INVESTMENTS & WEALTH MONITOR

A reprinted article from November/December 2021

Building Financial Security in a Changing Labor Market

By David C. John and Jennifer M. Schramm

Building Financial Security in a Changing Labor Market

By David C. John and Jennifer M. Schramm

This is a time of uncertainty. The very concept of retirement is changing, as is the work experience itself. The emerging new reality will have a profound impact on the way people build lifetime financial security and will affect—directly or indirectly—advisors and every segment of retirement finance. Many of these trends started well before COVID-19, but the pandemic also has changed attitudes and practices. We expect that some of them will become permanent.

The question will be how the retirement finance industry reacts to different circumstances. Changing strategies and products is risky, but so is standing pat and finding that the market has made your products obsolete.

THE CHANGING FACE OF WORK AND RETIREMENT

CHANGES IN LIFE EXPECTANCY, IMPACT OF THE PANDEMIC, AND WIDENING OF DISPARITIES

Even before the coronavirus pandemic, the question of whether longer lifespans would lead directly to longer career lifespans was not yet settled. For one thing, ever-increasing life expectancies were no longer a given. Even though the U.S. Census reported in 2018 that the fastest-growing age group in the country was age 85 and older, and the second-fastest was the 100-plus age group,[1] data from the National Center for Health Statistics showed that improvements in lifespans had slowed. Overall life expectancy stood at 78.7 years in 2018, 0.2 years lower than in 2014.[2] Deaths due to COVID-19 have further reduced overall life expectancy in the United States. There may be continuing and long-lasting health impacts on survivors of the virus that could influence life expectancy rates worldwide.[3]

Data on U.S. lifespans also have consistently demonstrated wide demographic disparities, including race, ethnicity, gender, educational attainment, and income. The pandemic has widened and created new disparities. For example, evidence strongly indicates that Black and Hispanic Americans experienced disproportionate morbidity and mortality from COVID-19.[4] Improving educational attainment levels, incomes, and economic well-being have driven improved life expectancy rates globally, so the recent declines and ongoing disparities in the United States are not inevitable and may be reversed in the years ahead. Nevertheless, these life-span trends are likely to influence retirement for decades to come. Therefore, although some workers may age into the fast-growing 85-plus age demographic and can expect to have longer career lifespans commensurate with long lives, positive longevity trends are not universal. When considering ways to improve well-being in retirement, especially financial preparedness, we must factor in these differences in health outcomes and the ability to work longer.

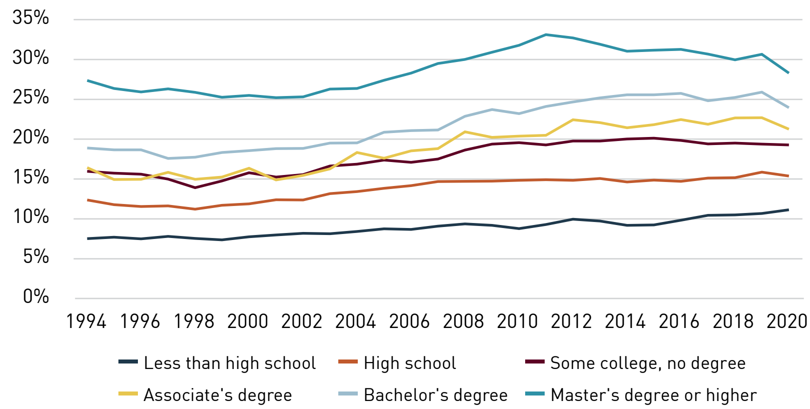
LABOR FORCE PARTICIPATION TRENDS

The pandemic has complicated, and in some cases reversed, labor market trends. In the years leading up to 2020, labor force participation rates for older workers had been climbing after a sharp decline in the aftermath of the Great Recession. The Bureau of Labor Statistics projected that the 65- to 74-year-old and 75-and-older age groups would have faster labor force growth rates annually than any other age group in the years leading up to 2024[5] but that the large baby boom generation moving into retirement also would decrease overall participation rates.[6] The pandemic has sped up these labor force participation rate (LFPR) declines and slowed the rate of increase in the 65-plus age cohort.

Another factor that the pandemic has influenced is the number of caregivers, particularly women, who have left the labor force due to caregiving responsibilities. AARP research on caregivers has found that women suffer more adverse consequences than men as a result of family caregiving. Women—particularly those with low incomes—experience labor force dropout and early retirement at a rate of more than three times that of men.[7] The adverse effects of caregiving have lasting implications for retirement preparedness and financial security later in life.

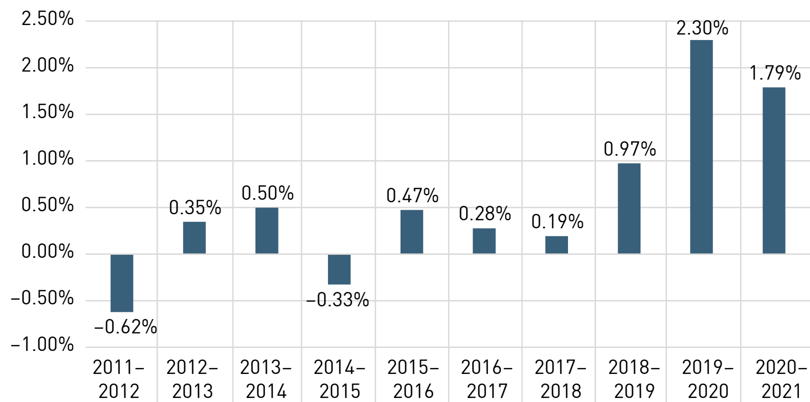
The prime-age (ages 25 to 54) LFPR also has declined, and this will influence the levels of retirement savings many workers will be able to draw from decades from now. The greatest declines in LFPR in prime-age workers have been among men with lower levels of

Figure 1
LABOR FORCE PARTICIPATION RATES OF WORKERS AGED 65 AND OLDER BY EDUCATIONAL ATTAINMENT



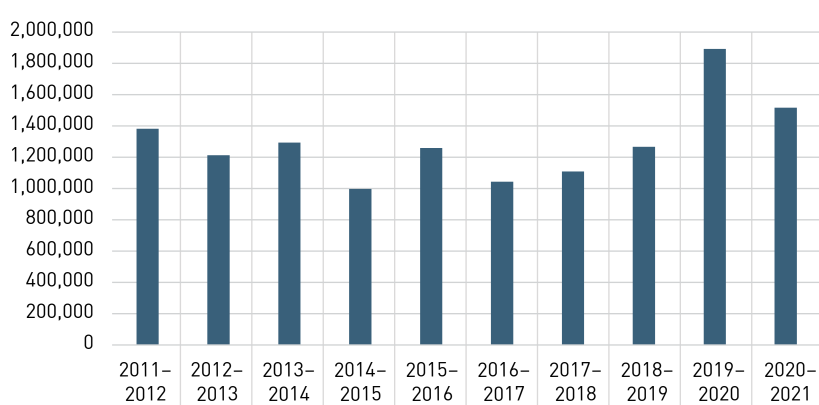
Source: U.S. Bureau of Labor Statistics, Current Population Survey

Figure 2
RELATIVE CHANGE IN RETIREMENT RATIOS, SECOND QUARTER, AGES 55 AND OLDER



Source: U.S. Bureau of Labor Statistics, 2011-2021 Current Population Survey, http://thedataweb.rm.census.gov/ftp/cps_ftp.html#cpsbasic. The retirement ratio is the percentage of the total age 55 and older civilian population that indicates that they are not in the labor force due to retirement.

Figure 3
CHANGE IN THE NUMBER OF RETIREES, SECOND QUARTER, AGES 55 AND OLDER



Source: U.S. Bureau of Labor Statistics, 2011–2021 Current Population Survey, http://thedataweb.rm.census.gov/ftp/cps_ftp.html#cpsbasic. The number of retirees is based on the total number of those age 55 and older in the civilian population in the survey that indicated that they are not in the labor force due to retirement.

education. As shown in figure 1, labor force participation rates among older workers correlate strongly with education. These differences are among the reasons why some experts question whether relying on longer working lifespans as a strategy to ensure financial security in retirement is possible for all worker demographics. Recent analysis of worker retirement patterns found that among most groups, of those who can work at age 62, more than one-quarter will not be able to work until age 70. This number is even higher among some demographics, reaching a high of 76 percent among Black men with lower levels of education. Although during 2006–2018, both Black and white individuals with high levels of education saw an increase of about one year of working life expectancy, during that same period, working lifespans actually declined for individuals with lower levels of education.[8]

RISING RETIREMENT RATES IN 2020

As shown in figures 2 and 3, both the relative change in the rate of retirement and the number of retired persons age 55 and older grew between 2019 and 2020 and have since tapered off slightly, though they are still high compared with 2011 through 2018. Although retirement rose overall, the circumstances under which people decided to retire varied. Whereas high-income workers nearing retirement age may have felt empowered to choose to retire somewhat earlier than planned during the challenging pandemic months, many lower-income workers lost employment.[9] Many of these displaced workers, after a long period of unemployment, eventually retired earlier than planned. This latter group of retirees is much less financially prepared for retirement.

Steep challenges in the labor market also drive some older workers to retire earlier than planned. In July 2021, more than half of job-seekers age 55-plus continued to be long-term unemployed, i.e., seeking work for 27 weeks or longer, and disturbingly high numbers of older workers report experiencing age discrimination. An AARP survey found that in 2020 during the pandemic, workers perceived age discrimination at much higher rates than in the past, with 78 percent of older workers saying they had seen or experienced age discrimination in the workplace, the highest level since AARP began tracking this question in 2003.[10]

The pandemic has caused many to re-evaluate the relative importance of work in their lives compared with health and relationships, and a growing awareness of the difficulties older workers and job-seekers experience in the job market could be another reason that consumer surveys show more people now aspire to retire earlier. More pre-retiree adults (39 percent) in 2020 said they anticipate retiring before age 65 than in any other year since 2010. Eighteen percent of those said they plan to retire by age 59; 53 percent said they aspired to work as long as their health would permit.[11] However, at the same time, surveys such as the Employee Benefit Research Institute (EBRI) Retirement Confidence Survey continue to show a mismatch between workers' expectations of their retirement journey and the reality. The EBRI 2021 survey showed that nearly half of retirees retire earlier than they expect to. The EBRI 2021 survey also reported that high numbers (72 percent) of workers think they will work for pay in retirement, but the percentage of retirees who actually do work for pay in retirement is much lower (30 percent).[12]

RETIREMENT BENEFIT TRENDS FOR A BETTER FUTURE

These trends along with technology are changing retirement finance. What happens in Washington is a big factor, too. Typically, regulators deal with immediate problems under their jurisdiction, hoping to deal with bigger issues if they ever have the time and resources, and most legislators ignore retirement entirely unless there is a crisis. If retirement legislation does come up, it usually deals only with a few specific topics, and then Congress turns to other issues.

But this may be changing. On the legislative front, there is bipartisan support for expanding participation in retirement-savings programs and a variety of other issues. It is too soon to tell how expansive any legislation will be or even if anything actually will become law, but retirement is receiving more attention than in the past. This is also true for regulators. They are increasing staff levels and starting to focus on consumer protection issues and other questions. Again, it is early, but there are signs that innovation that benefits savers will be encouraged.

Although just about anyone could open an individual retirement account (IRA), very few people without an employer plan actually do so, and most of them come from higher income groups.

INCREASING COVERAGE GETS MORE ATTENTION

Most research finds that there has been no significant improvement in the proportion of U.S. workers with access to a payroll deduction retirement savings plan for several decades. This may be about to change with the creation of new plan types and growing support for some level of required coverage. Although just about anyone could open an individual retirement account (IRA), very few people without an employer plan actually do so, and most of them come from higher income groups.[13]

State-facilitated retirement programs, mostly using the Automatic IRA,[14] are providing low cost, simple retirement savings for small businesses. Currently 13 states have passed enabling legislation, and many others are considering a program. The three operating programs in Oregon, California, and Illinois are serving growing numbers of employers, savers, and assets under management. Employers are much smaller, and savers generally have lower incomes and are more mobile than the typical 401(k) owner. In addition, account balances are lower, and opt-out rates are somewhat higher.[15] The three existing programs are also open to voluntary participation by contingent workers.

Another new account type, variously called pooled employer plans (PEPs) or multiple employer plans (MEPs), is likely to increase coverage to some extent. Some smaller employers will use them to start plans, and in some cases, they will replace an employer's existing individual plan. MEPs have fewer regulatory burdens, but it is unclear if there will be significant cost savings because the cost of recordkeeping will be roughly the same for individual 401(k) plans.[16]

For 401(k) plans, the major change may be a growing movement to require them to use automatic enrollment and escalation. Bipartisan legislation requiring 401(k) plans to do so is already before Congress.[17]

The success of state programs is building support for a national retirement savings program.[18] If passed, the most logical structure would be IRA-based, because they impose a lower burden on very small employers.[19] However, 401(k) and similar plans also would benefit. Preliminary data from the three states that require employers to offer some type of retirement plan show a growth in retirement plan creation.[20] And growing employers that start with offering an IRA would be likely to move up to an MEP or even a 401(k) plan.

Assuming that support for a universal retirement savings system continues to grow, one possible outcome would be a system where larger employers continue to have individual 401(k) plans, medium ones offer an MEP, and the smaller employers use a simple program like an Auto IRA. Key challenges will be incentivizing growing employers to move to an MEP or 401(k) and making it easier for them and their employees to do so.

DEALING WITH SMALL AND LOST ACCOUNTS

Increasing coverage and the greater use of automatic enrollment will have a side effect: more small balance retirement savings accounts and probably more lost accounts. These are problems facing just about every country with a retirement savings system.[21] Some savers may not even be aware that they have been automatically enrolled. However, solutions are arising to deal with them.

One promising approach is automatic rollover, where the account balance moves with the saver to a new job.[22] At the moment, it has the potential to reduce leakage from retirement accounts and create much larger balances. A second approach being considered is to change rollover requirements so that all plans would be required to accept them and to base their own rollover actions on the entire amount in the account instead of just the amount contributed at that job.[23] Another very different approach would be to change the Saver's Credit into a match of contributions by lower income savers, thereby growing their account balances faster.[24]

In addition, lost accounts are attracting attention. The eventual creation of a national database of lost accounts to supplement and expand existing smaller ones should help people to find lost savings. An additional step would be to invest more rollover IRAs in growth assets rather than in cash equivalents.[25]

MORE INVESTMENT DIVERSITY

Savings products also are changing. The shift of passive investments from mutual funds to exchange-traded funds (ETFs) and pooled funds will continue.[26] Despite the concerns of some legislators about whether target-date funds (TDFs) expose some savers to more risk than they expect, there is no sign that TDFs will decline as the default automatic-enrollment investment.[27]

A looming question is the rise in environmental, social, and governance (ESG) investing now that it is being encouraged again. Although there is definite demand, there also are many questions including how ESG is defined, which of the three parts is emphasized, how actuaries can appropriately determine if an ESG investment is appropriate, etc.[28] More investors are likely to want some level of ESG investments in their portfolios, and the debate is likely to continue for some time.

> *Savers value features that annuities offer, but annuity reserves account for only about 8 percent of U.S. retirement market assets—a share that has been fairly constant since the mid-1980s.*

It is likely that there will be a growing interest in the use of alternative investments in defined contribution plans once there are clear standards for appropriate fee levels, valuation, etc. Although it is clear that having small amounts of certain countercyclical investments reduces risk, the exact composition and proportion is open to debate.[29] However, it is also likely that some inappropriate investments will seek a place in retirement plans. One of these is cryptocurrencies, which are popular with some investors, but too volatile for retirement investing.[30]

FROM SAVINGS TO INCOME

Probably the most complex decision facing an individual is how to convert retirement savings into income. In 2019, 73 percent of Americans said they do not have the financial skills to manage their money in retirement and 79 percent said that retirees don't have the investment skills to ensure their savings last throughout retirement.[31]

As the concept of retirement changes, this calculation becomes even more complex. Research on management practice and work, aging, and retirement is increasingly focusing on how factors such as flexible work arrangements, age inclusivity practices, training and development, and work environment can help to keep older workers on the job longer.[32] This affects when they start to receive Social Security as well as the amount and timing of other retirement income.

One obvious answer is annuities, which are underutilized, something that has been studied for decades.[33] Savers value features that annuities offer, but annuity reserves account for only about 8 percent of U.S. retirement market assets—a share that has been fairly constant since the mid-1980s.[34] New products and annuity types, including the longevity annuity, have helped to increase demand, but usage is still low. Policy makers are helping by removing some regulatory hurdles, but much more needs to be done.

The in-plan annuity, where the saver can purchase guaranteed lifetime income through the plan rather than in the retail market, was allowed by 2019's Setting Every Community Up for Retirement Enhancement (SECURE) Act.[35] Initial adoption has been low but is likely to increase over time. The annuity could be either a default option on retirement or included in the qualified default investment alternative (QDIA) investment choice, with a portion of the fund gradually converting into an annuity as the saver ages. Either option would be accompanied by some level of advice, either through the employer or by encouraging visits to an independent advisor.[36]

Alternatives to annuities are emerging, including managed payout funds, which are pooled investments that pay out regular income based on performance rather than a guaranteed amount.[37] A number of these funds are already in operation, with others coming. Another is the tontine, a pooled account in which as members die, their shares of the assets and income generated are distributed to survivors.[38] Certain U.S. products have these characteristics, and more explicit versions are starting to appear overseas.

Regardless of the financial instrument, demand for decumulation expertise is likely to grow because of the growing number of retirees who need to use their savings for income. The increased demand for advice is likely to spur even greater use of robo-advisors and virtual meetings to supplement or replace in-person sessions. Much of this already has happened because of COVID-19 but will grow even more as greater numbers of retirees with modest assets seek advice.

FINANCIAL HEALTH IS BECOMING MORE IMPORTANT

Even before the COVID-19 crisis, there was a rising interest in employer-provided services focusing on healthcare costs and retirement planning, as well as basic financial skills and budgeting. An increasing number of employers now offer personalized credit or debt counseling, coaching, or planning because employees have sought more immediate financial health.[39] Early research shows that having and using shorter-term savings leads to a stronger household balance sheet—and a greater ability to save for retirement—in the future.[40]

Another similar benefit is a payroll deduction emergency savings account that could either be part of the 401(k) plan or held at a bank or credit union.[41] One promising approach uses a payroll card that works similarly to a reloadable retail gift card.[42] A national survey found more than seven in 10 people said that they would save in an emergency account in order to reduce financial stress, and interest has only grown since the pandemic began.[43] Potential savers wanted to be able to access their money immediately, start or stop contributing, keep the account if they leave their job, and maintain privacy.

Unfortunately, most existing emergency accounts require the saver to affirmatively sign up for them, and only a fairly small proportion of those who would benefit actually do so.[44] Until automatic enrollment is available, these accounts are likely to be underutilized.

CONCLUSION

Change is constant and inevitable. Today, advisors and providers can use data to improve consumer outcomes in ways that were unthinkable just a few years ago. But the real challenge is to make the product simple for the client to understand and benefit from regardless of how complex the underlying details are. How well the industry meets this challenge will go a great way to determining its future.

David C. John is a senior strategic policy advisor at the AARP Public Policy Institute, where he works on pension and retirement savings issues. He also serves as a deputy director of the Retirement Security Project at the Brookings Institution. He earned an ABJ in journalism, an MA in economics, and an MBA in finance, all from the University of Georgia. Contact him at djohn@aarp.org.

Jennifer M. Schramm is a senior strategic policy advisor at the AARP Public Policy Institute. As part of the Financial Security Team, she identifies policy challenges and opportunities related to workers age 50+. She earned a BA from the University of Michigan and an MPhil in sociology and political science from the University of Cambridge. Contact her at jschramm@aarp.org.

ENDNOTES

1. The United States Census Bureau (March 2018), https://www.census.gov/newsroom/press-releases/2018/cb18-41-population-projections.html.
2. National Center for Health Statistics, "Health, United States, 2019" (2021), https://dx.doi.org/10.15620/cdc:100685.
3. Theresa Andrasfay and Noreen Goldman, "Reductions in 2020 US Life Expectancy Due To COVID-19 and the Disproportionate Impact on the Black and Latino Populations" (February 2021), Proceedings of the National Academy of Sciences 118 (5) e2014746118; DOI: 10.1073/pnas.2014746118.
4. Ibid.
5. Mitra Toossi and Elka Torpey, "Older Workers: Labor Force Trends and Career Options, Career Outlook," U.S. Bureau of Labor Statistics (May 2017), https://www.bls.gov/careeroutlook/2017/article/older-workers.htm.
6. Kevin S. Dubina, Teresa L. Morisi, Michael Rieley, and Andrea B. Wagoner, "Projections Overview and Highlights, 2018–28" *Monthly Labor Review*, U.S. Bureau of Labor Statistics (October 2019), https://doi.org/10.21916/mlr.2019.21.
7. AARP with the Economist Intelligence Unit, "The Economic Impact of Supporting Working Family Caregivers" (2020), Washington DC: AARP.
8. Laura D. Quinby and Gal Wettstein, "Are Older Workers Capable of Working Longer?" Trustees of Boston College, Center for Retirement Research, no. 21-12 (July 2021), https://crr.bc.edu/wp-content/uploads/2021/07/IB_21-12.pdf.
9. Owen Davis, Bridget Fisher, Teresa Ghilarducci, and Siavash Radpour, "The Pandemic Retirement Surge Increased Retirement Inequality," Status of Older Workers Report (June 2021), New York, NY: New School Retirement Equity Lab.
10. Rebecca Perron, "Understanding Older Workers During the Coronavirus Pandemic," Washington, DC: AARP Research (May 2021), https://doi.org/10.26419/res.00445.001.
11. Consumer data from "Retirement & Funding: Ideas for Enhancing Advice as Income Sources Evolve and Target Dates Move Younger," based on data from the Hearts & Wallets Investor Quantitative™ Database. The latest wave was fielded in August 2020, https://www.heartsandwallets.com/docs/press/press_release_2021-03-16_Retirement_Resurgence_Americans_Who_Aspire_to_Retire_by_55_Goal_More_Income_Sources.pdf.
12. Employee Benefit Research Institute, 2021 Retirement Confidence Survey Fact Sheet #2, "Expectations About Retirement" (2021), https://www.ebri.org/docs/default-source/rcs/2021-rcs/rcs_21-fs-2.pdf?sfvrsn=2d83a2f_4.
13. Craig Copeland, "IRA Assets and Characteristics of IRA Owners" (January 6, 2003), https://ssrn.com/abstract=365240.
14. An Automatic IRA combines a payroll deduction IRA with automatic enrollment.
15. As of July 31, 2021, the three operating Auto IRA programs had an average opt-out rate of 32 percent and an average account size of $776. See: https://www.massenaassociates.com/blog/state-facilitated-retirement-programs-metrics-trends.
16. Lia Mitchell, "Will PEPs Address the Retirement Plan Woes of Small

Employers?" Morningstar (July 22, 2020), https://www.morningstar.com/articles/992702/will-peps-address-the-retirement-plan-woes-of-small-employers.
17. Kenneth Corbin, "Lawmakers Eye Mandatory Auto-Enrollment for Retirement Plans," *Employee Benefit News* (June 21, 2021), https://www.benefitnews.com/advisers/news/policy-proposes-mandatory-auto-enrollment-for-401ks.
18. Austin R. Ramsey, "Support Builds to Make Every U.S. Worker Save for Retirement," *Bloomberg Law* (August 4, 2021), https://news.bloomberglaw.com/daily-labor-report/support-builds-to-make-every-u-s-worker-save-for-retirement. See also: Aspen Institute "Expert Survey on Retirement Savings" (April 2021), https://www.aspeninstitute.org/wp-content/uploads/2021/04/Expert-Survey-on-Retirement-Savings_FSP.pdf.
19. In Oregon, most employers report both an easy adoption of OregonSaves and no additional expenses. See: John Scott and Mark Hynes, "Employers Express Satisfaction with New Oregon Retirement Savings Program," Pew Charitable Trusts (July 30, 2020), https://www.pewtrusts.org/en/research-and-analysis/articles/2020/07/30/employers-express-satisfaction-with-new-oregon-retirement-savings-program; and "Is the OregonSaves Retirement Program Expensive for Employers?" Pew Charitable Trusts (May 5, 2021), https://www.pewtrusts.org/en/research-and-analysis/issue-briefs/2021/05/is-the-oregonsaves-retirement-program-expensive-for-employers.
20. John Scott, "Availability of State Auto-IRAs Appears to Complement Private Market for Retirement Plans," Pew Charitable Trusts (June 17, 2021), https://www.pewtrusts.org/en/research-and-analysis/articles/2021/06/17/availability-of-state-auto-iras-appears-to-complement-private-market-for-retirement-plans.
21. Daniella Silcock, "How Have Other Countries Dealt with Small, Deferred Member Pension Pots?" Pensions Policy Institute (January 2021), https://www.pensionspolicyinstitute.org.uk/sponsor-research/research-reports/2021/2021-01-12-how-have-other-countries-dealt-with-small-deferred-member-pension-pots/.
22. Warren Cormier, "Eliminating Friction and Leaks in America's Defined Contribution System," Boston Research Group (November 2014), https://www.bostonrt.com/Nevada/wp-content/uploads/2014/11/BRT_Case_Study_Elim_DC_Friction_and_Leaks.pdf.
23. David C. John, J. Mark Iwry, Christopher Pulliam, and William G. Gale, "Small Retirement Accounts: Issues and Options," Brookings Institution (September 2021), https://www.brookings.edu/wp-content/uploads/2021/09/Small-Accounts-discussion-draft.pdf
24. Jennifer Brown and David C. John, "Improving the Saver's Credit for Low- and Moderate-Income Workers," AARP (September 2017), https://www.aarp.org/content/dam/aarp/ppi/2017/09/improving-the-savers-credit-for-low-and-moderate-income-workers.pdf.
25. Investing rollover accounts in growth assets is discussed in Appendix C of "Small Retirement Accounts: Issues and Options" (September 2021), https://www.brookings.edu/wp-content/uploads/2021/09/Small-Accounts-discussion-draft.pdf.
26. Steve Johnson, "ETFs Set to Overtake Mutual Funds as Passive Vehicle of Choice," *Financial Times* (August 2021), https://www.ft.com/content/e3c9487d-8a46-4333-9244-815a49ae9cd2.
27. Ron Surz, "A Response to a Congressional Request to Review Target Date Funds," *401(k) Specialist* (May 25, 2021), https://401kspecialistmag.com/a-response-to-congress-request-for-review-of-target-date-funds/.
28. "How Far Could Pension Funds Drive Sustainable Investing?" *Knowledge@Wharton* (May 25, 2021), https://knowledge.wharton.upenn.edu/article/far-pension-funds-drive-sustainable-investing/.
29. Lee Barney, "Why Alternative Assets Make Sense for 401(k) Plans," *Plansponsor* (October 15, 2020), https://www.plansponsor.com/alternative-assets-make-sense-401k-plans/.
30. Lydia You, "This Small 401(k) Provider and Coinbase Will Offer Cryptocurrencies in Retirement Plans. What to Know," *Barron's* (June 14, 2021), https://www.barrons.com/articles/this-small-401-k-provider-and-coinbase-will-offer-cryptocurrencies-in-retirement-plans-what-to-know-51623703025.
31. Diane Oakley and Kelly Kenneally, "Retirement Insecurity 2019: Americans' Views of the Retirement Crisis," National Institute on Retirement Security (March 2019), https://www.nirsonline.org/reports/retirement-insecurity-2019-americans-views-of-the-retirement-crisis/.
32. T. A. Dorien, M. Kooij, Hannes Zacher, Mo Wang, and Jutta Heckhausen (2020), "Successful Aging at Work: A Process Model to Guide Future Research and Practice," *Industrial and Organizational Psychology* 13, no. 3: 345–365; Yixuan Li, Yaping Gong, Anne Burmeister, Mo Wang, Valeria Alterman, Alexander Alonso, and Samuel Robinson, "Leveraging Age Diversity for Organizational Performance: An Intellectual Capital Perspective," *Journal of Applied Psychology* 106, no. 1 (2021): 71–91; and Kène Henkens, "Forge Healthy Pathways to Retirement with Employer Practices: A Multilevel Perspective" (July 3, 2021), *Work, Aging and Retirement,* https://doi.org/10.1093/workar/waab016.
33. David C. John, William G. Gale, J. Mark Iwry, and Aaron Krupkin, "From Saving to Spending: A Proposal to Convert Retirement Account Balances into Automatic and Flexible Income," Brookings Institution (July 31, 2019), https://www.brookings.edu/research/from-saving-to-spending-a-proposal-to-convert-retirement-account-balances-into-automatic-and-flexible-income/.
34. "Report: The U.S. Retirement Market, Fourth Quarter 2018," Investment Company Institute (March 2019), www.ici.org.
35. See a summary of the 2019 legislation by the House Ways and Means Committee at https://waysandmeans.house.gov/sites/democrats.waysandmeans.house.gov/files/documents/SECURE%20Act%20section%20by%20section.pdf.
36. The choice will depend in large part on the regulatory environment and the extent to which employers would have a fiduciary responsibility for the advice given by advisors it chooses or recommends.
37. See endnote 33.
38. J. Mark Iwry, Claire Haldeman, William G. Gale, and David C. John, "Retirement Tontines: Using a Classical Finance Mechanism as an Alternative Source of Retirement Income," Brookings Institution (October 15, 2020), https://www.brookings.edu/research/retirement-tontines-using-a-classical-finance-mechanism-as-an-alternative-source-of-retirement-income/.
39. Craig Copeland, "2020 EBRI Financial Wellbeing Employer Survey: COVID-19 Driving Benefit Offerings and Potentially Forcing Tough Budget Decisions," Employee Benefit Research Institute (October 21, 2020), https://www.ebri.org/content/2020-ebri-financial-wellbeing-employer-survey-covid-19-driving-benefit-offerings-and-potentially-forcing-tough-budget-decisions.
40. David C. John, "Building—and Using—Emergency Savings Helps to Create Lifetime Financial Security," AARP (June 3, 2021), https://blog.aarp.org/thinking-policy/building-and-using-emergency-savings-helps-to-create-lifetime-financial-security.
41. John Beshears, James J. Choi, Mark Iwry, David John, David Laibson, and Brigitte C. Madrian, "Building Emergency Savings Through Employer-Sponsored Rainy-Day Savings Accounts," National Bureau of Economic Research Working Paper 26498 (November 2019), http://www.nber.org/papers/w26498.
42. Catherine Harvey and David C. John, "Facilitating Workplace Emergency Savings Programs Through Payroll Cards," AARP (July 30, 2020), https://www.aarp.org/ppi/info-2020/facilitating-workplace-emergency-savings-programs.html.
43. Catherine Harvey, David C. John, and S. Kathi Brown, "Saving at Work for a Rainy Day: Results from a National Survey of Employees," AARP (December 4, 2018), https://www.aarp.org/content/dam/aarp/ppi/2018/09/rainy-day-national-survey.pdf.
44. "Supporting Emergency Saving: Briefing Paper 3 – Early Learnings of the Employee Experience of Workplace Sidecar Saving," *NEST Insight* (July 2021), https://www.nestinsight.org.uk/wp-content/uploads/2021/07/Supporting-emergency-saving-early-learnings-from-the-employee-experience.pdf.

CONTINUING EDUCATION

To take the CE quiz online, go to www.investmentsandwealth.org/IWMquiz

5619 DTC Parkway, Suite 500
Greenwood Village, CO 80111
Phone: +1 303-770-3377
Fax: +1 303-770-1812
www.investmentsandwealth.org