WISER Annual Symposium on Financial Solutions for Women

Moving Forward: Building, Expanding and Strengthening Women's Retirement Security
Panel 2: Issues Affecting Outcomes
Inaugural research from Employee Benefit Research Institute and J.P. Morgan Asset Management

The 3% difference: What leads to higher retirement savings rates?
401(k) contribution rate as % of salary by saver type

MEDIAN CONTRIBUTION RATE AS % OF SALARY

Source: 2016 anonymized EBRI, EBRI/ICI Participant-Directed Retirement Plan Data Collection and JPMorgan Chase data. A population of 22 million Chase households and 27 million 401(k) plan participant records were isolated to identify an overlapping population of 1.4 million households. Households with employer plan balances of $100 or less, total spending less than 50% of salary or likelihood of more than one earner removed to ensure a complete picture of saving/spending.
Median salary by saver type

Source: 2016 anonymized EBRI, EBRI/ICI Participant-Directed Retirement Plan Data Collection and JPMorgan Chase data. A population of 22 million Chase households and 27 million 401(k) plan participant records were isolated to identify an overlapping population of 1.4 million households. Households with employer plan balances of $100 or less, total spending less than 50% of salary or likelihood of more than one earner removed to ensure a complete picture of saving/spending. Decline in high savers at 55+ may be the result of high earners leaving the workforce resulting in lower median income for the cohorts.
Total spending comparison for low and middle savers

MEDIAN TOTAL SPENDING AS % OF SALARY

Source: 2016 anonymized EBRI, EBR/ICI Participant-Directed Retirement Plan Data Collection and JPMorgan Chase data. A population of 22 million Chase households and 27 million 401(k) plan participant records were isolated to identify an overlapping population of 1.4 million households. Households with employer plan balances of $100 or less, total spending less than 50% of salary or likelihood of more than one earner removed to ensure a complete picture of savings/spending. Select Chase credit card, debit card (excluding some co-branded cards), electronic payment, ATM withdrawal and check transactions from January 1 to December 31, 2016. Outliers in each asset group were excluded (0.1% of top spenders in each spending category). Information that would have allowed identification of specific customers was removed prior to the analysis.
Categoric spending breakdown for low and middle savers

MEDIAN FOOD AND BEVERAGE AS % OF SALARY

MEDIAN HOUSING AS % OF SALARY

MEDIAN TRANSPORTATION AS % OF SALARY

MEDIAN TRAVEL AS % OF SALARY

Spending difference between low savers and middle savers

Spending as a percent of salary

Age

Spending as a percent of salary

Age

Spending as a percent of salary

Age

Spending as a percent of salary

Age

Source: 2016 anonymized EBRI, EBRI/ICI Participant-Directed Retirement Plan Data Collection and JPMorgan Chase data. A population of 22 million Chase households and 27 million 401(k) plan participant records were isolated to identify an overlapping population of 1.4 million households. Households with employer plan balances of $100 or less, total spending less than 50% of salary and likelihood of more than one earner removed to ensure a complete picture of saving/spending. Select Chase credit card, debit card (excluding some co-branded cards), electronic payment, ATM withdrawal and check transactions from January 1 to December 31, 2016. Outliers in each asset group were excluded (0.1% of top spenders in each spending category). Information that would have allowed identification of specific customers was removed prior to the analysis.
The savings and investing opportunity is meaningful...

Chase data including Chase credit card, debit card, electronic payment, ATM withdrawal and check transactions from April 2019 and 2020. Data from some co-branded cards may be excluded. Analysis of Core Customers with regular deposits and withdrawals who spend 50% or more of their gross income through Chase payment options.

Year over year total change in spending by investable wealth
April 2019 vs. 2020

Year over year total change in spending by age
April 2019 vs. 2020
Disclosures

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In an ongoing collaborative effort, the Employee Benefit Research Institute (EBRI) and the Investment Company Institute (ICI) maintain the EBRI/ICI Participant-Dependent Retirement Plan Data Collection Project, which is the largest, most representative repository of information about individual 401(k) plan participant accounts. ICI is the leading association representing regulated funds globally, including mutual funds, exchange-traded funds (ETFs), closed-end funds, and unit investment trusts (UITs) in the United States, and similar funds offered to investors in jurisdictions worldwide. While this paper uses data from the EBRI/ICI database, ICI did not participate in the research collaboration between EBRI and J.P. Morgan Asset Management and was not involved in the writing of this paper.

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RISKS ASSOCIATED WITH INVESTING IN THE FUND – SMARTSPENDING FUND

Currently the fund only contains JPMorgan seed capital.

Sample Spend Down Amount Risk. The JPMorgan SmartSpending 2050 Fund is designed for investors in retirement who intend to spend down their holdings in the Fund. However, the Fund is not a complete retirement program, there is no guarantee that the Fund will provide sufficient retirement income and the sample spend down amount for any given year may be zero in order to preserve capital. You should not rely solely on the sample spend down amount in determining your retirement income needs.

Maturity Date Risk. While assets invested in the Fund are expected to decline over time and equal zero on the maturity date, the Fund may be liquidated prior to the maturity date. For example, as assets decline and approach zero, there may be a point before the maturity date where the Adviser can no longer manage the Fund in-line with its investment goal and the Fund may be liquidated at the discretion of the Board of Trustees. In addition, as assets in the Fund decline, the expenses of the Fund may increase. There can be no assurance that the professionals currently employed by JPMAM will continue to be employed by JPMAM or that the past performance or success of any such professional serves as an indicator of such professional’s future performance or success. Any securities/portfolio holdings mentioned throughout the presentation are shown for illustrative purposes only and should not be interpreted as recommendations to buy or sell.

Past performance does not guarantee future results. Total returns assumes reinvestment of any income. Total return assumes reinvestment of dividends and capital gains distributions and reflects the deduction of any sales charges. Performance may reflect the waiver of a portion of the Fund’s advisory or administrative fees for certain periods since the inception date. If fees had not been waived, performance would have been less favorable.

NOT FDIC INSURED | NO BANK GUARANTEE | MAY LOSE VALUE
Disclosures

The hypothetical calculations are shown for illustrative purposes only and are not meant to be representative of actual results achieved by the manager while investing in the respective strategies over the time periods shown. The hypothetical calculations for the respective strategies are gross of fees. If fees were included returns would be lower. Hypothetical results reflect the reinvestment of all dividends. Hypothetical portfolios are constructed using representative accounts whose strategic allocations range between 30 and 50 percent in equity and remaining balance in fixed income. The tactically adjusted portfolio allocations range between 15 and 65 percent in equity and remaining balance in fixed income. The hypothetical example is designed to illustrate, as an example, how tactical asset allocation process with volatility management framework can stabilize hypothetical withdrawal amount year over year and reduce downside risk while seeking to achieve attractive risk-adjusted return. The back-test period is from 2000-2015 using 2001-2016. Data is from 2000 through December 2015 based on index returns. Sources: Barclays’ Capital Aggregate Index, NAREIT Equity Index, MS REIT Index, S&P 500 Total Return, Russell 2000, Barclays Capital US TIPS Index, Dow Jones UBS Commodities Index, United States T-Bills, MSCI Emerging Markets Free Index, JPMorgan EMBI Global Index. Unlike an actual performance record, they do not reflect trading, liquidity constraints, fees and other costs. Also, since the trades have not actually been executed, the results may have under-or-over compensated for the impact of certain market factors such as lack of liquidity. Simulated trading programs in general are also subject to the fact that they are designed with the benefit of hindsight. These back-tested results do not take into consideration the ongoing implementation of the manager’s proprietary investment strategies. No representation is being made that any portfolio will or is likely to achieve profits or losses similar to those shown. Past performance is not indicative of future results. Returns will fluctuate and an investment upon redemption may be worth more or less than its original value.

The simulated results are illustrative purposes only. The simulation model is an analytical tool that helps provide insight on balancing income needs in the current year against longevity needs (i.e. the need for income in the future) based upon amounts invested in the portfolio. The model tests hypothetical allocations and level of potential total return that may support shareholders systematically redeeming, or spend down, a portion of their investments. These modeling is not customized for each individual, but rather a hypothetical exercise for a representative portfolio that take into account both sample spend down amount and the related long-term risk and return target. In the modeling process, we incorporate various factors, such as assumptions regarding future market performance, remaining time to the maturity date and data on the spending behavior of retirees in the market, to produce a preliminary sample spend down amount and associated long-term risk and return target for the representative portfolios.

The beginning hypothetical portfolio value is assumed to be $100,000. The 10,000 simulations are run over 35 year horizon using J.P. Morgan Asset Management’s (JPMAM) proprietary Long-Term Capital Markets Assumptions (10–15 years). The main result of the model is to illustrate the set of optimized asset allocations and sample spend down amounts, given the simulated range of hypothetical remaining rate charts – the chart marks the range of the 5th, 25th, 50th, 75th and 95th percentile distribution of outcomes.

The Barclays Capital U.S. Aggregate Index is an unmanaged index and represents a mix of maturities. It is a replica (or model) of the U.S. government bond, mortgage-backed securities and corporate bond markets. The Bloomberg Commodity Index is composed of futures contracts on 19 physical commodities. The MSCI EAFE Index is a free float-adjusted, market capitalization-weighted index that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The MSCI Emerging Markets Index is a free float-adjusted, market capitalization-weighted index that is designed to measure the equity market performance of emerging markets. The MSCI U.S. REIT Index is a float-adjusted, market-capitalization-weighted index that is comprised of equity REITs that are included in the MSCI U.S. Investable Market 2500 Index, with the exception of specialty equity REITs that do not generate a majority of their revenue and income from real estate rental and leasing operations. The index represents approximately 85% of the U.S. REIT universe. The Russell 2000 Index is an unmanaged index, which measures the performance of the 2,000 smallest stocks (on the basis of capitalization) in the Russell 3000 Index. The S&P 500 Index is a capitalization-weighted index that measures the performance of 500 large-capitalization domestic stocks representing all major industries. All indices are unmanaged and an individual cannot invest directly in an index. Index returns do not include fees or expenses.

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Navigating the Complexity of Healthcare Planning in Retirement: Medicare Tools for Consumers & Financial Professionals

Cindy Hoes
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October 2, 2020
Nationwide Retirement Institute®

Education and insights

Tools

Consultative support
Across generations, the average American lacks knowledge about health care costs

Only \(\frac{1}{3}\) of Americans feel knowledgeable about how much they’ll need to cover health care costs in retirement. (35% millennials, 35% Generation Xers, 30% baby boomers+)

Source: Nationwide Retirement Institute's 9th Annual Health Care Consumer Survey, 2020
The uncertainty of health care costs in retirement worries all generations

All generations say one of their top fears in retirement is their health care costs getting out of control.

In addition, most Americans are fearful of what health care costs may do to their retirement plans.

The majority also are concerned of what a global health care crisis, such as COVID-19, may do to their retirement plans (73% millennials, 81% Generation Xers, 62% baby boomers+).

Source: Nationwide Retirement Institute’s 9th Annual Health Care Consumer Survey, 2020
In addition, they lack an understanding of Medicare

are not very knowledgeable on how Medicare works to cover medical costs in retirement.

are not sure how much they should expect to pay in out-of-pocket health care costs apart from Medicare.

8 in 10 millennials and Generation Xers appear to acknowledge their lack of knowledge, with 8 in 10 saying they wish they understood Medicare coverage better.

Despite evidence suggesting they know quite a bit more than their younger counterparts, most baby baby boomers+ (68%) say they wish they knew more as well.

68% of baby boomers+ wish they knew more about Medicare coverage

Source: Nationwide Retirement Institute’s 9th Annual Health Care Consumer Survey, 2020
Now more than ever, American’s need Medicare education and guidance

• There are 62 million people in Medicare, 23 million are in Medicare Advantage plans (meaning they need to choose a plan every year)

• 10,000 people age into Medicare every day and more than 1/3 will choose Medicare Advantage

• In 2019, there were over 2,700 Medicare plans available

• The average American has 27 drug plans and 21 Medicare Advantage plans from which to choose

• Enrolling in the wrong plan can cost someone thousands of dollars in unnecessary expenses and not enrolling can subject individuals to lifetime penalties

Although folks have misunderstandings, they want to learn more. Financial professionals can provide guidance about health care costs and financial stress.

Only 9% of millennials, 13% of Generation Xers and 11% of baby boomers+ have talked to a financial professional about health care costs in retirement.

1 in 4 millennials

A quarter of millennials (26%) and over 1 in 5 Generation Xers (22%) say they aren’t planning for health care costs in retirement yet.

1 in 5 Generation Xers

Source: Nationwide Retirement Institute’s 9th Annual Health Care Consumer Survey, 2020
Our new Medicare program helps advisors and consumers integrate Medicare planning into overall healthcare cost planning in retirement.
The My Medicare Matters experience provides comprehensive Medicare education and decision support

1. **Learn about Medicare**
   Educational materials on topics including coverage, cost and enrollment

2. **Personalized Cost Estimates**
   Customers answer demographic, health and utilization questions which are then analyzed against historical claims data, resulting in personalized information about total estimated costs

3. **Refer to Trusted Broker**
   Opportunity to connect with trusted Medicare agency partner for plan recommendation and enrollment
Clients
Working with a financial professional can help you prepare for health care costs leading up to and in retirement.
Ask how Nationwide’s Health Care Cost Assessment and My Medicare Matters® tool can help.

Financial Professionals
To learn more about Nationwide’s Health Care Cost Assessment and My Medicare Matters® tool, call the Retirement Institute Planning team at 1-877-245-0763 or visit Nationwidefinancial.com/medicare

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Industry Solutions for Preventing Financial Fraud

PRESENTED BY

Lisa J. Bleier

October 2, 2020
• Identifying Red Flag
  – Financial exploitation
  – Cognitive impairment
• FINRA Rules – *Newly Updated*
• Partnering on reporting (APS, Securities Regulators), education (WISER), training (AARP)
What the Broker Dealer Might See:

• Red flags of exploitation
  – Third parities
  – Family members – inheritance impatience

• Red flags of cognitive impairment
Steps to Take?

• Reach out to APS (Senior Safe Act)
• Reach out to local law enforcement
• Reach out to local prosecutors (Elder Abuse Prevention and Prosecution Act)
• Reach out to regulators
Broker-Dealer Tools in the Toolbox

• FINRA Rules (Feb. 2018)
  – Rule 2165 – Hold on Disbursements – allowing firms to temporarily hold suspicious disbursements for up to 25 days (or longer if ordered by a court or state agency of competent jurisdiction).
  – Rule 4512 – Trusted Contact Form
More Tools in the Toolbox

• New NAPSA Financial Information Request Form

• HelpVul – single portal reporting platform (DOJ grant with Eversafe)

• AARP’s BankSafe Training
  – Expanded to Broker-Dealers
Useful Websites

• SIFMA: www.sifma.org/seniorinvestors
• Department of Justice: www.elderjustice.gov
• NAPSA APS Database: www.napsa-now.org
• WISER: www.wiserwomen.org
• FINRA: www.finra.org/rules-guidance/key-topics/senior-investors
• NASAA Securities Administrator Reporting: www.serveourseniors.org/connect
• National Resource Center on LGBT Aging: https://www.lgbtagingcenter.org/
Thank You!

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