

NEWS



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Working Americans to benefit from broader retirement income assessment, as they address future healthcare needs, according to newly launched Empower Institute

Lifetime Income Score research finds that Americans are on track to replace 58% of current income in retirement

Empower Institute launched to address a host of issues and challenges related to retirement savings, guaranteed income, and investing

GREENWOOD VILLAGE, Colo., March 23, 2015 – Empower Retirement, the nation’s second-largest retirement services provider, today announced key findings from the firm’s 2015 Lifetime Income Score research, spearheaded by [Empower Institute](#), which officially launches today.

One of the key conclusions from the study of over 4,000 working Americans is that a vast majority of individuals saving for retirement will need to take a broad-based evaluation of their future income needs – figuring healthcare costs more prominently in the equation – to more accurately navigate toward a quality lifestyle post-working career. Additionally, the importance of having professional financial advice appears to be a clear factor in improving the prospects for retirement preparedness.

The 2015 study represents the fifth edition of the Lifetime Income Score research*, which shows working Americans on pace to replace 58% of current income in retirement, slightly down from 61% last year. The research was organized by [Empower Institute](#), which has been officially launched to provide leading-edge thinking on a range of critical issues and challenges related to retirement savings, guaranteed income and investing. The Empower Institute will be led by Research Director Dr. W. Van Harlow, who brings an academic lens and deep financial experience to the new role.

In discussing the larger mission of Empower Institute, and the significance of its first major piece of research, Edmund F. Murphy, III, President of Empower Retirement, said, “We live in an age where the hurdles for millions of individuals to secure a sustainable, dignified retirement seem daunting, yet are achievable. Under the leadership of Van Harlow, the Empower Institute will explore many aspects of the retirement savings puzzle and work to blaze the trail on potential solutions to some of the most vexing challenges on this front facing the American worker today.” Murphy indicated that the 2015 Lifetime Income Score research provides “a roadmap” to important opportunities -- leading to potentially successful outcomes -- for employees, employers, retirement advisors and consultants, and policy makers.

Key findings/conclusions of the study include:

- With the percentage of healthy households -- defined as not having someone with one of six major health states -- declining as people age (from 43% for ages 30-39 to 21% for ages 60-65), and more of their existing retirement savings needing to be earmarked for healthcare, a more expansive evaluation of retirement income needs would benefit millions of Americans
- Working Americans are on track to replace 58% of their income in retirement including Social Security
- The most impactful retirement preparedness success factors:
 - Access to a workplace retirement savings plan
 - Participating in a defined contribution plan and deferring 10% or more of income
 - Having automatic deferral rate escalation within a defined contribution plan
 - Having a professional financial advisor
- The importance of financial advice is striking (respondents with a financial advisor are currently on track to replace 82% of current income in retirement vs. 55% for those without an advisor)
- There is large-scale interest in guaranteed income options in preparing for retirement (74% are somewhat interested or very interested)
- Lifetime Income Scores (trajectory to replace current income in retirement) are driven much more powerfully by savings behavior than by income
- Overall, economic attitudes have improved compared to previous years:
 - More workers (than in 2012) expect higher home values in the year ahead
 - Concern over higher unemployment nationally and locally has dropped by about a third since 2013
 - Job security is up -- with slightly fewer workers concerned about losing their job and slightly more not concerned at all
 - Having peaked in 2012, the proportion of workers considering delaying retirement continues to drift down (now at 30% -- down from a high of 41%)
- Savings portfolios outside qualified retirement plans continue to hold a great deal of cash, at 36%; within qualified plans, the cash position is even higher (55%) unless the worker has an advisor (cash drops to 35%)

Empower Institute

Utilizing resources from within Empower Retirement and the academic and policymaking communities, Empower Institute will critically examine investment theories, retirement strategies and assumptions, and suggest changes that can achieve better outcomes for companies, institutions, retirement plan sponsors, investment advisors and individual investors. The Institute will help advance the debate on these issues by publicly sharing its studies and by holding seminars and other educational events, including many intended to benefit the financial advisor community. Research from [Empower Institute](http://www.empower-institute.org) is available at www.empower-institute.org.

Harlow explained that the Institute will draw upon guidance from an advisory board whose members have expertise in various fields relevant to the Institute's mission. "We are gathering a host of great academic and industry minds who are passionate about many of the issues and dynamics surrounding the major personal finance and retirement savings challenges facing Americans today. I am excited about the importance and potential impact of the work we will be doing together."

About the Lifetime Income Survey

The Lifetime Income Survey was conducted online by Brightwork Partners and completed in January 2015. The survey of 4,004 working adults age 18 to 65 was weighted to U.S. Census parameters for all working adults. *This is the fifth edition of Lifetime Income Survey research -- originally commissioned by Putnam Investments.

About Brightwork Partners LLC

Brightwork Partners is a specialty research and consulting firm focusing primarily on the retirement services market. Founded in 1999, the firm routinely conducts custom and multi-client research among advisors, consultants, plan sponsors, third-party administrators and participants on behalf of major providers in the industry.

About Empower Retirement

Headquartered in metro Denver, Empower Retirement administers \$435 billion in assets for 7.3 million participants. It is the nation's second-largest retirement plan record keeper by total participants (*Pensions & Investments*, March 2015). Empower, the retirement business of Great-West Financial, serves all segments of the employer-sponsored retirement plan market: small, midsize, and large corporate 401(k) clients, government 457 plans, non-profit 403(b) entities and private-label recordkeeping clients. For more information, please visit www.Empower-retirement.com.

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