

Empowering Retirement Readiness: Bridging Expectations with Realities



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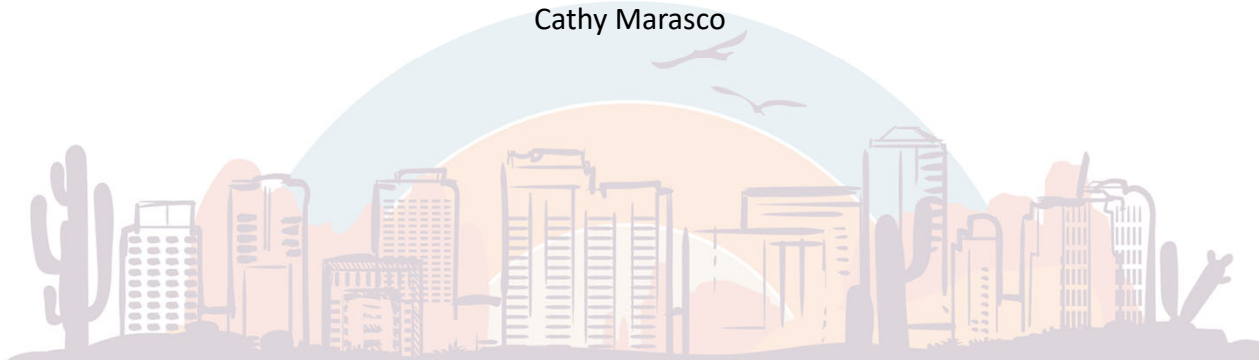
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Protected Retirement: Retirement Reality Check

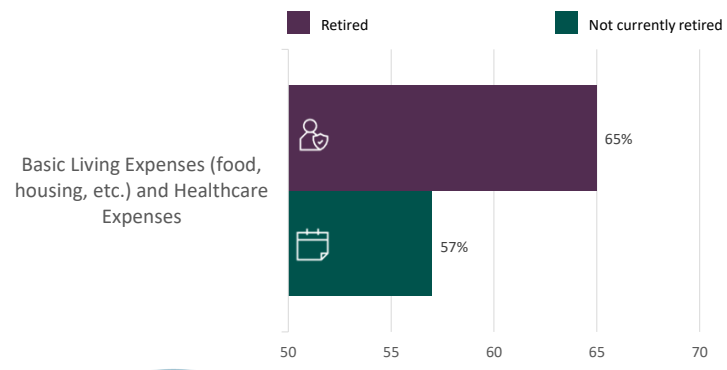
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Retirement Reality Check

Individuals who are not yet retired expect to spend approximately half their budget on essentials and healthcare.



REALITY CHECK
Retirees need more than expected to cover basic living expenses.

23%
of retirees advise pre-retirees
“Expect that you’ll need more than you think.”

SOURCE: Nationwide Retirement Institute® Retirement 65 Survey, 2024



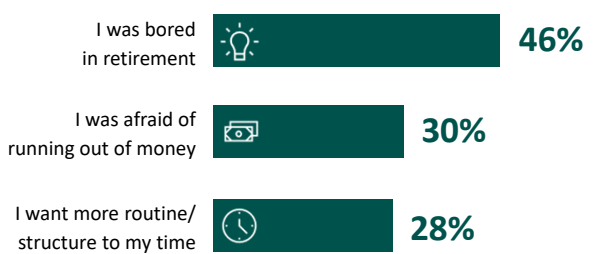
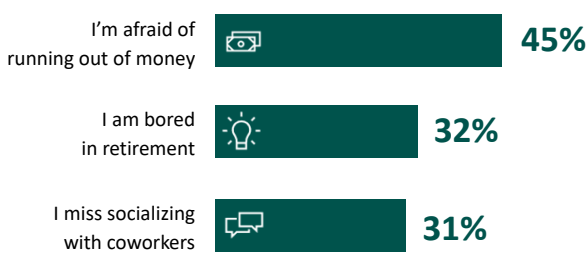
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One-third of retirees may head back to work

Close to half are worried about running out of money, while 30% who did return feared they might.

Reasons for Considering Returning to Work
(Shown: % Select – Among Considering Returning)

Reasons for Returning to Work After Retirement
(Shown: % Select, Among those who returned to work)



SOURCE: Nationwide Retirement Institute® Retirement 65 Survey, 2024

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Advice I would give my younger self

What can we learn from these 2 groups about planning for retirement¹

Most harmful things that impacted their retirement savings:

- Bad investments
- Tapped into retirement savings early
- Waited until after age 30 to start saving for retirement

Retirees' advice to participants:

- Work with a Financial Professional
- Save earlier
- Use auto-increase
- Max out plan contributions

71%
 of employees say
*"I wish I sought advice or guidance on retirement savings when I was younger"*²

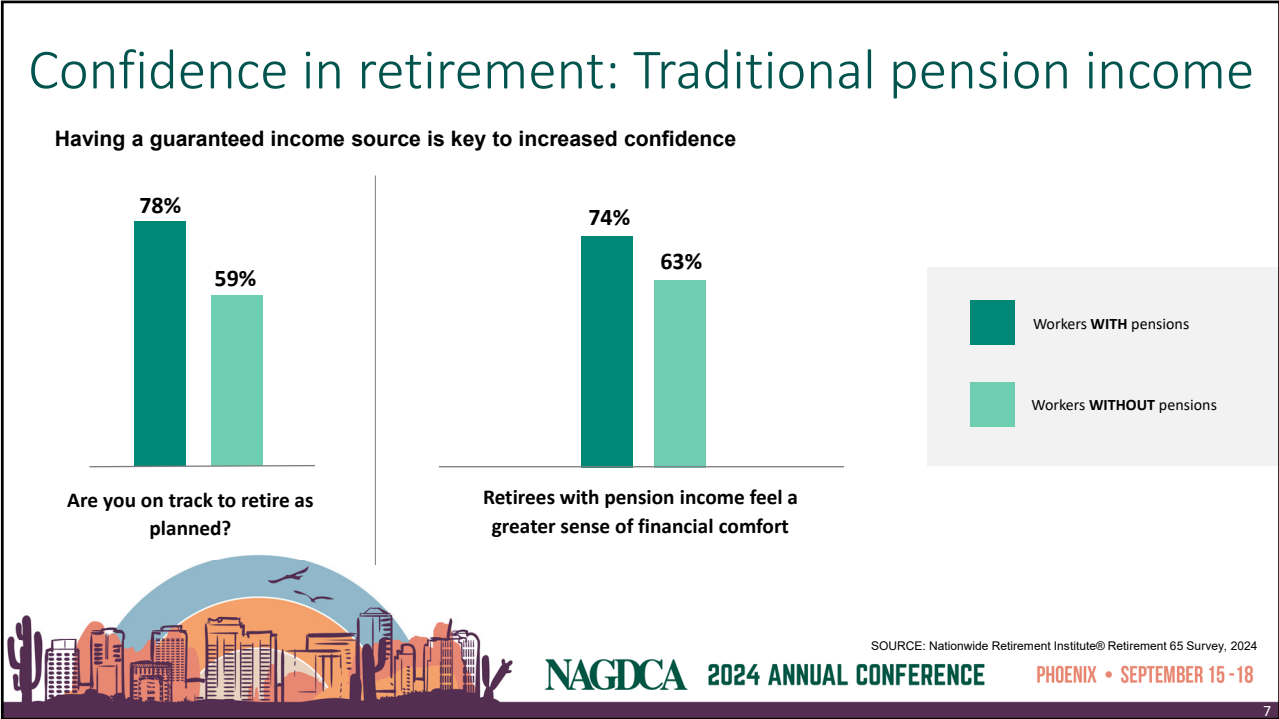
1 Nationwide Retirement Institute® Retirement 65 Survey, 2024
 2 Nationwide Retirement Institute® In-plan Lifetime Income Survey, 2023



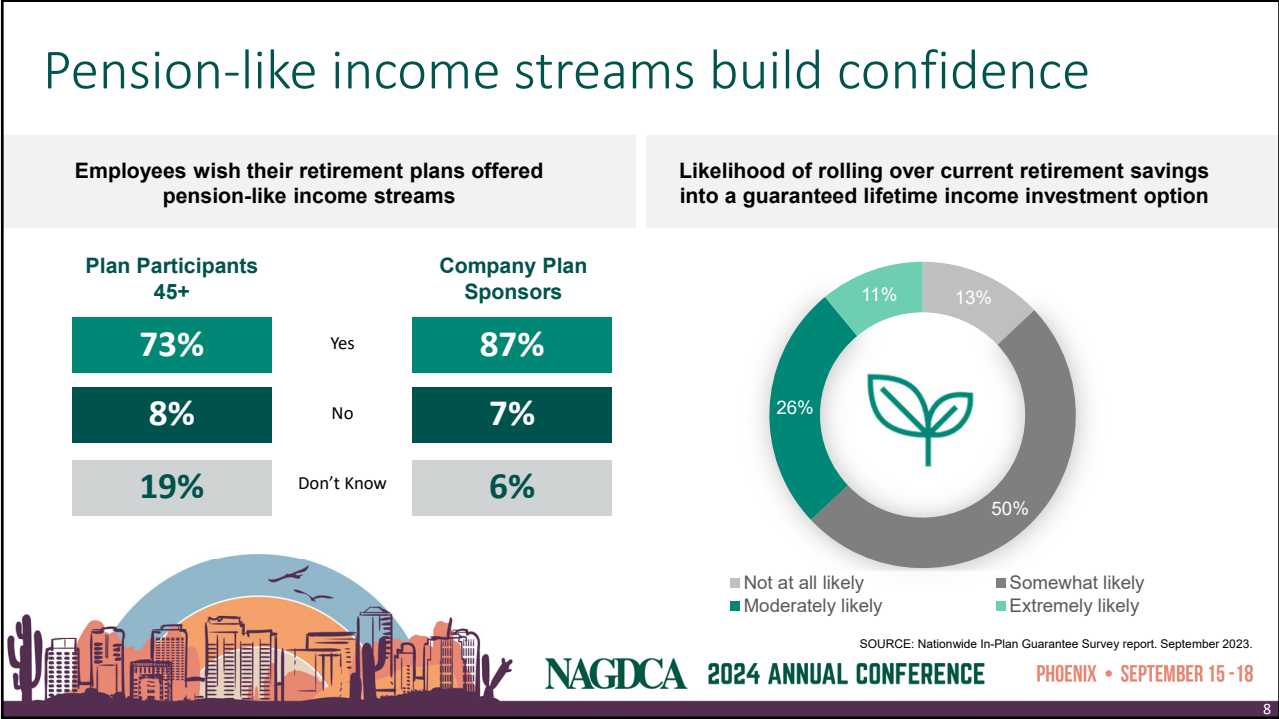
Protected Retirement: Opportunities to help participants

Cathy Marasco





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A Plan Sponsor's View

Hank Levy, Alameda County

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The Question: Are County of Alameda Employees Ready for Retirement, as Measured by Income Replacement?

- A study we did a few years ago ended up with a general **YES**
- Diving Deeper:
 - Retirees who retire under Tier 4
 - Age at Retirement/Years of Service beginning to increase?
 - Income Replacement Ratio generally declining
 - Safety Retirees More at Risk Due to Lack of Social Security Coverage

It is not difficult to find income replacement data for your own plan

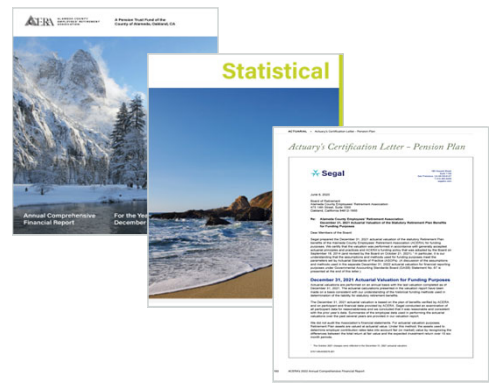


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Sources of Demographic Data on Retirees At Everyone's Fingertips



- ACERA Annual Comprehensive Financial Report (ACFR) contained a statistical table compiled by: Segal Co. (ACERA's Actuary)
- Segal provided the data in order for us to do this analysis



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Using Demographic Data to Assess Retirement Readiness

Amount of Monthly Benefit	Number of Retired Members	Group-Deferred Retirement	Group-Term Life Insurance	Group-Health Insurance	Group-Dental Insurance	Group-Vision Insurance	Group-Long-Term Care Insurance	Group-Disability Insurance	Group-Death Benefit	Group-Other Benefits	Total
< 1 to \$1,000	1,105	9	12	75	821	27	211	-	960	79	188
1,001 to 2,000	1,475	41	79	52	1,426	52	-	-	-	-	1,650
2,001 to 3,000	1,274	249	48	30	1,280	19	-	-	-	-	1,576
3,001 to 4,000	1,400	155	18	21	1,070	14	-	-	-	-	1,618
4,001 to 5,000	1,235	122	5	11	782	5	-	-	-	-	1,459
5,001 to 6,000	794	130	1	6	608	4	-	-	-	-	943
6,001 to 7,000	627	36	2	4	547	4	-	-	-	-	693
7,001 to 8,000	526	24	1	1	451	1	-	-	-	-	583
8,001 to 10,000	397	19	-	1	352	-	-	-	-	-	417
10,001 to 15,000	110	17	-	-	280	2	-	-	-	-	409
Over \$15,000	891	39	-	1	822	1	-	-	-	-	931
Total	10,744	845	191	202	6,493	129	-	-	-	-	11,964
Valuation Date (December 31)	Added to Rolls		Removed from Rolls		Rolls at End of Year		% Increase in Retiree Allowance	Average Annual Allowance	Change in Average Annual Allowance		
	Number	Annual Allowance ¹ (in \$1000s)	Number	Annual Allowance (in \$1000s)	Number	Annual Allowance (in \$1000s)					
2013	625	\$ 33,150	(234)	\$ (6,182)	8,566	\$ 353,847	8.25%	\$ 41,308	3.31%		
2014	498	28,877	(251)	(7,156)	8,813	375,368	6.09%	42,593	3.11%		
2015	489	27,312	(292)	(8,125)	8,990	393,555	4.85%	43,777	2.78%		
2016	523	31,892	(271)	(8,778)	9,242	416,899	5.89%	45,268	3.39%		
2017	512	32,718	(275)	(8,112)	9,479	441,305	5.90%	46,556	3.26%		
2018	583	36,805	(279)	(10,484)	9,783	467,626	5.96%	47,800	2.67%		
2019	590	40,287	(295)	(10,794)	10,078	497,129	6.31%	49,328	3.20%		
2020	540	40,256	(326)	(13,288)	10,292	514,097	5.42%	50,923	3.23%		
2021	580	41,581	(336)	(14,560)	10,536	551,098	5.15%	52,306	2.72%		
2022	588	43,835	(326)	(13,755)	10,798	581,198	5.46%	53,825	2.90%		

- Table 2: Retired Members by Amount and Type of Benefit, by amount of monthly benefit
- Table 3: Retirees and Beneficiaries, Added To and Removed from Payroll
- **Key Insights:** The peak of the bell curve for the average monthly benefit of our retirees is much less than expected, only in the \$1,000-\$2,000 range.

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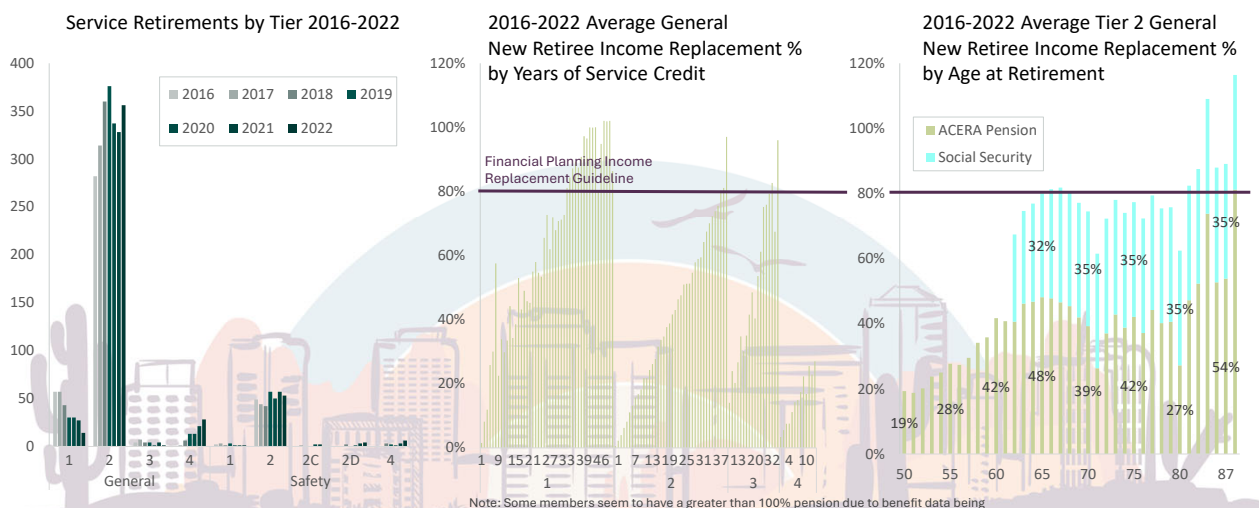
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Using Demographic Data to Assess Retirement Readiness


Retirement Effective Dates	Years of Service					Incomplete Data	
	0-4	5-9	10-14	15-19	20-24		25-29
Period 1/1/13-12/31/13							
Average Monthly Pension Benefit	\$ 1,214	\$ 1,114	\$ 1,750	\$ 2,412	\$ 3,033	\$ 3,029	\$ 4,194
Average Final Average Salary	\$ 9,387	\$ 9,404	\$ 9,795	\$ 9,470	\$ 9,562	\$ 9,614	\$ 9,211
Number of Retirees Added	20	48	111	53	150	88	103
Period 1/1/14-12/31/14							
Average Monthly Pension Benefit	\$ 851	\$ 1,230	\$ 1,812	\$ 2,394	\$ 3,481	\$ 4,438	\$ 4,204
Average Final Average Salary	\$ 9,411	\$ 8,884	\$ 9,202	\$ 7,387	\$ 7,280	\$ 8,700	\$ 8,095
Number of Retirees Added	21	36	109	59	89	89	82
Period 1/1/15-12/31/15							
Average Monthly Pension Benefit	\$ 1,004	\$ 1,641	\$ 1,812	\$ 2,722	\$ 3,682	\$ 5,184	\$ 4,238
Average Final Average Salary	\$ 9,461	\$ 7,037	\$ 8,931	\$ 7,238	\$ 7,752	\$ 8,271	\$ 8,205
Number of Retirees Added	24	40	76	62	76	63	68
Period 1/1/16-12/31/16							
Average Monthly Pension Benefit	\$ 998	\$ 1,825	\$ 1,743	\$ 2,737	\$ 3,456	\$ 5,217	\$ 4,184
Average Final Average Salary	\$ 10,095	\$ 10,204	\$ 10,100	\$ 7,779	\$ 7,960	\$ 9,002	\$ 8,204
Number of Retirees Added	27	64	100	78	92	91	79
Period 1/1/17-12/31/17							
Average Monthly Pension Benefit	\$ 937	\$ 1,740	\$ 2,302	\$ 2,527	\$ 3,896	\$ 4,624	\$ 2,224
Average Final Average Salary	\$ 8,212	\$ 7,388	\$ 7,621	\$ 7,027	\$ 6,679	\$ 7,711	\$ 6,861
Number of Retirees Added	30	50	75	78	83	82	69
Period 1/1/18-12/31/18							
Average Monthly Pension Benefit	\$ 983	\$ 1,564	\$ 1,209	\$ 2,883	\$ 4,179	\$ 4,630	\$ 4,873
Average Final Average Salary	\$ 8,011	\$ 7,099	\$ 7,238	\$ 7,636	\$ 8,183	\$ 7,878	\$ 8,204
Number of Retirees Added	29	64	105	97	87	92	87
Period 1/1/19-12/31/19							
Average Monthly Pension Benefit	\$ 846	\$ 1,469	\$ 2,313	\$ 3,140	\$ 4,329	\$ 5,528	\$ 7,080
Average Final Average Salary	\$ 10,462	\$ 8,100	\$ 7,843	\$ 8,343	\$ 8,278	\$ 8,038	\$ 9,141
Number of Retirees Added	43	61	89	88	96	93	76
Period 1/1/20-12/31/20							
Average Monthly Pension Benefit	\$ 1,170	\$ 1,782	\$ 2,438	\$ 3,396	\$ 4,639	\$ 5,139	\$ 7,717
Average Final Average Salary	\$ 8,793	\$ 8,479	\$ 8,945	\$ 8,413	\$ 8,378	\$ 8,685	\$ 9,103
Number of Retirees Added	31	60	89	73	102	95	103
Period 1/1/21-12/31/21							
Average Monthly Pension Benefit	\$ 886	\$ 1,588	\$ 2,723	\$ 3,995	\$ 4,790	\$ 6,008	\$ 7,280
Average Final Average Salary	\$ 8,848	\$ 8,800	\$ 9,388	\$ 7,774	\$ 8,576	\$ 10,021	\$ 9,461
Number of Retirees Added	35	65	77	78	113	83	101
Period 1/1/22-12/31/22							
Average Monthly Pension Benefit	\$ 889	\$ 1,682	\$ 2,638	\$ 3,811	\$ 4,872	\$ 6,245	\$ 6,991
Average Final Average Salary	\$ 9,389	\$ 8,736	\$ 9,219	\$ 8,495	\$ 8,532	\$ 9,989	\$ 9,260
Number of Retirees Added	22	62	89	62	140	76	96

- Table 1: Average Pension Benefit Payments by year, years of service, salary ranges
- **Key Insight:** Shift towards longer tenure and higher benefits.

Analysis of Data



Hearing from Our Retirees



Alameda County
Deferred Compensation Plan
 Retiree Income Survey

Preliminary Insights
 July 31, 2024

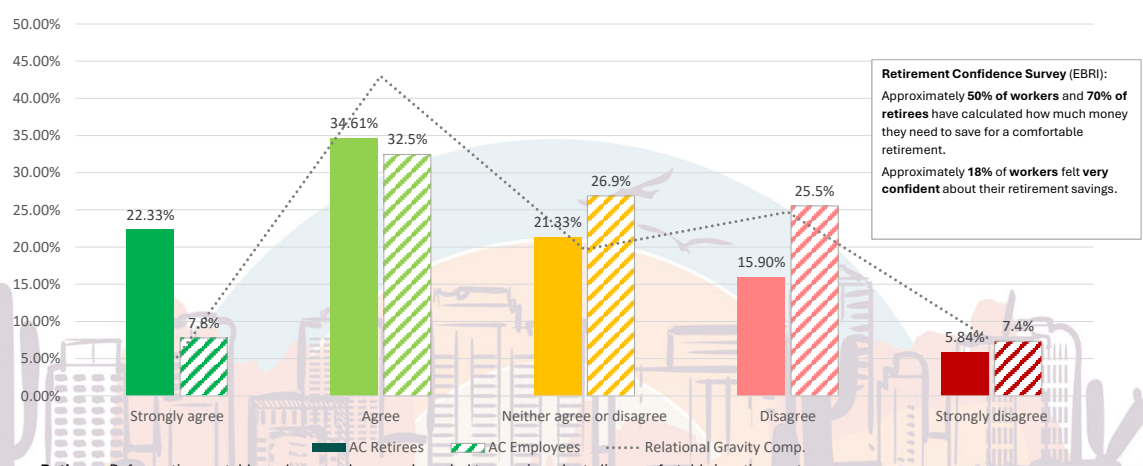
- We decided to do a survey of the retirees; we got back about a **6.2%** response rate.
- We asked the question in different ways, and felt we got a similar answer: **Alameda County retirees felt confident when they retired. Compared with current employees, they felt much better situated**



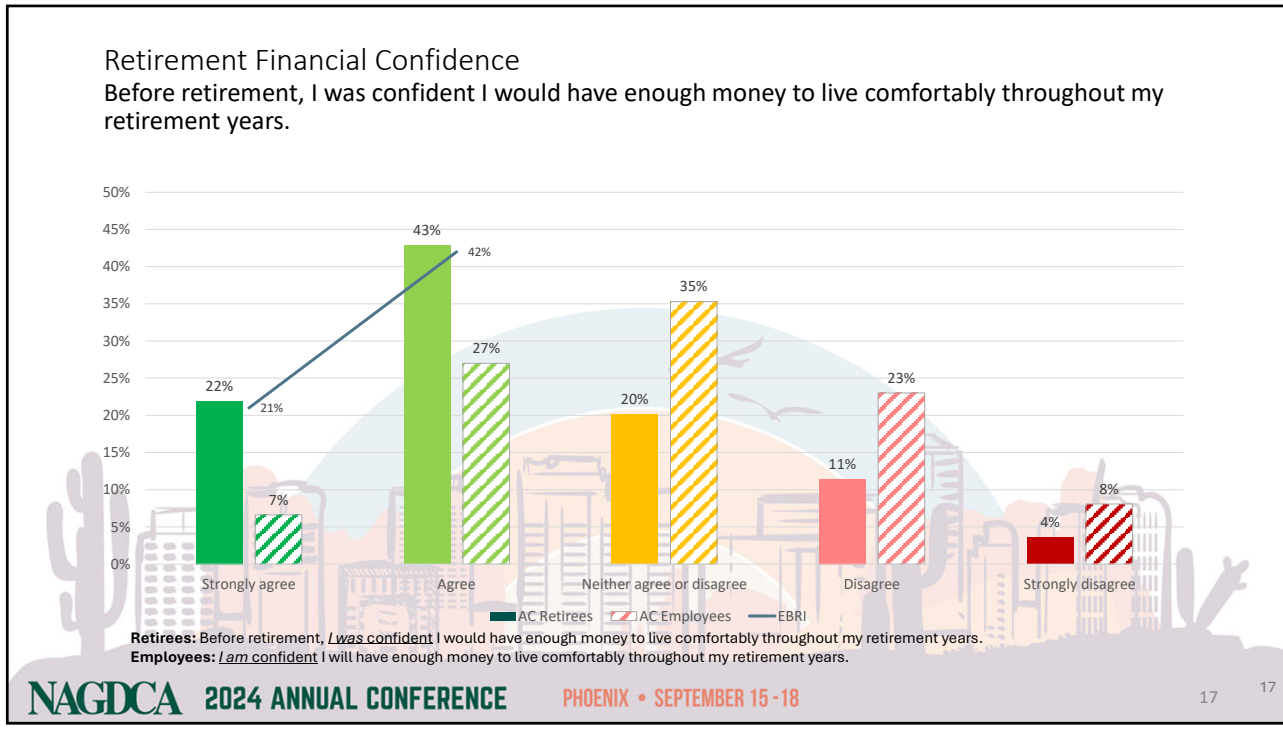
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Knowledge of Retirement Needs

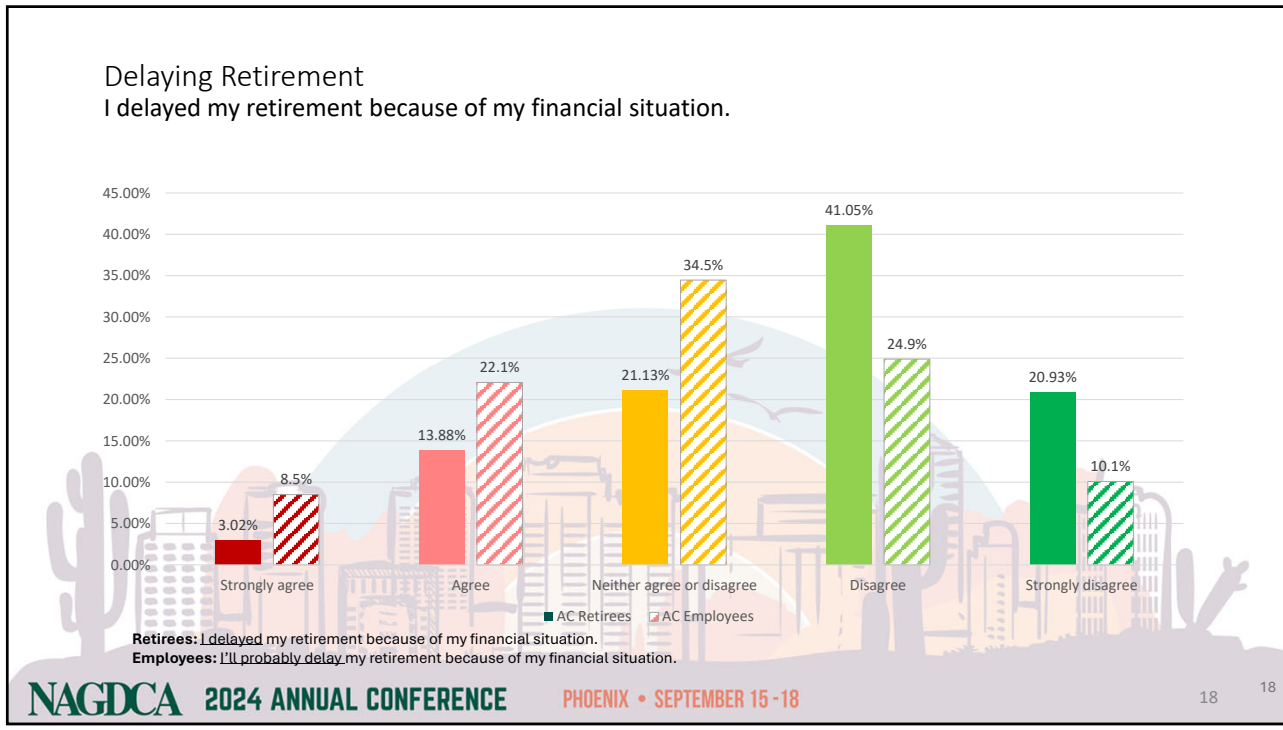
Before retirement, I knew how much money I needed to save in order to live comfortably in retirement.



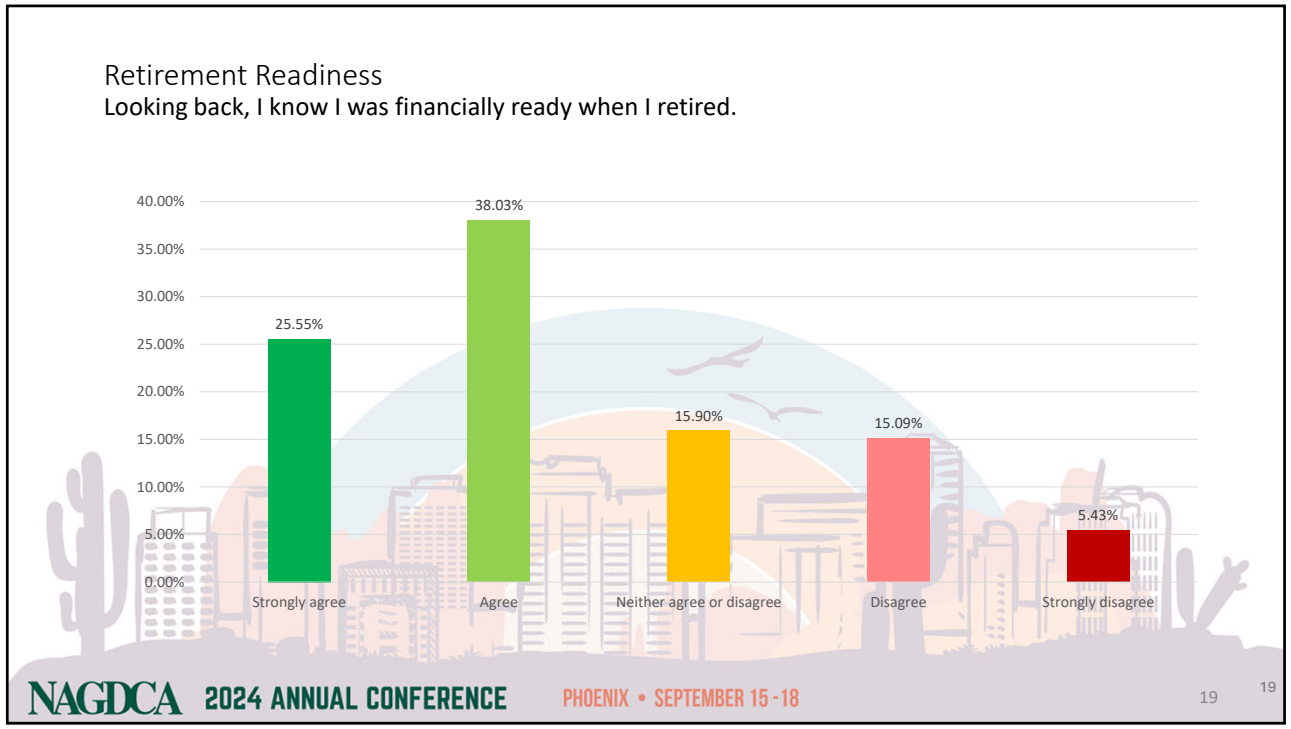
Retirees: Before retirement, I *knew how much money* I needed to save in order to live comfortably in retirement.
Employees: I *know how much money* I need to save to live comfortably in retirement.



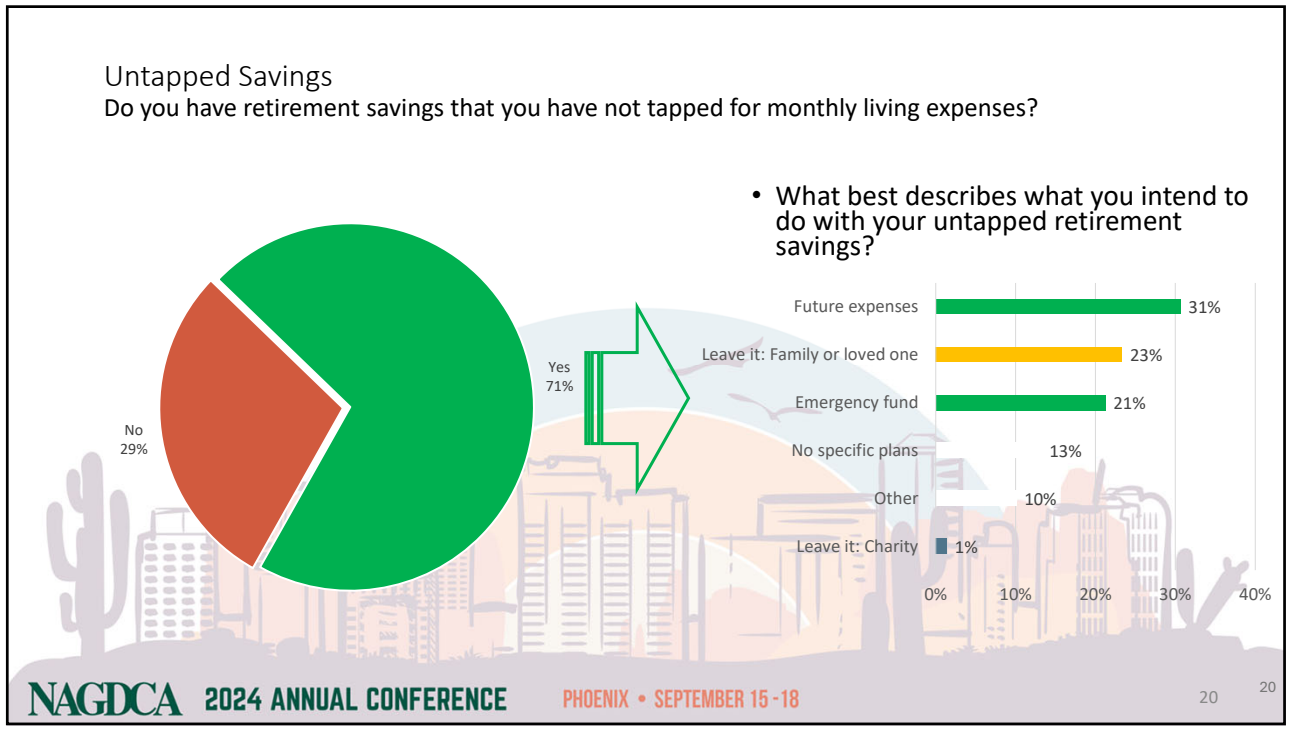
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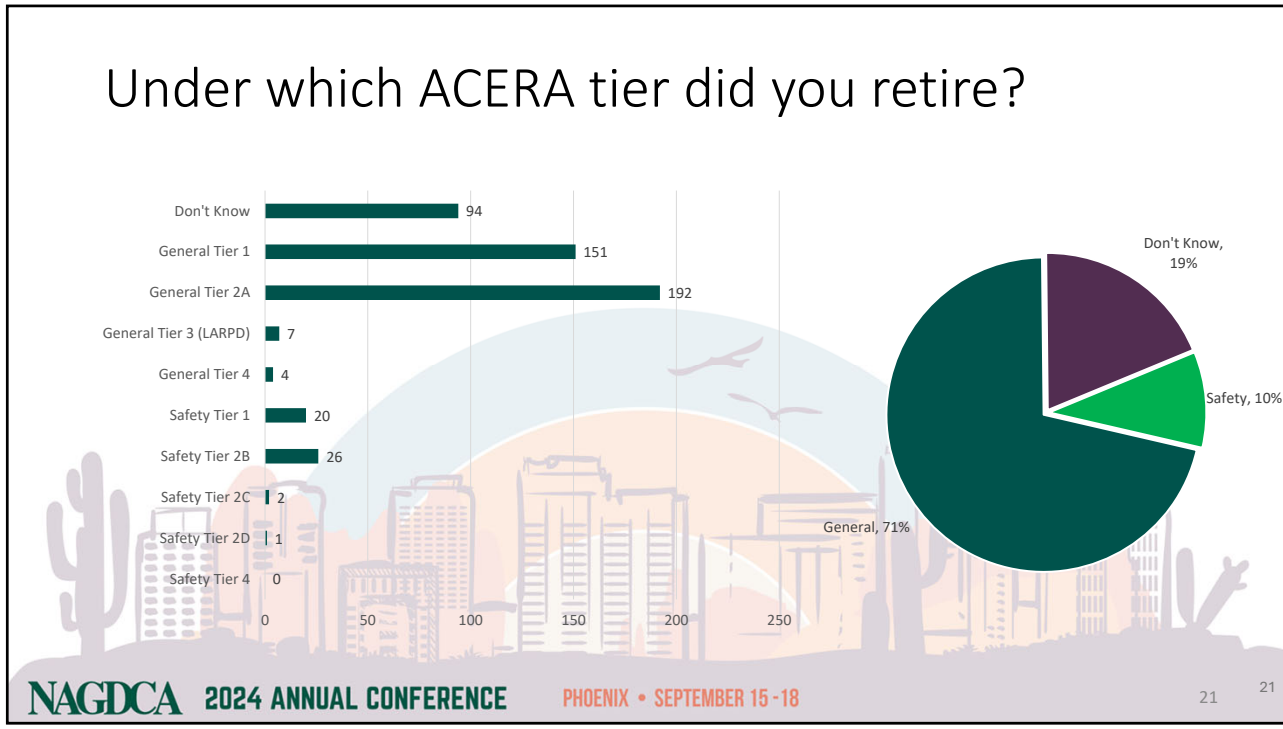
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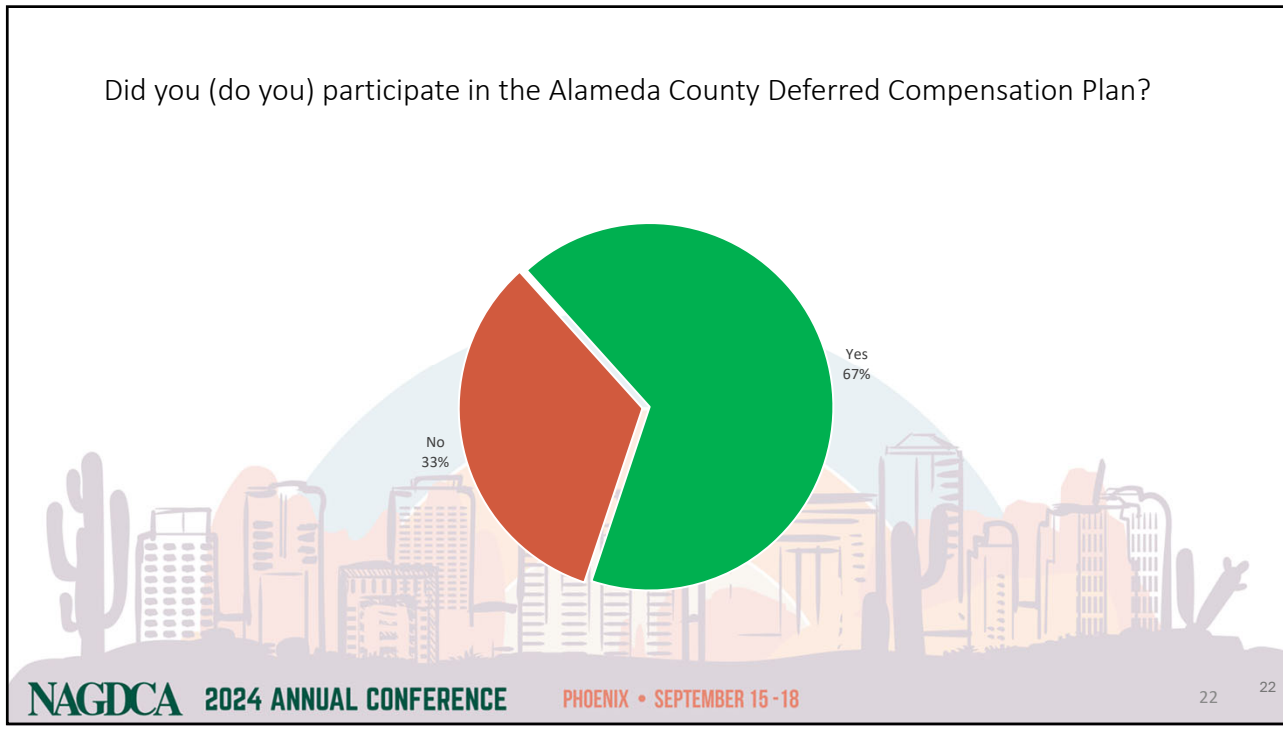
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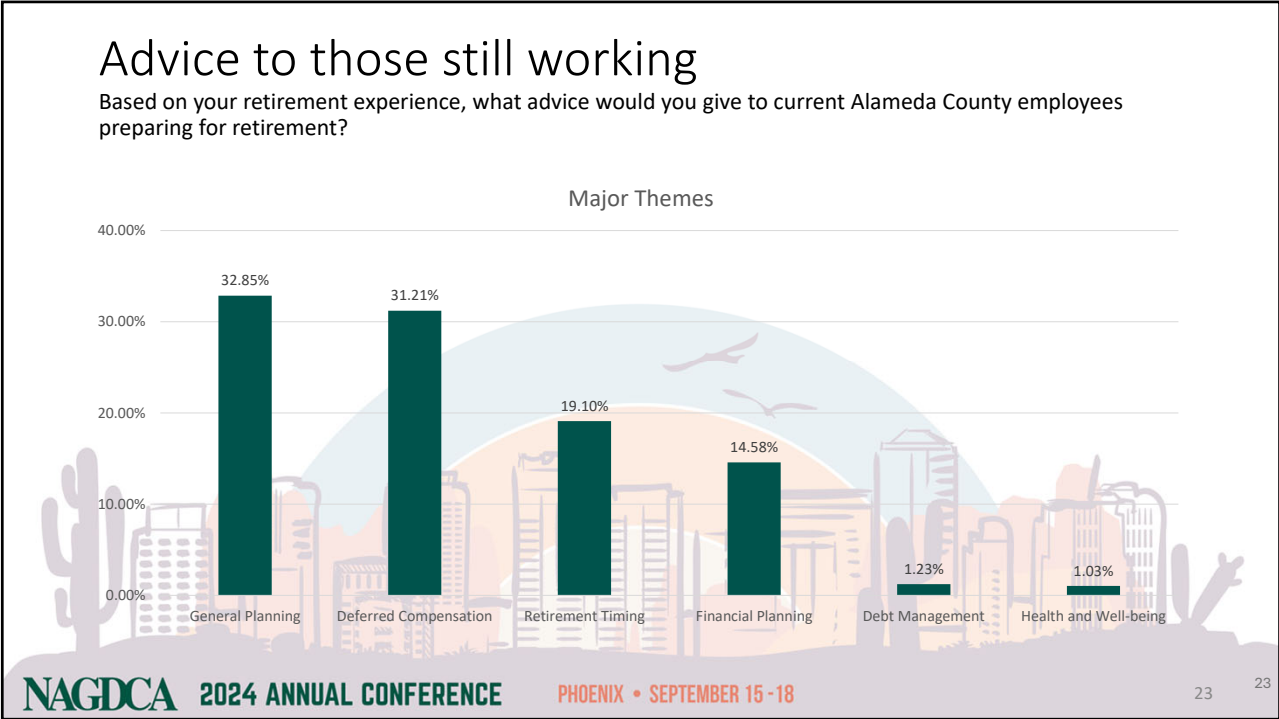
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Retirement Income: Overview of Products Due Diligence

Dick Friedman
Creative Planning

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Preparing for retirement is getting more challenging

Participants face:

Complex questions	Increased & unknown life expectancies	Unknown market returns & volatility	Unknown spending needs	An aversion to spending in retirement
50%	85 or 105?	3% or 8%?	50K or 90K?	68%
The percentage of employees in their 50s lacking an official source of retirement advice ¹	The difference between average retirement age (65) and life expectancy in 2018 (79) ²	Future market returns (and when they will occur) are unpredictable	Many people haven't begun to consider what their spending needs and unexpected spending needs could look like	The percentage of retirees that either withdraw money on as needed basis, or do not withdraw at all ³

1 Cerulli, "The Cerulli Edge, U.S. Retirement Edition," 2020. 2 Data shown is for the U.S., US Centers for Disease Control & Prevention, 2018. 3 Greenwald & Associates, "Retiree Insights 2017 Survey of Consumers," 2017.

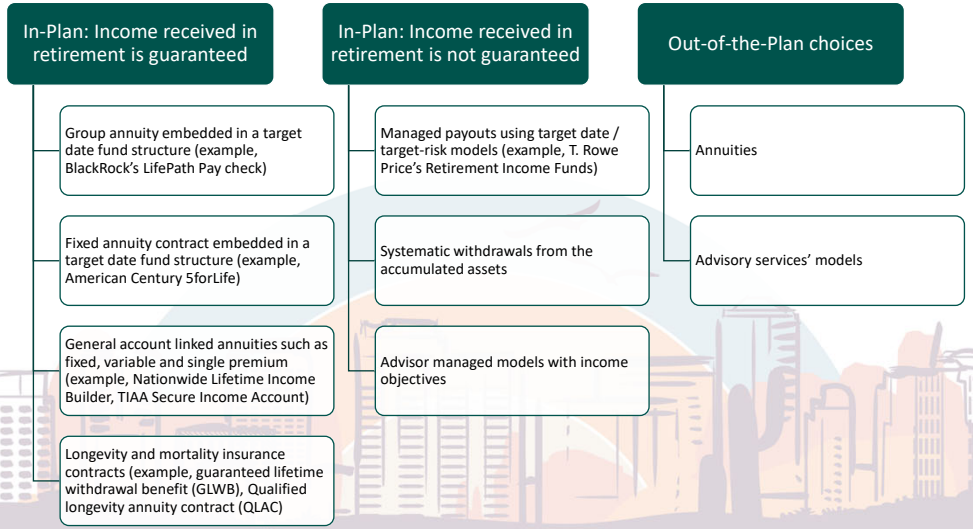
Steady income in retirement may be the answer

While the optimal saving and investing strategy is crucial, a steady stream of income in retirement can help employees achieve—and maintain—overall well-being throughout their lives. Many retirees who receive a lump-sum distribution find their savings depleted in a matter of years and, given the choice, would opt for a steady income stream through retirement as opposed to this one-time, lump-sum payment. Potential market downturns or exogenous shocks, such as the COVID-19 pandemic, further underscore for many retirees the importance and appeal of a guaranteed income stream through their workplace retirement savings plan.

1 in 5 individuals who take a lump-sum distribution from a retirement plan will deplete it in just 5½ years ⁷	68% of retirees said they would have chosen a steady stream of income through retirement if given the choice ⁸	85% of retirees believe they would have benefited from guaranteed retirement income through their retirement savings plan ⁸
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7MetLife, PaycheckorPotofofGoldStudy, April 2017. 8DCPulseSurvey2020.

Evolution of Retirement Income Products after Secure 2.0



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Retirement income overview

Delivery mechanism = Managed Accounts or Target Date Funds	Annuities (in plan option – until utilized)			Hybrid	Prioritize Liquidity with Public Markets (non-insurance products)		
	Single premium immediate annuity	Deferred income annuity	Fixed annuity	Guaranteed lifetime withdrawal benefit	Managed payout	Advisory service/ separately managed account	Systematic withdrawals
Insurance product	Y	Y	Y	Y	N	N	N
Lifetime guarantee	Y	Y	Y	Y	N	N	N
Principal protection	Y	Y	Y	N	N	N	N
Investment control	N	N	N/Limited	Y	Y	Y	Y
Potential for higher payout?	Y	Y	Y	Potentially	N	N	N
Portable	?	?	?	Depends on provider	Y	Y	Y
Fee	Implicit	Implicit	Implicit	Explicit/ combo	Explicit	Explicit	Explicit

*What option(s) are available to my plan?
What are the Pros & Cons of each solution?*

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Due Diligence- Factors to consider

Understand the product being analyzed

Secure Act offers safe harbor.

Fees – are they implicit or explicit?

Participant liquidity

Impact of product features

Portability

Documentation = protection

Documentation and annual review



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Criteria for Choosing a Retirement Income Product

Criteria	Social Security bridge for optimization	Systematic withdrawals (any self managed method)	Systematic withdrawals (advisory or managed payout)	Deferred Fixed-income annuity	Immediate Fixed-income annuity	Variable Annuity with living benefit	Deferred variable Annuity
Lifetime guarantee?	Yes	No	No	Yes	Yes	Yes	Yes
Pre-retirement protection?	No	No	No	Yes	No	Yes	No
Post-retirement increase potential?	Yes	Yes	Yes	No	No	Yes	Yes
Post-retirement Protection?	Yes	No	No	Yes	Yes	Yes	No
Access to remaining savings?	No	Yes	Yes	No	No	Yes	No
Inheritance potential with remaining savings	No	Yes	Yes	No	No	Yes	No
Investment control?	No	Yes	No	No	No	Yes	Yes
Withdrawal control?	No	Yes	No	No	No	Yes	No



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Protected Retirement: Overcoming common myths


Cathy Marasco





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Let's overcome some common myths


Myth #1:
Participants have limited access to their money.


Myth #2:
Participants have enough guaranteed income.


Myth #3:
Solutions are complex and expensive.




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¹ Social Security Administration, www.ssa.gov

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Let's overcome some common myths


Reality:
 Many solutions offer full liquidity at all times.


Reality:
 On average, Social Security replaces about 40% of pre-retirement earnings.¹


Reality:
 Many solutions offer institutional pricing and a more simplified experience.



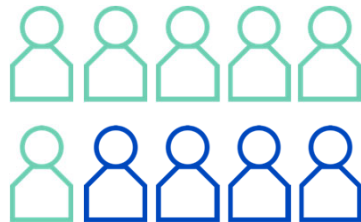
Let's take a look at a holistic income plan that's protected

In this example, our 65 year old saver is prepared – not just with savings – but with an income plan that is protected for life:



This chart is for illustration purposes only and shows the general principles of creating a retirement income plan for a 65 year old. It assumes the amounts receive from pension, social security income, and protected retirement income are protected for life; 1 Assumes 30 years of service in a Pension plan with an ending salary of \$60,000; assumes pension income does not reduce social security income. Pension results will vary plan to plan; 2 Assumes social security benefit with DOB: 6/15/1959, retirement year: 2011, ending salary: \$60,000, benefits begin at age 64 and 11 months, in today's dollars; 3 Assumes participant invests \$300k balance into an in-plan guarantee solution, that this amount is captured as the income base, and that the solution generates 5% of the income base annually at age 65. Features of any given solution may differ.

There are Plan Sponsor benefits too



42% of Plan Sponsors
report an increase in delayed retirements¹

\$26k / year

EY research suggests that labor and benefits savings per delayed year of retirement, per employee²



Important information

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution • Not insured by any federal government agency • May lose value

This material is not a recommendation to buy or sell a financial product or to adopt an investment strategy. Investors should discuss their specific situation with their financial professional.

Provisions of these options may vary based on plan selection and/or by state regulation. These investment options may not be available in some states.

Guarantees are backed by the claims-paying ability of the issuing insurance company.

Use of the term "pension-like income stream" refers to the similarity between Nationwide's Protected Retirement income solutions and a traditional pension plan in the sense that both can provide a stream of income for participants' lives. However, it's important to note that these solutions are **not pensions**. The term "pension-like" is used solely to illustrate the income feature of the solutions and does not imply any other characteristics typically associated with pensions.

Withdrawals are subject to income tax, and withdrawals before age 59½ may be subject to an additional 10% early withdrawal tax.

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