

Retirement Readiness Programs For Employees Close to Retirement

In a recent *USA Today* study on retirement preparedness, it was reported that, on average, an American aged 50 to 59 has just over \$54,000 saved in a retirement plan at work. Financial planners recommend having at least \$1 million to retire comfortably—or more—depending on your lifestyle.

As a result, we're seeing a strong increase in the number of companies launching retirement readiness programs for pre-retirees. Some are going a step further to provide training for retirees so they'll know how to effectively manage their retirement assets and distributions.

In 2004, retirement planning represented less than 25% of workshops we conducted; this jumped to 35% in 2005 and in 2006 was close to 50%.

Here are some best practices the nation's largest organizations are using to develop world-class retirement readiness programs.

Best Practice 1: Provide Employees With Personalized Action Plans

A personalized action plan enables employees to focus on what steps to take to achieve a comfortable retirement. The plan should address the following areas:

- When do you want to retire?
- What retirement lifestyle do you want?
- How much do you need to retire?
- Are you on track?

Best Practice 2: Be Realistic

We all want to retire early and in luxury; the reality is that many are not financially prepared to do so. As employees get closer to retirement, there are fewer things they can do to achieve their dream retirement.

- Saving more or investing differently isn't going to impact them as much as it would younger workers. Employees should consider trade-offs such as:
 - Taking a part-time job as an additional source of income.
 - Downsizing their home or changing retirement expectations.
 - Acquiring additional debt from a home equity loan or reverse mortgage or tapping into whole-life insurance.
 - Retiring later. For employees with pension plans, retiring 1 TO 2 years later may make a big difference to their retirement nest egg.

Best Practice 3: Remember Education Is a Process, not an Event

Studies show we need to hear or see information seven times before we remember it and even more often to actually act upon what we learned. No matter how effective a workshop or planning consultation is, a onetime educational session isn't enough for most people. We forget 80% of what we learned within 48 hours of a workshop and over 90% within a week.

To effectively prepare your employees for retirement, you need to find a way to provide them with ongoing education and financial planning support.

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