

EMPLOYEES PREFER A RETIREMENT PAYCHECK

The shift away from traditional pension plans means today's employees are largely responsible for their own retirement security. Yet many seem to long for the "good old days," at least in the sense of knowing they will receive a monthly income throughout retirement.

What role should companies play in the retirement security of their employees, especially as it relates to steady retirement income? And how can employees best meet the need for a retirement income they can count on? Those were among the questions explored recently with about 1,000 U.S. employees.

While 54% of the survey's respondents said they retain primary responsibility for their own retirement security, 27% said companies are primarily responsible, and 19% believe it's the government that has primary responsibility. Asked if they would prefer a set retirement paycheck for life from their employer over a lump sum of money to invest themselves, 58% preferred the steady paycheck. Interestingly, that sentiment came not only from Baby Boomers, but also from Millennials.

Employees want to partner with employers

Employees continue to want to partner with their employers in the planning and execution of their retirement savings, the survey found. In fact, they said they want companies to be more involved in providing for their retirement security in the next five to ten years; 61% of respondents agreed with that sentiment, compared to just 9% who said the employer should be less involved.

When asked whether they would prefer to set aside part of their salary into a company-sponsored retirement plan or into the Social Security program, about three-quarters said they prefer to channel their money to the company plan. In fact, 56% said they would prefer to save on their own rather than paying into Social Security, if those were the only two choices. 44% preferred Social Security to saving on their own.

This information, which was gleaned from MetLife's *Role of the Company Survey*¹, released in April 2018, aligns with research that found a crisis in financial confidence among single female retirees; close to half of those surveyed are not confident their savings will last through age 90.²

Annuities and advisors increase confidence

The concept of a paycheck for life could be realized, even without traditional pension plans, through the purchase of annuities. Among single retirees, 71% of women with an annuity felt confident that they could live the retirement lifestyle they want, compared to 56% of those without an annuity. The figure was 68% for single male retirees, whether or not they owned an annuity.

The same research shows that working with a financial advisor can have a significant impact on retiree confidence. Three out of four single men and women retirees who work with an advisor were confident in living the lifestyle they want, while 66% of single men and 54% of single women who do not work with an advisor feel that way.



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¹ <https://www.metlife.com/about-us/newsroom/2018/april/for-retirement-employees-prefer-steady-paycheck-over-managing-th/>

² http://www.limra.com/Posts/PR/News_Releases/LIMRA_Secure_Retirement_Institute__Single_Retirees_Feel_More_Vulnerable_to_Longevity_Risk.aspx