

Financial Wellness Insights

Key Data Insights on Financial Wellness

Top Financial Goals Among American Employees





The majority of employees are concerned with retirement planning. Saving for retirement is the most commonly cited financial goal among employees, coming ahead of many short-term goals, including eliminating debt and creating an emergency fund.¹

¹ Based on Retiremap implementation data from 2015

Retiremap Financial Wellness Insights

Q2 and Q3 2015

Employees' top financial goal is, by far, to save for retirement.

In an analysis of data collected from 1081 employees earlier this year, Retiremap found that saving for retirement is a goal for the majority, 56%, of employees surveyed. The second most popular financial goal, eliminate debt, was chosen by 40% of employees.

Employees were allowed to choose up to five financial goals from a list of twenty, which included a holistic range of family care needs, long-term investment targets, and personal aspirations.

Younger employees and employees with lower incomes tend to favor short-term goals, such as taking a dream vacation. Buying a home was also much more popular among this demographic.

Employees with higher incomes were more focused on long-term goals, such as saving for retirement and investing better.

This issue of Financial Wellness Insights will explore each of the top five goals in greater detail and reveal different financial motivations across different income and age groups.

Figure 1. Percentage of Employees with Goal

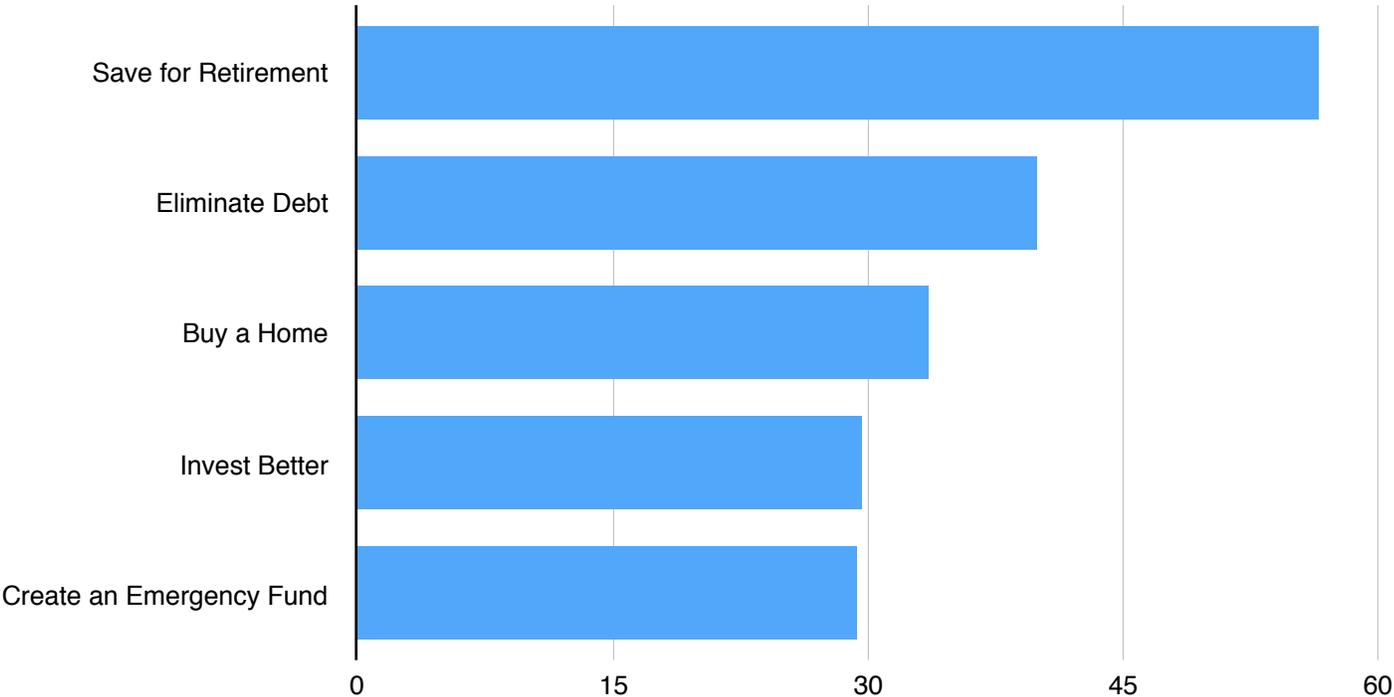
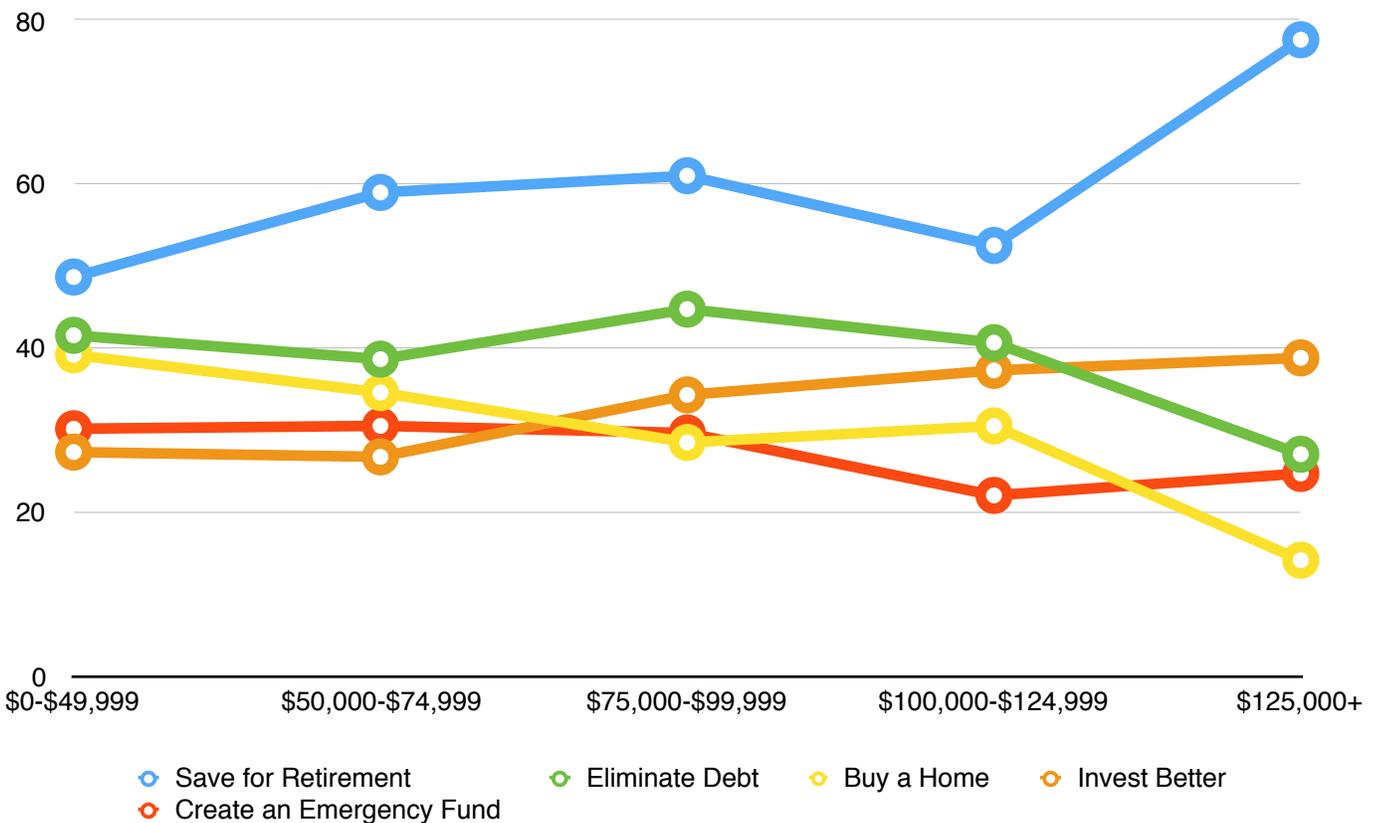


Figure 2. Percentage of Employees with Goal by Income Levels



Goal #1: Save For Retirement

Saving for retirement is the top goal for employees across all income levels. The relative importance of retirement vis-à-vis other goals varied with income. There is a 7 percentage point difference between saving for retirement and the second most common goal among employees with annual income levels of \$0-\$49,999. Among those with \$125,000 or higher in annual income, there is a 39 percentage point difference.

Age is the bigger differentiator. Saving for retirement is the most commonly cited goal for Gen X-ers and Baby Boomers but is only the third most common goal for Millennials. 39% of Millennials chose saving for retirement as a goal, compared to 57% of Gen X-ers and 70% of Baby Boomers.

Goal #2: Eliminate Debt

40% of all employees said that one of their financial goals is to eliminate debt. It is the second most commonly cited goal for employees with less than \$125,000 in annual income. For employees with \$125,000 or higher in annual income, eliminating debt was the third most common goal, with 27%.

Eliminating debt was somewhat more common among Millennials, with 42%; in comparison, 36% of Baby Boomers and 34% of Gen X-ers wanted to eliminate debt.

Goal #3: Buy a Home

34% of all employees wanted to be homeowners. Buying a home was more common as a financial goal among those with lower annual incomes, rounding out the top three for employees who made less than \$75,000.

Buying a home was starkly more popular among younger workers. It was the top financial goal for Millennials, with 68%. 33% of Gen X-ers and only 10% of Baby Boomers wanted to buy a home.

Goal #4: Invest Better

Across all employees, investing better was the fourth most commonly cited goal with 30%. The desire to invest better correlated with income. It was only in the top three for those with more than \$75,000. Investing better was the second most commonly cited goal for those who made \$125,000 or higher annually, with 39%.

Better investing intentions also grew slightly with age; 25% of Millennials wanted to invest better, compared to 27% of Gen X-ers and 28% of Baby Boomers.

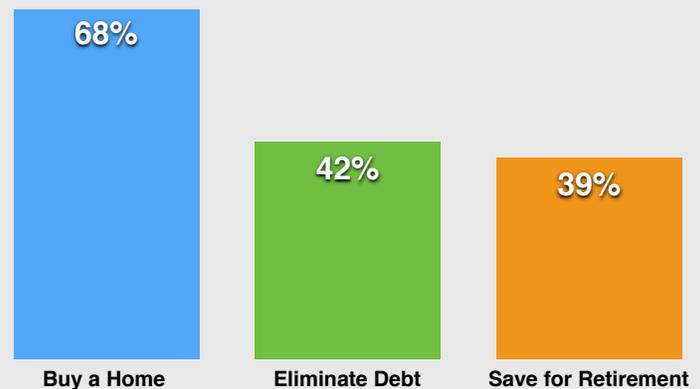
Goal #5: Create an Emergency Fund

Creating an emergency fund was a close fifth, with 29% of all employees choosing it as a financial goal. Interestingly, creating an emergency fund varied only slightly between different income ranges, with only a 5 percentage point difference between those who made less than \$50,000 and those who made \$125,000 or higher.

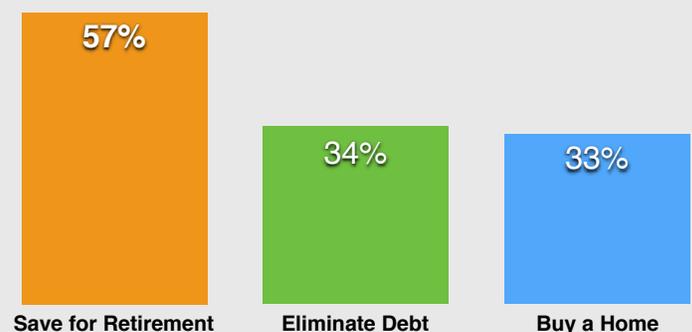
By generation, creating an emergency fund broke the top three for Baby Boomers.

Figure 3. Top Goals by Generation

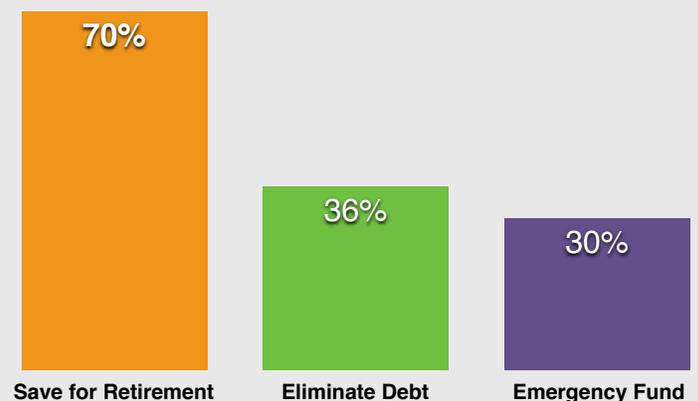
Millennials want to....



Gen X-ers want to....



Baby Boomers want to....



Conclusion

In light of the discussions about the retirement crisis and the statistics that point to Americans' abysmal retirement savings, our analysis suggests that the problem is not with employee intention but with knowledge.

When probed about financial goals, most employees are aware of the importance of retirement planning. Even with the prevalence of competing goals that have more immediate implications, such as creating an emergency fund and paying off debt, Americans still want to save for retirement. To do so, they need more tools and guidance around how to invest better and make smarter long-term decisions.

Retiremap's holistic goals-based financial planning puts employees' goals at the center, driving employee engagement and improving their financial situations. Employees who use Retiremap have access to a goal-setting process backed by behavioral economics, and they receive a personalized plan and tailored educational resources related to their goals. Retiremap's approach engages over half of employees at participating companies, and the majority of employees double their deferral rate, a great first step to saving more for retirement. ■

Tips for Talking to Employees about:	
Saving for Retirement	<ul style="list-style-type: none">• Remind them about saving plans at work and outside of work• Discuss the basics: 1) How to Save, 2) How Much to Save, 3) When to Save, and 4) How to Invest• Remind them to start saving for retirement now and to contribute as much as they can
Eliminating Debt	<ul style="list-style-type: none">• Understand what kind of debt they are most concerned with, where they are in their lives, and their other financial goals• Help them understand the relative cost of debt and help them target accordingly• Acknowledge that some employees may not be able to pay
Buying a Home	<ul style="list-style-type: none">• Remind them of key considerations, such as how long they will live there, school districts, and additional costs• Go over different property types and non-financial factors
Investing Better	<ul style="list-style-type: none">• Go over common investing myths• Stick to common best practices depending on their needs, instead of getting bogged down by the details of their financial situation
Creating an Emergency Fund	<ul style="list-style-type: none">• Remind them that an emergency fund is different from setting aside money for a major purchase• Encourage them to contribute money to an emergency fund regularly until they reach a sizable cushion

Employee Goals Roundup

What's New in Financial Wellness Research and Analysis

The **MetLife 2014 & 2015 Employee Benefit Trends Study** found that “progress made toward financial security” is the key financial concern for Millennials, “concerns about financial decisions for family” for Gen X-ers, “concerns about having enough money to meet obligations” for younger Baby Boomers, and “progress made toward spending less, saving more” for older Baby Boomers.

The **Guardian's 2015 Workplace Benefits Study** found that 92% of “early entrants,” those within five years of working, chose making ends meet as a personal and financial concern, making it the top concern for this group. 88% of “early entrants” also chose having job security, 85% chose achieving a better balancing between work and personal life demands, and 79% chose paying off/reducing household debt. 94% of “near-retirees,” those within five years of retiring, chose having adequate health insurance as a personal and financial concern, making it the top concern for this group. 93% of “near-retirees” also chose retirement savings lasts as long as needed, 90% chose maintaining a health lifestyle, and 87% chose saving for retirement. When it comes to workers' interest in benefits and financial education, 50% of “early entrants” and 41% of “near-retirees” want to learn about saving for retirement.

The **16th Annual Transamerica Retirement Survey from Transamerica Center for Retirement Studies** found that saving for retirement is the most frequently cited top priority (27%) among workers. The percentage of workers who say that saving for retirement is their top priority has increased from 2011 to 2014 and remained steady in 2015. Other top priorities among workers are covering basic expenses (21%) and paying off debt (20% for consumer debt and 4% for student loans).

Alliant Credit Union's Financial Wellness in the Workplace 2015 White Paper found that the top financial goals among Americans are building up emergency savings (58%), saving for retirement (55%), and paying off credit card debt (37%).

The **2015 Employee Financial Wellness Survey from PricewaterhouseCoopers** found that job security is more important to achieving financial goals for Gen X-ers and Millennials, while a rising stock market and lower healthcare costs are more important for Baby Boomers.

According 2015 data from **Personal Capital**, Millennials plan to donate more to charity and spend less on major purchases than previous generations. Millennials also plan to spend over \$325,000 on vacations by retirement.

Retiremap

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Retiremap is the first financial wellness program designed for how retirement plan advisors work with employees.

Retiremap's award-winning program combines today's technology, behavioral economics and your trusted retirement plan advisor to engage employees and help them achieve their financial goals. Retiremap's custom online campaigns and *Plan For Your Future* iPad workshops drive the retirement plan concept in fresh new ways, while gathering data on key financial wellness issues for employees. By measuring and documenting the program's positive impact, Retiremap enhances transparency, while reducing fiduciary liability for the employer.