

**From:** [Dave](#)  
**To:** [Burkhart, Kelly](#)  
**Subject:** Please distribute to all SCPP Members and include in Committee Correspondence file  
**Date:** Friday, May 18, 2012 2:35:28 PM

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Colleagues;

During the Executive Committee meeting following this last week's SCPP meeting, a comment was made relative to issues to be studied in the near future regarding proposals made during the 2012 Legislative Session(s) toward increasing Defined Contribution (DC) Pension Plans and what young people want today. The comment, made by and discussed by the group who have all (no offence intended and myself included) surpassed the threshold of being considered "youth", struck me as incongruent with the young people I come in contact with in my daily endeavors.

Subsequently, I had this interesting study (below), done by a firm who sells 401k's, annuities, etc., brought to my attention. It seems like a trustworthy source as opposed to sources ("Think-tanks") which are more inclined toward political biases.

I thought this might be useful should the debate go any further.

Sincerely,

David Westberg

SERS Actives Member

## **Youth Appeal: 20-Somethings More Likely To Prefer Guaranteed Income In Retirement Than Older Workers**

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May 14, 2012

*While most retirement plan participants find guaranteed income appealing, the farther the horizon to retirement, the greater the attraction, study from The Hartford shows*

SIMSBURY, Conn.--(BUSINESS WIRE)-- A new study from The Hartford shows that while many American workers find it appealing to have a guaranteed income in retirement, the younger the employee, the greater the attraction.

"Our research shows that Americans, regardless of age, want the ability to create a guaranteed income for their retirement as traditional pension plans vanish from the scene," said

Patricia Harris, assistant vice president of product management for The Hartford's Retirement Plans Group. "Surprisingly, we also found that the farther retirement appears on the horizon, the greater the appeal of guaranteed income."

The Hartford's Guaranteed Retirement Income study finds that three out of five Americans (64 percent) say their employer's 401(k) or other retirement plan does not allow them to turn their savings into guaranteed income in retirement or they are unsure if it does. Overwhelmingly, those respondents say they would welcome the opportunity:

- Overall, 87 percent of respondents of all ages say they find it "very" or "somewhat" appealing to be able to turn at least a portion of their retirement savings into a guaranteed income.
- 95 percent of workers younger than 30 say the same, the highest of any age group.
- The same sentiment was expressed by 90 percent of those ages 30-39, 89 percent of ages 40-49, 88 percent of ages 50-59, and 77 percent of age 60 and older.

"Although the economy and the financial markets are on the mend, many younger employees are seeking sources of greater long-term financial security," Harris observed. "Few younger workers have access to traditional pension plans and many wonder whether Social Security will continue in its current form. They are clearly saying they want the ability to create a guaranteed income for themselves in retirement."

The Hartford's study, which surveyed 2,500 Americans ages 18 and older earlier this spring, was conducted following the introduction of The Hartford Lifetime Income<sup>®</sup> (HLI), an investment option that allows 401(k) participants to use their savings to create a pension-like income in retirement.

"Overall, the study confirms our own experience since January in offering Hartford Lifetime Income through employer-sponsored retirement plans across the country," said Harris, the actuary who designed the patented investment option. "We see broad acceptance of lifetime income among 401(k) participants of all ages, even younger workers who are decades from retiring."

However, The Hartford's study did pinpoint some differences related to gender and income. For instance, women (89 percent) have a greater preference for guaranteed retirement income than men (84 percent).

Household income also impacts the level of appeal, although not in a linear fashion. The concept of guaranteed retirement income appeals most to those with a combined annual household income of \$50,000-\$74,000. A total of 92 percent in that demographic would like

their employer to offer a guaranteed income option compared to 87 percent of those earning \$30,000-\$49,000, 86 percent earning less than \$30,000, and 84 percent earning \$75,000 or more.

"As a leading provider of retirement plans, The Hartford is acutely aware of the need for Americans to not only save for retirement but to use a portion of their savings to create a guaranteed retirement income that they cannot outlive," Harris said. "We recommend that everyone should ensure they have enough guaranteed income from a variety of sources, including Social Security, a pension if they have one and retirement savings, to at least cover their basic living expenses when they retire."

### **About The Hartford**

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