

DESIGNING A  
**STRONG RETIREMENT PLAN**



PREPARING EMPLOYEES TODAY FOR RETIREMENT TOMORROW

**RETIREMENT IS CHANGING.**



# THE NEW LANDSCAPE

**ENVIRONMENT** | **MARKETS** | **EXPECTATIONS**



# RETIREMENT REDEFINED

## LIVING LONGER

*due to increased life expectancy*

## WORKING LONGER

*due to either choice or necessity*

*It's not just about  
the money!*

## RETIRING DIFFERENTLY

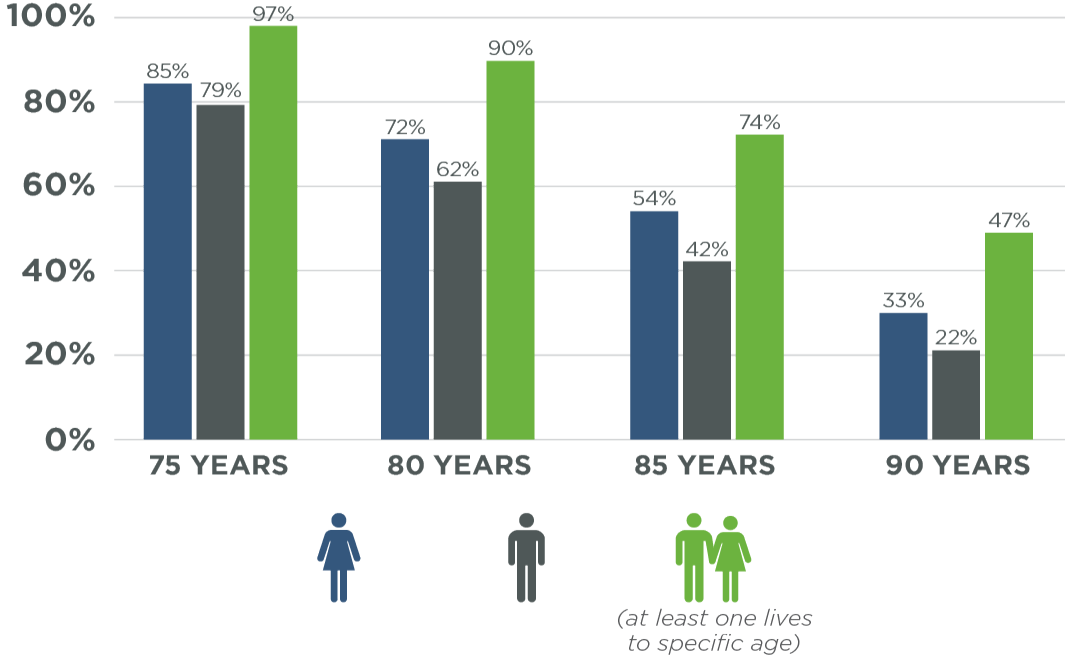
*family, volunteer, travel*

## RETIRING EARLY

*due to unexpected health issues*



# LIVING LONGER




Source: Social Security Administration, Period Life Table, 2011 (published 2015), J.P. Morgan Asset Management.



# WORKING LONGER

**NUMBER OF OLDER INDIVIDUALS  
ON THE JOB IS RISING.**



Healthy individuals age 65 and older are working longer due to either choice or necessity.



# RETIRING EARLY

**67%** OF CURRENT WORKERS EXPECT TO RETIRE AT AGE 65,  
BUT ONLY **23%** ACTUALLY STAY IN THE WORKFORCE UNTIL THEN.

*Source: Employee Benefit Research Institute, Mathew Greenwald & Associates, Inc., 2015 Retirement Confidence Survey, Data as of March 2015.*



# RETIRING DIFFERENTLY

**FAMILY**



**VOLUNTEERING**



**TRAVEL**



**VARIOUS  
HOBBIES**





WHILE RETIREMENT  
ISN'T JUST ABOUT  
THE MONEY...

**IT IS ABOUT THE  
MONEY, TOO!**



# COMPONENTS OF RETIREMENT PLANNING

CONTRIBUTIONS  
& SAVINGS

TIME

*Retirement  
Outcome*

INVESTMENT  
RETURNS

OTHER SOURCES  
OF INCOME



# SOCIAL SECURITY: BASIC BREAKDOWN



AVERAGE BENEFIT FOR **SINGLE INDIVIDUAL** IS \$16,000 PER YEAR.\*



AVERAGE BENEFIT FOR **MARRIED COUPLE** IS \$24,000 PER YEAR.\*



**RETIREMENT IS CHANGING.**



IS YOUR PLAN **KEEPING UP?**



# HOW PLAN DESIGN SUPPORTS RETIREMENT OUTCOMES



## STRATEGIC PLAN DESIGN

- Allows you to remain competitive in the marketplace by providing essential retirement offerings
- Provides best-in-class benefits to attract and retain talent
- Helps employees save well so they can retire with financial security



### WEIGH THE COSTS

For each additional year an employee delays their planned retirement, employer costs increase in salaries, health care and productivity.



## ACTIVE PLAN DESIGN

- Employers can choose unique goals and objectives
- Plan wellness drives financial wellness
- Employees want to be “nudged” to make good decisions



### BE AN ADVOCATE

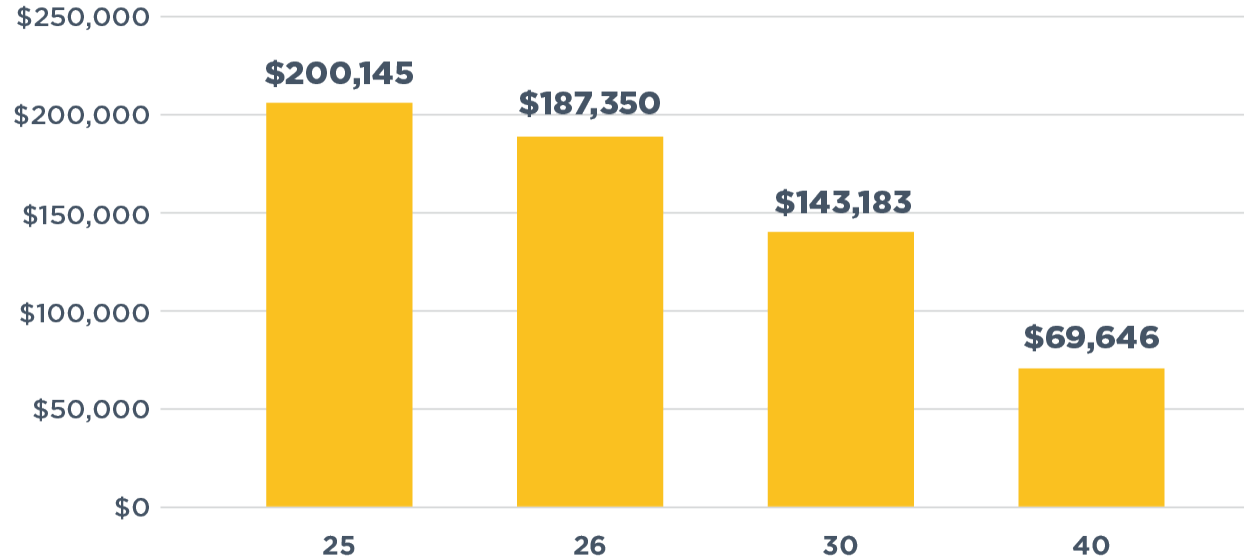
Neglecting to properly save for retirement continues to be a key area of regret for employees.





# THE HIGH COST OF WAITING

Growth  
if saved  
\$100/month at  
6% earnings  
until age 65



*This hypothetical illustration is intended to demonstrate compounding and is not intended to illustrate the performance of any actual program. The hypothetical illustration shows a constant rate of return, whereas actual rates of return may fluctuate. Account values were obtained by using a nominal rate of return compounded monthly. Contributions are made at the beginning of the period.*



# PLAN DESIGN SUCCESS CASES

## PLAN A

**Prior Plan Provision** - plan offered a 6% non-matching employer contribution

**Proposed Change** - (1) shifting to 6% matching contribution, or (2) shifting to 3% employer matching and 3% non-matching contribution

**Implemented Plan Change** - retained 6% non-matching contribution but implemented 1% match

**Impact to Participant** - 12% increase in employee contributions; increased attainable employer contribution from 6% to 7%

**Impact to Plan Sponsor** - percentage of employees contributing increased 35% over a full plan year

## PLAN B

**Prior Plan Provision** - plan offered a 5% non-matching employer contribution

**Proposed Change** - (1) shifting to 5% matching contribution, or (2) shifting to 4% matching and 2% non-matching contribution

**Implemented Plan Change** - plan implemented a 4% matching and 2% non-matching contribution

**Impact to Participant** - increased attainable employer contribution from 5% to 6%; 14% employee contribution increase over partial plan year

**Impact to Plan Sponsor** - negligible cost increase of <1% to the employer and the employee participation rate jumped 22%



## THE EASE FACTOR

- Automatic features support employees reaching their retirement savings target
- Target Date Fund options allow for simplicity in investing
- Inertia often drives better savings behavior (matching, increasing contributions)



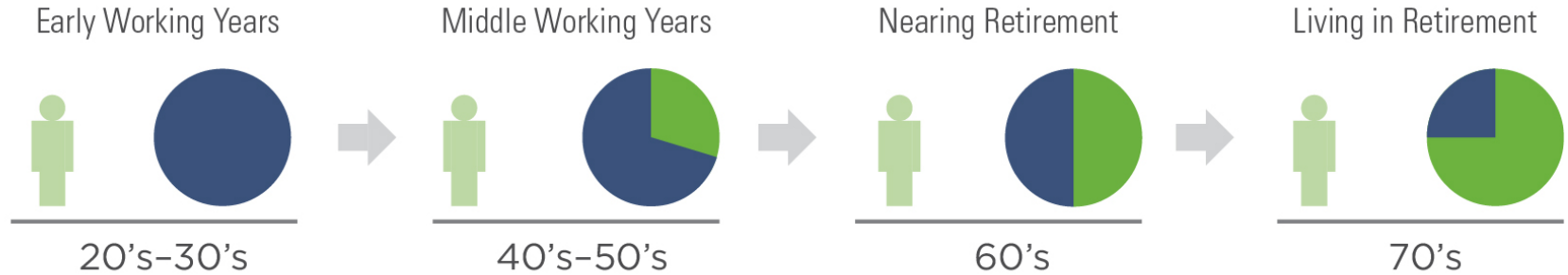
### MOTIVATE EMPLOYEES

The easier it is to get started and stay on track, the more likely employees are to engage.



# AGE-BASED APPROACH | Target Date Funds

DO IT FOR ME



 EQUITIES  FIXED INCOME



## PLAN DESIGN BEST PRACTICES

- Automatic features
- Matching vs. non-matching employer contributions
- Vesting
- Waiting periods
- Roth employee contribution option
- Deferred compensation



### PROVIDE GUIDANCE

Remind your employees that their combined retirement savings should total 15%.



# GUIDESTONE GOAL = MOVE EMPLOYEES TO TAKE ACTION

- Group education
- Webinars
- Customer Solutions
- Online advice
- Personal Financial Services



## UTILIZE RESOURCES

Our team of professionals is just one call, chat or email away from your employees.



## ENCOURAGE ACTION THROUGH ENGAGING EXPERIENCES

- Create a culture of saving
- Encourage employees to regularly contribute to the plan
- Discuss employee contributions as a part of annual reviews



### REMOVE OBSTACLES

Consider offering a quick enrollment form to streamline plan participation.



# SCHEDULE ANNUAL PLAN HEALTH CHECKUPS

- Direct educational focus
- Foster action from your employees



## EVALUATE PLAN HEALTH

Take time to review your:

- Plan compliance
- Plan design effectiveness
  - Fiduciary review
  - Educational impact





**RETIREMENT IS CHANGING.**

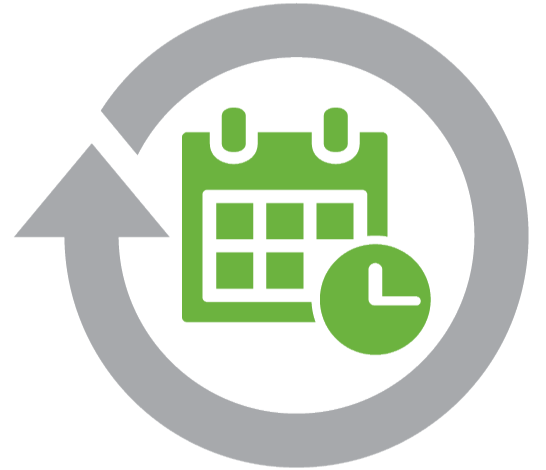


MAKE SURE YOU'RE **EVOLVING**, TOO.



## NEXT STEPS

- Continue your objectives for the plan
- Create success measures for your plan
- Understand budget capacity and impact
- Modify plan design elements to drive action
- Discuss plan options with GuideStone



# CONTACT US

**1-888-98-GUIDE**

(1-888-984-8433)

*Info@GuideStone.org*

 **GuideStone**

 **@GuideStone**

 **@GuideStone\_**

 **GuideStone Financial Resources**

*You should carefully consider the investment objectives, risks, charges and expenses of the GuideStone Funds before investing. A prospectus with this and other information about the Funds may be obtained by calling **1-888-GS-FUNDS** (1-888-473-8637) or downloading one at [GuideStoneFunds.com](http://GuideStoneFunds.com). It should be read carefully before investing.*

GuideStone Funds and retail investment products are made available through GuideStone Financial Services, member FINRA. Shares of GuideStone Funds are distributed by Foreside Funds Distributors LLC. GuideStone Funds and GuideStone Financial Services are controlled-affiliates of GuideStone Financial Resources.



The MyDestination Funds® (“Funds”) attempt to achieve their objectives by investing in the GuideStone Select Funds and other investments. The Funds are managed to a retirement date (“target date”) by adjusting the percentage of fixed income securities and equity securities to become more conservative each year until reaching the retirement year and then approximately 15 years thereafter. The target date in the name of the Funds is the approximate date when an investor plans to start withdrawing money. The expense ratio for the Funds includes the expenses of the underlying Select Funds. The principal risks of the Funds will change depending on the asset mix of the Select Funds in which they invest. You may directly invest in the Select Funds and other investments. The Funds’ value will go up and down in response to changes in the share prices of the investments that they own. The amount invested in the Funds is not guaranteed to increase, is not guaranteed against loss, nor is the amount of the original investment guaranteed at the target date. It is possible to lose money by investing in the Funds.

The Asset Allocation Funds (“Funds”) attempt to achieve their objectives by investing in the GuideStone Select Funds. The expense ratio for the Funds includes the expenses of the underlying Select Funds. The principal risks of the Funds will change depending on the asset mix of the Select Funds in which they invest. You may directly invest in the Select Funds. The Funds’ value will go up and down in response to changes in the share prices of the investments that they own. It is possible to lose money by investing in the Funds.

