



WELLS
FARGO

Wealth & Investment
Management

2018

WELLS FARGO RETIREMENT STUDY REVEAL

The making of a new retirement journey map

New research developed in partnership between Wells Fargo Institutional Retirement and Trust and Wells Fargo Asset Management.

Long Live You

NOT FDIC INSURED • NO BANK GUARANTEE • MAY LOSE VALUE

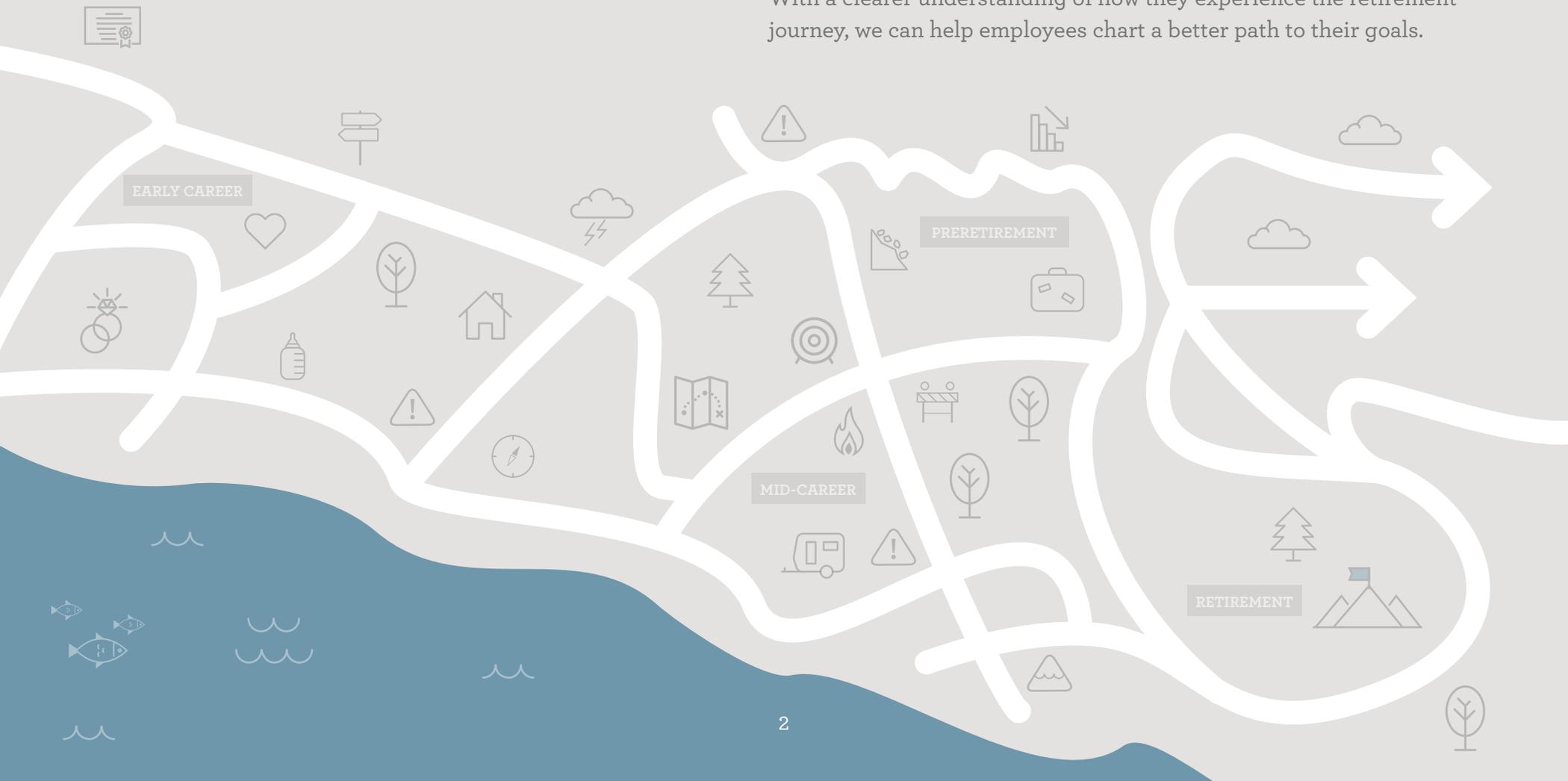
The making of a new retirement journey map

People take different paths to retirement.

Some retire early, others work into their later years, and some start an entirely new career. Some are confident that they've planned well for a long and fulfilling retirement, while many expect to live past 85 and are stressed about the possibility of outliving their assets.

The journey is complex. There may be hurdles or roadblocks along the way, and there is always uncertainty.

With a clearer understanding of how they experience the retirement journey, we can help employees chart a better path to their goals.



The divided road to retirement

Long live you

We all hope for a long and fulfilling life. That's what retirement planning is all about—financial independence to enjoy the product of your labor. Time for loved ones, old hobbies, new passions. With the right support and mindset for planning, employees and retirees can achieve a positive outlook.

85%

of Millennials and Gen X

believe that retirement will be a

POSITIVE NEW CHAPTER

79%

of retirees

say that retirement has been a

POSITIVE NEW CHAPTER

Stymied by stress

But for many employees, increased longevity is also adding stress. Maybe they aren't on track with their goals, they feel it's too late, or the goal seems insurmountable. Or they simply tend to avoid planning.



38% are unsure how much they've saved for retirement



38% say living to age 85 would be a "financial hardship"



42% expect to live between age 85 and beyond

"Overwhelmed" or "paralyzed" in their financial situations

32% of workers

22% of retirees

Achieving retirement goals takes more than just confidence. It means managing uncertainty and improving the approach to planning.



Removing unforeseen roadblocks

Not all employees are confident they'll have enough retirement income to cover their needs. Life events along the journey can add obligations or shrink assets, and expectations don't always match reality. In fact, many retirees have retired earlier than they expected.



7 in 10 workers are concerned about running out of money



69% don't know what they would do if they ran out of money



58% of retirees retired earlier than expected



2/3 of retirees took Social Security as soon as they could



Retirement planning and solutions are critical to help employees get back on track after life events lead to a detour.



Gen X: Stuck in the middle lane

Generation X, in particular, is experiencing financial stress. These employees are often overlooked, while much of the focus for retirement education and support has gone to Millennials and Boomers. But Gen X employees are at a pivotal point in their journey. They may have time to get on track with their goals—if they start now.

Sandwiched:

- Between financial responsibilities of Millennial children and Boomer parents
- Between older DB pension workforce and younger DC participants with automated plan features

Gen X employees are nearing the critical preretirement phase. They are in peak earning years, with just a decade or so left.

These employees have time to course-correct for better retirement readiness—with the right approach to planning and the right tools.



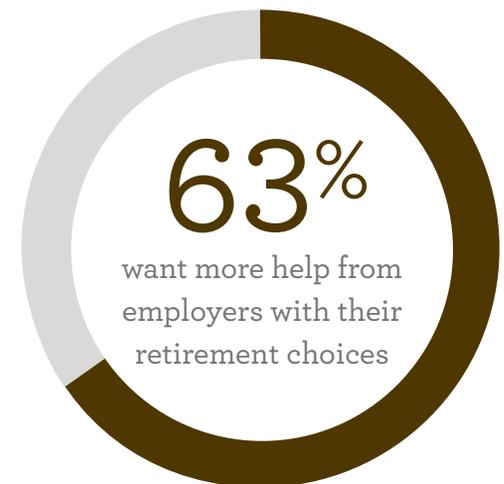
45% say they have a 
DETAILED FINANCIAL PLAN
—less than all other generations



..... ENOUGH

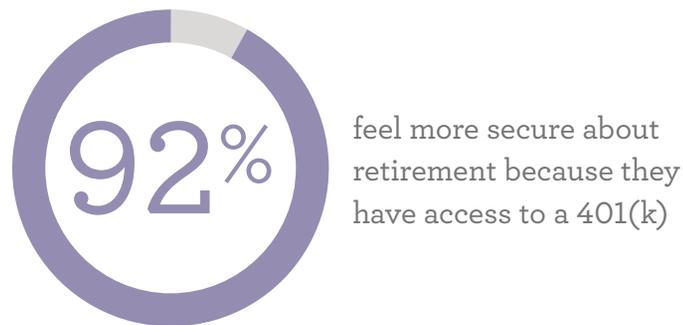


Less than half say they are saving enough for retirement



The 401(k): A retirement engine

The good news: Many employees already have a powerful engine to pursue asset growth. A 401(k) plan encourages consistent saving, offers diverse investments, and supports a healthy retirement portfolio.



People value and trust their 401(k), but they need more than just a powerful saving and investing tool. They need help avoiding potential obstacles throughout retirement.

Employers can offer plan solutions that help their workforce manage savings to and through retirement.



61% vs. 38%

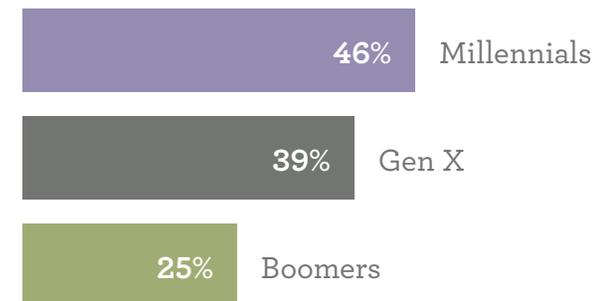
401(k) contributors

Noncontributors

SAY THEY ARE SAVING ENOUGH FOR RETIREMENT



401(k) and/or IRA will be the primary source of retirement funding



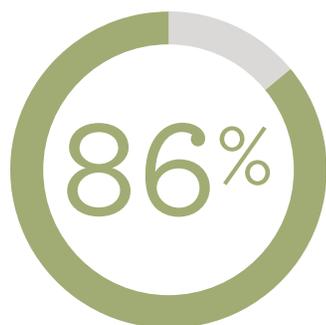
Roadside assistance, when they need it

Contributing to a well-designed 401(k) plan may not be enough to manage savings through retirement. Many workers are looking for help from their employers as they think about pursuing a long and financially independent retirement.

Want more help with retirement decisions from their employer

73% Millennials

63% Gen X



want a 401(k)
statement with
retirement income
estimates



say making savings last
through retirement is
the most important part
of retirement planning



*Employees who are motivated
to improve their financial
wellness have a mindset
to plan for the future.*



Plan the journey: Develop a “survive to thrive” mindset

Employees with a planning mindset typically take charge of their retirement goals. They’re more inclined to be proactive and make good decisions.

Workers with a planning mindset

2x

more likely to say they are *thriving*

42%

less likely to have high levels of *financial stress*

3x

more household retirement savings than those without a *planning mindset*

Tools that simplify and automate the planning process lower hurdles for employees to adopt a planning mindset, helping move them from education to action.



The planning mindset is a tendency to use near- and longer-term financial planning and goal setting. Our research measured the planning mindset based on four key statements:



I am able to work diligently toward a long-term goal.



I prefer saving for retirement now to ensure I have a better life in retirement.



It makes me feel better to have my finances planned out for the next one to two years.



In the past six months, I have set and achieved a goal or set of goals to support my financial life.

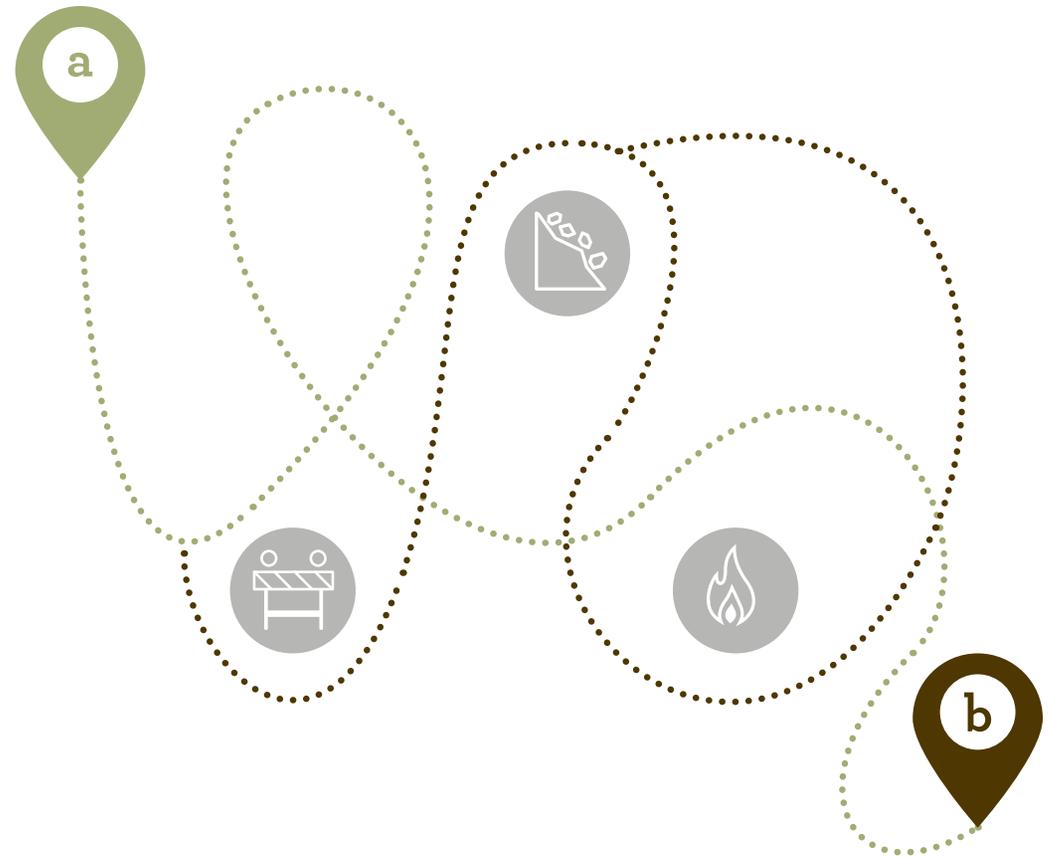
Clearing obstacles from the path

The usual approach: Focus on education and encourage employees to make good choices.

A better way: Recognize potential obstacles and opportunities to help employees pursue their goals.

Understanding an employee's mindset and current experience is key to fostering a stronger planning orientation and enabling action.

- What are employees thinking, feeling, and doing at each stage?
- What motivates them to move to the next stage?
- What are the obstacles to moving ahead?
- What can be done to overcome the obstacles?



Determining whether employees have a planning mindset and helping them develop the characteristics and behaviors of planners can lead to better outcomes. Take the next step by partnering with us to better understand these drivers and the tools needed to help move them to action.



Journey to retirement readiness

Retirement planning is complicated—from deciding when to retire to developing and following a plan to get there. No two paths are exactly alike.

Some employees have a planning mindset and will make the most of resources to help build a more secure retirement. Others need help in getting started or sticking with a plan and will likely benefit most from practical tools that simplify and automate retirement planning.

Understanding these challenges and opportunities can help employers continue to improve the retirement planning experience and financial wellness for their workforce overall.





Let's answer the call

Join us in making Long Live You a reality for employees

Solving what feels like the unsolvable is critical to improving financial well-being for employees. We are conducting research to understand the needs of employees and employers and to innovate solutions that seek to deliver improved outcomes for all. Together with employers, we can help to improve the journey. We can create a new retirement road map that helps people prepare for the next phase of life.

Let's solve this. Contact your Institutional Retirement and Trust representative to continue the conversation and get the support and insights you need.

About the survey

On behalf of Wells Fargo, The Harris Poll conducted 3,563 online interviews of 2,560 working Americans 21 or older and 1,003 retired Americans, surveying attitudes and behaviors around planning, saving and investing for retirement. The survey was conducted from August 6 – 20, 2018. Working Americans are age 21 or older and working full-time (or at least 20 hours if they are working part-time) or are self-employed. Retired Americans self-identified as retired regardless of age. Both working and retired Americans are the primary or joint financial decision-maker for their household. Data was weighted as needed to represent the population of those meeting the qualification criteria. Figures for education, age, gender, race, ethnicity, region, household income, investable assets, marital status, employment, number of adults in the household, and propensity to be online were weighted where necessary to bring them in line with their actual proportions in the population.

All investing involves risk, including the possible loss of principal. There can be no assurance that any investment strategy will be successful. Investments fluctuate with changes in market and economic conditions and in different environments due to numerous factors, some of which may be unpredictable. Each asset class has its own risk and return characteristics.

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