

Retirement Times

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MILLENNIALS KNOW IT ALL. BUT, ARE THEY SAVING FOR RETIREMENT?

Millennials – they've infiltrated the workplace and bring expertise in social media, individuality, technology and hipster bars. But, what do they know about saving for retirement? Typically, younger people don't make retirement savings a priority. Living expenses, student debt, rent or house payments, and other day-to-day expenses mean that retirement savings take a back seat. In fact, a Franklin Templeton Investments survey from January 2016 says that 40 percent of millennials don't have a retirement plan in place, and 57 percent haven't started saving.¹ That attitude, however, will make it much more difficult to have a secure retirement later, according to seasoned retirement plan advisors.

The main thing that millennials are sacrificing by not saving now is time. Time allows funds to grow through compounding, and that can turn relatively modest savings into much larger nest eggs. For example, saving \$50 each month in a retirement account earning 6.5 percent annually and compounded monthly would generate retirement savings of \$226,781 over 50 years. A millennial who starts saving the same amount 30 years later, allowing it to only compound for 20 years, would have only \$24,525 at the end of the 20 years.²

And \$50 each month isn't a huge amount, even for a cash-strapped millennial. Some other retirement savings tips you can share with your millennial employees are:

- + Take full advantage of employer-sponsored retirement plans, like 401(k) or 403(b) plans. Funds contributed to these tax-advantaged programs grow free of taxes, which means more money stays in the account to generate interest.



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- + Contribute at least as much as your employer is willing to match. If your employer matches three percent of your salary, you should start by contributing that much.
 - o Otherwise, you're "leaving money on the table." Your employer match instantly increases your contribution, and your money grows faster.
- + Don't worry about not being an investment expert. Many retirement plans now offer target-date funds (TDFs). Also known as lifecycle or age-based funds, TDFs automatically adjust your investment assets as you age, so you don't need to balance your funds yourself.

One common objection millennials have about contributing to an employer-based retirement fund is that they may not stay with that employer. Actually, few people stay with a single employer for their entire careers, and they should be reminded that retirement plan funds can be rolled over into a new employer's plan or rolled over into an IRA if they leave their job.

¹<http://money.usnews.com/money/personal-finance/articles/2016-05-27/who-needs-a-retirement-plan-apparently-not-millennials>

²<http://www.bankrate.com/calculators/savings/simple-savings-calculator.aspx>

THE EVOLVING WORKSCAPE

Adapt to the shifting priorities of modern workers to attract and retain the best talent.

Longevity, demographic changes and technological innovation have revolutionized the world of work.

As many employers face a coming wave of baby-boomer retirements, the resulting gaps in unique skills, experience and institutional knowledge may be difficult to fill. Keeping mature workers engaged may help ensure that your company retains the employee knowledge necessary to compete.¹ Going forward, successful workplaces will not only leverage the skills and institutional knowledge of mature workers, but also ensure that the expertise mature workers possess is shared with other employees.

Here's how:

- + Offer educational opportunities
- + Be flexible
- + Promote collaboration



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Offer Educational Opportunities

More than 80 percent of workers age 45 to 64 say the opportunity to learn something new is critical to them, and over 70 percent say that job training is an essential element of that ideal employment.¹

Experienced workers are eager to get additional training, so they can keep their skills sharp and make themselves more employable.

While large employers with abundant resources may already be providing this training, smaller companies can still manage to do this and reap the benefits. Assess your company's existing training model and determine opportunities for bolstering your employees' skillsets.

1. Use free or low-cost options
Highly skilled employees might be your best trainers. Ask them to pass on their skills and knowledge to others.
2. Promote internal learning opportunities
Don't limit your training offerings. Host a variety of training and business building sessions and engage with your employees to find out what they like, don't like, and what they want to learn more about.
3. Subsidize training programs
Thanks to modern technology, there are more educational opportunities than ever before, such as online courses and tuition reimbursement programs.

Be Flexible

Workplace flexibility is a way to attract talent because it accommodates active lifestyles and child or eldercare. One study revealed that 77 percent of millennials think that flexibility is not only desirable but also is key to productivity. The idea is also appealing to baby boomers, who are seeking flexibility as they near their retirement years.²

1. Evaluate your company's existing policies. Which aspects do you currently offer?
 - + Flexible hours
 - + Working remotely
 - + Job sharing
2. Consider offering part-time work or a phased retirement



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Promote Collaboration

Employees of all ages can benefit from a sense of community in the workplace. Sharing ideas is one way to foster this feeling. Whether it's informal with shadowing and project partnerships, or formal with mentorship and reverse mentorship programs, generational and experiential differences are a learning opportunity.

1. Brainstorming

Brainstorming brings employees together to work toward a common goal by offering various perspectives and solution.

2. Create a reverse-mentorship program

In this program, older employees can pick up something fresh from their younger counterparts. For example, those who are less skilled at using technology might rely on another employee to teach them how to use a certain application or tool. Conversely, more experienced employees can teach younger ones how to develop business and share valuable insights.

3. Provide spaces that support all of the above

Employees are more likely to be happy and collaborative when they have places to meet together comfortably, participate in training or seminars, or work independently when necessary.

In the workscape of tomorrow, employees of traditional “retirement age” want more, and workplaces must adapt if they want their business to succeed. In order to retain and attract the best talent across generations, including would-be retirees, it is critical to:

- + Offer educational opportunities for employees hungry to learn;
- + Be flexible to accommodate the employees with different lifestyles; and
- + Promote collaboration to foster a community and creative thinking.

People are living longer, better lives. And the happiest, most productive workplaces are those that are adapting to support these lifestyle changes.

¹Employers Need To Train Their Older Workers, Too. Forbes.com. Oct. 17, 2017.

²More Than Avocado Toast: How Millennials Will Make Retirement Better For Baby Boomers. Forbes.com. Jan. 29, 2018.

The logo for Retirement Times, featuring a stylized, overlapping geometric shape in shades of blue and grey, resembling a ribbon or a series of overlapping planes.

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