Solving the Millennial Challenge

Paying Off College Loans and Saving for Retirement

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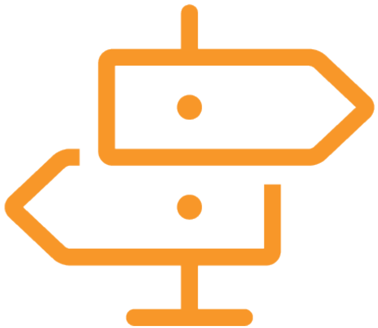
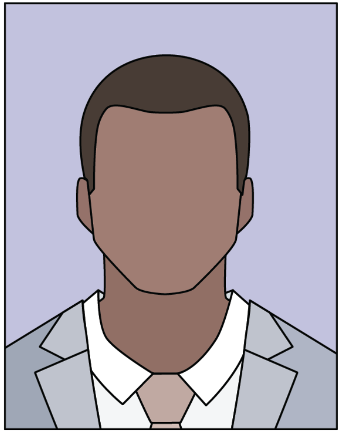
Why are we *still* talking about millennials?

Balancing Debt with Retirement Planning

- Millennials face a bigger challenge than previous generations
- The relationship between these two goals is complex
- Personal advice and guidance is key to helping millennials retire



Understanding the Generations



Baby Boomers
Born 1946 - 1964

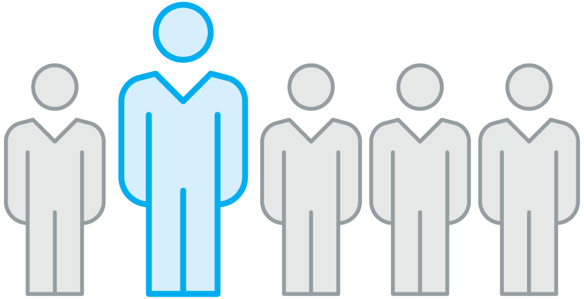
Generation X
Born 1965 - 1980

Millennials
Born 1981 - 1995

Generation Z
Born 1996 and Later

An Influential Generation

- Millennials are the largest generation in the U.S. workforce
- They’re expected to overtake Baby Boomers in 2019 as the largest living adult population
- Oldest millennials are in their late 30s – prime earning years
- Nearly 60 percent prefer working face-to-face with a financial advisor



Varying Preferences and Needs

- Wide age range with different priorities and career stages
- More ethnically diverse than previous generations
- Higher levels of education than previous generations
- Delaying home ownership, marriage and children

Talking Points and Opportunities

- Managing cash flow and debt
- Buying homes
- Merging finances with a spouse
- Paying for child care
- Starting a business
- **Investing for retirement**
- **Paying down student debt**

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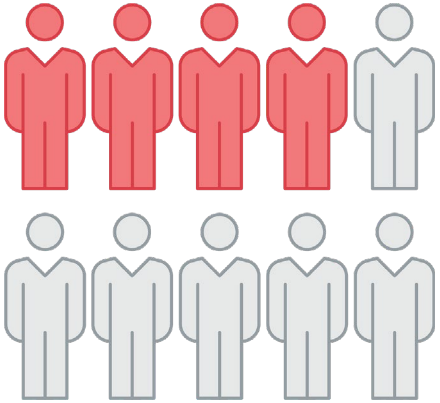
Millennials Have the Highest Debt Rate in History



4 in 10 adults under 30 have student loan debt

Average $30,000 in student loans per person

What We're Hearing

My monthly loan payment is almost as much as my rent. It's overwhelming.

Retirement doesn't feel like a priority right now.

I feel like I'll be paying for my loans for the rest of my life.

I don't know if I'll ever be able to save enough for retirement.

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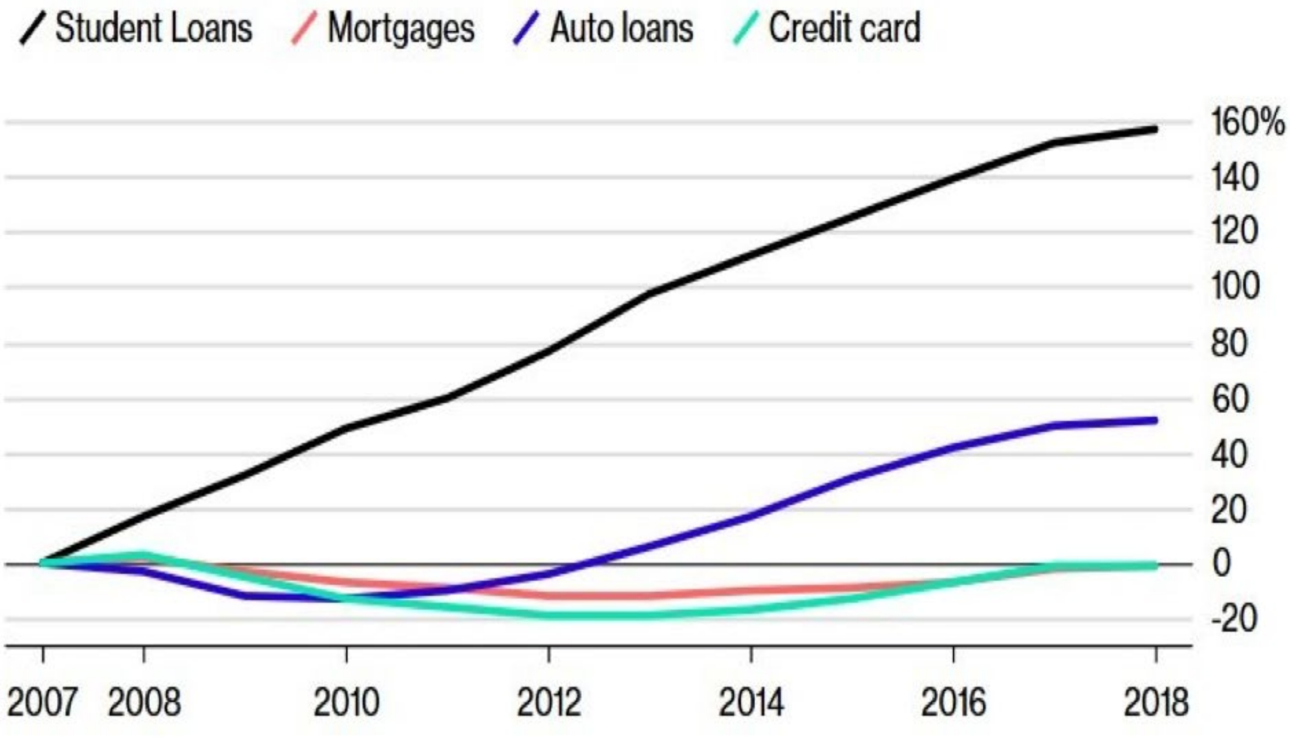
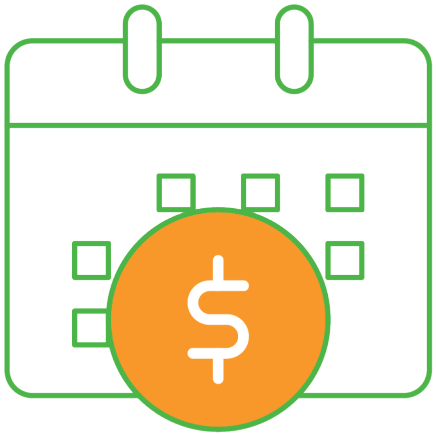
Student Debt Just Keeps Growing



Source: Bloomberg Data

Paying Down Student Loans is a Top Priority

Millennials with $50,000 or more in debt see full repayment as their No. 1 financial goal.



The Trouble with Conventional Financial Advice

- We are all taught that paying down debt should be our No. 1 priority
- But when debt reduction is the sole focus, you may not be saving enough for retirement

Changing the Conversation

Step into the Millennial Mindset

- The size of a loan and payment schedule can be overwhelming
- They feel an urgency to pay down debt
- Retirement planning may not be a priority

Target Your Approach

- Retirement planning communications are not one size fits all

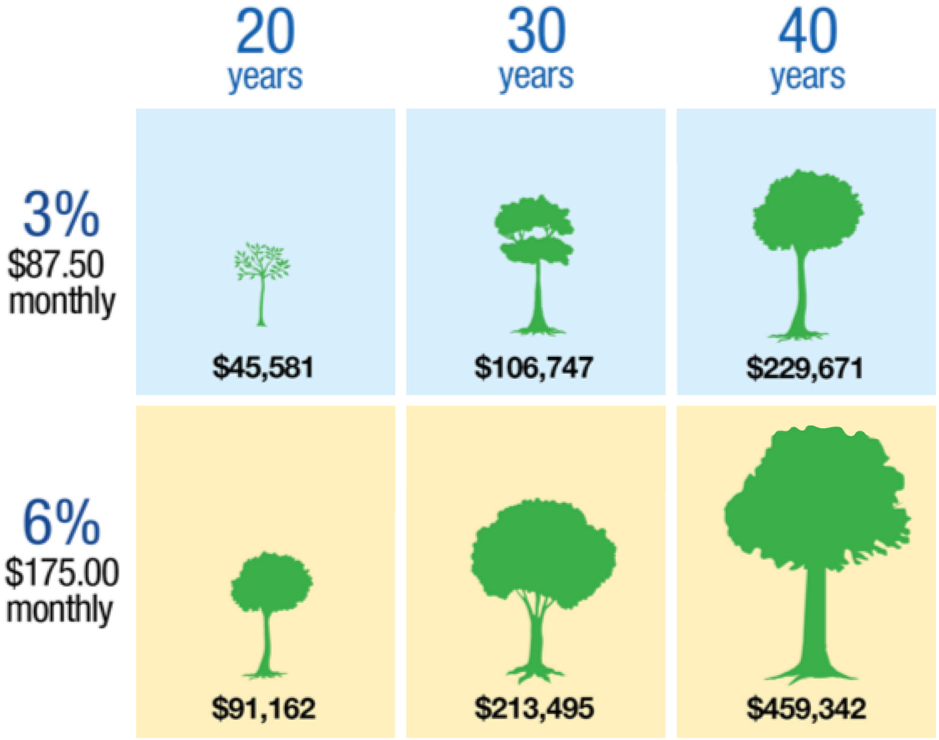
- Different generations have varying priorities and needs

- Explore pros and cons of paying down a loan vs. contributing to a retirement plan

Talk Directly with Plan Participants

- Bring up student debt and retirement planning whenever you can
- Show the value of tax-deferred compounding
- Talk about the “free money” benefits of employer matching
- Explain how time is on their side

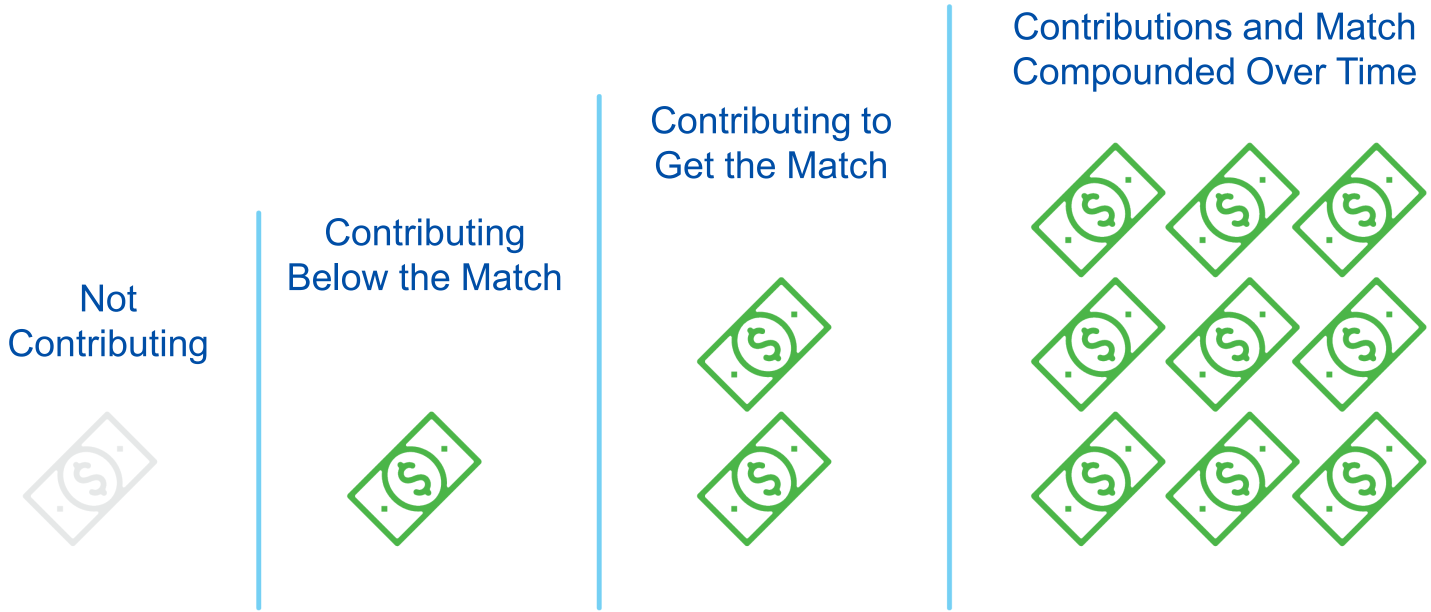
Benefits of Compounding



This example is hypothetical and for illustrative purposes only and is not indicative of the performance of any specific investment. Investments are subject to market risk and fluctuate in value. All contribution amounts are based on a $35,000 annual salary and assume a nominal rate of 7% per year compounded monthly.

Reinforce the Power of the Match

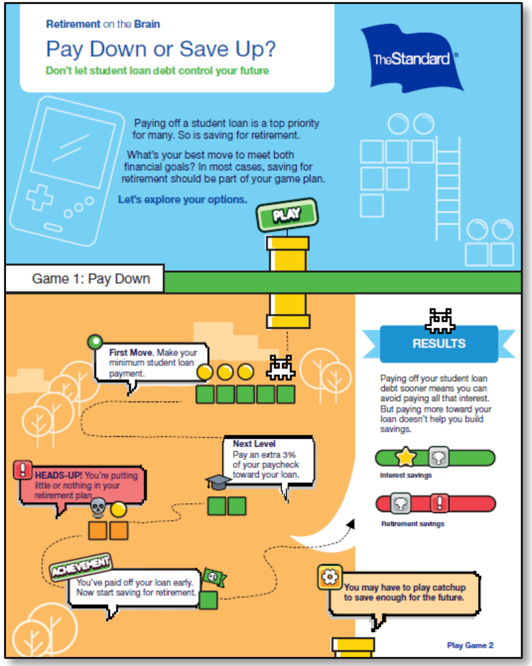
When employees put off saving for retirement in favor of paying down loans, they miss out on their employer's match.



Retirement Parity for Student Loans Act

- Plan sponsors are expressing interest in helping employees repay student loans.
- Proposed legislation would let employers make matching contributions to workers as if their student loan payments were salary reduction contributions.

Leverage Education Programs and Marketing Tools



Companies like The Standard offer tools and education to help employees balance student debt with retirement planning. Talk to your retirement plan consultant.