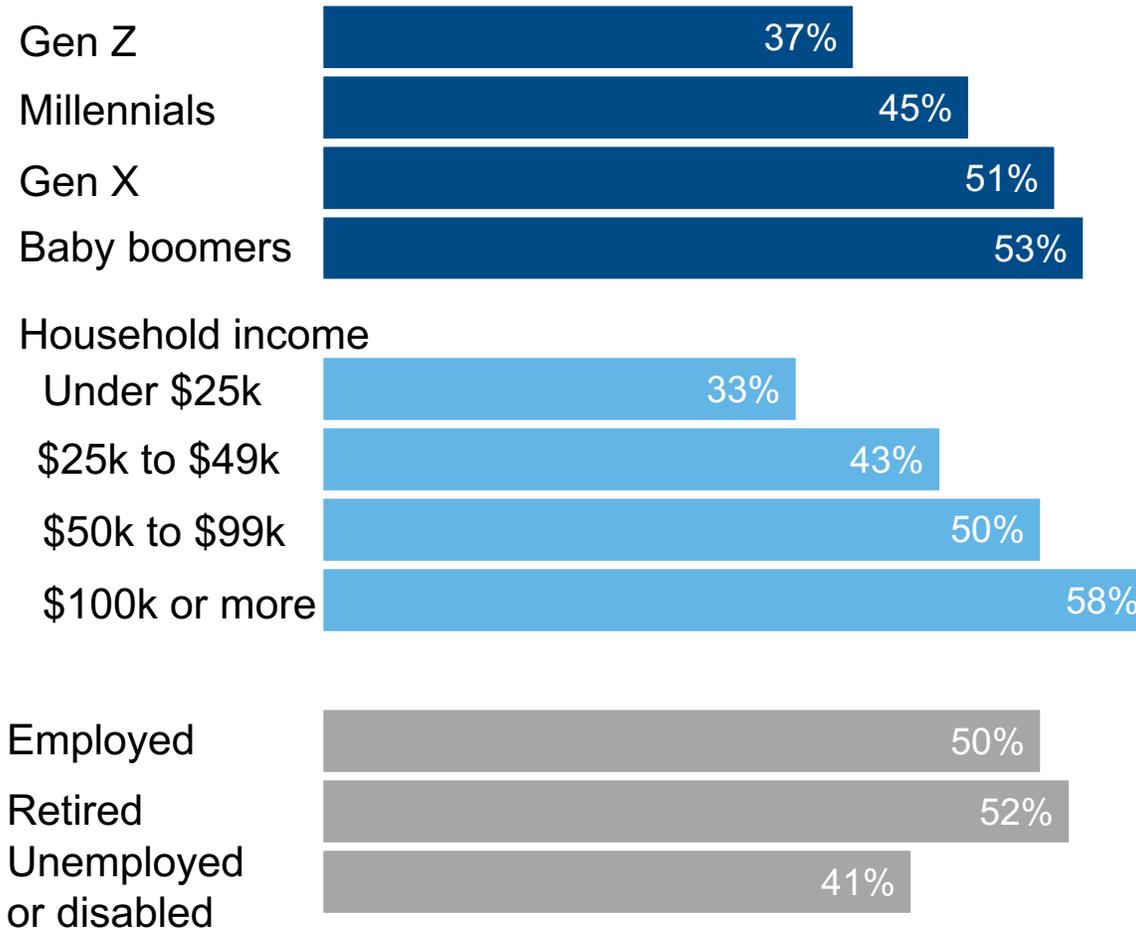
Borrowing is where women's financial literacy is highest; comprehending risk is where it is lowest.

% of P-Fin questions answered correctly



Variation among women

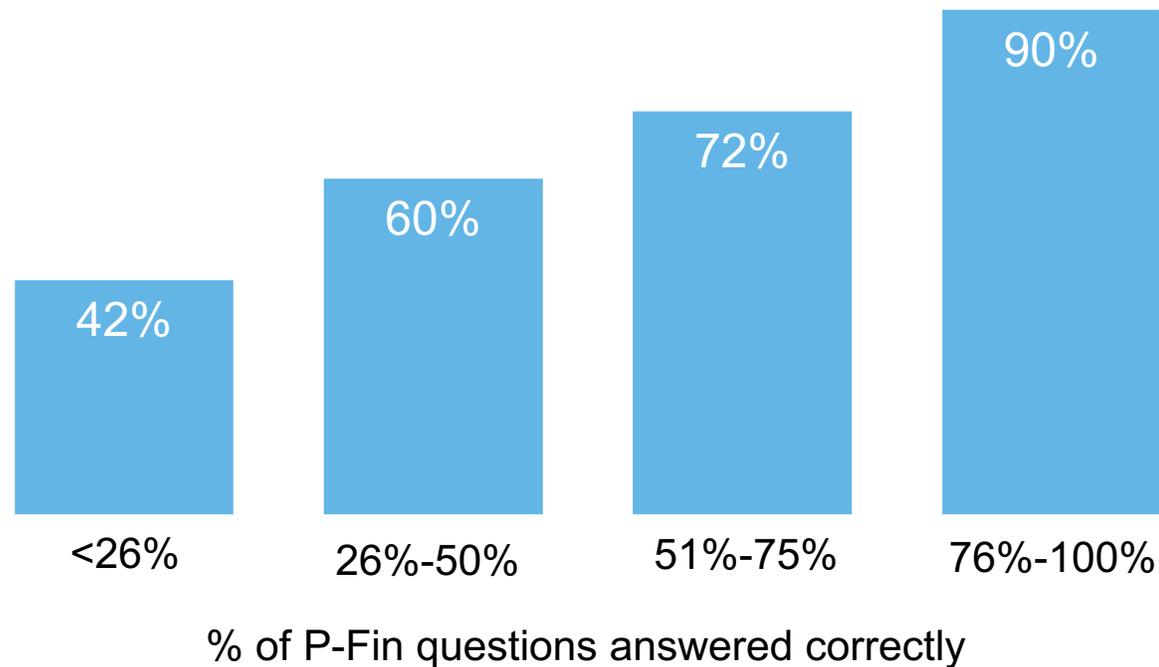
% of P-Fin questions answered correctly among women



Source: TIAA Institute-GFLEC Personal Finance Index (2020).

Making ends meet is easier for women with greater financial literacy.

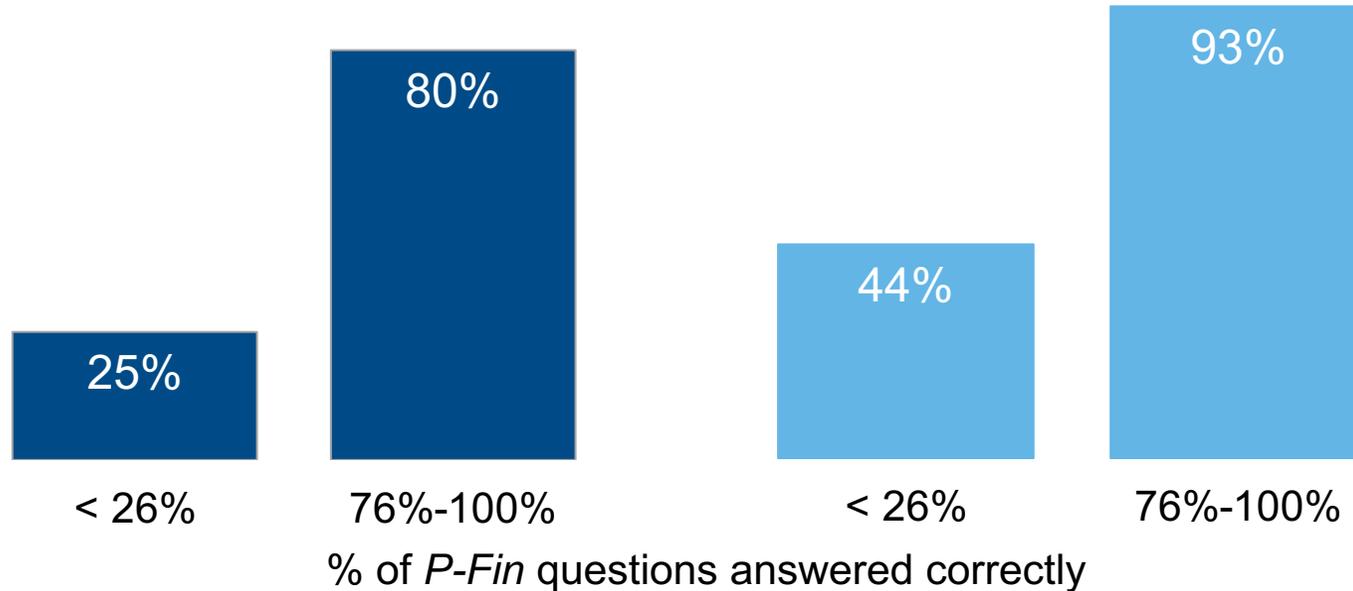
% who do not find it difficult to make ends meet in a typical month



Women with greater financial literacy are less likely to be debt constrained and less likely to be financially fragile.

% for whom debt and debt payments do not prevent adequately addressing other financial priorities.

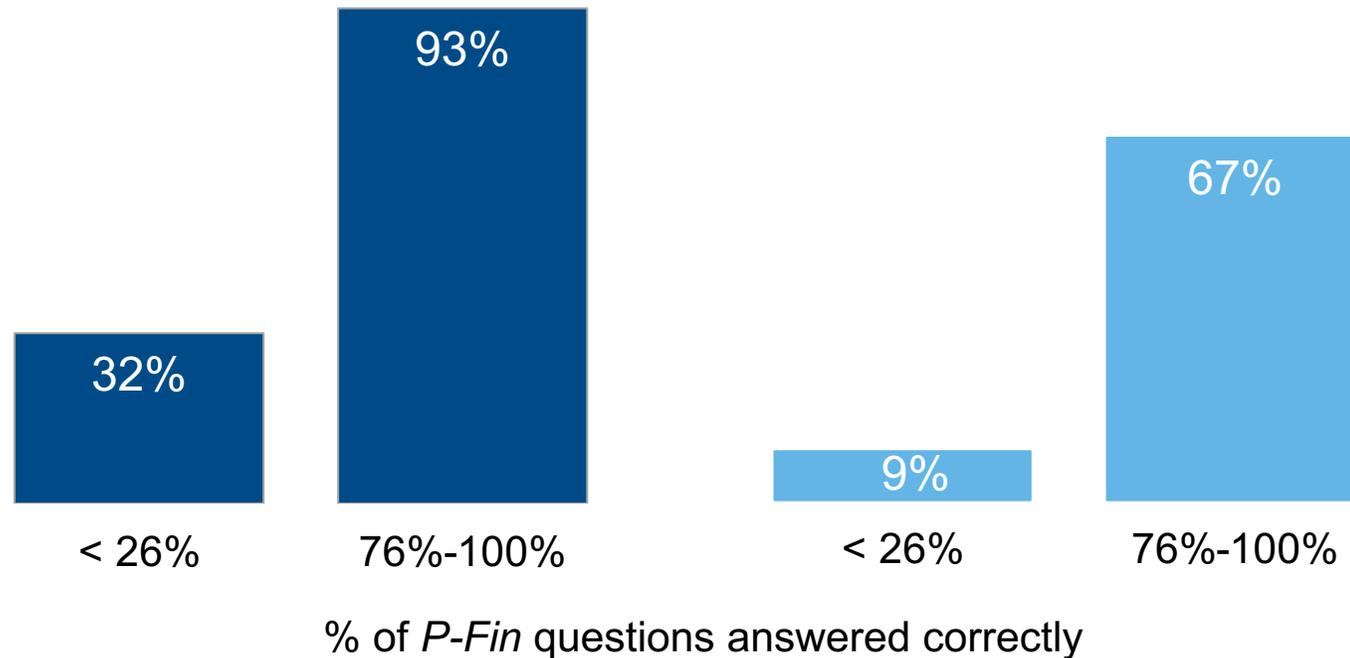
% who could certainly or probably come up with \$2,000 if an unexpected need arose within the next month



Women with greater financial literacy are more likely to save and plan for retirement.

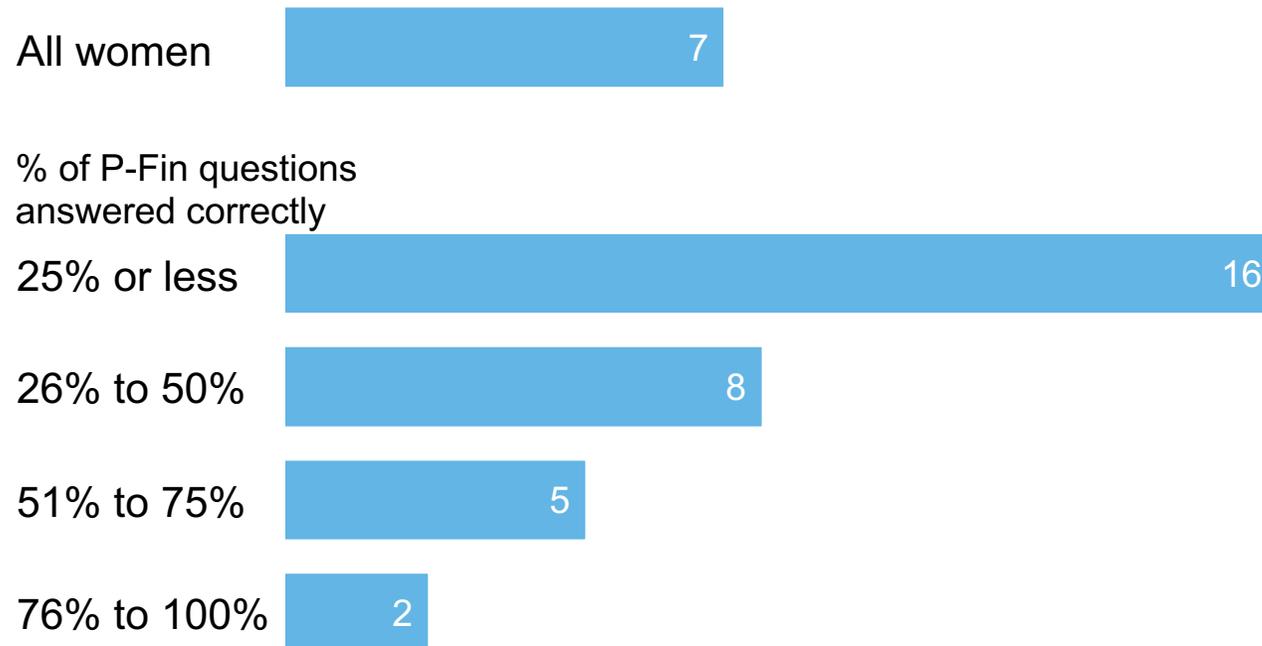
% of non-retirees who save for retirement on a regular basis

% of non-retirees who have tried to determine how much they need to save for retirement



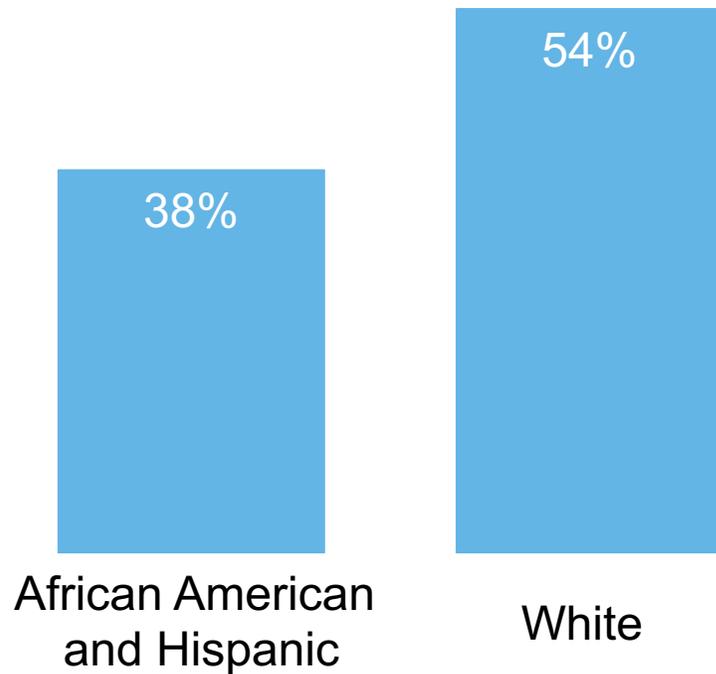
Women with greater financial literacy spend less time on financial issues and problems.

Average hours per week spent thinking about and dealing with issues and problems related to personal finances

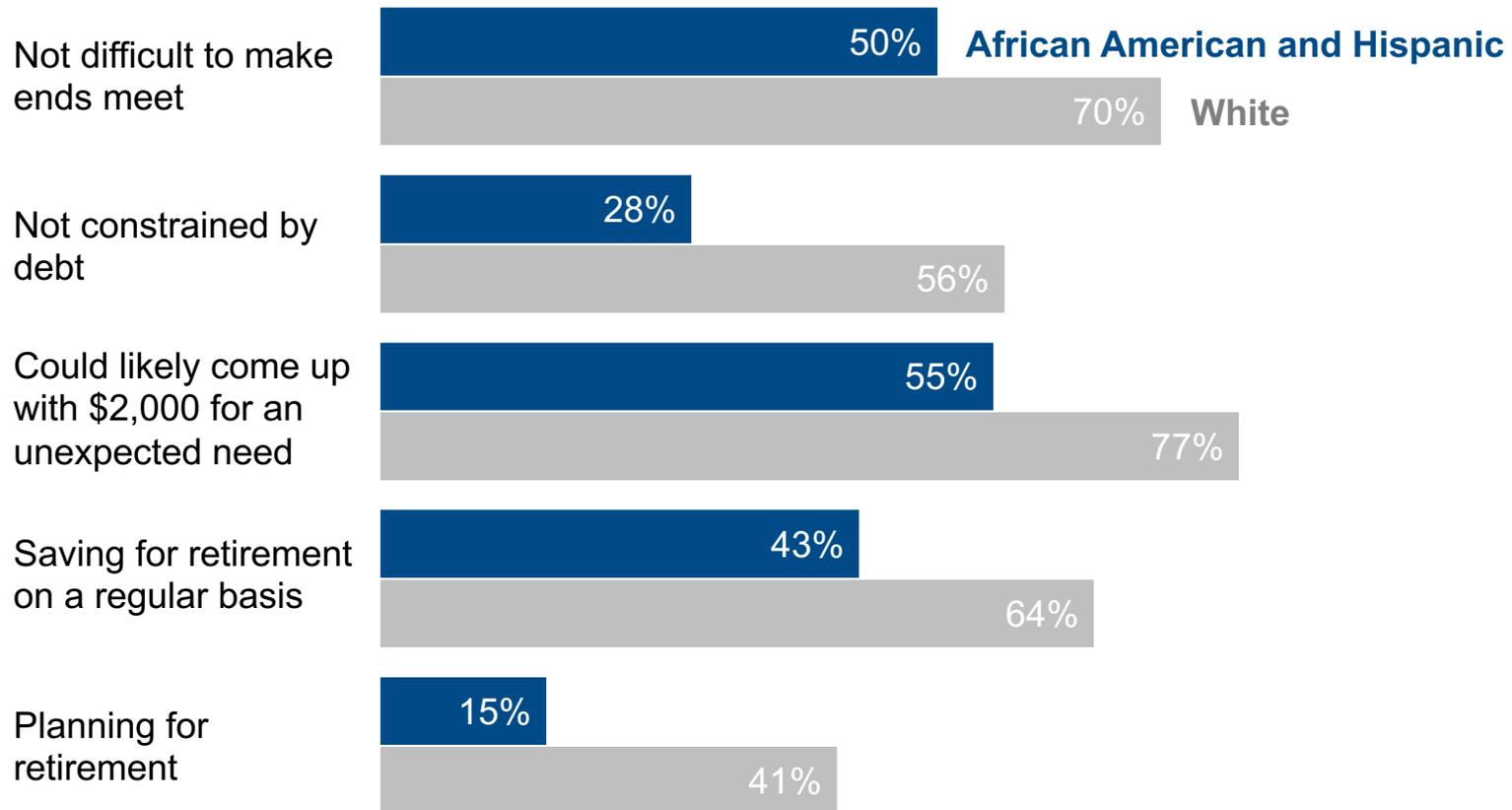


Financial literacy among African American and Hispanic women lags that of their white peers.

% of P-Fin questions answered correctly

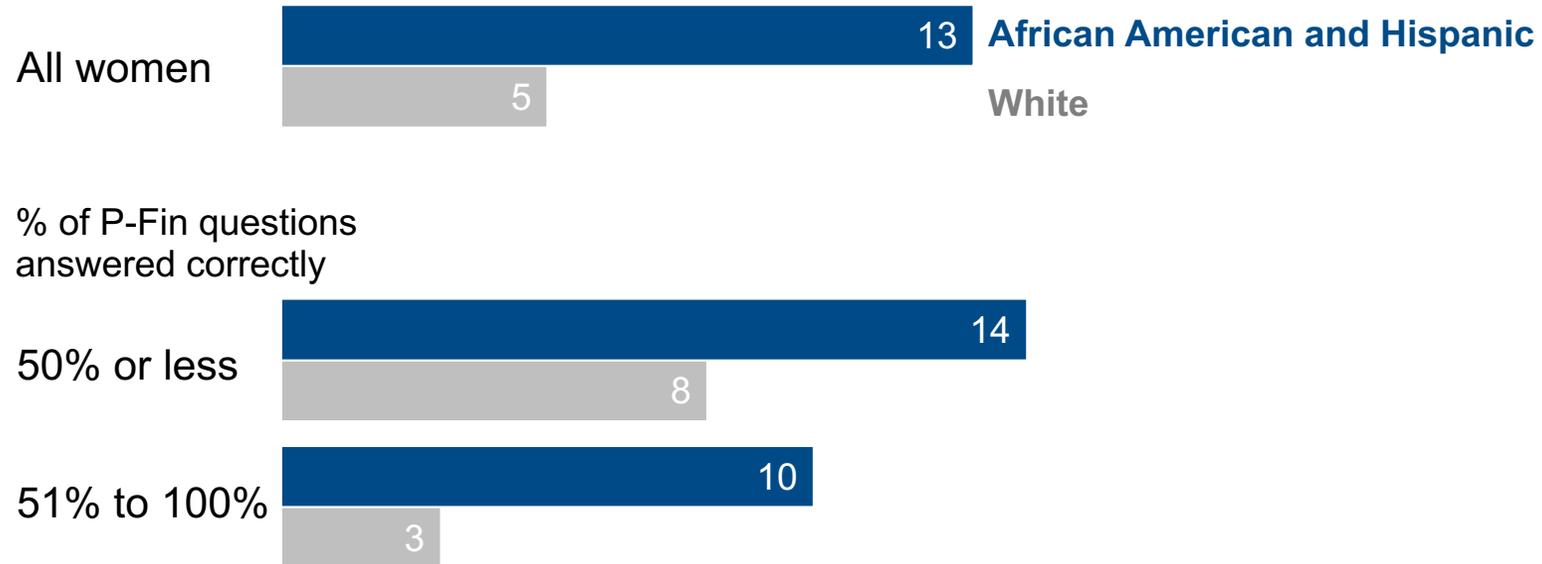


Financial wellness among African American and Hispanic women lags that of their white peers.



African American and Hispanic women spend an average of 13 hours per week dealing with personal finance issues.

Average hours per week spent thinking about and dealing with issues and problems related to personal finances



SRS

STRAKOSCH
RETIREMENT
STRATEGIES

WISER: A Symposium on Financial Solutions for Women

DCIIA's Retirement Tier

Jody Strakosch
Strakosch Retirement Strategies, LLC

October 2, 2020

Defined Contribution Institutional Investment Association

- Founded in 2010 by a coalition of 42 industry firms
 - diverse group of industry members and plan sponsors
- Non-profit association dedicated to enhancing retirement security for America's workers
- Three themes:
 - Design Matters
 - Closing the Gap
 - Solving the Fiduciary Puzzle
- DCIIA produces white papers, comment letters, webinars, videos, surveys, and other thought leadership

DCIIA: What is a Retirement Tier?

▶ **“Retirement tier”** is a broad term; it encompasses a range of products, solutions, tools and services, all of which allow a defined contribution (DC) plan sponsor to shift the plan’s goal away from one wholly focused on savings to one that also accommodates and supports participants who are near, entering, or in retirement.

Why is the Retirement Tier Important?

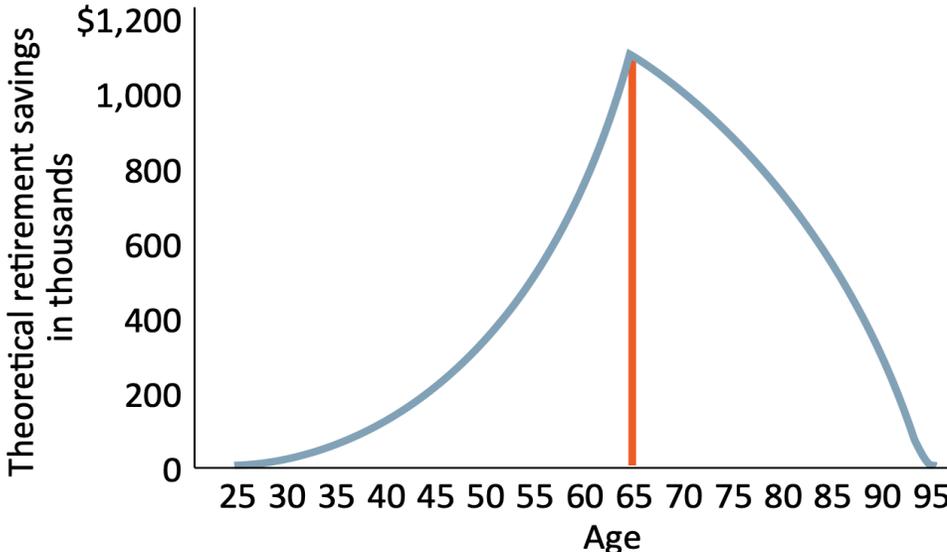
Recognition of the Significance of the Post-Retirement Phase

Saving Phase

- 40 years pre-retirement
- Straightforward needs and objectives

Post-retirement Phase

- 30 years post-retirement
- Complex needs and objectives



This is a hypothetical illustration.

Why Consider This Now?

▶ IT'S A NUMBERS GAME

10,000 Number of baby boomers in the US turning 65 each day⁴

73 million Number of people aged 65+ by 2030, up from 49 million in 2016⁵

Trendline: A growing dependence on DC plan *assets* rather than pension *income*

▶ RETIREES WILL LIVE LONGER

Today, a 65-year-old male can expect (on average) to live to age 84. A female can expect to live to age 87.⁶ This increased longevity makes it vital that participants receive informed and thoughtful guidance on creating a spending plan for their accumulated DC plan savings.

▶ PRE-RETIRES: TOO MANY TO IGNORE

Employees age 50 and older:

- Have the **longest average employment tenure** of all age groups⁷
- Are **less likely to change jobs** as they approach retirement
- May **delay retirement** if in doubt about financial security

According to Prudential, for each year that a participant delays retirement, it costs their plan sponsor \$50,000 in incremental benefits.⁸

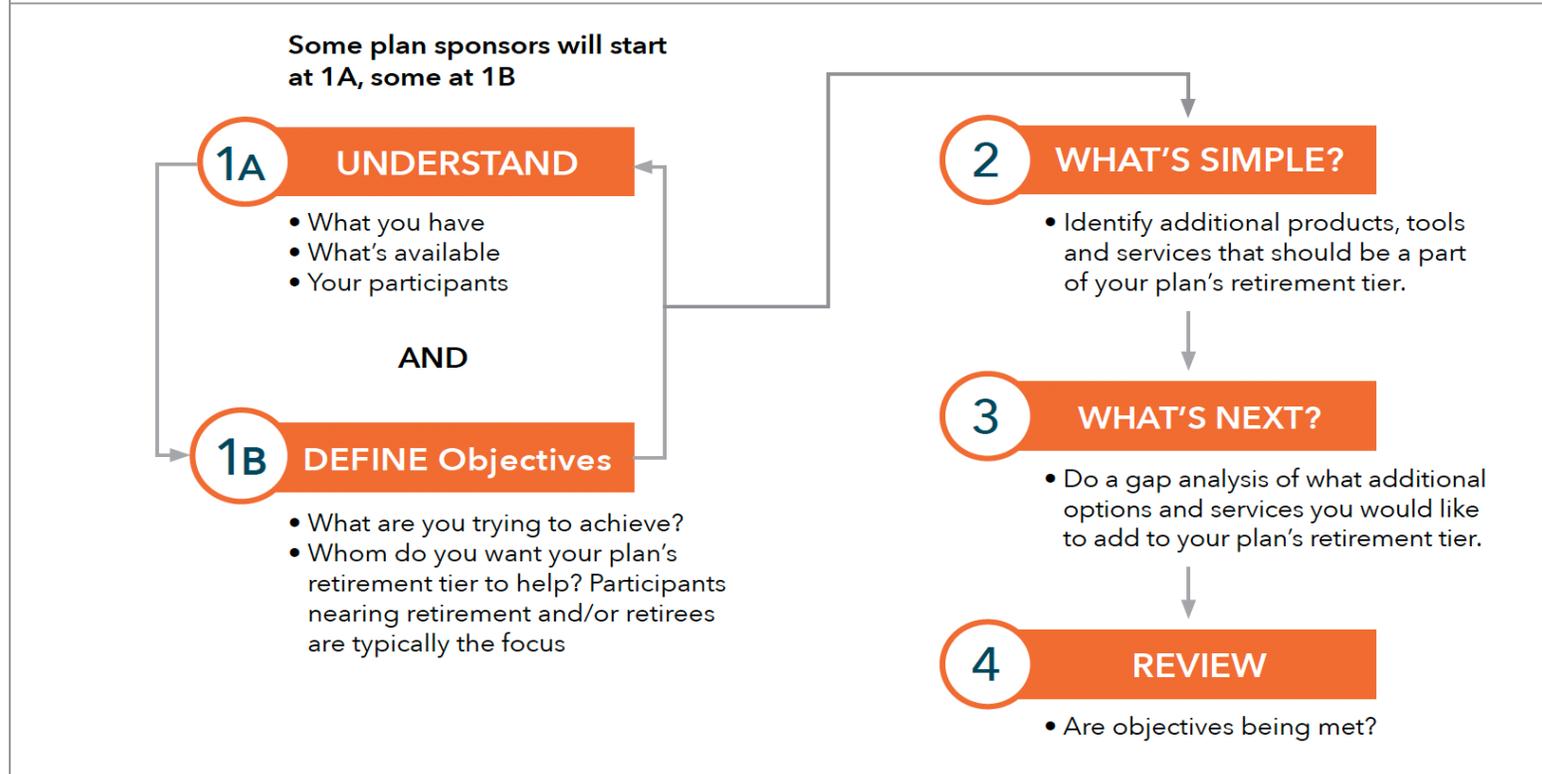
▶ EARLY SOCIAL SECURITY CLAIMING IS COMMON

Social Security plays an enormous financial role for most retirees, yet roughly 90% make a claim prior to reaching the age for full benefits.⁹ This decision seems to indicate that retirees may not understand how to optimize their Social Security benefits.

Putting it Into Practice

▶ 4 Simple Steps

Plan sponsors may use to develop a retirement tier



Questions?