ESL Investment Services℠

Retirement Plan

News and Information for Employers

EMPLOYEE NEEDS & PLAN DESIGN



Q4

3 Business Impacts of Delayed Retirement

Helping Employees Save Through Life's Busiest Years

Building a 401(k) Plan for Every Generation



3 Business Impacts of Delayed Retirement

Helping employees retire with confidence may reduce employer costs, strengthen workforce planning, and support your organization's long-term success

> When employees delay retirement, the impact extends far beyond the individual. Shifting retirement timelines can increase employer costs, disrupt workforce planning, and create challenges for both leadership development and long-term business growth.

In many cases, employees aren't continuing to work because they want to, but because they don't feel "ready" to retire. They may be asking themselves:

- Have I saved enough?
- Can I afford to retire without outliving my savings?
- *What will I do in retirement?*

Retirement income education, planning tools, and thoughtful plan design can help employees answer these questions with greater confidence to better understand when they are financially ready to retire. That can have a positive impact on your workforce *and* your bottom line.

The cost of delayed retirement

Delayed retirement can have three significant business impacts:

1. Higher employer costs
2. Job planning challenges
3. Reduced organizational agility

For example, according to the Kaiser Family Foundation, employers with workforces where at least 35% of employees are age 50 or older pay approximately **5–6% higher health insurance premiums** than employers with younger workforces. That's an average of $531 more per employee for single coverage and $1,367 more for family coverage each year.[1]

Stalled retirements can limit career advancements for emerging leaders. When leadership transitions are repeatedly postponed (e.g. "I'm retiring next year" promises), **top talent leaves**, **future leaders aren't developed**, and organizations lose predictability in their workforce planning.

1 *Kaiser Family Foundation (KFF). "Employer Health Benefits Survey: 2025 Annual Survey Summary of Findings." 22 Oct. 2025.*

Additionally, this impacts organizational agility. When employees remain in key positions longer than expected and are **not learning new skills** (how to open a PDF, efficiency tools, AI), it can hurt the business as new skills and perspectives may be needed to adapt to changing business priorities.

Why retirement income matters

As retirement approaches, many employees shift their focus from "How much have I saved?" to "Can I afford to retire?"

This is not always an easy question to answer. A retirement account balance doesn't tell employees how much income it may provide or whether it will be enough to support their lifestyle throughout retirement.

Research finds more than **four** in five workers say they are interested in guaranteed monthly income options, suggesting many are looking for greater certainty about how they'll replace their paycheck in retirement. [2]

4 out of 5
workers are interested in guaranteed monthly income options

Expanding retirement education beyond saving and investing can create opportunities to help employees better understand their retirement readiness, increase their confidence, and assist them in making more informed decisions about the time to retire.

How we can support retirement readiness

Building retirement readiness is an ongoing process. By introducing planning resources early and providing ongoing support, employees may be better prepared to retire when they're ready.

Here are several ways we can help support retirement readiness:

- **Offer retirement income education.** We can help employees understand not only how much they need to set aside, but how savings, Social Security, pensions, and other income sources may work together to support retirement.
- **Provide retirement planning tools.** Offering retirement income projections, calculators, and other resources that help participants estimate future monthly income and determine whether their current savings strategy is likely to support their retirement goals.
- **Encourage periodic retirement readiness assessments.** Regular check-ins can help participants identify potential shortfalls in projected retirement income, adjust their savings strategy, and stay on track toward meeting their retirement income needs.

Strengthen your workforce strategy

Retirement readiness isn't just an employee benefit; it's a workforce strategy. By helping employees better understand when they're financially prepared to retire, employers can improve workforce planning, strengthen succession, and support the long-term success of your business.

We can help you evaluate your plan's retirement readiness strategy and identify opportunities to better prepare employees for retirement while supporting your organization's business objectives.

2 Employee Benefit Research Institute (EBRI). "2026 Retirement Confidence Survey." 20 Apr. 2026.



Helping Employees Save Through Life's Busiest Years

Make retirement saving easier with automatic plan features

> Mid-career employees have a lot on their plates. They're juggling families, careers, mortgages, and caregiving. As financial demands multiply, immediate obligations often take precedence, while future saving goals, like retirement, may get deferred.

Three out of four Millennials and half of Gen X employees say competing financial priorities are limiting their ability to save for retirement.[1] For employers, this means that many employees may not benefit from retirement plan features unless the plan is designed to make saving automatic.

Fortunately, thoughtful plan design can do much of the heavy lifting. For employees in the messy middle years, the most effective retirement plan designs are those that don't require them to do anything at all.

Let the plan design do the work

The financial demands of mid-career life leave little bandwidth for actively managing retirement savings. **Decision fatigue is real, and employees who intend to enroll, increase contributions, or re-engage with their retirement plans often never get around to doing it.** One way for plan sponsors to support better retirement outcomes is by establishing strong default options and implementing automatic features.

- **Make saving a default, not a decision**. For employees who are too stretched to research plan options and fill out enrollment forms, automatic enrollment removes the first and tallest hurdle: getting started. According to Vanguard's 2026 *How America Saves* report, plans with automatic enrollment achieve a **94% participation rate**, compared with **64%** for plans that rely on employees to enroll on their own.[2]
- **Keep savings growing**. Busy employees rarely revisit their contribution rate once it's set. Using automatic escalation to raise that rate gradually

1 *Goldman Sachs Asset Management. "New Economics of Retirement: 2025 Retirement Survey & Insights Report." Oct. 15, 2025.*

2 *Vanguard. "How America Saves 2026." June 16, 2026.*

can help grow savings without requiring employees to act. Vanguard reports that **59% of plans now offer automatic escalation**, helping employees steadily increase their savings over time without having to take action. Participants who remain in automatic enrollment plans for 10 years or more have substantially higher account balances than those in voluntary enrollment plans, illustrating the long-term impact of automatic features.[3]

Together, these features allow employees to build retirement savings consistently, even during life's most demanding years.

When employees save, employers benefit

Automatic features aren't just good for employees. They deliver value to the companies that sponsor retirement plans.

Potential benefits include:

- **A more engaged, productive workforce**. Financial stress follows employees to work. When saving happens automatically, employees may notice that their retirement plan is helping them build wealth. This can lead to less worry and greater focus at work. Of note, employees notice when their retirement plan is helping them build wealth.
- **More predictable workforce planning**. Employees who can't afford to retire often don't. Improving retirement readiness helps employers avoid higher benefit costs, as well as dissatisfaction among younger employees who may encounter career bottlenecks.
- **Simpler plan administration and more room to save**. When participant deferrals are higher, retirement plans pass nondiscrimination testing more easily, and highly compensated employees may be able to maximize their retirement savings.

The details determine the outcomes

When employees are stuck, plan design can help move them forward. Inertia is powerful, but it works where the plan points it. A plan built on outdated defaults automates may increase risk of short. Sponsors who revisit a few key design choices can build momentum.

Here are some points to consider:

- **Set defaults with intention**. A 3% default contribution rate was once standard, but many employees need to save considerably more to build adequate retirement income. Plans have steadily raised defaults, and participation in automatic enrollment plans has remained steady.
- **Take a cue from SECURE 2.0**. The SECURE 2.0 Act generally requires most new plans to automatically enroll employees with a default deferral rate of 3% to 10% and to escalate contributions automatically by 1% per year to a cap of 10% to 15%.
- **Periodically re-enroll all employees.** Employees who opted out years ago may intend to enroll in the future and never act on it. Periodic re-enrollment gives them a fresh start, sweeping non-participants back into the plan unless they opt out again.
- **Make it as easy as possible for employees.** By streamlining enrollment and saving, employers can help employees overcome the challenges that can leave them unprepared for retirement.

Relatively small plan design changes can produce meaningful improvement in employees' retirement readiness. Review your plan's default rate, escalation cap, and re-enrollment schedule this year and contact us to discuss whether thoughtfully implemented automatic features could help your employees continue to save through life's busiest years.

3 *Vanguard. „How America Saves 2026." June 16, 2026.*



Building a 401(k) Plan for Every Generation

Employees' financial priorities may change in their 20s, 40s, and 60s, but thoughtful plan design and communication that meet them where they are can encourage retirement readiness at every age

> As careers progress, financial obligations often multiply. Student loans become mortgages. Mortgages lead to childcare. Childcare becomes college tuition. Later, many employees are supporting aging parents while preparing for retirement themselves. A well-designed retirement plan helps employees keep saving as their life priorities change.

Meeting Employees Where They Are

Where employees are in life often shapes the financial decisions they make. Understanding what matters most to each generation can help you communicate the value of your retirement plan more effectively.

Generation Z | The first ten years of savings may be the most valuable

Many Gen Z employees are just beginning their careers and may be focused on student loan payments, building emergency savings, or establishing healthy financial habits. With an 8% average annual rate of return, contributing just **$200 per month starting at age 25** could grow to approximately $824,000 by age 67, compared with approximately $355,000 if they begin saving at age 35. Starting just 10 years earlier could result in **nearly $470,000 more** by retirement through the power of compounding.[1]

Use infographics, videos, and calculators to show Gen Z that time is their greatest savings advantage.

Millennials | Life's most expensive years

Millennials are often balancing homeownership, raising children, and paying down debt, making it difficult to prioritize retirement savings. Show them how employer matching, automatic 1% annual increases, and small, consistent contributions can make saving manageable.

Encourage employees to work toward **saving 10%–15%** of their income for retirement.

1 *This example assumes an 8% average annual rate of return, monthly contributions of $200, and monthly compounding. It is for illustrative purposes only and is not a guarantee of future investment results.*

Generation X | Retirement suddenly feels real

Generation X is often juggling peak earning years while supporting children, aging parents, or both. Many are asking the same question: **"Am I actually on track?"**

Retirement readiness tools, personalized projections, and in-person education can replace uncertainty with confidence. Contact us for more information.

Baby Boomers | From accumulation to income

At this stage, the conversation shifts.

Employees nearing retirement are focused on turning decades of savings into reliable retirement income. They begin asking questions about Social Security timing, healthcare costs, withdrawal strategies, and how long their savings might last.

Education around distribution options and retirement income planning can help employees approach this major life transition with confidence.

Great plan design helps to remove friction

The strongest retirement plans don't depend on employee motivation; they depend on behavioral science. Research has consistently shown that automatic features dramatically increase participation because they remove inertia from the enrollment process.

Consider whether your plan includes:

- Automatic enrollment
- Automatic annual contribution increases
- Employer matching contributions
- Retirement income education
- Personalized planning tools
- Financial wellness resources

Good plan design helps employees make good decisions, even when retirement isn't their top priority.

Communicating across generations

A new hire just entering the workforce asks different questions than an employee approaching retirement. Young employees may need encouragement to start saving despite competing financial priorities, while employees nearing retirement often want to better understand how to turn their retirement savings into steady income.

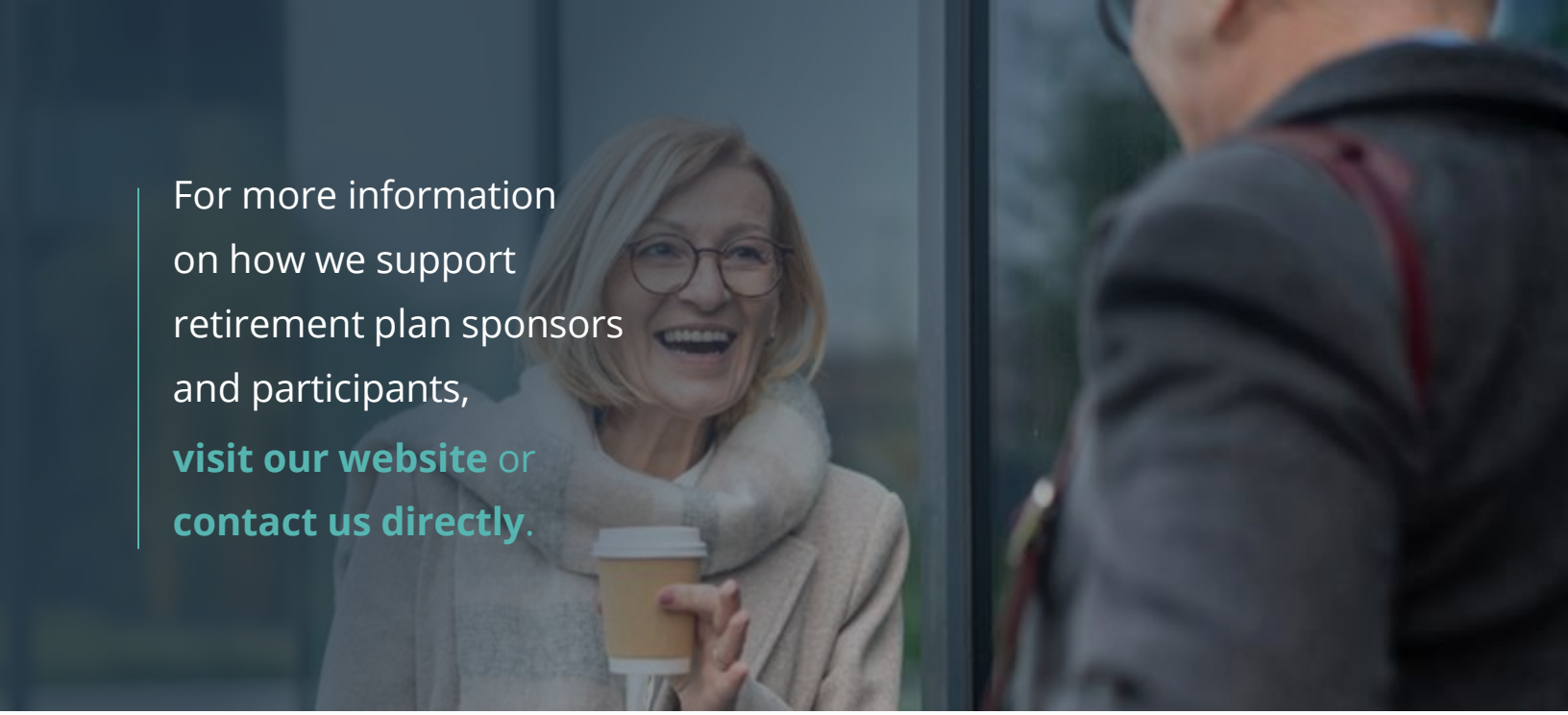
Tailoring education to address the needs and goals of different generations makes retirement plan communication more relevant, improves employee engagement, and encourages participation among employees of all ages.

Ready to get started?

Now is a good time to evaluate whether your retirement plan and communication strategy can effectively support employees across every generation.

Our team can help identify opportunities to strengthen participation, improve employee engagement, and build a retirement plan that optimally serves the needs of a multigenerational workforce.

Reach out to schedule a call with us today.



For more information on how we support retirement plan sponsors and participants, **visit our website** or **contact us directly**.

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