

RETIREMENT READINESS **MANAGEMENT REPORT**

MetroHill
ABC Plan
Report Created on 9/30/20XX



INTRODUCTION



How prepared are your defined contribution plan participants for retirement? The answer is important for both you as the plan sponsor and for the plan's participants.

"Retirement Readiness" means having the financial resources to enjoy a comfortable retirement. For purposes of this Report, we assume that a participant needs 80% of his or her current compensation to be ready for retirement. While that percentage is commonly used among retirement planners, individual participants' circumstances will differ, and so will their financial needs in retirement. Note, too, that this Report does not take into account resources a participant may have outside of the plan.

Our **Retirement Readiness Management Report** provides valuable information that will help you assess your plan's effectiveness, identify potential areas for improvement, and consider possible changes. The Report includes:

- An overview of your plan from a retirement readiness perspective.
- A demographic breakdown of your participants by age group and salary range in key areas.
- A detailed assessment of each plan participant's readiness.
- Suggestions on how your plan might be modified to improve retirement readiness.

The Report is based on participant information provided as of 09/30/20XX. As always, we stand ready to answer any questions and to help you improve your plan so it may better meet your participants' needs.

This educational Report is for use by you as plan sponsor to consider enhancing plan design to better prepare participants for retirement. This Report contains information and materials that inform you, a plan fiduciary, about the potential benefits of plan participation, the potential benefits of increasing plan contributions, and retirement income needs only. This Report and its contents are not intended for participant distribution. They do not reference the appropriateness of any individual investment alternative or any individual benefit distribution option for the plan or any participant, and, accordingly, are not investment advice.

OVERVIEW

ABC Plan

AS OF 09/30/20XX



The **Retirement Readiness Management Report** provides a rough assessment of how ready plan participants are for retirement. The Report sometimes refers to a participant’s “gap” — the dollar shortfall in terms of what a participant may need for retirement and the amount the participant may actually have. The Report does not take into account assets a participant may have outside of the ABC Plan or resources the participant’s spouse or partner may bring to the equation. Inflation is not considered.

Assumptions



Retirement Age

65



Annual Investment Rate of Return

6%



Years in Retirement

20



Replacement Income Percentage

80%

A plan participant’s actual retirement age, investment rate of return, number of years in retirement, and replacement income percentage may be different from the assumptions used for purposes of the projections contained in this Report. The assumed investment return is hypothetical and does not represent any specific investment offered by the plan. Actual investment returns will vary over time.

Plan Metrics

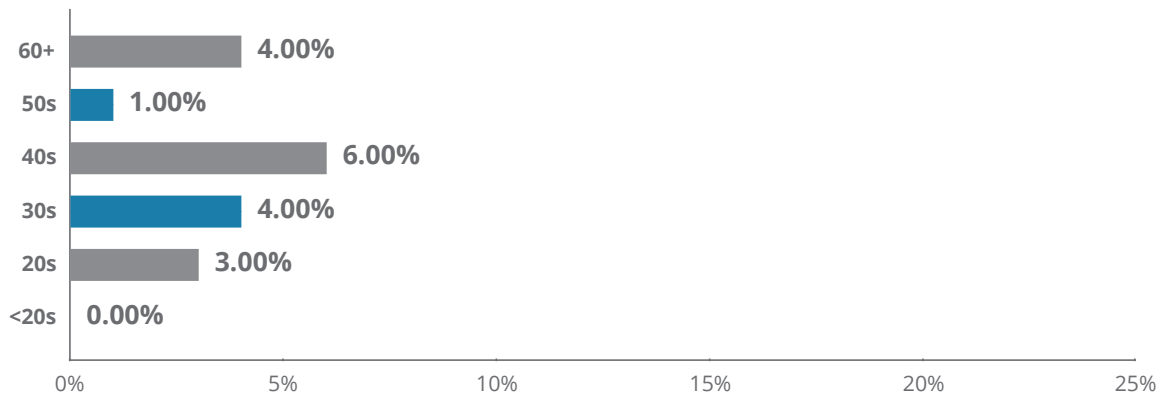
Total Number Of Participants	5
Participants With Projected Gap	3 (60%)
Participants With No Projected Gap	2 (40%)
Participants Over Age 50 With Projected Gap	2 of 2 (100%)
Average Deferral Percent	4%
Average Deferral Percent To Close Gap	9%
Average Participant Age	48

Average Deferral Among Active Savers

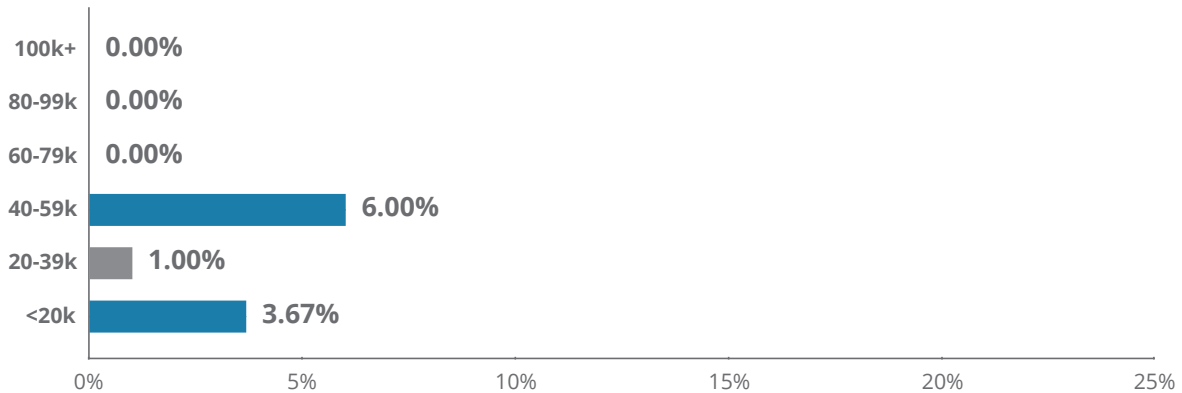
3.60%

“Active savers” are plan participants who have an account value greater than \$0.

AVERAGE DEFERRAL AMONG ACTIVE SAVERS BY AGE

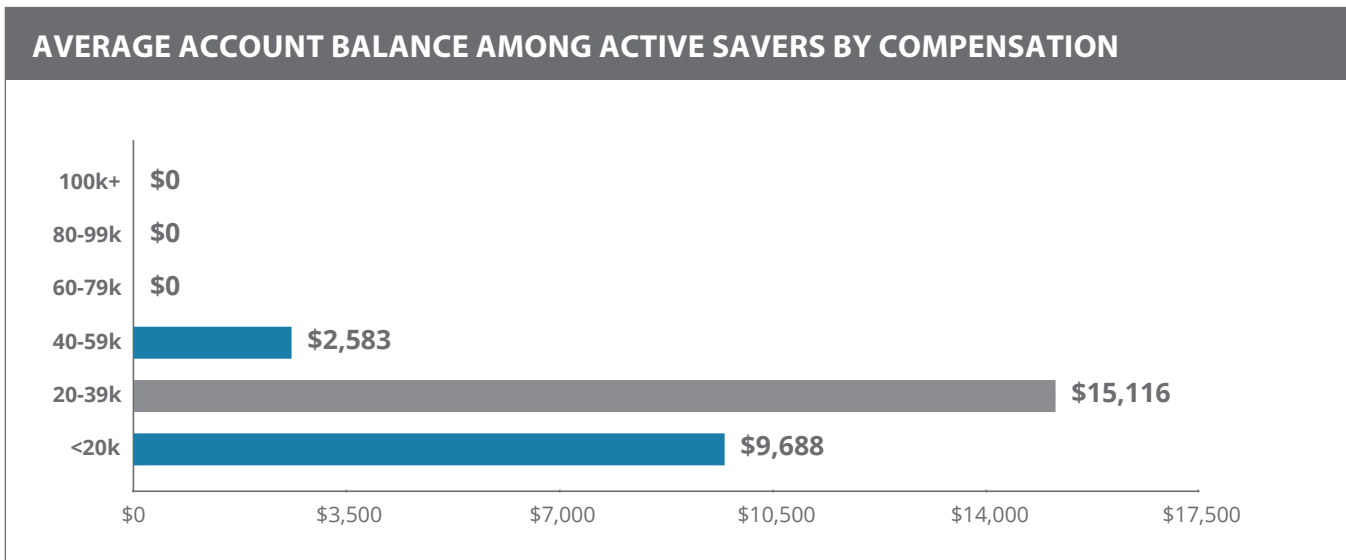
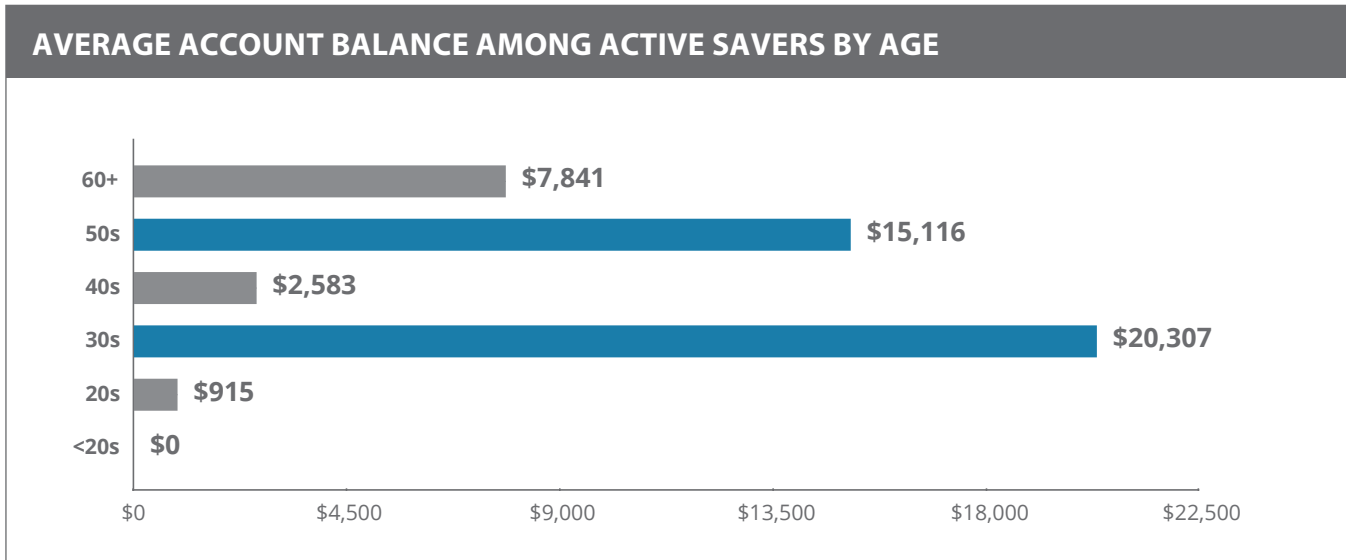


AVERAGE DEFERRAL AMONG ACTIVE SAVERS BY COMPENSATION



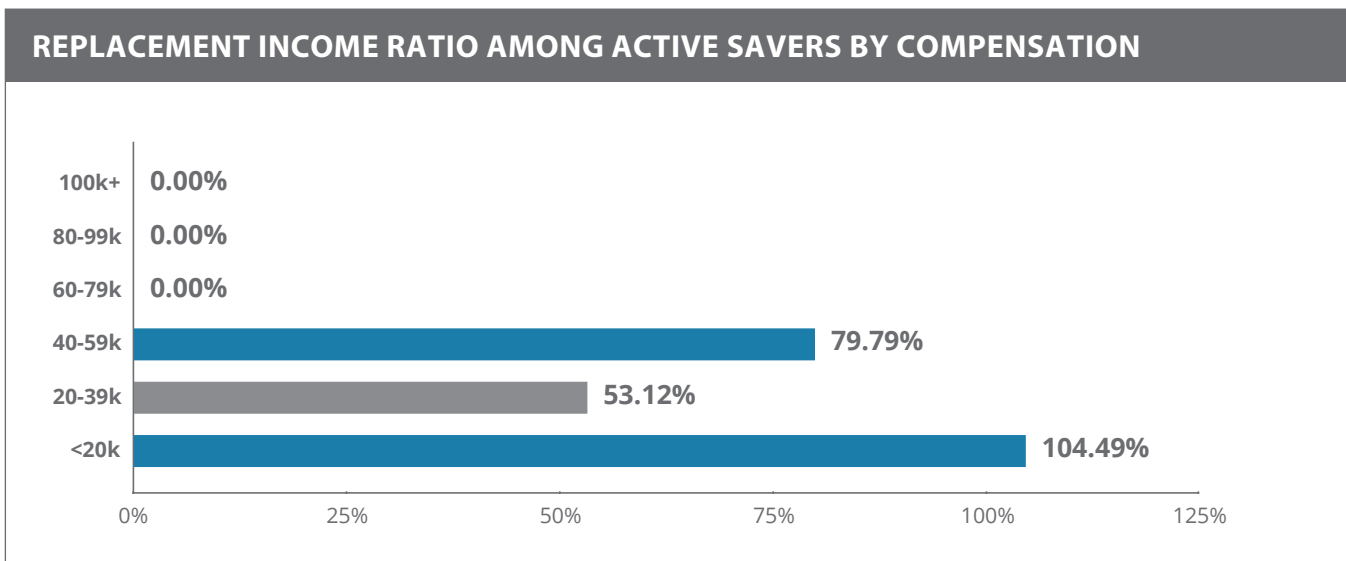
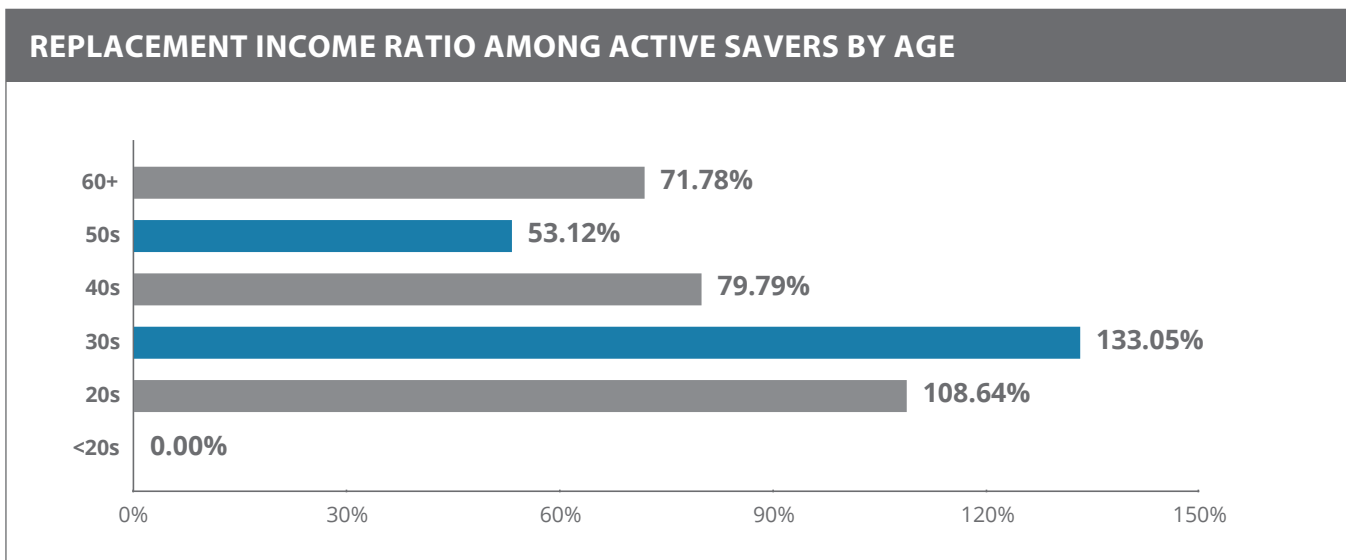
Average Account Balance Among Active Savers	\$9,353
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“Active savers” are plan participants who have an account value greater than \$0.



Replacement Income Ratio Among Active Savers	89.28%
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“Active savers” are plan participants who have an account value greater than \$0. The projected replacement income ratio is the projected retirement income over salary at retirement (e.g., if the replacement income percentage is 80% and all participants are on track for that percentage, the graph will show 80%).

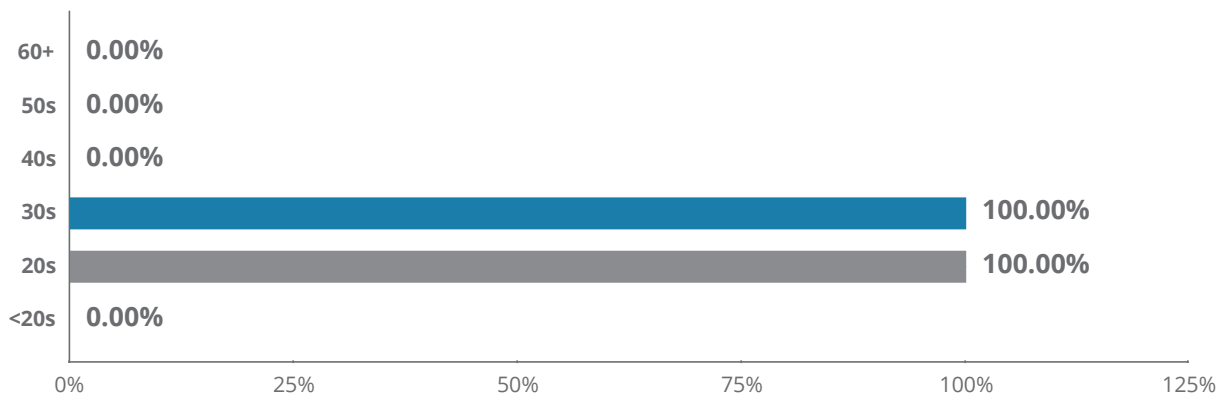


Active Savers On Track for 80% Replacement Income

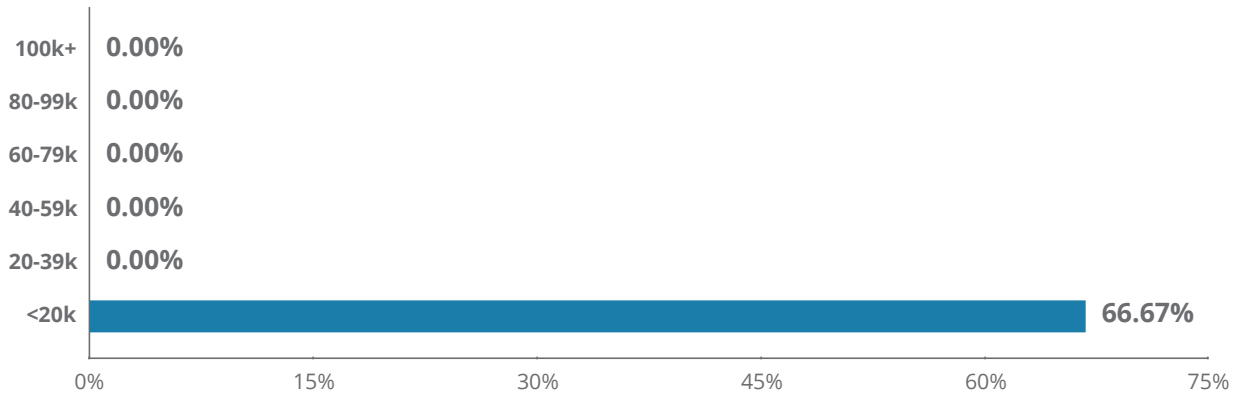
40.00%

"Active savers" are plan participants who have an account value greater than \$0.

80% REPLACEMENT INCOME RATIO AMONG ACTIVE SAVERS BY AGE



80% REPLACEMENT INCOME RATIO AMONG ACTIVE SAVERS BY COMPENSATION



RETIREMENT READINESS MANAGEMENT REPORT

ABC Plan

Report Date: 9/30/20XX

Participant Name	DOB	Salary	Current Deferral Percent	Required Monthly Income	Current Balance as of 09/30/20XX	Required Balance at Retirement	Projected Balance at Retirement	Projected Monthly Income	Projected Monthly Soc. Sec.	Total Projected Income	Monthly Gap*	Recommended Deferral Percent	Required Monthly Savings
Smith, John	08/12/1945	\$19,780.80	4%	\$1,319	\$7,841	\$26,760	\$7,841	\$56.18	\$1,127.00	\$1,183.18	\$136	0%	\$0.00
Smith, John6	02/02/1974	\$58,240.00	6%	\$3,883	\$2,583	\$305,217	\$303,776	\$2,176.35	\$1,696.00	\$3,872.35	\$10	7%	\$339.73
Smith, John10	07/18/1983	\$17,896.32	4%	\$1,193	\$20,307	\$43,143	\$153,583	\$1,100.32	\$884.00	\$1,984.32	No Gap	N/A	N/A
Smith, John14	06/03/1996	\$17,690.40	3%	\$1,179	\$915	\$40,250	\$99,176	\$710.53	\$891.00	\$1,601.53	No Gap	N/A	N/A
Smith, John18	01/02/1962	\$24,252.80	1%	\$1,617	\$15,116	\$98,803	\$22,986	\$164.68	\$909.00	\$1,073.68	\$543	37%	\$747.79

This analysis is based on limited participant information. It does not, for example, take into consideration resources participants may have outside of their plan (e.g., family home, spousal income/retirement resources). The analysis uses the retirement age, annual investment return, years in retirement, and replacement income percentage assumptions listed in the overview and does not take inflation into account. The assumed investment return is hypothetical and does not represent any specific investment offered by the plan. Plan participants' investment results will be different, and taxes will apply upon withdrawal.

This analysis assumes that participants will retire at the plan's normal retirement age of 65. Social Security estimates are based on that age, which may be different than the age at which maximum Social Security benefits might be secured. Many variables go into Social Security calculations, and the number presented is an approximation.

The analysis assumes that the sponsor's current matching contributions, if any, will remain unchanged until the participant's retirement.

Participant contribution and compensation data used in this report is based on information provided by the plan's advisor and does not consider future increases.

*Represents difference between required monthly income needed and total projected income. Actual Gap may be greater or lesser depending on future compensation increases and actual deferral rates.

Required monthly savings amount - Participant may need to save and/or invest outside the plan.

PLAN SUGGESTIONS



Plan Design

Plan design includes certain features that may enhance retirement readiness for participants. The main features that may promote this result are:

- **Automatic enrollment** – Newly eligible participants are automatically enrolled in a plan. They can then opt out if they choose not to participate. Plans with automatic enrollment have seen significant increases in plan participation.

You may want to consider adding an automatic enrollment feature to your plan.

- **Auto increase** – With this feature, a plan participant's deferral amount is automatically increased on a periodic basis (usually, annually). For example, if the deferral percentage the plan selects for automatic enrollment is 3%, that deferral percentage might be increased by 2% at the beginning of each calendar year until it reaches 10%. Like automatic enrollment, a participant can generally opt out of the increase. Many retirement plan advisors suggest that participants need to defer 8-10% of their salaries to secure a comfortable retirement. Auto increase helps get them there.

Education

We offer several communication options to improve participant understanding of the need to join the plan and to defer at an adequate level in order to prepare for retirement. These include:

- **Gap analysis targeted single** – This participant-specific communication provides an assessment of how much income (including Social Security benefits) the participant may have upon retirement, based on such variables as birthdate, salary, current deferral percentage, and current account balance. The communication projects a participant's "gap" — the difference between what the participant is likely to need and what is likely to be available. The communication then suggests multiple ways the "gap" can be closed, focusing primarily on increasing deferral rates.