REFERENCE LIST
April 2017

Who Contributes to Individual Retirement Accounts?

April 2017- Center for Retirement Research at Boston College

The brief's key findings are:

- IRAs were intended to give those without an employer plan access to a tax-deferred savings vehicle.
- Today, IRAs hold nearly half of all private retirement assets, but most of these funds are rollovers from 401(k)s, rather than contributions.
- The 14 percent of households who do contribute to IRAs include:
  - higher-income dual-earners who also save in a 401(k);
  - moderate-income singles or one-earner couples, often with a 401(k); and
  - higher-income entrepreneurs with no current 401(k).

One way to turn IRAs back into an active savings vehicle – one used more for contributions – is to auto-enroll all workers without an employer plan in an IRA.

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Why Employers Should Care About the Cost of Delayed Retirements

April 2017- Prudential

Having employees able to retire "on time" is a win/win scenario for both employees and employers. But these days many employees are expected to delay their retirements beyond their desired retirement ages because they don't have adequate savings to sustain them throughout their retirement. To quantify the impact of delayed retirements on employers' costs, Prudential conducted research1 using workforce composition and cost assumptions based on national averages for private sector workers.

According to research, a one-year increase in average retirement age results in:

- Incremental annual workforce costs of about 1.0%–1.5% for an entire workforce2. For an employer with 3,000 employees and workforce costs of $200 million, a one-year delay in retirement age may cost $2-3 million.
- An incremental cost of over $50,000 for an individual whose retirement is delayed3. This represents the cost differential between the retiring employee and a newly hired employee.

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Efficient and Effective Retirement Plan Design for Higher Education

April 2017- EBRI

The higher education industry is undergoing a massive transformation. Payroll and benefits costs continue to increase, talent acquisition has become more difficult, and some elements of the higher education operating model have come into question.

As benefits managers look to streamline costs, one area has come under increased scrutiny— retirement benefits. With overall employer contributions that are substantially larger than in other industries, higher education plan sponsors are seeking ways to cut costs and increase the effectiveness of their retirement benefits.

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Hispanic Retirees: Low Saving, Long Life

April 2017- Center for Retirement Research at Boston College

Just one in three native-born and immigrant Hispanics working in this country has a retirement plan through their employers. If they do have one, three out of four save money in their plans, which is somewhat less than their coworkers.

One reason for the first abysmal statistic is that many Hispanics and Latinos, recent immigrants in particular, hold down part-time restaurant or hotel jobs at very low wages. But even among Hispanics working full-time, access to an employer savings plan is still much lower (44 percent) than it is for their white and black counterparts (more than 60 percent).

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Bulk of Target-Date Funds in Retirement Accounts

April 2017- Plansponsor

As of December 31, 2016, target-date mutual fund assets totaled $887 billion, up 1.5% in the fourth quarter and up 16.3% for the year, according to data from the Investment Company Institute (ICI).Retirement accounts held the bulk of target-date mutual fund assets: 88% of target-date mutual fund assets were held through defined contribution (DC) plans (67% of the total of DC plan assets) and individual retirement accounts (IRAs) (20%) at year-end 2016.

Total U.S. retirement assets were $25.3 trillion as of December 31, 2016, up 1.4% from the end of September 2016 and up 6.1% for the year. Retirement assets accounted for 34% of all household financial assets in the United States at the end of 2016.

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Determining the Best Retirement Age

April 2017- NAPA

Display the Post's Content in a div box.

Americans use a number of different methods to determine their best retirement age – but “discussions with an advisor” barely cracked the top five.

According to the Wells Fargo/Gallup Investor and Retirement Optimism Index, of the seven different steps non-retired investors taken to help determine their best retirement age, fewer than half (47%) have talked with a professional financial advisor. On the other hand:

- 63% discussed it with friends and family;
- 59% estimated their retirement income using different retirement age scenarios;
- 51% manually crunched the numbers;
- 50% used online tools to estimate their retirement income;
- 44% read up on retirement-age considerations in financial publications; and
- 30% reviewed their options for retirement age on the Social Security Administration website.

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Retirees Don`t Touch Home Equity

April 2017- Center for Retirement Research at Boston College

Remarkably, middle-class Americans have at least as much money tied up in their homes as they have in all their retirement plans, bank accounts, and other financial assets combined.

A hefty share of older U.S. homeowners are even better off: 41 percent between ages 65-74, and 63 percent over 74, have paid off their mortgages and own their homes free and clear.

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IRI Baby Boomer Expectations for Retirement 2017

April 2017- Insured Retirement Institute

The Insured Retirement Institute (IRI) today (April 5th) released its latest report on the Baby Boomer generation's expectations and readiness for retirement. Since IRI's inaugural Baby Boomer report in 2011, the number of Americans over the age of 65 has risen over 18 percent. As they move into their pre-retirement and retirement years, most Boomers report insufficient retirement savings, and have not taken appropriate steps to plan effectively for their sunset years. Only 54 percent of Boomers have any retirement savings, and only four in 10 have tried to calculate how much they need to save to retire.

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Significant Fee Waste in Retirement Plans, New Study Using Quantitative Methods

April 2017- Rixtrema

Fee inefficiency is pervasive in 401(k) plans and pressure has been building up on plan sponsors to address this problem. And with the new DOL Fiduciary Rule this pressure is now applied to the whole industry of financial advice. However, there has been surprisingly little quantitative evidence to show how much retirees are overpaying in 401(k) plans and other defined contribution plans. We analyzed 52,529 retirement plans from the DOL EFAST database. Using quantitative methods we estimate that participants could save .25% a year on a weighted average basis by switching into lower cost investments that are quantitatively very similar to those they already hold. Similarity is defined as a combination of category filters, together with historical and forward looking predicted correlation based on a multi-factor model. As of March 2015 total defined contribution plan assets stood at $6.8 trillion. This means that savings of approximately $17.07 billion annually are being wasted in the retirement industry. To address arguments about infeasibility of passive investment in aggregate we ran the same analysis while excluding index funds and ETF funds from available list of alternatives. The results do not change significantly on a weighted average basis. We make every effort to be conservative in our methods, so our estimate is likely near lower bound of available savings.

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Do Health Insurance Reforms Boost Demand for Older Workers by SES?

April 2017- Center for Retirement Research at Boston College

The brief's key findings are:

- In the 1990s, most states adopted policies limiting the ability of health insurers to charge higher premiums for older workers in small firms.
- The question is whether these changes made such workers more attractive to employers.
- The analysis suggests the changes had little effect for older workers in small firms:
  1. their earnings did improve, relative to those in larger firms, but by no more than for their younger colleagues; and
  2. their employment did not increase at all.

These results suggest that more direct measures may be needed to boost demand for older workers.

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GAD´s eNews Publications

International resource with Social Security actualizations from the world

UPCOMING EVENTS

PBSS/IACA Colloquium Cancun 2017

Date: 4-7 June, 2017. Cancun, Mexico

Come join your friends and peers from around the world for the **Pension Benefits and Social Security (PBSS) Colloquium**, to be held on June 4th-7th in the Caribbean paradise of Cancun in the CasaMagna Marriott Cancun Resort. Actuaries and non-actuaries from all disciplines involved with technical and social aspects of Pensions and Social Security are encouraged to participate.The PBSS 2017 Scientific Committee is assembling a preliminary agenda with key issues facing today's public and private concerns on the sustainability of pensions and social security.

Call for papers has already close the reception, more than 50 papers have been received!

For More Information

ASTIN/AFIR Colloquium 2017

Date: 20-24 August, 2017. Panama City

The 2017 ASTIN AFIR-ERM Colloquia will take place on August 2017, in the beautiful coastal city of Panamá, in the heart of the Americas. The event will feature leading researchers' and practitioners' research through concurrent presentations, plenary and panel sessions, and educational workshops. See our Program or Register Now.

For More Information

31st International Congress of Actuaries (ICA Berlin 2018)

Date: 4-8 June, 2018. Berlin, Germany

Like no other metropolis in Europe, Germany's capital Berlin symbolizes the breakdown of old structures and the opening of a new era of understanding and cooperation. The unique atmosphere of a city that has re-invented itself in recent decades, invites you to be an integral part of an inspiring and vibrant International Congress of Actuaries in 2018. Feel the spirit of colleagues working together at the event with no cultural or geographical barriers.

You can also see here the list of pension's topics.

For More Information