



Successfully Saving

Tracking retirement concerns during a falling market

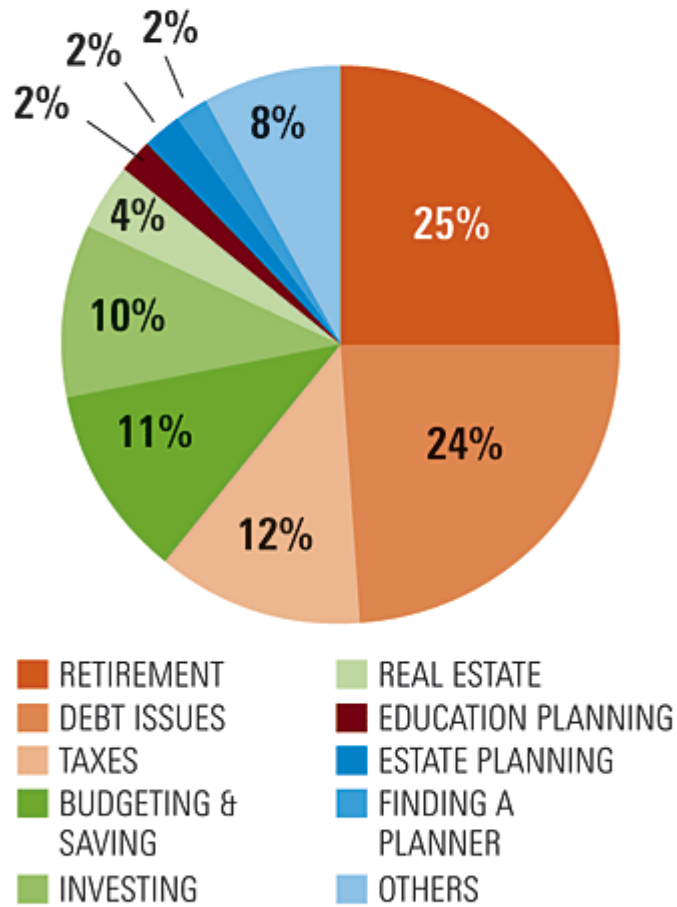
By Kara P. Stapleton

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As the level of responsibility an individual has in saving for retirement increases, combined with a boost in longevity, especially for the well off, and healthcare expenses eating up a bigger-than-anticipated chunk of those savings in retirement, the troubled markets of 2008 may drive clients into a frenzy, anxious about how they are supposed to save for retirement while there's less money to go around. "For even the savviest investor, saving for retirement can be daunting, particularly in light of the current housing and stock market turmoil," says Suzanne Nolan, director of marketing and communications for the HR giant Mercer's outsourcing business. "Explaining sometimes complex retirement planning strategies in plain English helps build knowledge and, by extension, the confidence to take action," she adds.

With that in mind, Mercer recently introduced the "Count on Your Retirement" online retirement savings educational program (available at www.CountOnYourRetirement.com) after getting some surprising results from its annual Mercer Workplace Survey. The study, conducted in late 2007, is a national survey of employee attitudes and behaviors regarding their company-sponsored benefit plans, and are based on a national cross-section of 2,246 active 401(k) plan participants who are also currently enrolled in their employer's health plan. In the latest edition, and for the first time in the survey's history, "just keeping up with my monthly expenses" surpassed "saving enough for retirement" as respondents' biggest financial worry. Furthermore, 69% of respondents who have identified their target retirement savings income are not fully confident that they will achieve their goal, and 48% said they would have saved more of their pay in their 401(k) plan if they could live the last year of their savings and investment life over again.

TOP OF MIND



Source: Financial Finesse

“We’ve taken what we’ve learned from the Mercer Workplace Survey and have applied our expertise to create the program,” Nolan explains. The site, which was originally intended for employees whose 401(k) plans Mercer administers, is now available free of charge to the general public and includes a retirement calculator. “The result is an online experience that truly compels people to take action—whether they increase their 401(k) plan contribution rates, run retirement planning calculations, or simply rebalance their portfolios.” Count on Your Retirement enables users to customize their experience by selecting a savings effort level: 1—Effortless, 2—Easy, or 3—Still Really Simple. Then, based on their selection, users can explore a variety of savings tips, use planning calculators, and learn about automatic 401(k) plan features, such as contribution rate increase and rebalancing tools.

Financial Finesse, Inc., a Manhattan Beach, California-based financial advisory and guidance firm that runs a financial services helpline manned by CFPs for employees of the over 400 organizations, recently released a report that reveals the same investor apprehension when it comes to retirement savings amid current market conditions. The Financial Helpline Topic Breakdown is a quarterly report that gives a breakdown of the most requested topics and most popular questions from the Financial Finesse helpline. According to the report, “retirement” and “debt issues” were the top two concerns that plan participants had in the first three months of 2008, with 25% and 24%, respectively. What’s interesting, though, is what happens when these first quarter 2008 results are compared with fourth quarter 2007—a change in the nature of the most popular questions regarding retirement and investing. For example, in 2007 questions like “How much can I expect to receive in Social Security benefits?” and “How do I choose the right investments in my retirement plan(s)?” have been replaced with questions such as “How much do I need to retire and how much should I be saving?” and “What impact does a hardship withdrawal have on my retirement savings?”

“These are subtle but important differences in personal finances,” notes Nancy Anderson, resident financial planner with Financial Finesse.