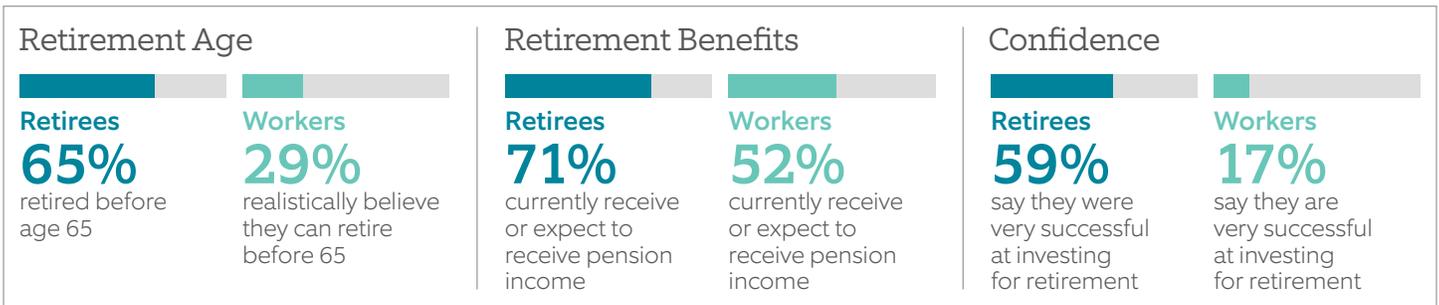


IGNITE ENGAGEMENT WITH RETIREMENT INVESTORS

Retirement Survey 2019

The evolving retirement landscape and investors' increased responsibility to save for retirement on their own is prompting new ways to engage them on their journey to retirement. We asked them about their behaviors and preferences when it comes to investing for retirement. What we uncovered are potential ways to ignite engagement through the DC plan menu.

Current Retirement Landscape



What does this mean?

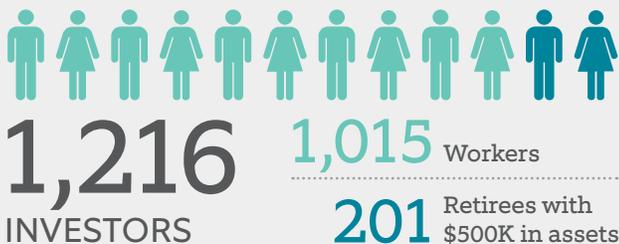
The current worker:

- Plans to work longer
- Relies more heavily on their DC plan for retirement income
- Is less confident about their success investing to meet their retirement goals

The analysis:

Today's current workers face a number of challenges as they save and invest for retirement. With inertia being one of the most significant hurdles to overcome, our survey aims to provide plan design ideas that resonate with investors to help ignite engagement. We have to start thinking differently about plan design and investment solutions in order to help workers achieve better retirement outcomes.

Survey Fast Facts



QUALIFICATIONS



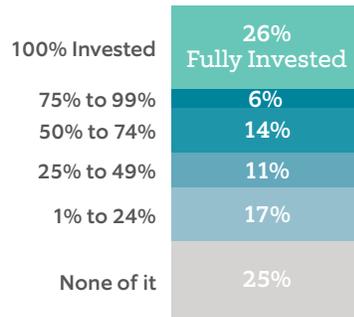
RETIREMENT SURVEY KEY TAKEAWAYS

1 Increase Confidence

Investor confidence is a key ingredient in creating retirement success. Understanding the drivers of investor confidence is crucial to designing a plan that supports their needs and **will keep them engaged and committed throughout their journey to retirement.**

The reality

- Only 8% of workers are very confident they have sufficient information to invest for retirement.
- Under one quarter (23%) of workers are very certain that their investment mix aligns with their risk preferences.
- Target date funds should help boost confidence, yet there is room for improvement. Less than 1/3 (30%) are very satisfied with the target date funds they are invested in and most are not using them as an all-in-one investment option, with just 26% investing all of their assets in target date funds.

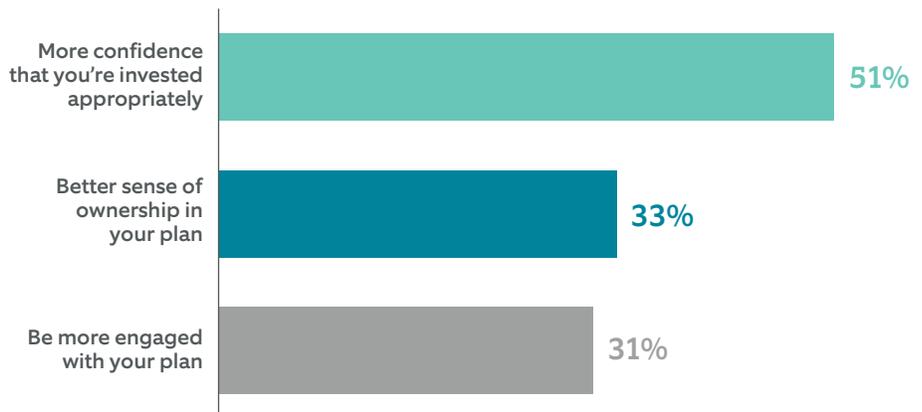


Key takeaway



Personalized target date solutions that utilize individuals unique information offers the opportunity to increase confidence, sense of ownership and create engagement. Over 80% of investors are likely to invest in a personalized solution.

Top Three Benefits of Using a Personalized Solution



2 Align With Preferences and Values

Use investor insights to understand the types of investment options that are important to them now and **in retirement as a catalyst for further engagement.**

The reality

- Majority of investors believe there is an advantage to factor-based portfolios over conventional portfolios.
- Belief that ESG strategies perform better than other strategies is increasing.



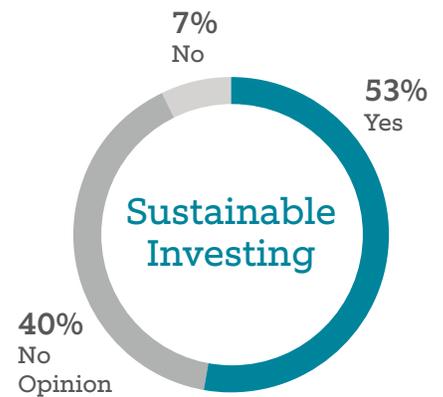
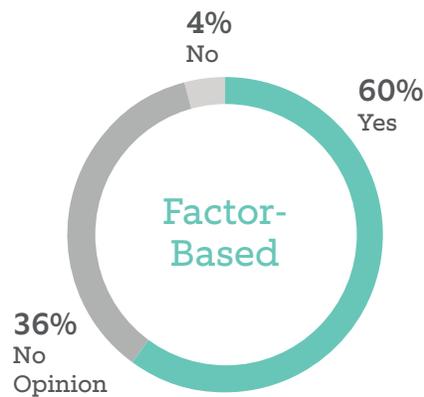
Key takeaway



The intersection of factor-based investing and sustainable investing offers investors a way to be risk efficient while aligning with their values.

Over half of investors think factor-based investments and sustainable investment options should be made available in retirement plans.

Should Employers Make Available in Retirement Plans?



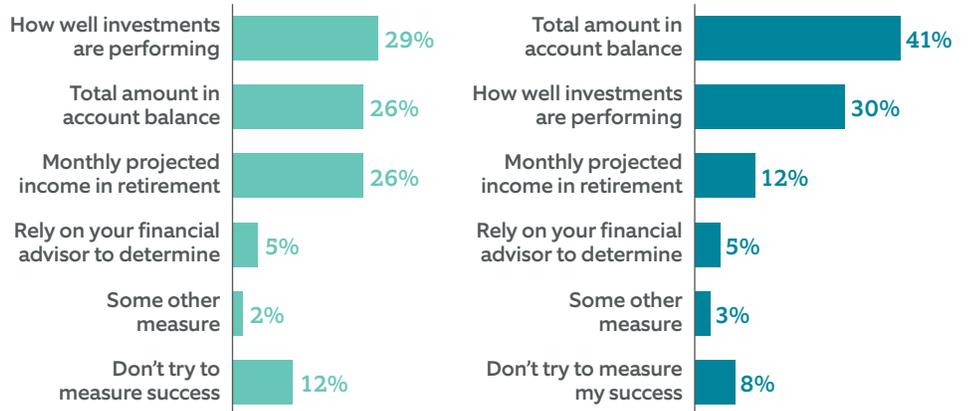
3 Address Income Needs

Retirement income is an evolving topic in the industry but ever so important to get right. **Understanding investors' behavioral tendencies and spending needs in retirement can help shape an income solution that will resonate with investors.**

The reality

- A shift in mindset is occurring with current workers as they are increasingly looking at monthly projected income as a primary way to measure success.
- Majority of investors believe a mix of flexibility, safety and income maximization are all important.

Measures of Success



Importance of Income in Retirement

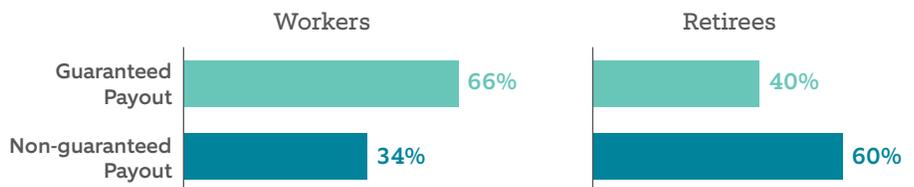


Key takeaway



Consider providing a menu of options to choose from when your investors are nearing or entering retirement. Current workers and retirees have different preferences when it comes to a guaranteed solution versus a non-guaranteed solution.

Most Appealing Payout Solution at Retirement



Source: Northern Trust Asset Management, Retirement Survey, 2019. Northern Trust Asset Management surveyed 1,015 participants and 201 retirees to examine attitudes in retirement investing. All respondents currently are or were previously enrolled in a 401(k) plan through their employer in the private sector. Research Partner: Greenwald & Associates.

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