



*NCSL 2013 Legislative Summit Session*

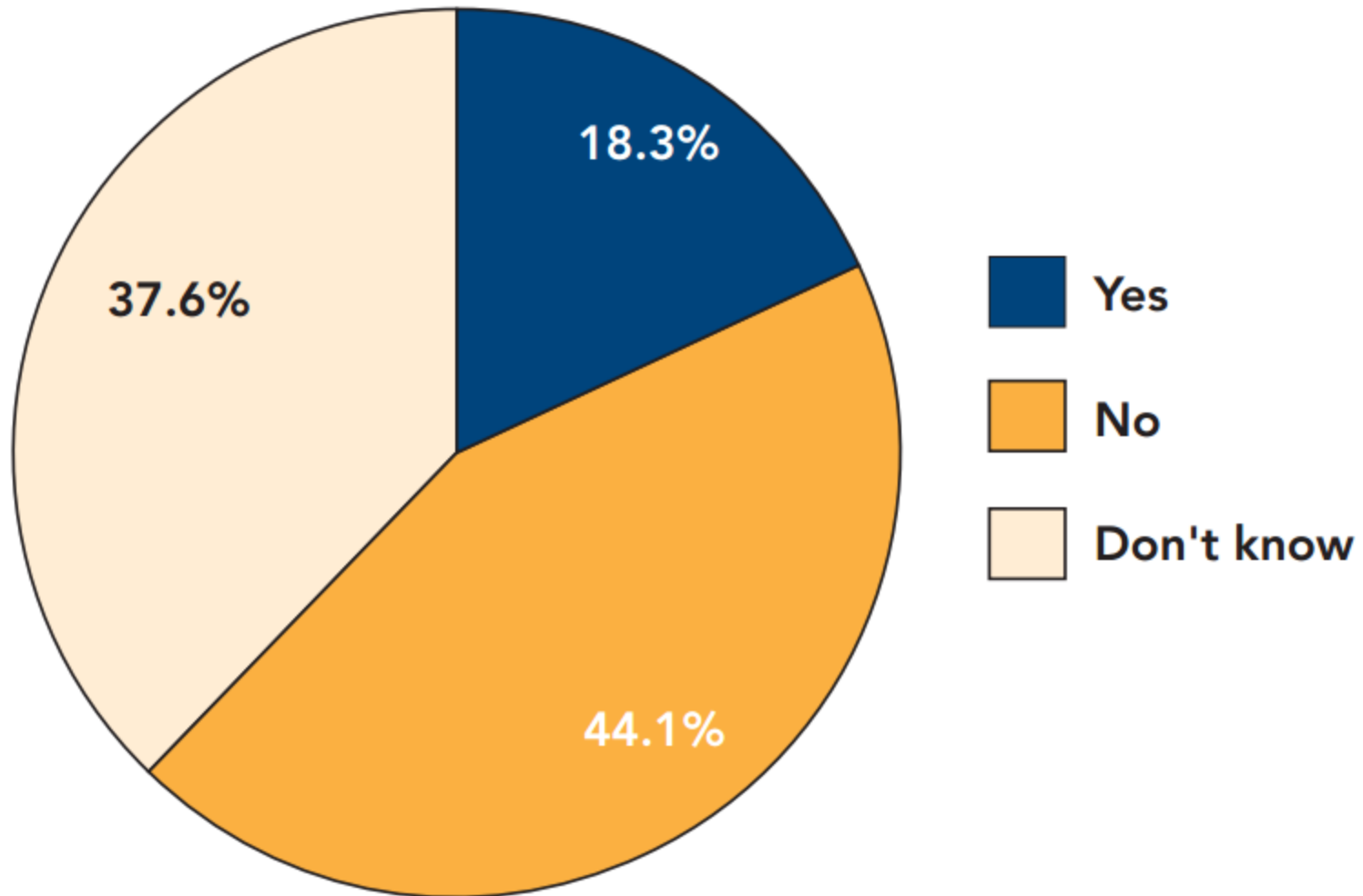
# **Retirement Income Security: Beyond the Three-legged Stool**

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Do you feel your employees are prepared financially for their retirement? (N = 322)



# The Current Environment

- Retirement Plans:
  - Suspended COLAs; increased contributions; reduced benefits; hybrid plan implementation; etc.
- Retiree Health Care:
  - Increases in overall retiree insurance costs; reductions in the number of state government units offering RHC; cost shifting/sharing from public employers to retirees.
- Pay freezes, furloughs, and pay cuts.
- Reduction in workforces and underlying demographics.
- Changes in the overall life and financial positions of retirees and near retirees.

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*The report can be downloaded  
from:*

**[www.nagdca.org](http://www.nagdca.org)**  
**[www.slge.org](http://www.slge.org)**

## The Evolving Role of Defined Contribution Plans in the Public Sector



A joint research project of the Arthur N. Caple Foundation and the National Association of Government Defined Contribution Administrators conducted by the Center for State and Local Government Excellence.

**September 2012**





# Policy and Program Challenges and Opportunities

- Barriers to saving
- The role of supplemental DC plans (and other savings vehicles)
- Financial education

# Regarding the challenge of employees not saving enough...

- Structure benefit offerings to account for human behavior.
- Benefit structures should aim to:
  - Increase savings
  - Match employees with suitable investment strategies
  - Limit in-service withdraws
  - Encourage communication

# Supplemental DC Plans: Some key points to think about...

- **Auto enrollment.**
  - Contribution levels; adjustments over a career; the overall benefit context.
- **Investment options**
  - Varied options; manageable set of available funds; default option.
- How wide open is the **brokerage window?**
- The extent to which in-service **loans and withdraws** are allowed.

# Financial Education:

## Some key points to think about...

- The shifting of **savings and planning responsibilities** from employer to individual.
- Variations in levels of **financial knowledge and interest** across the public workforce.
- Who offers the education, in what **format and scope?**
- **Network effects** beyond those in government.





# Questions?

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