

## Study: Online Calculators Improve Probability of Saving Enough for Retirement

Over the last several years, you've probably read about dozens of surveys in which a large majority of American workers say they're not saving enough for retirement. But that only tells half the story, if that.

For a deeper understanding of how many of us are saving enough for retirement, measure how many of us actually have an educated idea of how much "enough" is likely to be.

According to the 2015 Retirement Confidence Survey (RCS) conducted by the Employee Benefits Research Institute (EBRI), less than half of workers report that they or their spouses have tried to calculate how much they'll need to live comfortably in retirement.<sup>1</sup>

Guessing how much you need to save for retirement doesn't appear to be a good idea. In 2013, EBRI developed the "modified Retirement Readiness Rating" (RRR) to estimate the probability that RCS respondents will *not* run out of money as retirees.<sup>2</sup> Respondents who guessed at how large their nest egg needed to be lost an average of between seven and eight percentage points from their RRR.

The good news is, respondents who used an online retirement income calculator increased their RRR by an average of up to 18 percentage points.

### Help Employees Track 401(k) Progress—Easily

A myriad of retirement income calculators exist online. If your credit union's retirement plan website offers employees a calculator, promote that fact and encourage them to use it. Start by using it yourself. If you're finding the calculator difficult to use, contact your 401(k) provider to discuss it.

Look for these features in an effective retirement plan calculator:

- **Pre-populated.** Your retirement plan provider should have all the data necessary to produce at least a preliminary estimate of how much each employee should be saving for retirement: age (and therefore approximate years until retirement), account balance, investment choices, and projected returns for these choices.

All of this data should be automatically mapped to the online calculator for your employees. They can customize the variables if they choose, but if they don't—and most probably won't—they'll still get an accurate estimate.

- **On-track status visible at a glance.** When employees log in to their 401(k) account website, they should be able to see immediately whether their current contribution level and investment choices have them on track to retire with sufficient income. A strong graphic element, such as a prominent thumbs-up, check-mark, or traffic light should do it.
- **One-stop access.** In addition to measuring the progress of your credit union's 401(k) or other retirement program, the calculator should allow employees to track their household's other retirement plans. That provides a quick, single-screen look at their overall progress.

Your credit union's retirement plan demonstrates your commitment to employees. Double-down on your investment by giving employees the encouragement and easy-to-use online tools to improve their chances of retiring securely.

*For more information about CUNA Mutual Retirement Solutions, call your Sales Executive at 800.356.2644 or visit [cunamutual.com](http://cunamutual.com) (click on Products, Employee Benefits, and [401\(k\) and Retirement Plans](#)).*

1 [EBRI Issue Brief, April 2015](#), © 2015, Employee Benefit Research Institute-Education and Research Fund.

2 [EBRI Notes, March 2013](#), © 2013, Employee Benefit Research Institute-Education and Research Fund.

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