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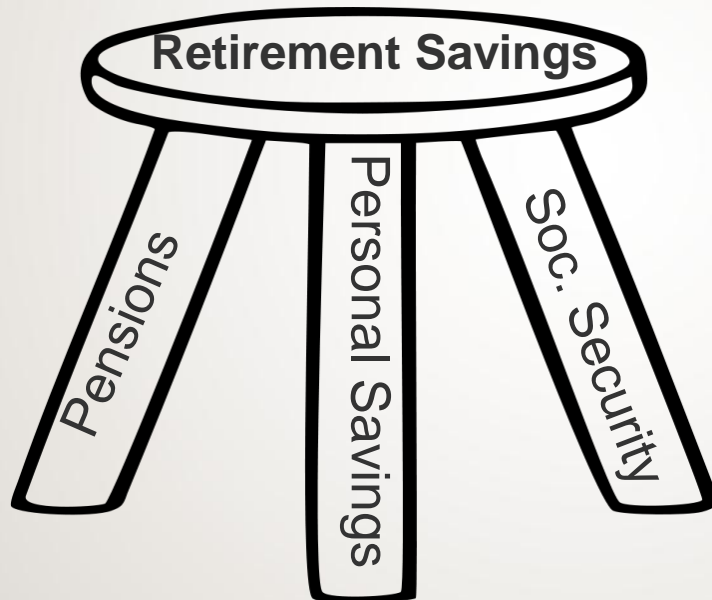
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Three-legged Stool Concept of Retirement



Lack of retirement readiness impacts employers and employees



84% of American workers report being **financially stressed**¹



56% of workers say they are going to have to **work longer**²



57% of employees age 55+ have not used a **retirement calculator**³



Delayed retirement **costs \$10,000 to \$50,000 per employee** per year beyond normal retirement age⁴

¹ Financial Finesse survey (February 2012).

² U.S. Workers Delaying Retirement, The Conference Board (May 2011).

³ Society of Human Resource Management (September 2011).

⁴ Estimate based on research from Financial Finesse, Finedco and other industry experts.

Longevity

We're living longer, fuller lives than ever before

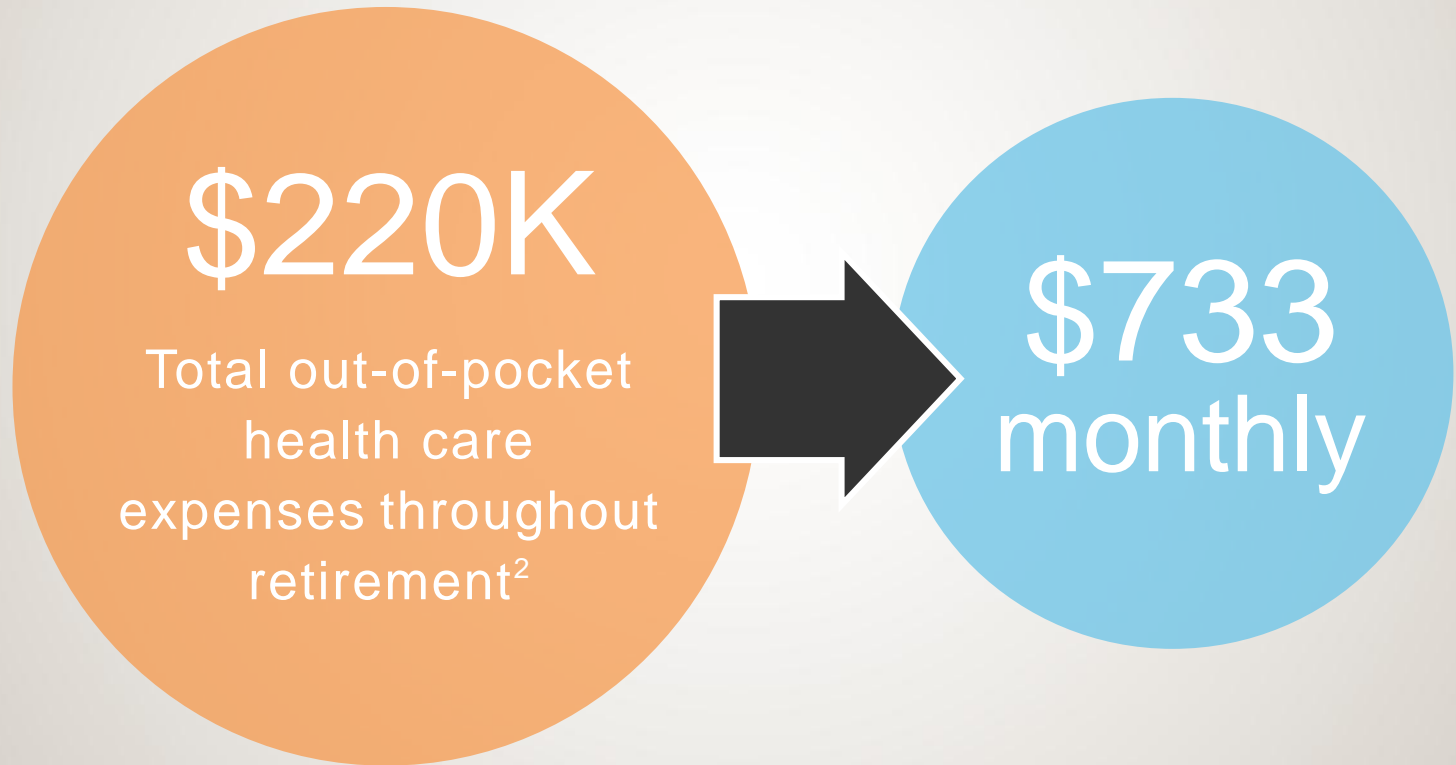
4 out of 5 people



cannot accurately estimate
health care costs in retirement¹

¹ Nationwide survey, "Health care Costs in Retirement," Customer survey of 625 respondents (January 2012).

Costs are rising



² Fidelity Benefits Consulting, 2014. Based on a hypothetical couple retiring at age 65 years or older, with average (82 male, 85 female) life expectancies.

Growing Pension Gap

Unfunded pension liabilities are increasing

- Market performance
- Discount rates
- Longevity of retirees

Solutions

Focus on reducing plan sponsor liabilities

- Participant contributions
- Benefit reductions
- Defined contribution alternatives

Defined Contribution vs. Defined Benefit

Defined Benefit Plans

- Guaranteed benefits based on years of service and earnings
- Plan sponsor assumes investment risk
- Funding levels determined by actuarial analysis

Defined Contribution Plans

- Contribution amount defined by plan document
- Participant assumes investment risk
- Benefit equals current account balance

457 vs. 401(a)

457

Salary deferral only
No employer contribution

401(a)

No salary deferral (401(k))
Employee mandatory
Employer contribution
Eligibility
Vesting/forfeitures

Five Most Common 401(a) Plan Designs in Public Sector

1

DB to DC

2

Match Plan
(401 vs. 457)

3

Employee
Retention

4

Social Security
Replacement

5

Discretionary Employer
Contribution



Nationwide®

Monthly Income vs. Accumulation

‘Do it for me’

- Pension requires no minimal decisions by employee
- Viewed as a replacement of pre-retirement income

‘Do it myself’

- Employee responsible for decisions that determine benefits
 - Asset allocation
 - Contribution levels (457)
 - Retirement date

Need is for structure/tools to replicate the defined benefit model for defined contribution participants