WISER
WOMEN'S INSTITUTE FOR A SECURE RETIREMENT

TIAA Institute

New Perspectives

An Intergenerational Discussion on Retirement Solutions

iOme Challenge Forum

June 20, 2024 ◘ Washington, DC

This event is made possible with support from:

ACLI ◘ BlackRock ◘ Capital Group ◘ Nelson Mullins ◘ TIAA Institute ◘ Transamerica/Aegon ◘ TruStage

Special thanks to the U.S. Administration for Community Living for their support of the National Resource Center on Women & Retirement, and the CFPB for their partnership.

Discovery Fund

Leveling the playing field for underrepresented founders

"Our mission is to find companies that are producing products and services that are actually improving the lives and financial health of everyday Americans, particularly low- and moderate-income consumers and those who have been underserved by the traditional financial system."

Elizabeth McCluskey
Director of Discovery Fund

$11M Total Invested	**$5M** TruStage Annual Commitment	**$500K** Average Check Size
20 Active Portfolio Companies	**2021** Launch Year	**Seed+** Early Stage

climb
cushion
Debbie
listo!
Ascent
caribou
GREENLYNE
Starlight
salus
stackwell
CONDUCTIV
FRICH
hellodivorce.
Sunny Day Fund
CNote
uprise
SAVVI AI

Say Hi 👋 to

Debbie

Build your net worth. Get paid.

Along with **40%** of Americans, I grew up around debt and fell into the vicious cycle and accumulated $15k in credit card debt by the time I was 21.

Frida, CEO

Record high
$1 tn
credit card debt

Record low
2.3%
personal savings rate

The current incentives aren’t serving the 90%.

Say Hi 👋 to

Debbie

Earn points for positive financial behavior.

Drive new membership growth through rewards for better habits.

FINTECH BREAKTHROUGH AWARDS

Best financial education

Finovate Fall BEST OF SHOW 2023

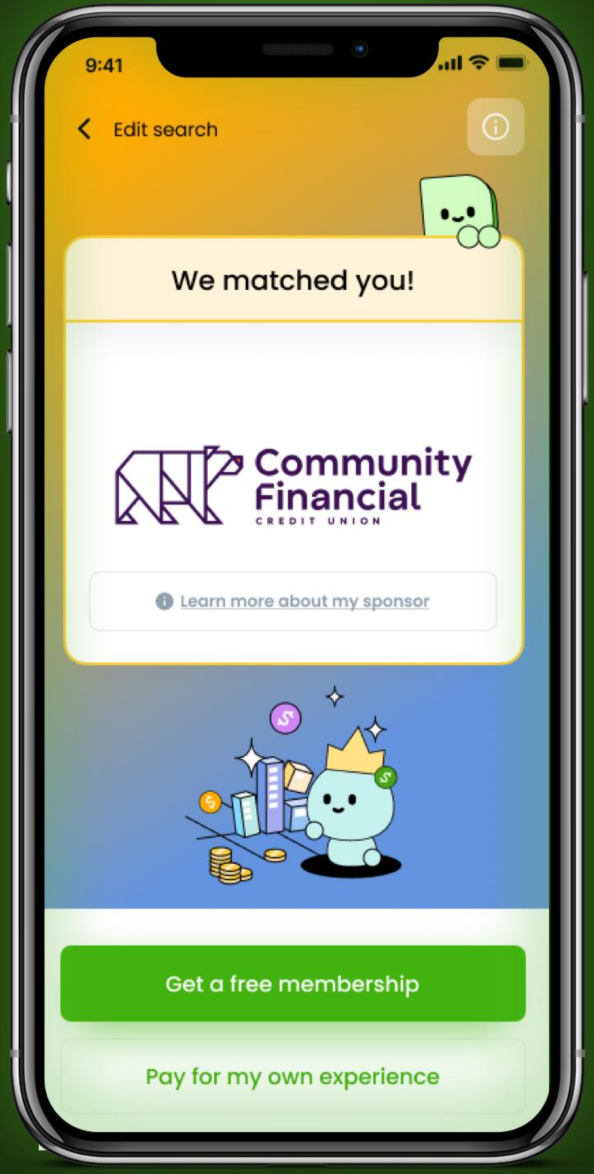
CBS NEWS

Forbes

Improve Financial Well-being

Help consumers upgrade their financial mindset.

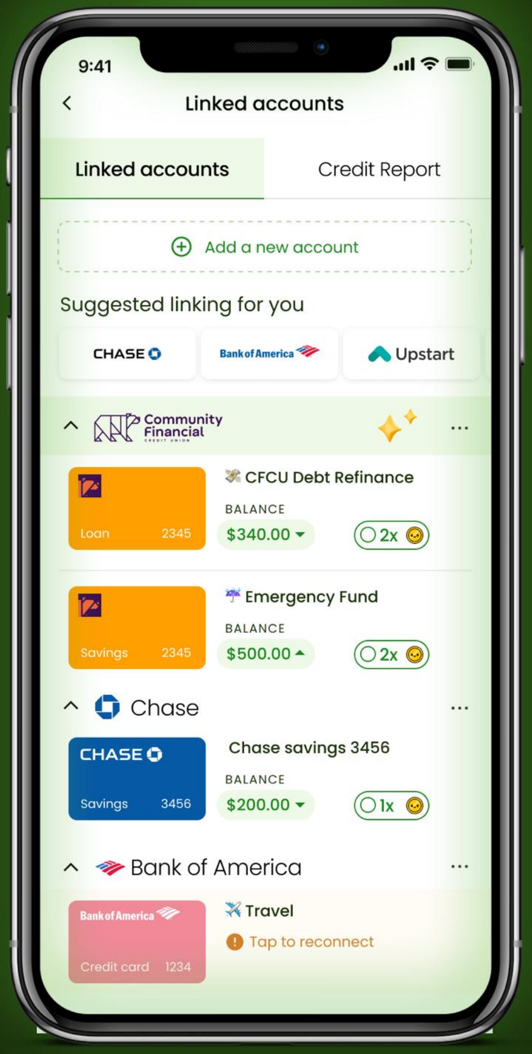
Reduce risk while increasing deposits.



Expand your community

Reach our network of young consumers, and your community.

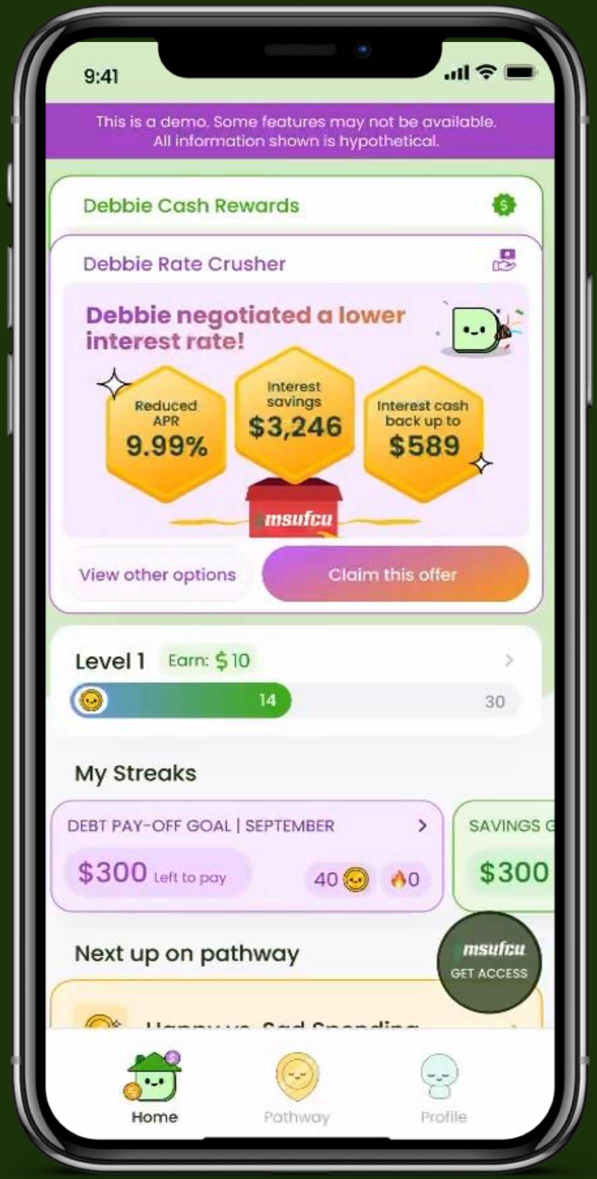
Reward them for taking action.



Motivate engagement on your accounts

Bonus multipliers for engagement on your accounts.

Get your member's full financial picture



Show personalized offers

Help prospective members improve their financial standing through personalized savings and loan offers.

Impact

Debbie users have paid off over $1m of debt collectively, and active users pay off 3x faster

Michelle

20% -> 9%
APR reduction on her $20k credit card debt

Gina

$1,000
Emergency fund in less than 6 mo, from $0

Jon

$3,000
In credit card debt paid off in 6 months

Results

We have driven significant results for our partners

Over 1k
New member applications per month

2x
Monthly average deposit growth

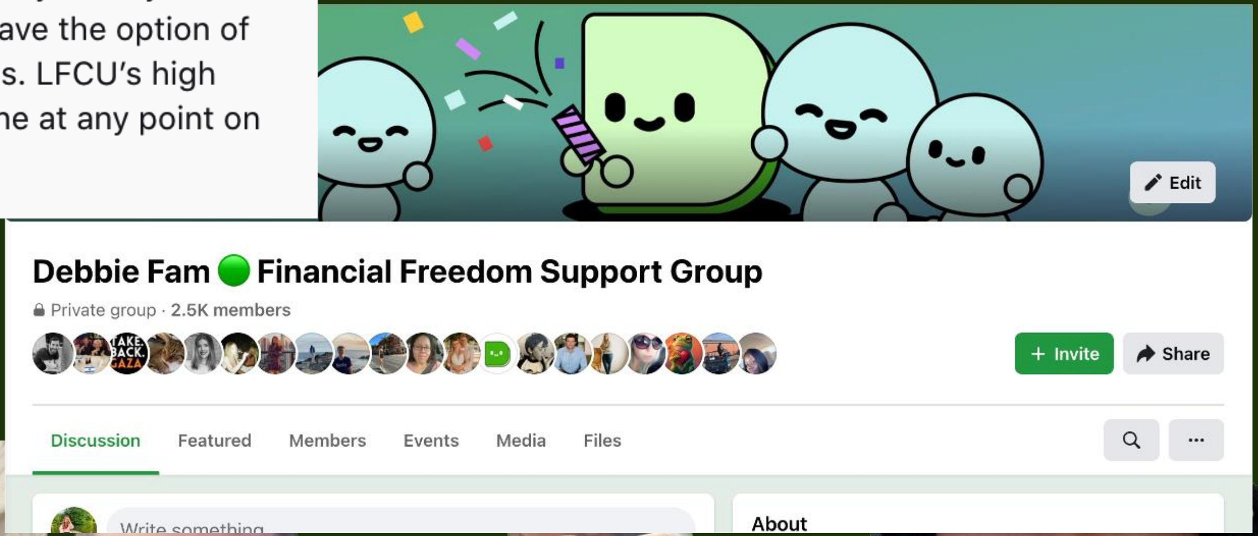
35%
Reduction in delinquencies

★★★★★

Flgirl2011, 03/26/2024

Changed my life

Debbie has been so fantastic! The modules are interesting and changing my money habits has impacted all the other aspects of my life too. I feel more confident in my money and prepared for the future. There aren't any gimmicks or catches, but you have the option of paying a fee or opening an account with one of their partner credit unions. LFCU's high interest rates make it worth it to save. 100% recommend Debbie to anyone at any point on their personal finance journey.



Jo□n□□□□i□.co□/Par□□□r□


Debbie
rewarDS come to those who hustle.
rewarDS come to those who hustle.
Debbie

The Use and Value of Financial Advice for Retirement Planning

Abstract

Offering professional advice around the retirement planning process represents an important component of the financial services industry. We examine the demographic, investment, and behavioral characteristics of individuals who obtain this advice as well as the economic value that it ultimately adds. Using a survey of more than 4,000 working households, we find that wealth and income levels are positively correlated with the decision to engage a professional advisor, as are such factors as marital status, age, and education level. To assess the value added by this advice, we develop a unique metric of retirement income replacement which incorporates health-based life expectancy and household-specific financial circumstances. The approach estimates the percentage of annual pre-retirement income that a household will be able to spend each year in retirement. We establish the unconditional finding that advised households generate significantly larger proportions of post-employment spending (both gross and net of Social Security benefits) than do non-advised households. Controlling for additional explanatory factors, we find that an advisor adds more than 15 percentage points of income replacement in retirement. These findings support the conclusion that obtaining and implementing financial advice in the retirement planning process leads to a demonstrable increase in the level of sustainable retirement spending.

JEL Classification: G1, G11, G2, G23, C51

Key Words: Financial Advice, Retirement Income Replacement, Retirement Planning, Registered Investment Advisors

AI-powered financial advisory for small business owners, as a service

jessica@uprise.us

AI Financial Advice Will Change Everything

Business owners need advice and companies need revenue, but they're talking past each other

FOR SMALL BUSINESS OWNERS

Traditional financial and tax advice is out of reach

Lack of awareness and time

Hard to know who to trust

FOR COMPANIES

Products are underutilized

Cross-selling hasn't worked

Lack of insight into customers' lives

Thank you for reaching out. We are unable to provide specific financial or tax advice. We recommend consulting a qualified tax advisor to discuss your individual situation.

Frequent response to financial questions

jessicachenriolfi

uprise

Financial advisory for small business owners, by the best in AI + human ingenuity

Does financial advice even matter?

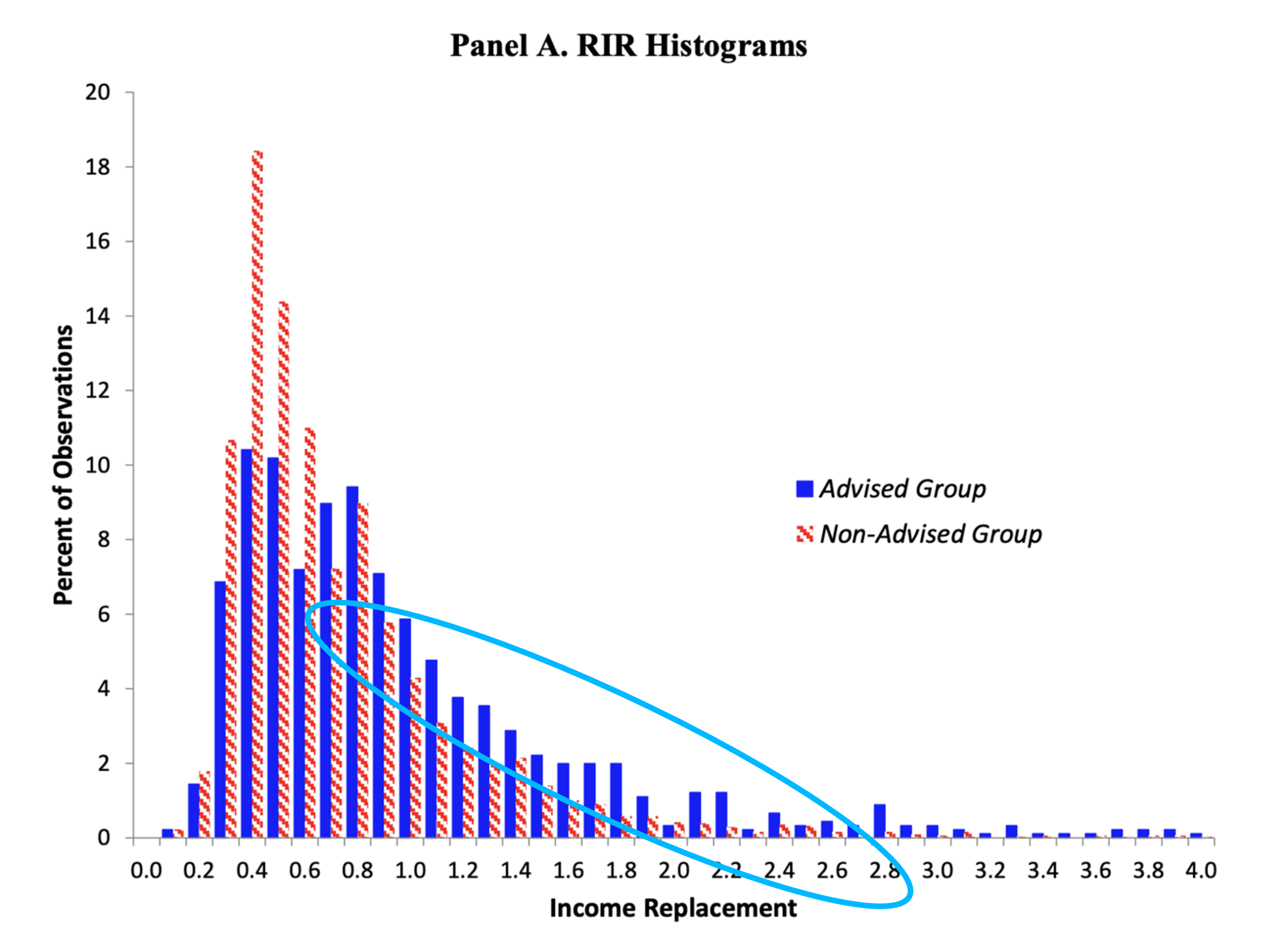
The Use and Value of Financial Advice for Retirement Planning

Abstract

Offering professional advice around the retirement planning process represents an important component of the financial services industry. We examine the demographic, investment, and behavioral characteristics of individuals who obtain this advice as well as the economic value that it ultimately adds. Using a survey of more than 4,000 working households, we find that wealth and income levels are positively correlated with the decision to engage a professional advisor, as are such factors as marital status, age, and education level. To assess the value added by this advice, we develop a unique metric of retirement income replacement which incorporates health-based life expectancy and household-specific financial circumstances. The approach estimates the percentage of annual pre-retirement income that a household will be able to spend each year in retirement. We establish the unconditional finding that advised households generate significantly larger proportions of post-employment spending (both gross and net of Social Security benefits) than do non-advised households. Controlling for additional explanatory factors, we find that an advisor adds more than 15 percentage points of income replacement in retirement. These findings support the conclusion that obtaining and implementing financial advice in the retirement planning process leads to a demonstrable increase in the level of sustainable retirement spending.

JEL Classification: G1, G11, G2, G23, C51

Key Words: Financial Advice, Retirement Income Replacement,
Retirement Planning, Registered Investment Advisors



Source: Harlow, W.V., Brown, Keith, and Jenks, Stephen. “The Use and Value of Financial Advice for Retirement Planning” Dec 2019.

15.1%

increase in retirement income replacement

Source: Harlow, W.V., Brown, Keith, and Jenks, Stephen. "The Use and Value of Financial Advice for Retirement Planning" Dec 2019.

Higher savings rate

More equity investments

Uses sophisticated products

Obtains insurance

Has a financial plan

Source: Harlow, W.V., Brown, Keith, and Jenks, Stephen. "The Use and Value of Financial Advice for Retirement Planning" Dec 2019.

Higher savings rate

More equity investments

Uses sophisticated products

Obtains insurance

Has a financial plan

Greater financial confidence

Source: Harlow, W.V., Brown, Keith, and Jenks, Stephen. "The Use and Value of Financial Advice for Retirement Planning" Dec 2019.

uprise

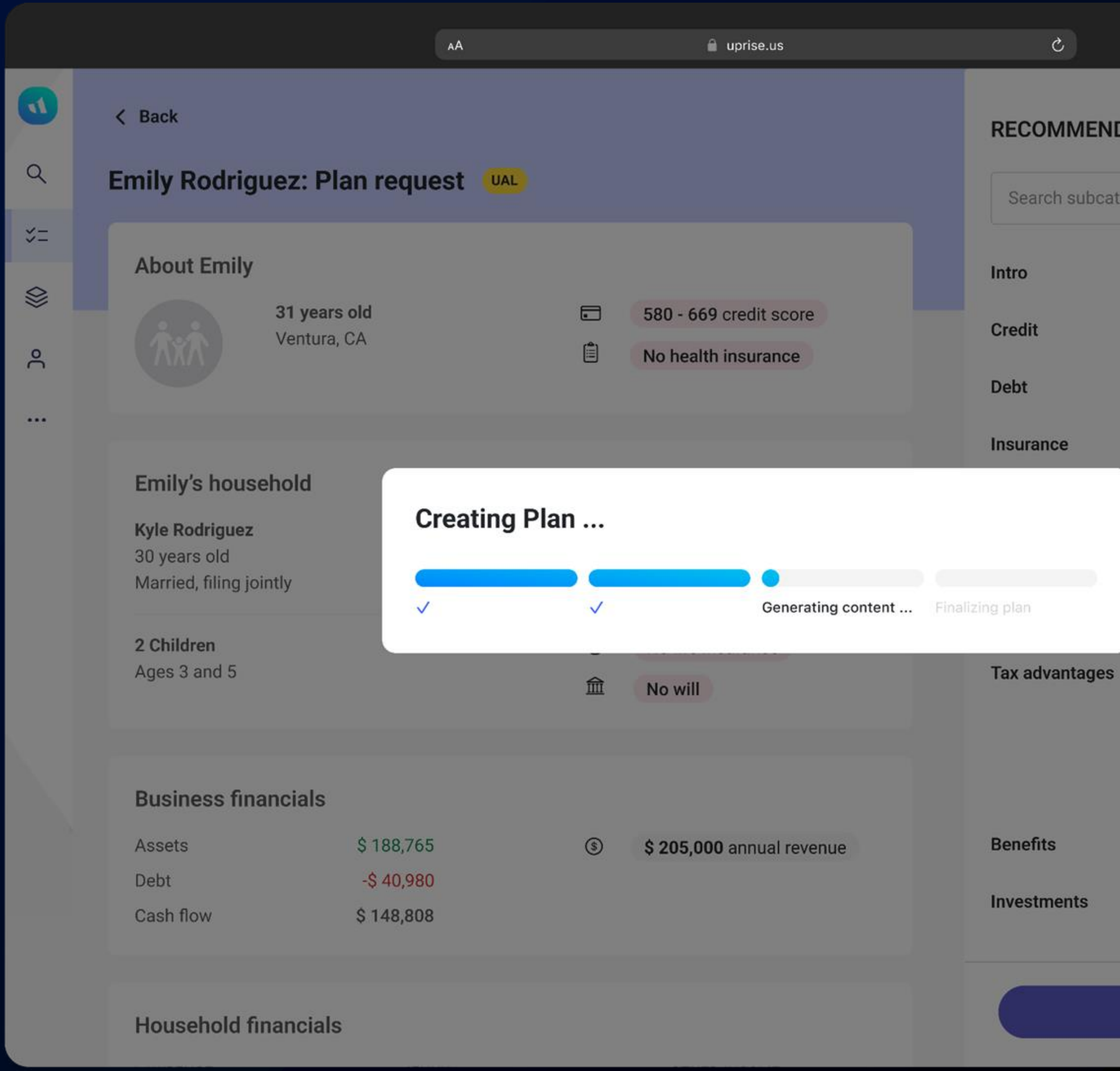
Financial advisory for small business owners, by the best in AI + human ingenuity

Our proprietary tech delivers superhuman service at a 600 : 1 ratio

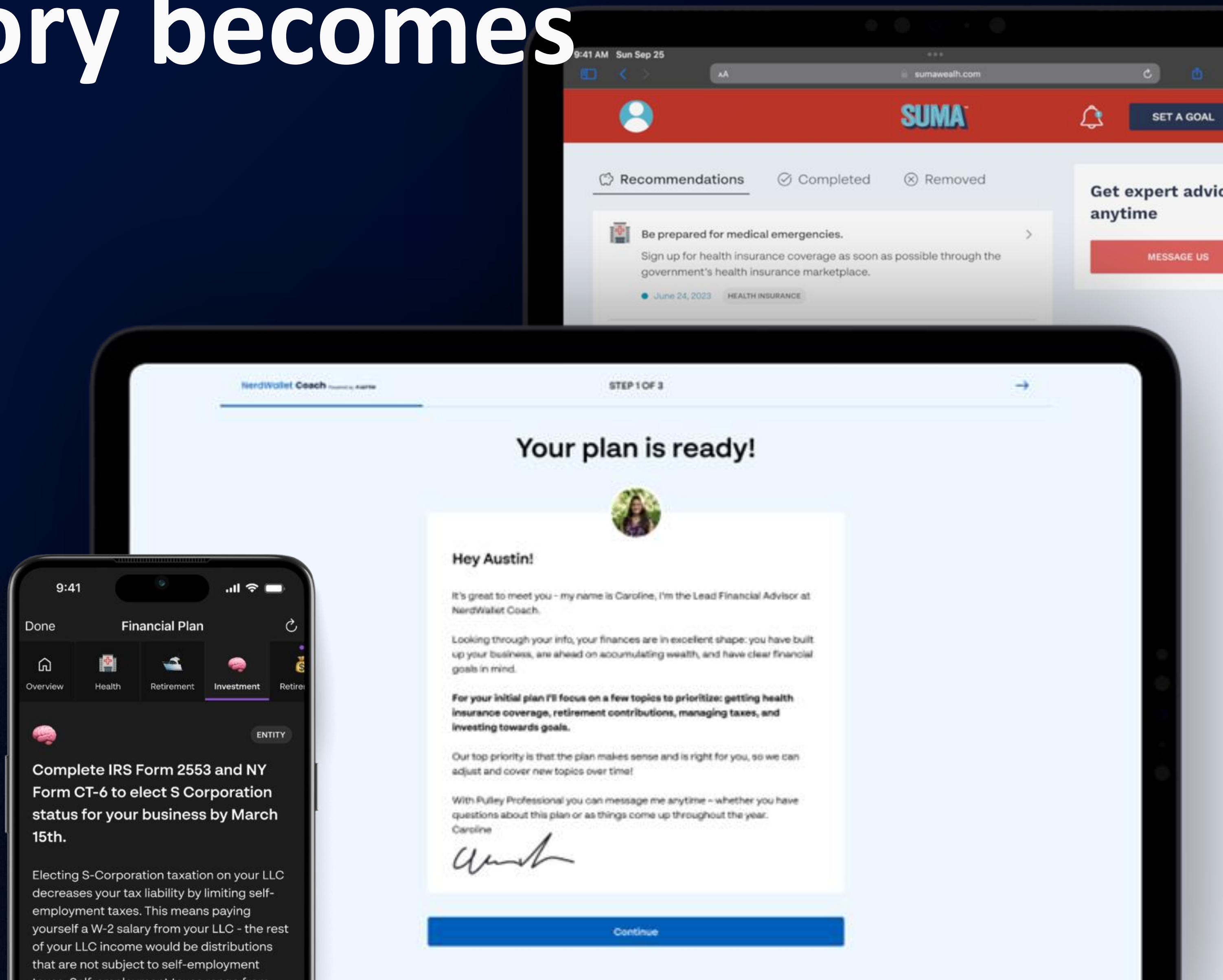
Recommendation engine + advisor workflows

Database of 35 topic areas (& growing)

Human CFPs provide feedback and training



Financial advisory becomes ubiquitous



Thank You

jessica@uprise.us

Starlight

Empowering Underserved Communities

Starlight Mission:

Simplify access to government benefits and improve the financial lives of underserved communities

46.6% of members with credit score below 680 have had a loan rejection in the last 12 months

22% of households are unbanked or underbanked

60% of households live paycheck to paycheck

Many members are struggling and facing financial hardship.

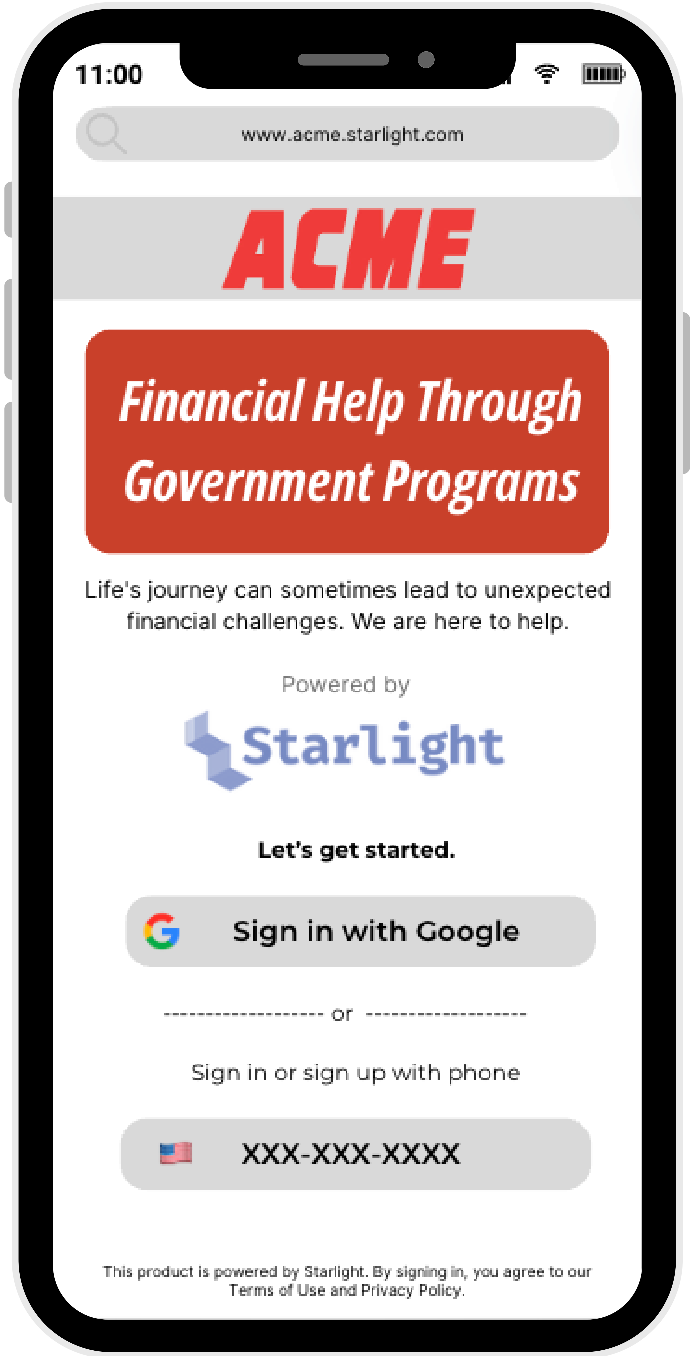
At the same time, $140B in government financial assistance goes unclaimed each year for over 50M households in need.

Meet Amy, a member of Acme CU.

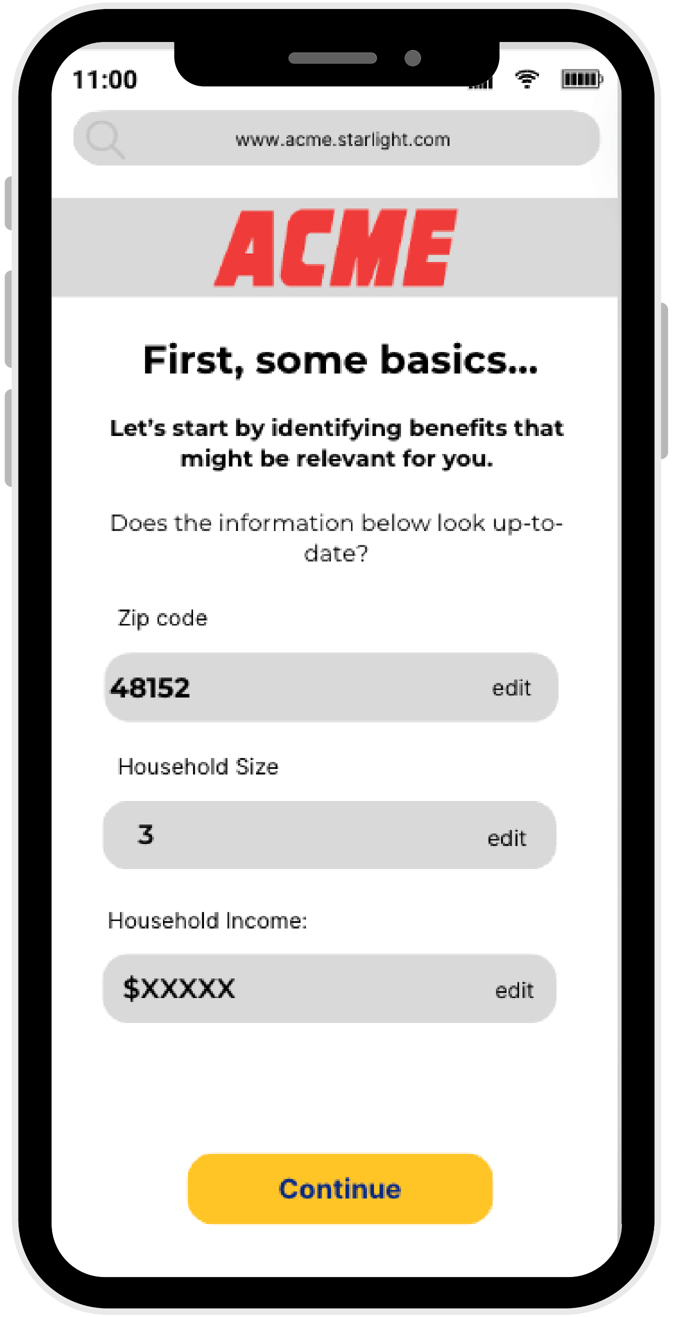
Amy is a single mom, working 2 jobs to make ends meet, and struggling to keep up with her bills.

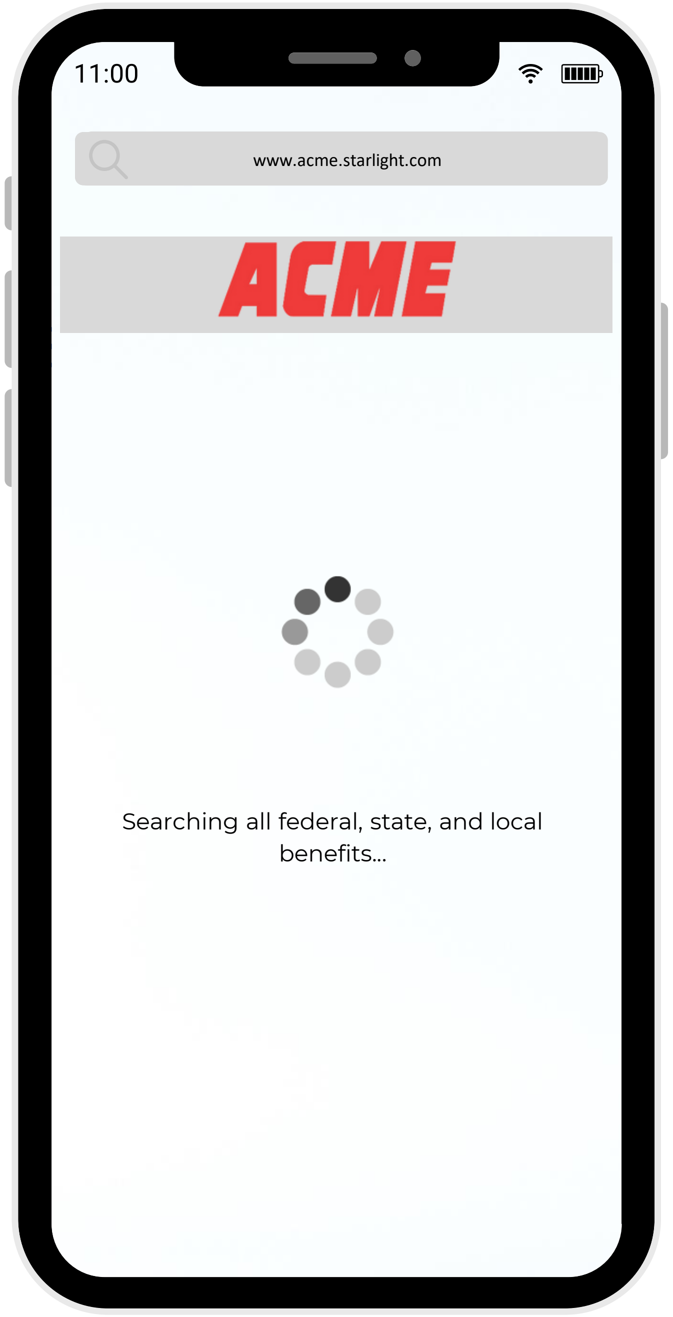
Starlight

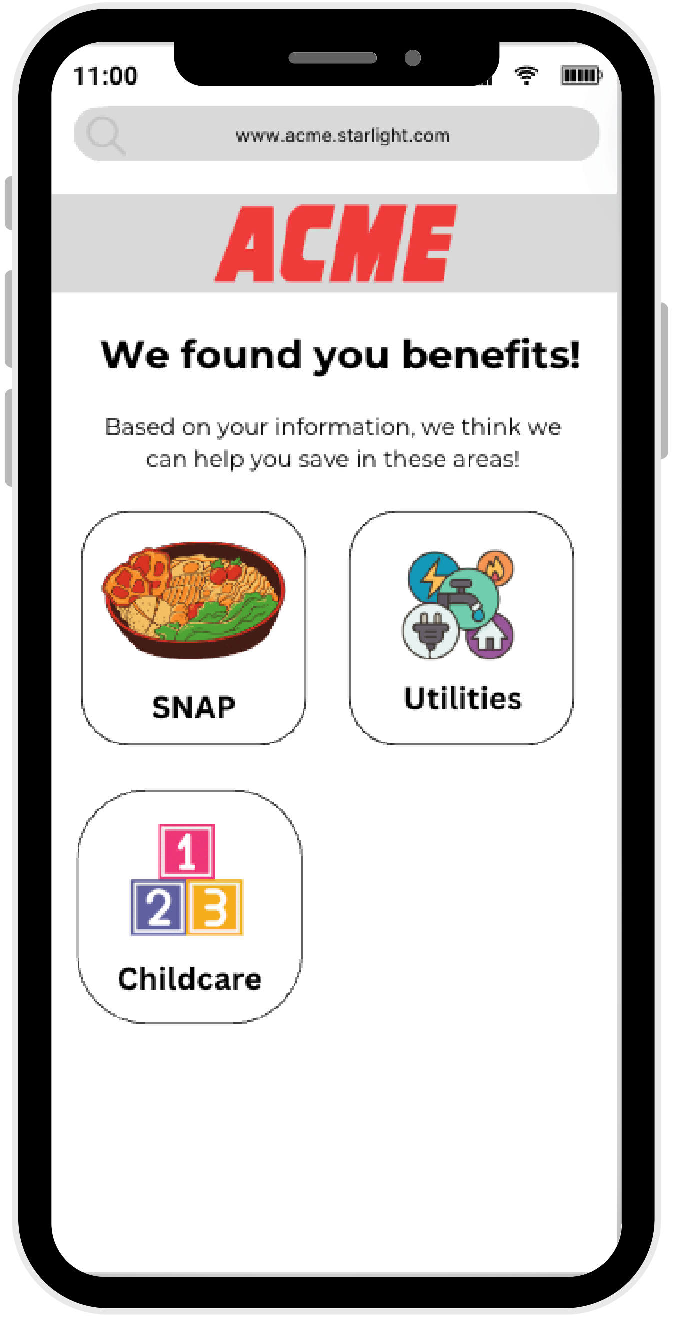

12:00
Tuesday, June 18 2024
ACME Credit Union
now
At Acme Credit Union, we understand that life's journey can sometimes lead to unexpected financial challenges. That's why we're excited to introduce our new program: Financial Help through Government Benefits.

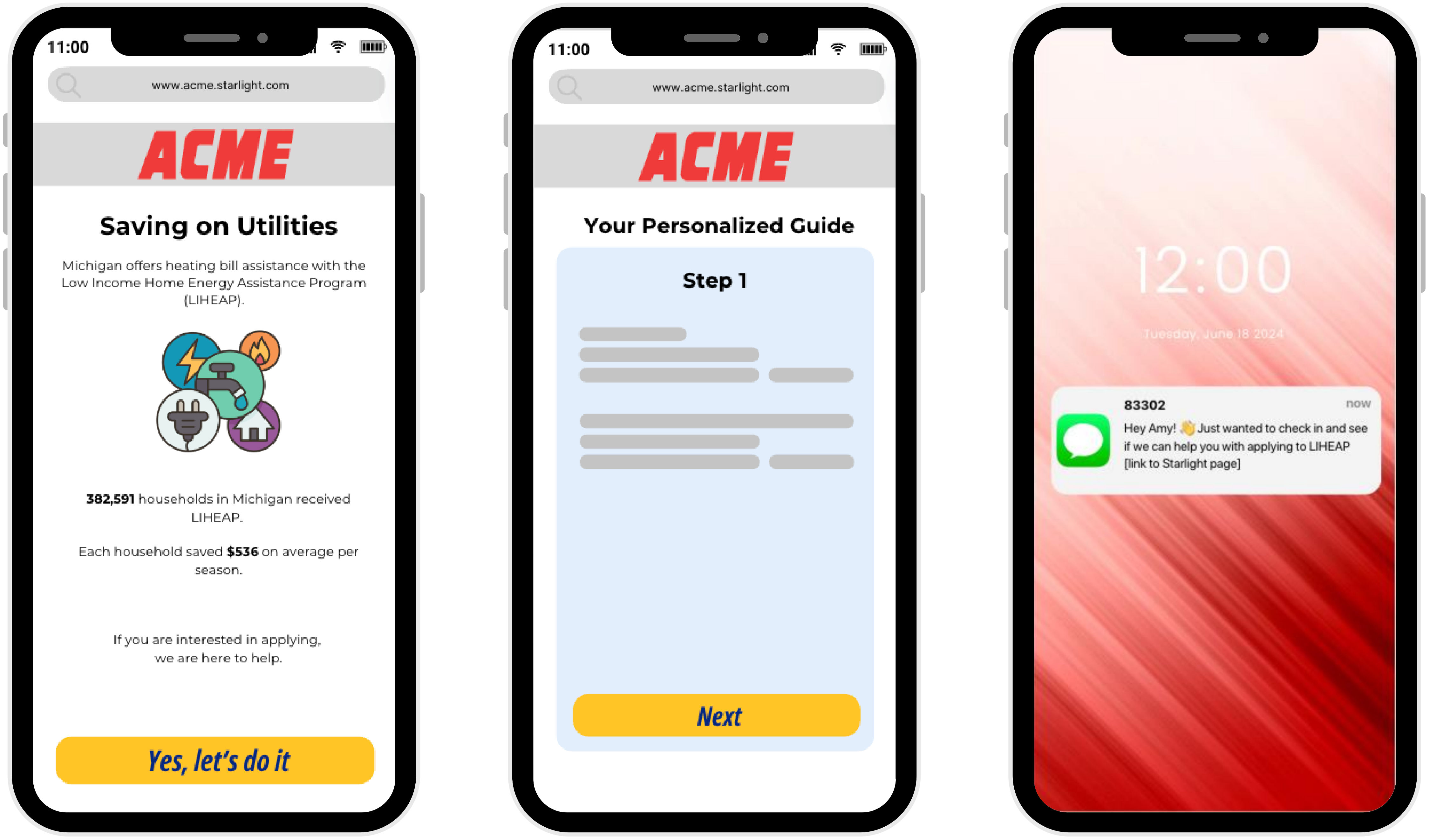

11:00
www.acme.starlight.com
ACME
Financial Help Through Government Programs
Life's journey can sometimes lead to unexpected financial challenges. We are here to help.
Powered by
Starlight
Let's get started.
Sign in with Google
or
Sign in or sign up with phone
XXX-XXX-XXXX
This product is powered by Starlight. By signing in, you agree to our Terms of Use and Privacy Policy.

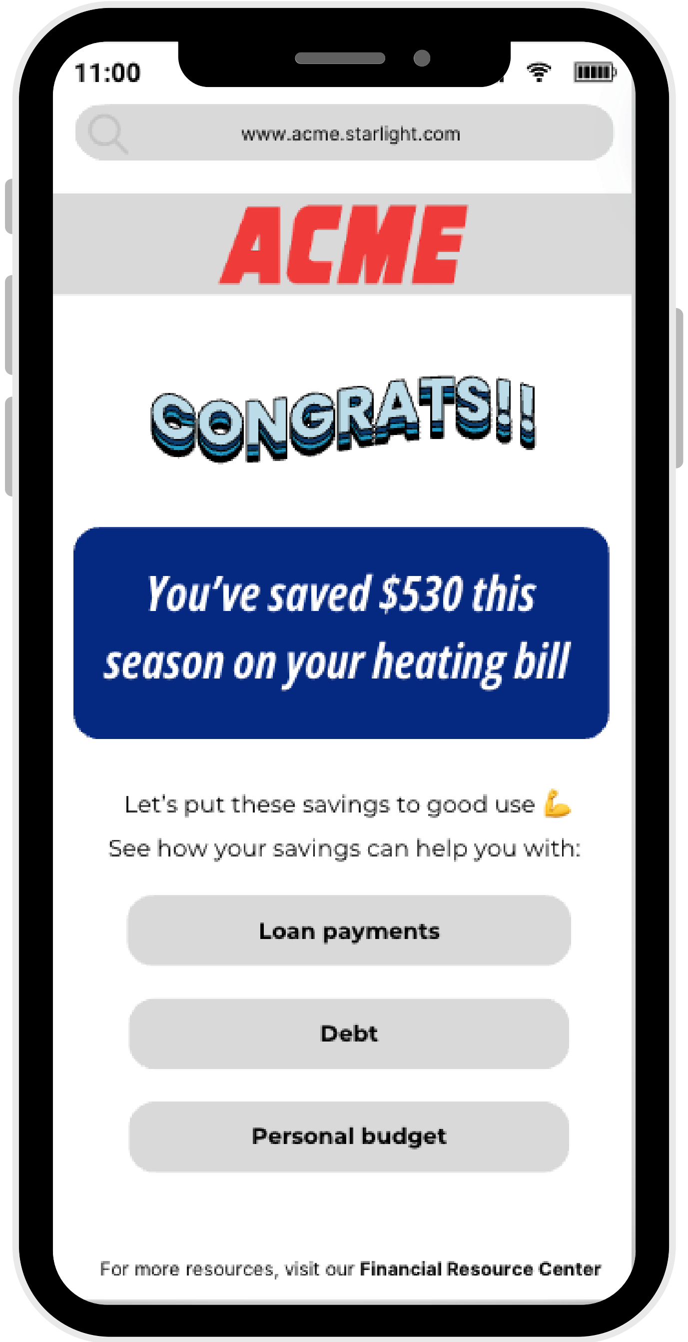
Starlight


11:00
www.acme.starlight.com
ACME
First, some basics...
Let's start by identifying benefits that might be relevant for you.
Does the information below look up-to-date?
Zip code
48152 edit
Household Size
3 edit
Household Income:
$XXXXX edit
Continue


11:00
www.acme.starlight.com
ACME
Searching all federal, state, and local benefits...


11:00
www.acme.starlight.com
ACME
We found you benefits!
Based on your information, we think we can help you save in these areas!
SNAP
Utilities
Childcare


11:00
www.acme.starlight.com
ACME
Saving on Utilities
Michigan offers heating bill assistance with the Low Income Home Energy Assistance Program (LIHEAP).
382,591 households in Michigan received LIHEAP.
Each household saved **$536** on average per season.
If you are interested in applying, we are here to help.
Yes, let's do it
11:00
www.acme.starlight.com
ACME
Your Personalized Guide
Step 1
Next
12:00
Tuesday, June 18 2024
83302
now
Hey Amy! 👋 Just wanted to check in and see if we can help you with applying to LIHEAP [link to Starlight page]



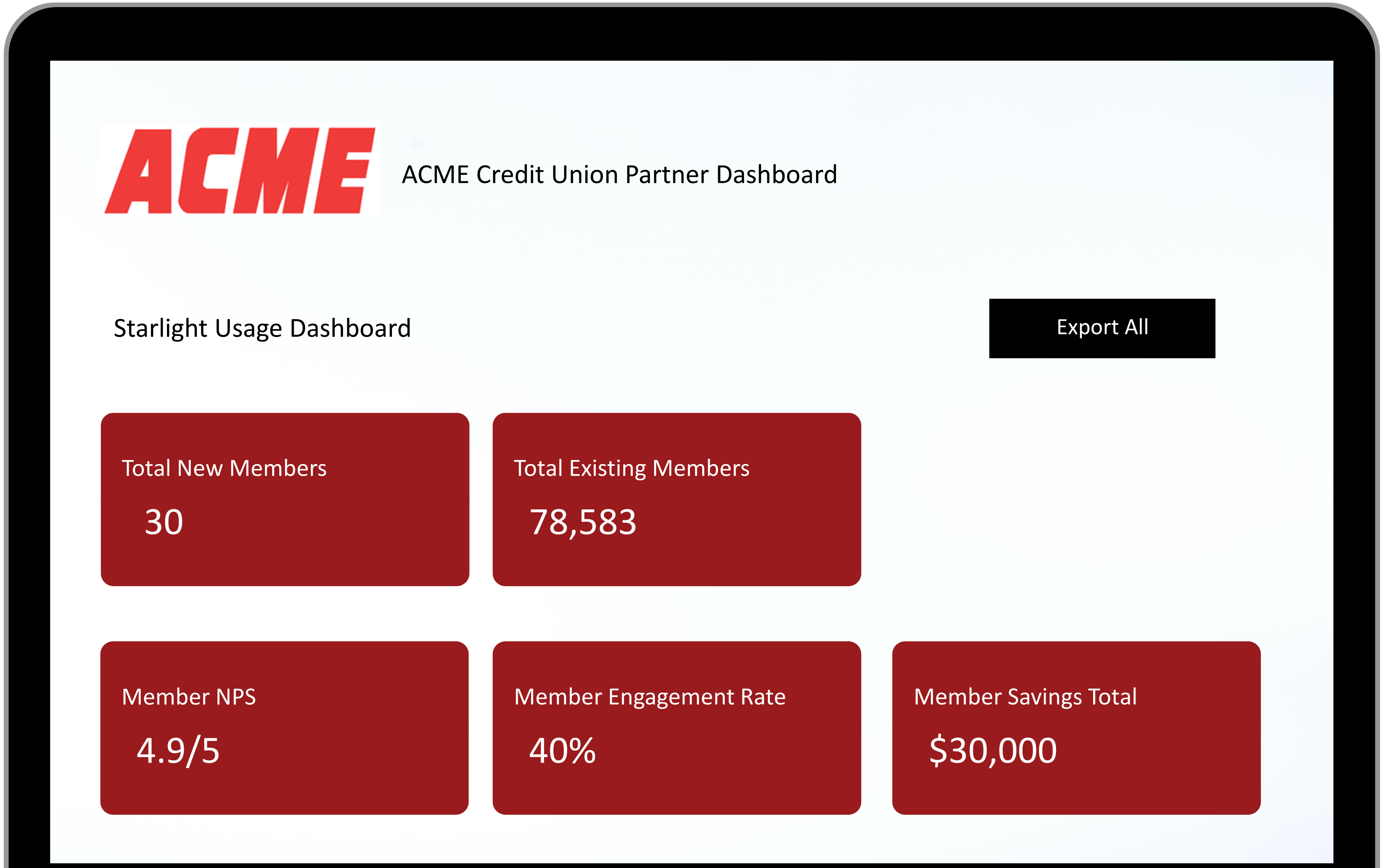
Realizing Benefits

Amy successfully applies and receives assistance on her utilities bill, reducing her monthly expenses.

This extra cash flow helps with:

- Paying down existing loans
- Avoiding overdraft protection
- Building savings

Starlight also tracks and reports on engagement, savings, and impact for the credit union.



Financial assistance we help members access

Existing Programs

- SNAP (food)
- Medicaid (health insurance)
- LIHEAP (utility bill assistance)
- WIC (food for young moms/babies)
- CCAP (childcare assistance)
- UI (unemployment insurance)
- EITC (earned income tax credit)
- CTC (child tax credit)
- ...more coming!

CU-specific programs

We can add additional financial assistance programs that are specific to each credit union, such as:

- Local / county-level benefits
- Down payment assistance programs
- Private grant programs, e.g. Neighborhood Impact Program

We are an early-stage fintech with strong backing and tech experience

Catherine Xu

Co-Founder

Former product lead @ LinkedIn, Computer Science @ Stanford

Shreenath Regunathan

Co-Founder

10 years @ Google in product and strategy

ROBINHOOD

TruStage™

Steady

NEIGHBORHOOD TRUST FINANCIAL PARTNERS

GHS FEDERAL CREDIT UNION

VENTURETECH

Let’s put the credit union difference into action.

Email

hello@get-starlight.com

Website

www.get-starlight.com

WISER
WOMEN'S INSTITUTE FOR A SECURE RETIREMENT

TIAA Institute

New Perspectives

An Intergenerational Discussion on Retirement Solutions

iOme Challenge Forum

June 20, 2024 ◘ Washington, DC

This event is made possible with support from:

ACLI ◘ BlackRock ◘ Capital Group ◘ Nelson Mullins ◘ TIAA Institute ◘ Transamerica/Aegon ◘ TruStage

Special thanks to the U.S. Administration for Community Living for their support of the National Resource Center on Women & Retirement, and the CFPB for their partnership.

2023 Institutional Retirement

Survey of Plan Sponsors

Q1 2024

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

Lit. No. ITGEPO-071-0824 CGD/10357-S103771

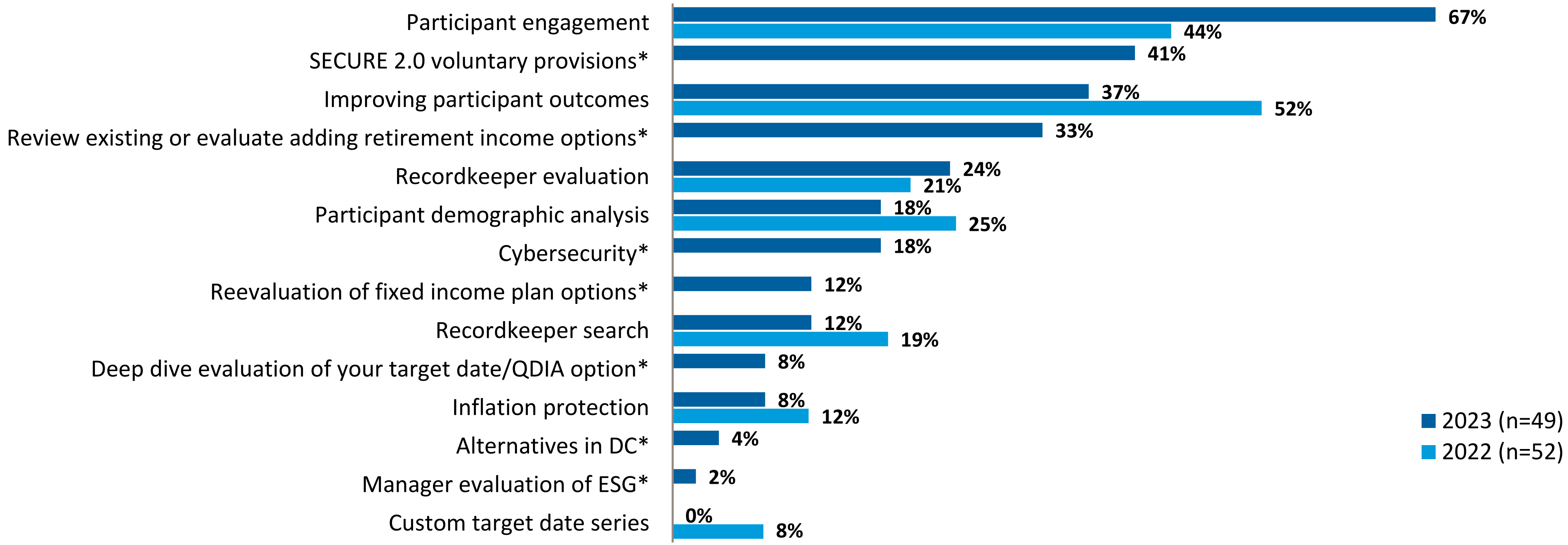
Looking forward

2024 priorities

Improving participant engagement and outcomes remain top priorities for plan sponsors.

Voluntary provisions introduced in SECURE 2.0 are also a key focus.

The top priorities for defined contribution (DC) plans in the next 12 months



*Response option not shown in 2022.

Slide illustrates data from public and corporate DC plan sponsors. Please see page 6 for further details.

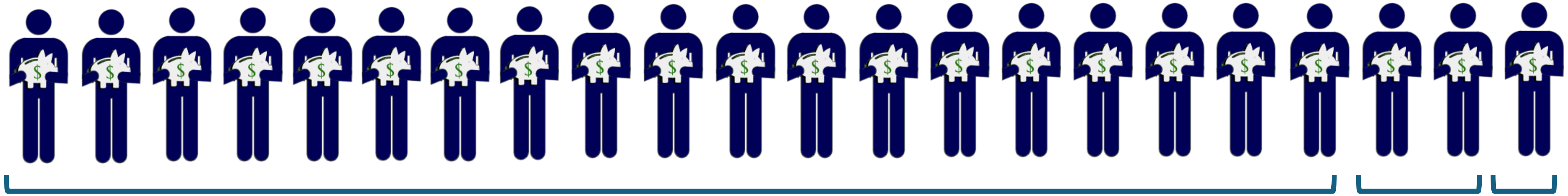
Saver’s Match

The Promise and the Challenges of the Saver’s Match Program

CHALLENGES OF A MOBILE WORKFORCE AND PLAN CHANGES

Impact of Mobile Workforce and Plan-Driven Changes

21.9MM ELIGIBLE SAVERS ANNUALLY – ALL SOURCES (EBRI)



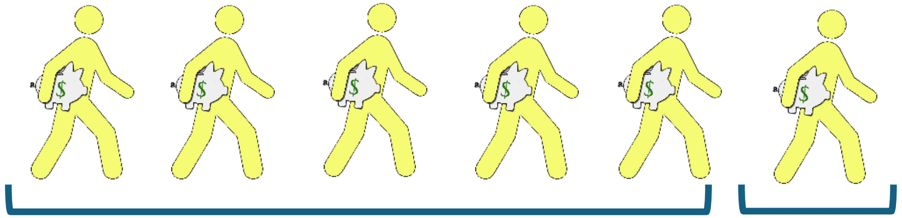
18.9MM
DC System

2.0MM
Roth IRAs

1.0MM
IRAs

- Unique Roth IRA & IRA savers not contributing to a DC account. Roth IRA estimates do not include Auto IRA accounts.

DC SAVERS IN-TRANSITION:

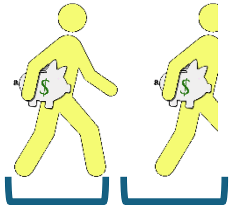


4.9MM – Change Employers (26.1%):
- 4.1MM – New Employer w/New Plan (21.9%)
- 0.8MM – New Employer w/No Plan (4.2%)

0.9MM – Leave Workforce (4.8%):
- 0.8MM – Retire (4.4%)
- 0.1MM – Die (0.4%)

5.8MM (30.9%): ELIGIBLE DC SAVERS AFFECTED

DC SAVERS AFFECTED BY PLAN CHANGES:



1.4MM – In Terminated Plan or Plan w/New Provider (7.4%):
- 0.9MM – Employer Changed Recordkeeper During Year (4.9%)
- 0.5MM – Plan Terminated During Year (2.5%)

1.4MM (7.4%): ELIGIBLE DC SAVERS AFFECTED

OVERALL, 7.2MM (38%) OF ELIGIBLE DC SAVERS COULD BE AFFECTED BY JOB-CHANGING AND/OR PLAN-LEVEL CHANGES

SIZING THE IMPACT OF THE SAVER'S MATCH

Boston Research Technologies – Retirement Clearinghouse
April 2024 Survey Results

Key Finding #1: *The Saver's Match Program Could Exert a Powerful Influence on Savings Behaviors Among Both Savers and Non-Savers.*

- **89.9% of eligible savers** indicated that they would be very likely (45.9%) or somewhat likely (43.9%) to contribute more to receive a larger matching contribution.
- **73.5% of non-savers** indicated that they would be very likely (26.8%) or somewhat likely (46.8%) to begin saving to receive a program matching contribution.
- **8.5 million savers could be added from the ranks of non-savers,** based upon survey data, and consistent with recent EBRI Saver's Match sizing analysis.

Boston Research Technologies – Retirement Clearinghouse
April 2024 Survey Results

Key Finding #2: *Black and Hispanic Savers Are Likely to Benefit Disproportionately from the Program.*

- **Black and Hispanic savers:**
  - **Represent 25.6% of eligible savers**, vs. overall defined contribution plan participation levels of 18.6%.
  - **Are younger** than their White counterparts, with mean ages of 37.1 years and 36.6 years, respectively, vs. White savers (42.4 years).
  - **Have lower retirement savings account balances and lower household incomes** than White savers.
- **93.6% of Black savers and 92.3% of Hispanic savers** indicated they would contribute more if there were a federal matching contribution.
- **Among non-savers, 78.2% of Hispanic Americans and 76.9% of Black Americans** indicated they would be more likely to participate in a DC plan if it were offered by their employer.

THE COLLABORATIVE FOR EQUITABLE RETIREMENT SAVINGS

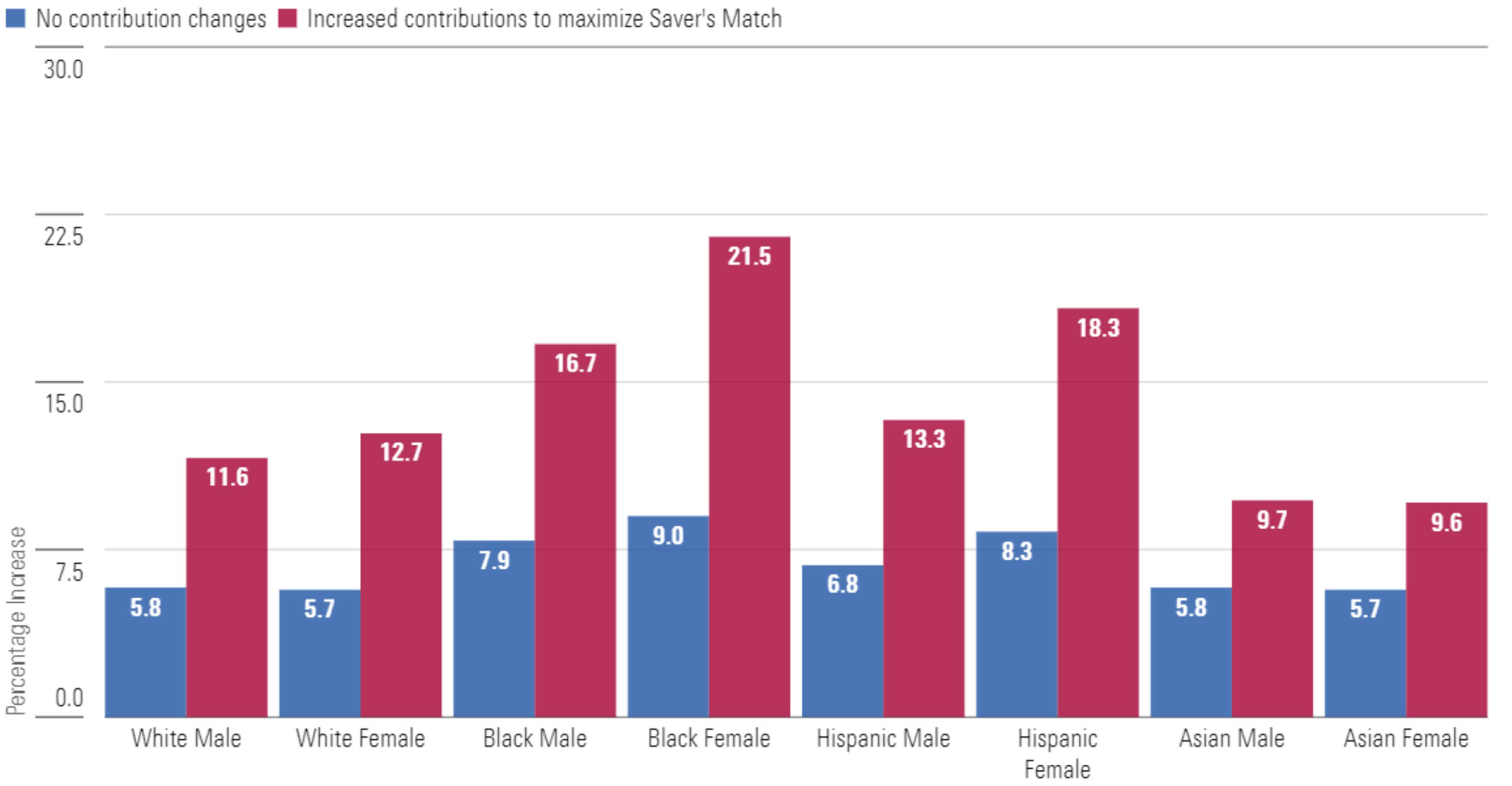
How Effective Might the Saver's Match Be in Mitigating Race/Gender Disparities in 401(k) Plans: Evidence from the Collaborative for Equitable Retirement Savings Project

An Intergenerational Perspective on Retirement Solutions
iOme WISER Forum
June 20, 2024

Jack VanDerhei, PhD
Director of Retirement Studies
Morningstar Center for Retirement and Policy Studies
Morningstar Investment Management LLC

Exhibit 5:

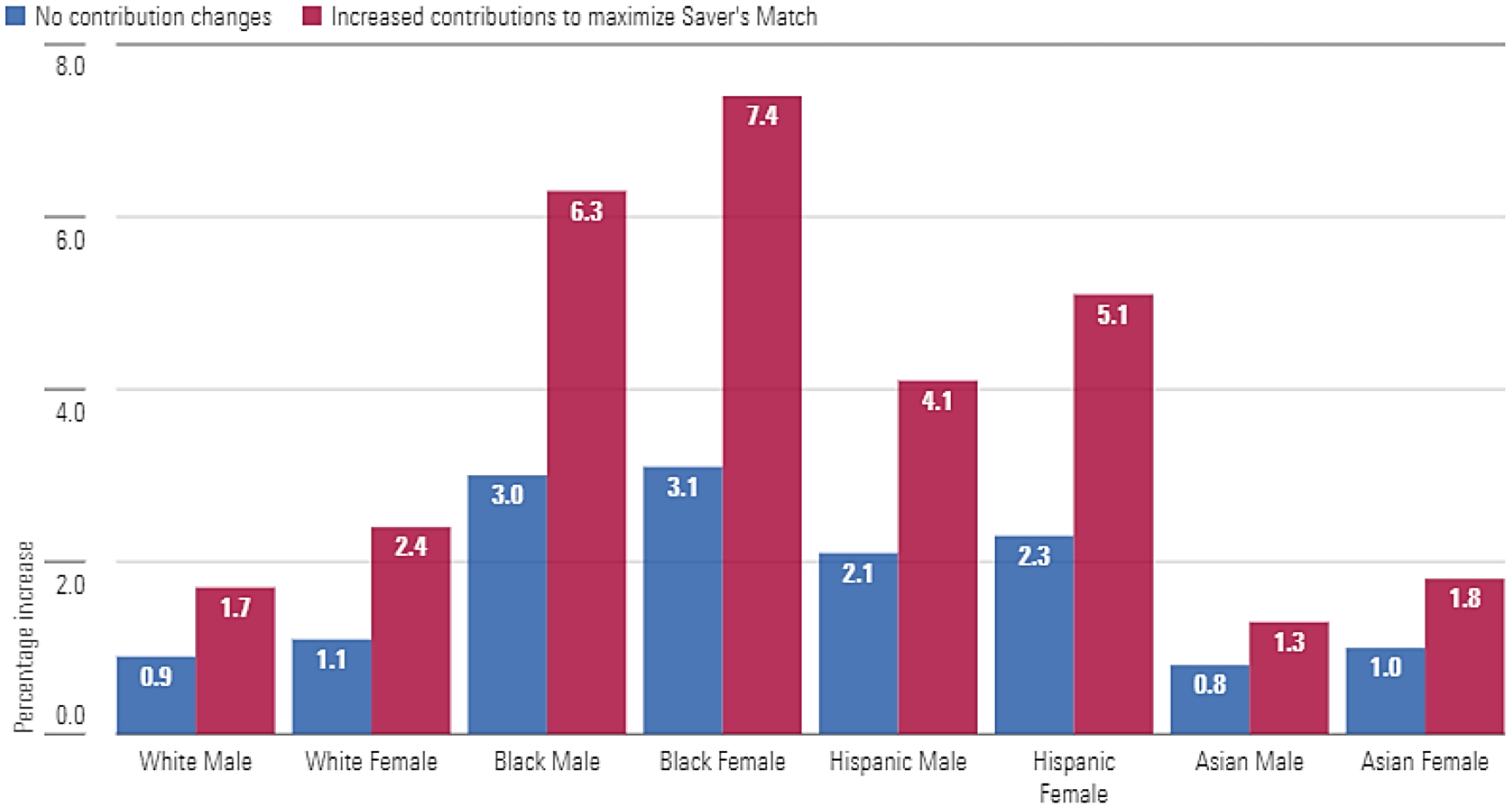
Average Increase In Account Balance To Salary Ratio At Age 65 As A Result Of The Saver's Match By Behavioral Scenario For Participants Currently Eligible Assuming Married Filing Status And No Spousal Income: All Ages Combined



Source: Collaborative for Equitable Retirement Savings. 2022 Data.

Exhibit 6:

Average Increase in Account Balance/Salary Ratio at Age 65 as a Result of the Saver's Match by Behavioral Scenario for All Participants Regardless of Eligibility Assuming Married Filing Status and No Spousal Income: All Ages Combined



Source: Collaborative for Equitable Retirement Savings. 2022 Data.

Disclosures

 Opinions expressed are as of the current date; such opinions are subject to change without notice. Morningstar or its subsidiaries shall not be responsible for any trading decisions, damages, or other losses resulting from, or related to, the information, data, analyses or opinions or their use. This commentary is for informational purposes only. The information, data, analyses, and opinions presented herein do not constitute investment advice, are provided solely for informational purposes and therefore are not an offer to buy or sell a security. Please note that references to specific securities or other investment options within this piece should not be considered an offer (as defined by the Securities and Exchange Act) to purchase or sell that specific investment. The performance data shown represents past performance. Past performance does not guarantee future results. This commentary contains certain forward-looking statements. We use words such as “expects”, “anticipates”, “believes”, “estimates”, “forecasts”, and similar expressions to identify forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results to differ materially and/or substantially from any future results, performance or achievements expressed or implied by those projected in the forward-looking statements for any reason.

WISER
WOMEN'S INSTITUTE FOR A SECURE RETIREMENT

TIAA Institute

New Perspectives

An Intergenerational Discussion on Retirement Solutions

iOme Challenge Forum

June 20, 2024 ▪ Washington, DC

This event is made possible with support from:

ACLI ▪ BlackRock ▪ Capital Group ▪ Nelson Mullins ▪ TIAA Institute ▪ Transamerica/Aegon ▪ TruStage

Special thanks to the U.S. Administration for Community Living for their support of the National Resource Center on Women & Retirement, and the CFPB for their partnership.

Investing in Our Future: A Transition to Sustainable Retirement Security

June 20, 2024

Team Members

Roy Randen

MBA '25

Cira Sun

M.S. '24

Emmanuel Animashaun

MPH/MBA '25

Di Han

M.S. '24

Deanna Portero

MPH/MBA '25

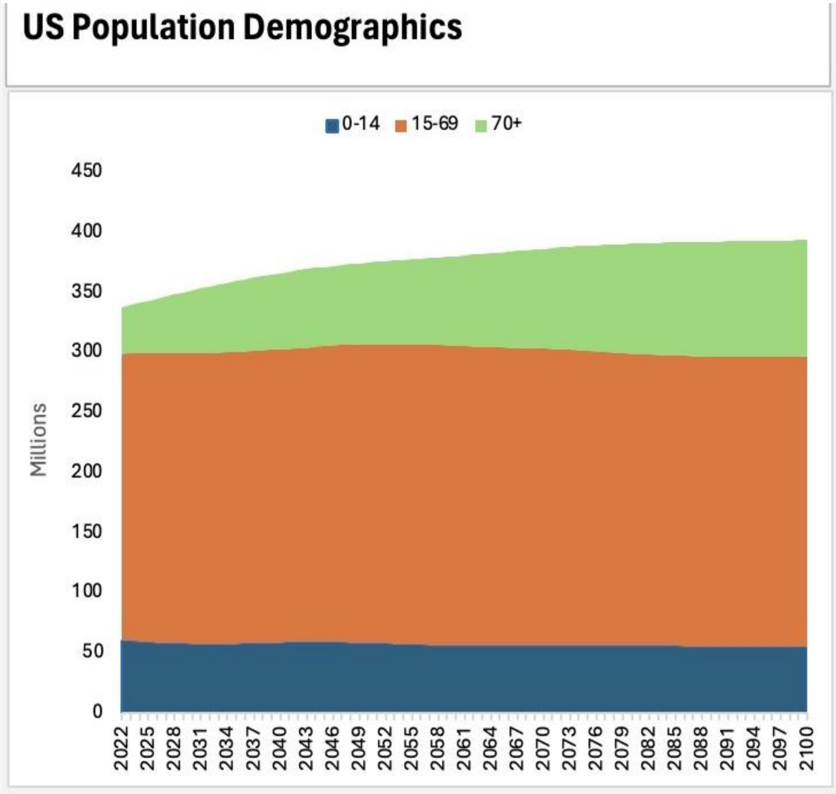
Xenia Afoakwah

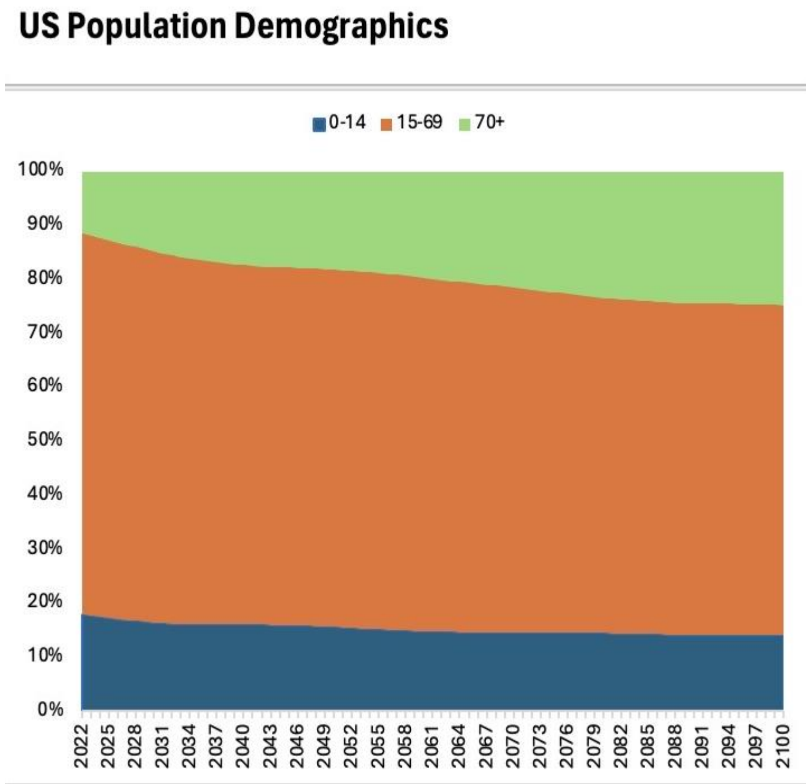
MBA '25

Background

- The current pay-as-you-go (PAYG) Social Security system is unsustainable due to demographic changes.
  - Aging population
  - Declining birth rates
  - Increasing dependency ratio

- This demographic shift results in Trust Fund depletion by 2035





Our Strategy

1

Proactive approach: Implement changes before the trust fund is depleted to enable a smooth transition.

2

Reaffirm social contract: Reaffirm and strengthen the longstanding social contract between the government, American workers, and their families.

3

Innovative adaptation: Adapt to the realities of a changing America and shifting workforce dynamics.

4

Equitable and sustainable: Balance equity and sustainability, ensuring the system remains fair for all generations.

Our Solution

Individualized Accounts

- SS contributions automatically invested with target-date fund approach
- Accounts are not heritable; Unspent balances subsidize safety net elements of SS. Option for partial quasi-heritability once trust fund recovers.

Increase Revenue

- Remove payroll cap
- Increase tax rate to 7.2% for above cap earners

Reduce Expenses

- Maintain after tax benefit levels for sunsetting PAYG generation, with a 10% nominal reduction defrayed by altering tax treatment of benefits.

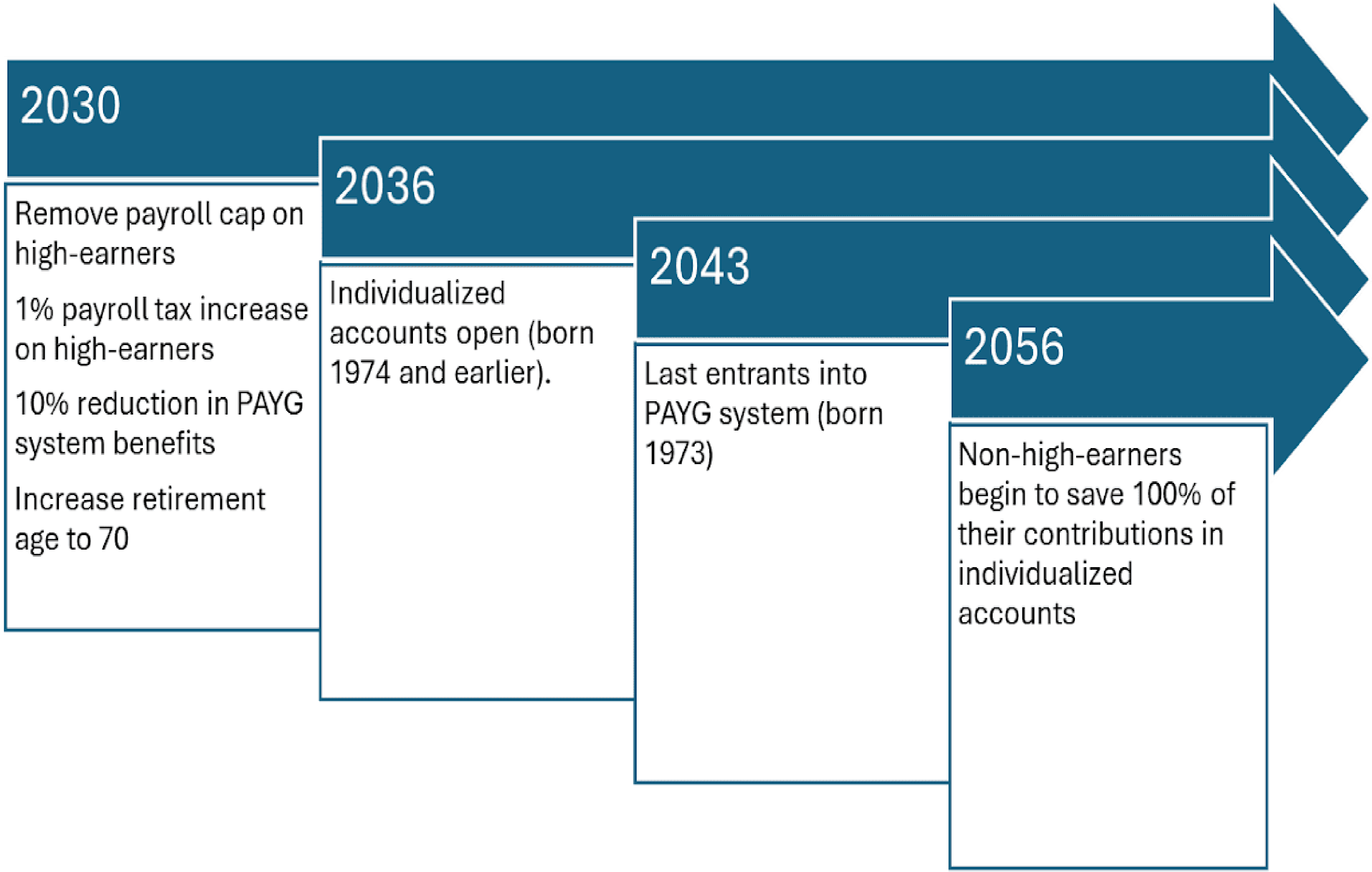
Equitable Transition

- Boomers accept nominal reduction with maintained after tax benefits
- Gen X, Millenials, Gen Z accept
  - Retirement age increase to 70
  - Keep 75% of contributions through 2056. 25% of their contributions go to ongoing subsidy of Boomers

Outcome

- Fulfill social contract for those near retirement
- Create a much brighter future for those with time to save and invest
- Permanently unlink retirement security from demographic ratios

Timeline for Policy Rollout



Methodology

Model Inputs

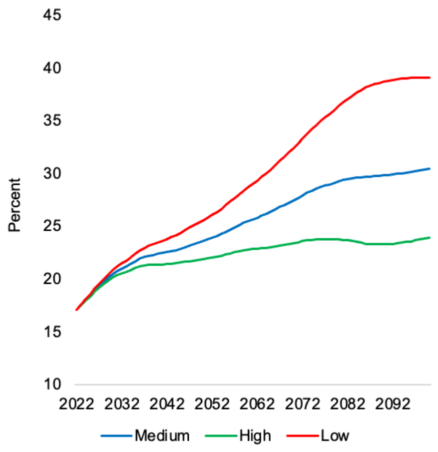
- **Population projections:** based on UN estimates and projections of the US population up to year 2100; used to calculate working age and retiree populations

- **GDP growth:** historical average annual growth used to adjust future income and contribution estimates.

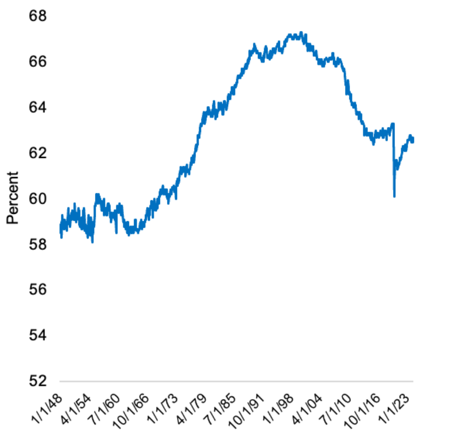
- **Labor force participation rates:** used to calculate US labor force from the working age population

- **Unemployment rates:** used to calculate total workers from the labor force

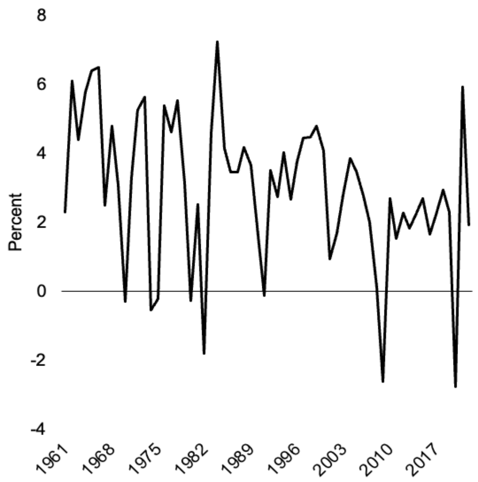
Population Over 65 as a Percentage of Total Population



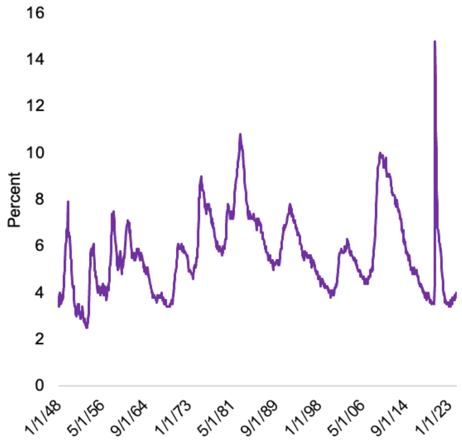
US Labor Force Participation Rates



US GDP Growth (annual %)

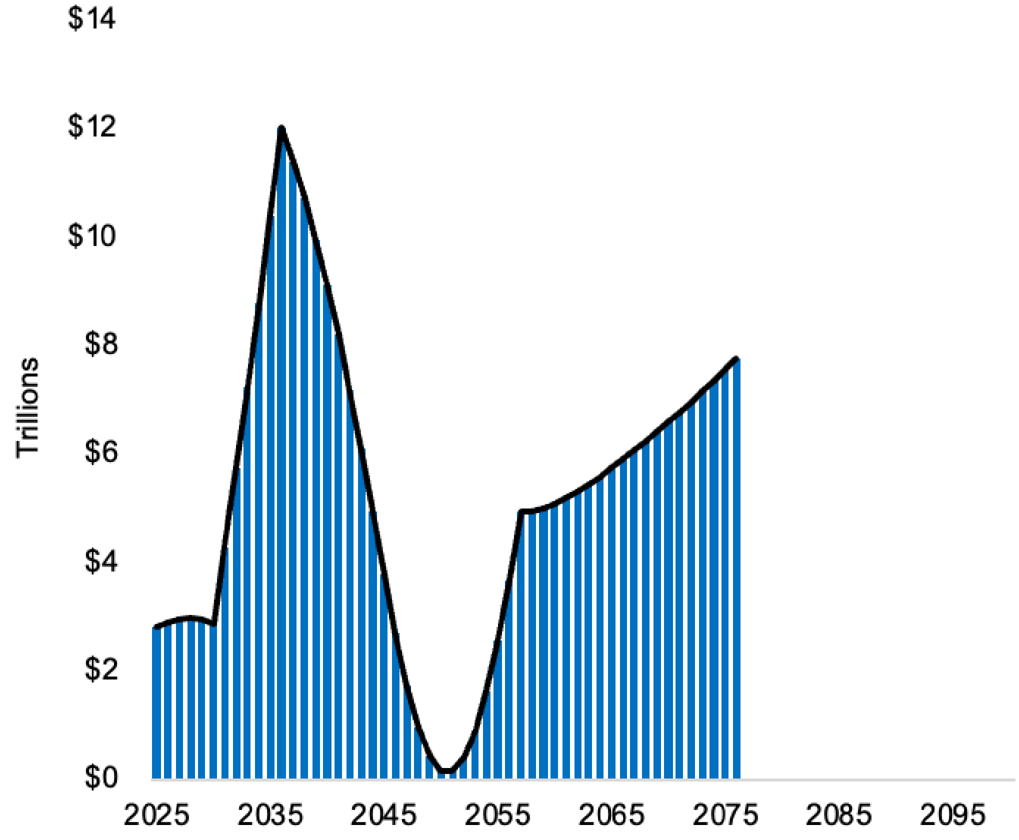


US Unemployment Rates

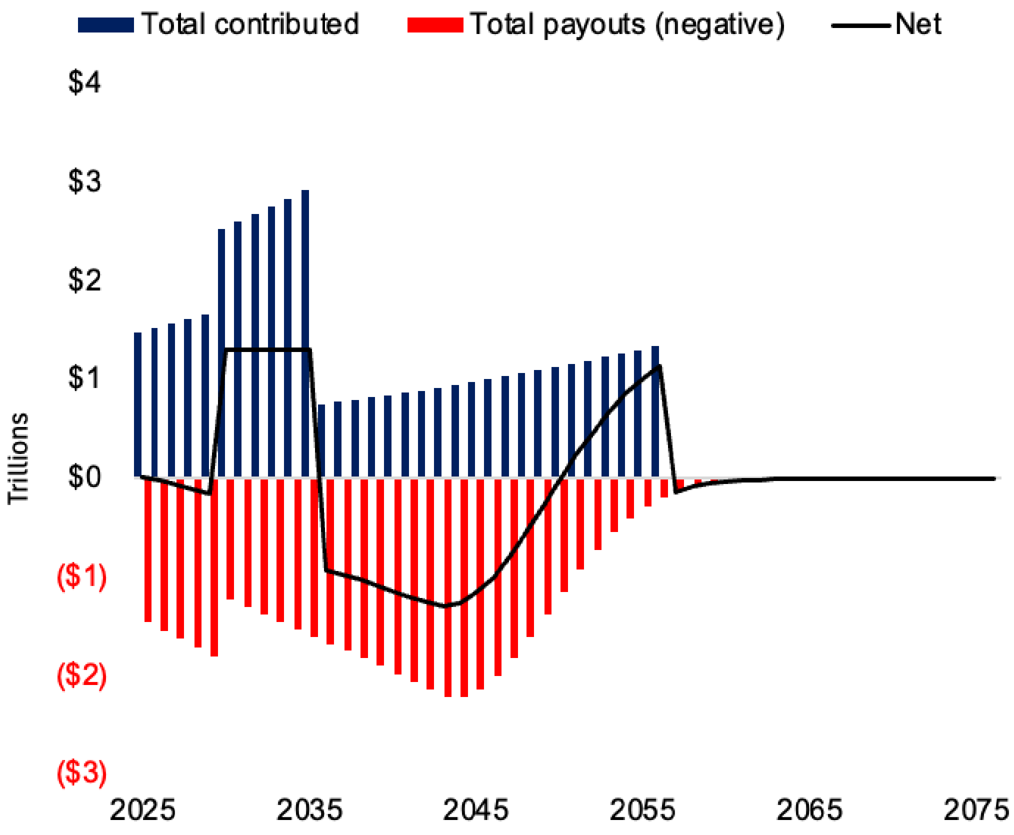


Results of Proposed Transitions

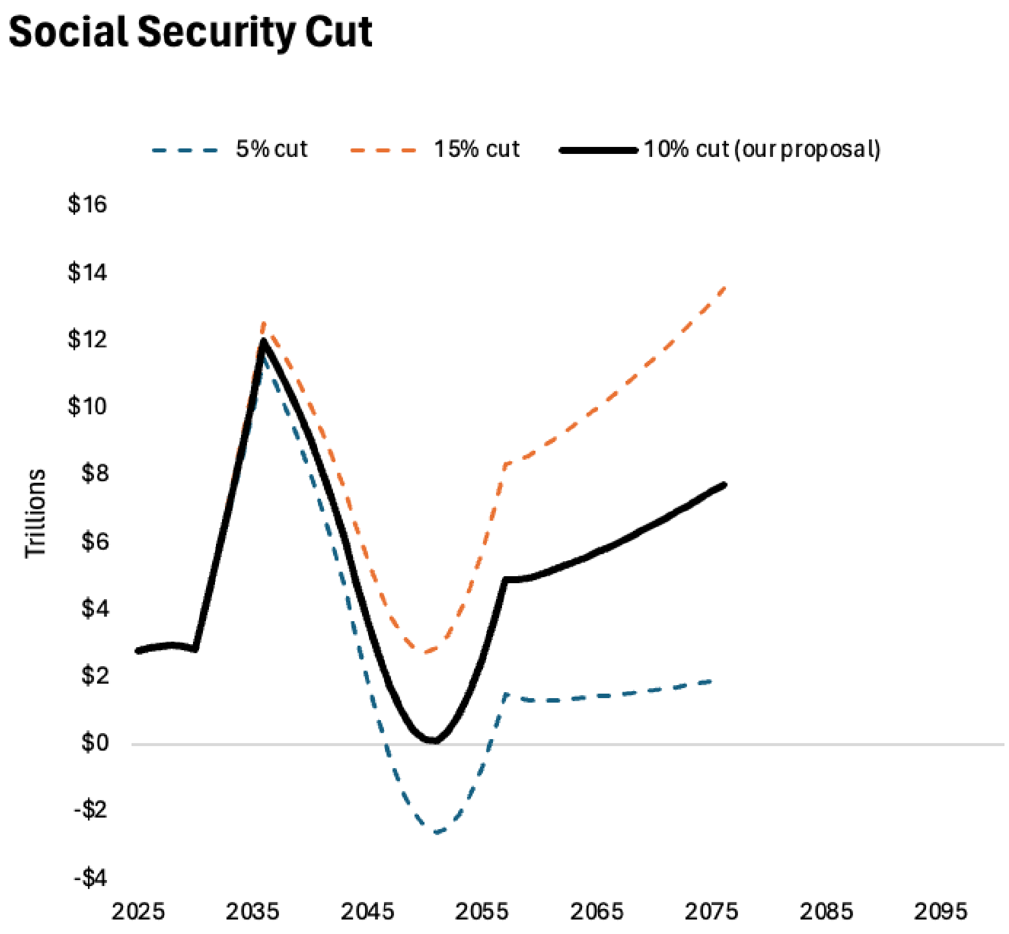
Trust Fund balance



Contributions vs. Payouts

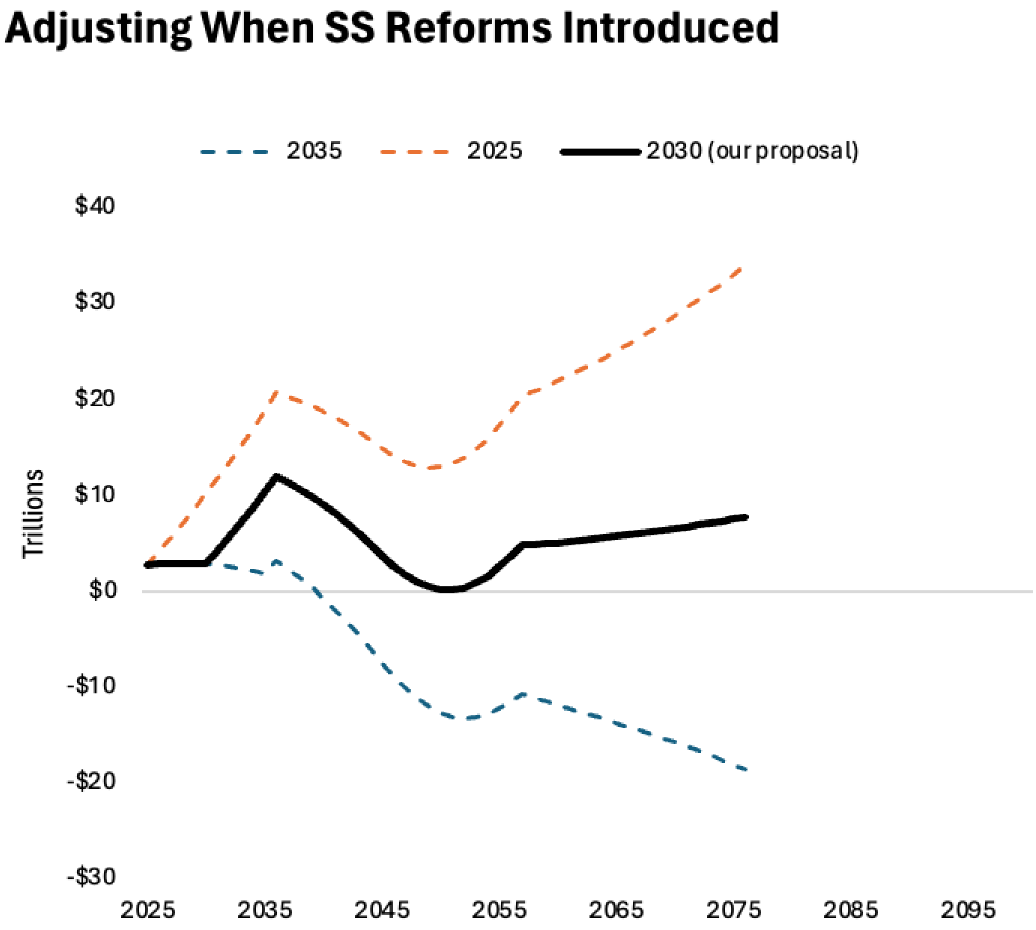


Parameter Sensitivity: Benefit Cut



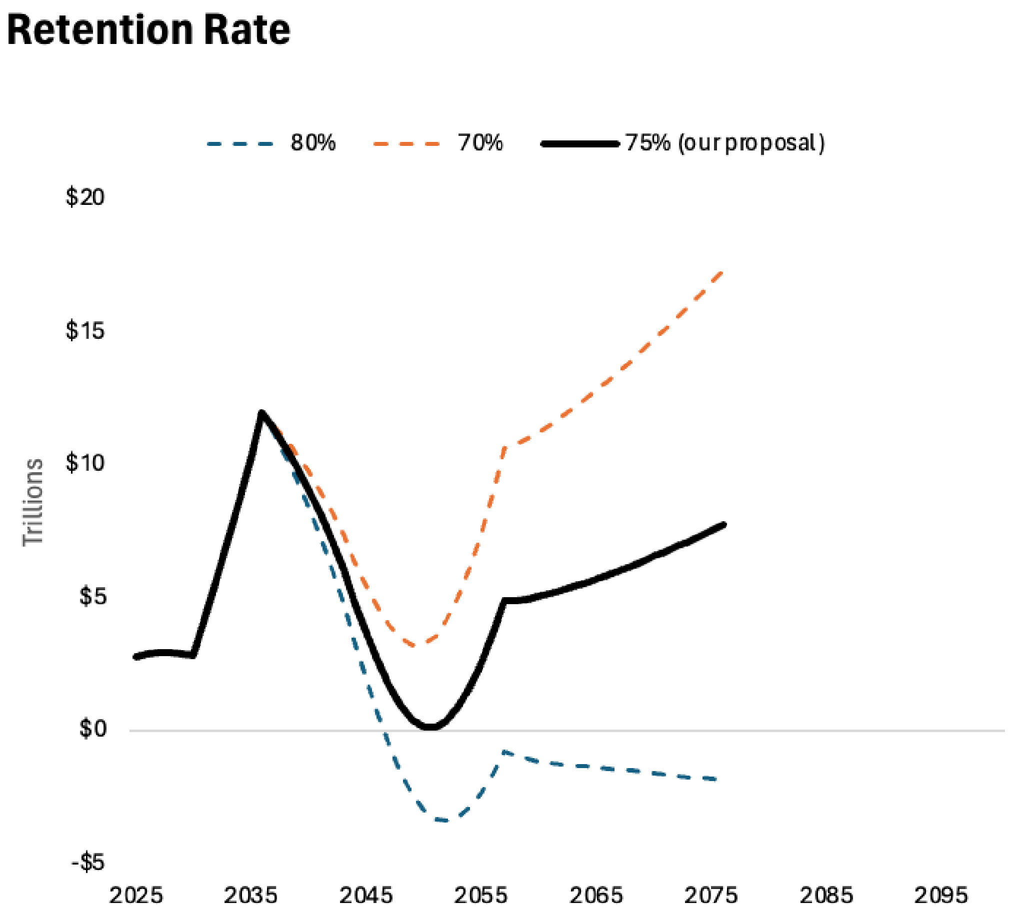
The proposed 10% nominal cut to benefits maintain the trust fund's solvency over the long term without altering Social Security's status as a revenue-constrained entitlement program.

Parameter Sensitivity: Year of Start



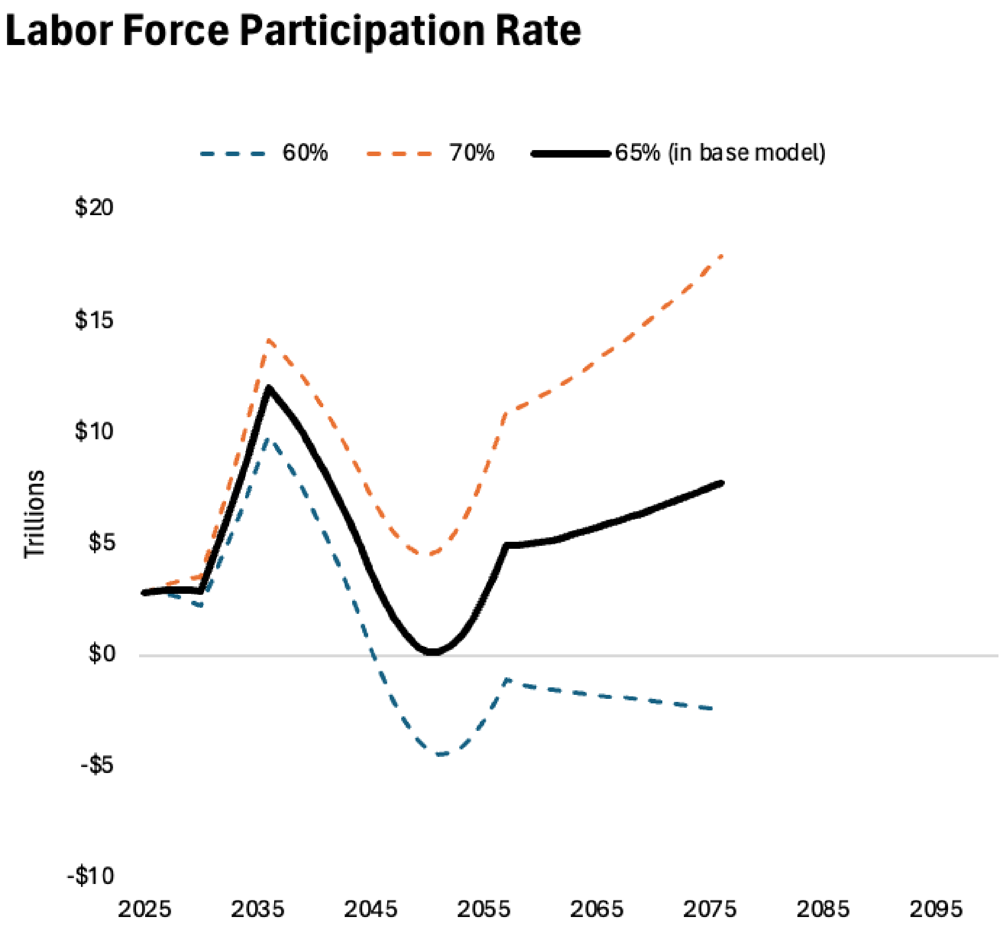
Implementing the proposed changes in 2030 balances timely intervention with political feasibility, keeping the trust fund solvent.

Parameter Sensitivity: Contributions to Individualized Accounts



The 75% retention rate (i.e. 25% subsidy rate) for individualized accounts during the transition period allows for a smooth transition away from the PAYG system without exhausting the trust fund.

Parameter Sensitivity: Labor Force Participation Rate



Maintaining a strong labor force participation rate (e.g., 65% or higher) is crucial for the long-term solvency of the Social Security trust fund.

Conclusion

- Our proposal is a call to renew our commitment to the well-being of American workers and their families
  - Demographic changes make a PAYG system unsustainable
  - Trust fund balance will run out of money by 2035 if nothing is done

- Transitioning to individualized accounts invested in high return assets will result in increased lifetime benefits, but also require sacrifices from all:
  - Lifting the retirement age to 70
  - Higher taxes for the wealthy
  - Retirees grandfathered into the legacy PAYG system keep 90% of their benefit
  - Workers retain 75% of contributions through 2056

- By embracing change and working together, we can create a Social Security system that is resilient, responsive, and ready for the challenges ahead

Acknowledgment

Prof. Phillip H. Phan

Prof. Xian Sun

Prof. Nagpurnanand Prabhala

New Perspectives

An Intergenerational Discussion on Retirement Solutions

iOme Challenge Forum

June 20, 2024 ◘ Washington, DC

This event is made possible with support from:

ACLI ◘ BlackRock ◘ Capital Group ◘ Nelson Mullins ◘ TIAA Institute ◘ Transamerica/Aegon ◘ TruStage

Special thanks to the U.S. Administration for Community Living for their support of the National Resource Center on Women & Retirement, and the CFPB for their partnership.