CLEARPOINT ADVISORS, LLC
Providing Clarity and Confidence in Benefit and Insurance Solutions

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News in Brief: Market Update

Corporate Retirement Strategies 2013

Special points of interest:

- **Strategies for efficient benefit delivery**
- **Embracing fiduciary responsibility as plan sponsor**
- **Can outsourcing benefit terminations be attractive?**

Companies should be looking into using some of these trends and strategies for managing retirement plans for 2013:

1. ***ERISA awareness:*** The initial deadline for ERISA 404(a) fee disclosures of 401(k) investment fees charged against participant accounts has passed, but continuous updates and investment monitoring are still required. Plain-language fee disclosure materials can help employees make better investment decisions and ultimately be better prepared for retirement.

2. ***The right tools:*** Businesses should provide useful retirement modeling tools and review the design features in their 401(k) or 403(b) plans to better promote saving for retirement.

3. ***Make the link:*** Be sure to stress the link between saving for retirement and saving in HSAs, as these funds can pay for Medicare Parts A, B, C or D premiums. In addition, HSA funds can be used to pay for employee's share of post-age 65 employer-based coverage, including premiums, co pays, deductibles and other qualified medical expenses.

4. ***Assessments:*** Employers should consider weaving retirement plan adequacy assessments into their retirement program communications. This type of knowledge is critical when 401(k) plans are the primary and only retirement program offered to employees, as investment and longevity risk fall squarely on their shoulders.

5. ***Worker desires:*** Employers need to keep in mind that employees still value defined benefit plans. With more awareness in saving for retirement, workers may use this benefit as a deciding factor when starting their careers or considering a change in employers.

6. ***Venturing outside:*** Many defined benefit plan sponsors still internally perform benefit calculations and other benefit administration duties. Employers should consider moving these services to an outside vendor, as many baby boomers who are more knowledgeable about retirement planning begin to retire and the companies themselves try to focus more on their core business.

7. ***Risks of de-risking:*** Pension de-risking actions to settle defined benefit liabilities including special lump sum offerings and group annuity purchases, currently generate losses that result in greater short-term contribution requirements, but also relieve pressure and volatility on employer credit ratings and earnings. Although this could be more appealing to publicly traded companies, other employers may also find it worthwhile.

8. ***Plan termination:*** Plan sponsors awaiting an interest rate environment where termination of their defined benefit pension plan is more feasible should consider data

- **Providing planning tools**
- **Coordination of separate retirement sources**
- **Mapping retirement needs and lifestyle decisions**

Corporate Retirement Strategies 2013

8. remediation and changes in investment policy to be able to terminate more quickly once the financial environment shifts. The standard termination process takes 12 to 18 months, and some worry the supply and cost of insurer provided annuities may work against those wishing to terminate their plans during a wave of plan terminations.

From an employee/individual perspective these are some of the guidelines that you should have in place or be planning to put into place:

1. ***Take Stock of Where You Stand Now:*** Start by pulling together the current balances of any money you have for retirement in all types of accounts; 401(k)s, IRAs, company savings plans, and taxable accounts.

2. ***Create an Emergency Fund:*** This means money enough to last 3-6 months.

3. ***Pay Down Debt:*** List your debts from lowest to highest. Pay minimum balances on all debt; pay down the smallest debt first.

4. ***Pay Yourself First for Retirement:*** Put your retirement savings before your kids' or grandkids' college education They have more time than you do to save for their future; unless you have the excess money to pay for their education.

5. ***Contribute the Max to Your Retirement Savings Program at Work:*** At a minimum, contribute enough to your 401(k) or other retirement plan to get the maximum employer match available.

6. ***Consider Where and How You'll Live:*** If you are living alone, consider a roommate or downsize to something less expensive. Or move to an area that costs less.

7. ***Be Flexible About Work:*** You may need to work in retirement even if it's part time. Match your retirement lifestyle to your retirement income.

8. ***Stay Healthy***: Many health care costs are related to lifestyle and we have control over them.

9. ***Postpone Taking Social Security:*** Don't take Social Security until you reach your full retirement age or later if possible.

10. **Rinse and Repeat:** Review your financial status on a regular basis. Get financial professional help if necessary.

Let Clearpoint Advisors, LLC be a compensation benefit resource to you or your client to explore alternative designs.

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