How Will 401(k) Emerge?

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Why do today what you can do tomorrow?
Lyrics by Jamie Cullum

The debatable current state of retirement savings

The current state of private 401(k) plan worker retirement readiness in in crises

Workers who have access to a savings plan at work	70.00%
Percentage of workers who contribute/ participate	80.00%
Percentage of workers who are contributing	56.00%
33% of the 56% contribute no where near enough (> 50% below recommended)	18.66%
33% of the 56% contribute less than enough (<= 30% below recommended)	18.66%
33% of the 56% actually contribute enough (>= 100% of recommended)	18.66%
Of all workers contributing "at most" 50% are properly invested	50.00%
Minimum % of all workers on track (considering only their retirement plan)	9.33%
And this is after 30 years of encouraging workers to save	Not good

Insanity: Doing the same thing over and over and expecting different results.
Albert Einstein

The past, current efforts to encourage worker savings		E'ER/ E'EE total %
1980's	First, an appeal to responsibility, tax savings, modest matching	7.00%
1990's	Add matching increases, now the most common match is 50% of 6%	9.00%
2000	Safe-harbor 401(k) match is basically 80% of 5%, with 100% vesting	9.00%
2006	Auto-enrollment isn't automatic, workers opt out, E'ER fine is $1,000 / E'EE	9.00%
2006	Auto-increases aren't automatic, workers opt out, E'ER fine is $1,000 / E'EE	9.00%
2006	Safe-harbor auto enrollment, workers opt out, E'ER fine is $1,000 / E'EE	9.50%

So why is 9% the "magic number?" Because with NRA 65, with 9% -10% portfolio returns, and age 85-88 life expectancy it all works! But with 7% - 8% portfolio returns, and age 92-95 life expectancy it doesn't work.

The latest greatest idea to encourage worker savings		
2012	"Stretch the match," offer 25% of 12% or 25% of 16%........ that'll get-er-done	15% to 20%

Good luck trying to get 12% to 16% worker deferral rates!

What are the bigger issues?

Issues	Idealistic or Pragmatic Solutions?
The investment cost versus value dilemma, what is the answer?	Easily formatted audited published performance data net of costs and compensation with a focus on simplistic comparability. Severe fines on providers for providing inappropriate investments, with no fines on the "E'ER fiduciary consumers." Focus on net returns.
Start saving early; what does early mean? At birth? Age 16? Age 23? Age 30?	Allow parents and other relatives to start contributing to a child's retirement account at birth.
Why limit retirement savings plans to earned income?	Allow saving money for retirement from whatever source derived.
Why allow workers to elect out?	Automatically include E'EEs in retirement plans without "option out provision."
Why exclude workers under age 21 or age 18?	Require all workers to be immediately eligible.
Why exclude workers who have less than one year of service?	Require all workers to be immediately eligible.
Why exclude workers who work less than 1000 hours per year?	Require all workers to be immediately eligible.
Why exclude workers for up to six months after becoming eligible?	Require all workers to be immediately eligible.
Why require 3-6 years to become 100% vested in a profit sharing contribution based on the profits for a year to which the worker contributed to the generation of these profits by working at the business?	Require 100% immediate vesting in all contributions.
Why allow in-service distributions?	Do not allow pre retirement access.
Why allow hardship distributions?	Do not allow pre retirement access.
Why allow loans, and loan defaults?	Do not allow pre retirement access.
Why allow participant directed investments? Studies show that participants do a bad job at making decisions.	Migrate to trustee directed plans. All E'EEs receive professional management by service providers serving as Fiduciaries.
Why allow lump sum distributions and rapid spend down? Increasing life expectancies are creating challenges.	Require a lifetime distribution method of monthly payments.
What is the family income of workers that pay the 10% early withdrawal penalty tax?	Probably less than $60,000.00 per year. So this is really just a tax on the struggling lower and middle classes.

The ability to have a plan like this has existed since before 401(k)!
Reduced OASDI and Medicare taxes and lower WC Premiums will pay the administrative expenses!

Sorting out total costs: External and Internal Service costs

Assumptions:

Plan assets 3,000,000 Number of participants 60

Typical Point of Sale External Cost Analysis

	RIA/ Fees	Platform	Platform
Weighted average fund fees	0.37%	1.00%	1.45%
Subtract fund management fees	-0.37%	-0.46%	-0.46%
Available for revenue sharing or services	0.00%	0.54%	0.99%
Subtract revenue sharing to TPA	0.00%	-0.12%	-0.15%
Subtract revenue sharing to FA	0.00%	0.00%	-0.40%
Revenue available to platform recordkeeper	0.00%	-0.42%	-0.44%
Billed Financial Advisor Fee	(14,000)	(10,500)	0
As a percentage	-0.467%	-0.35%	0.00%
Billed recordkeeping fees $	(7,500)	0	0
As a percentage	-0.25%	0.00%	0.00%
Billed TPA fees	(3,600)	0	0
As a percentage	-0.12%	0.00%	0.00%
Total fees in $	(36,200)	(40,500)	(43,500)
As a percentage	-1.21%	-1.35%	-1.45%

This free symposium is saving you between $1,500.00 and $35,000.00. No reason to pay for a benchmarking service, the above, and other info presented are all that you need.

So! Who is getting paid what?

	RIA/ Fees	Platform	Platform
Weighted average paid to fund manager	(11,100)	(13,800)	(13,800)
Independent recordkeeper	(7,500)	-	-
Platform recordkeeper	-	(12,600)	(13,200)
Financial Advisor	(14,000)	(10,500)	(12,000)
TPA	(3,600)	(3,600)	(4,500)
	(36,200)	(40,500)	(43,500)
As a percentage	-1.21%	-1.35%	-1.45%

Starting late Opting out for a short time In-service distributions Hardship distributions Not rolling over to an IRA or an E'ER Cost of taking a loan Poor participant investments Amount forfeited due to vesting Drawing too quickly at retirement	**These items will be specifically addressed later in the presentation**

Auto enrollment notices/ questions Auto enrollment refunds Auto enrollment documents Auto enrollment VCR	To paraphrase a prominent speaker at the 2011 ASPPA conference stated: Auto enrollment has helped, the participation rate increase are not staggering, and now we are seeing people opting out. The rules and compliance are so burdensome that I have never seen an auto enrollment program that has been properly administered. $1,000 Penalty per E'EE for failure to notify. Possible VCR program for operational failure. Estimate HR Department time 16 hours per year. E'EE questions 8 hours per year.

Investment committee meeting x 2 Investment policy statements Investment selection and reviews Investment change notices QDIA-Qualified Default Investment(s) QDIA Notice distribution	Estimated time. Estimate Trustee/ Fiduciary/ Investment committee time 24 hours per year. HR Department time 8 hours per year.

E'EE group enrollment meetings E'EE investment meetings One-on-one E'EE meetings Answering E'EE questions	Estimated time. Estimate 120 hours of E'EE time, and 16 hours of HR department time. 60 E'EEs each attend a 1.5 hour group meeting = 90 hrs + 20 E'EEs ask for 1 hour personal meetings. And 10 hours are spent answering questions over the course of the year.

Tri-annual service provider reviews Benchmarking Services (BS)	Estimated time. Estimate Trustee/ Fiduciary/ Investment committee time 24 hours every three years. HR Department time 24 hours every three years. Benchmarking can cost $1,500 to $35,000.

Answering loan questions Answering loan default questions Answering loan refinancing questions Answering in service dist. questions Answering hardship dist. questions Researching the above Facilitating all processes	Estimated time. HR Department time 24 hours per year. E'EE time at work asking questions and making calls and getting these things done, 25 hours per year. Tracking participant eligibility; hours worked, date of eligibility, termination dates, reporting information to administrator. Facilitating enrollment and investment meetings.

Hourly cost = wages, benefits, taxes, overhead and lost production	Hours	Hourly Cost	Total cost	
Executive/ Trustee/ Fiduciary time spend on average per year	32	$ 100.00	$ 3,200	If plan operation is simplified then 80% of this annual cost can be saved?
HR Department time spent on average per year	72	$ 50.00	$ 3,600	
E'EE non-productive tie spent at work per year	145	$ 50.00	$ 7,250	
These fees expressed as a percentage of the plan operation fees:		34.69%	$ 14,050	

Assumptions:

Start working part time at age	16	Hours PT	900
Start working full time at age	23	Hours FT	2080
Starting hourly wage	$ 10.00	Raises	4%
Deferral rate	6%	Match rate	50%
Final annual full time wage	142,134		
Investment rate	8.30%	8.00%	
Retirement age	65	Withdrawal %	5.00%

Investment fees are little, if any, of the cause of the retirement crisis.

Retirement plan fees do make a difference	**16**	**23**	**30**
Amount saved at retirement	1,821,674	1,517,500	1,063,212
Lower amount saved at retirement	1,674,478	1,406,910	999,967
% of decrease in available amount (decrease in pension)	-8.08%	-7.29%	-5.95%
Difference in savings	(147,196)	(110,590)	(63,245)

If plan expenses are .30% higher. Net investment return is decreased from 8.3% to 8%. *Caution: Higher investment fund expenses do not necessarily result in lower investment returns. Focus on controllable expenses: Features, HR, Advisor, RK, Administration, etc*

Starting late is the bigger problem	**16**	**23**	**30**
Amount saved at retirement	1,821,674	1,517,500	1,063,212
Monthly pension payment	7,590	6,323	4,430
Annual pension	91,084	75,875	53,161
Pension as a % of final wages	64%	53%	37%

The PENSION at retirement is less than the 80% target, which is generally accepted to be an appropriate target.

Should E'EEs count Social Security?	**16**	**23**	**30**
Amount saved at retirement	1,821,674	1,517,500	1,063,212
Annual pension	91,084	75,875	53,161
25% Social Security	35,533	35,533	35,533
Total Retirement Income	126,617	111,408	88,694
Retirement Income as a % of Final Wages	89.08%	78.38%	62.40%

BUT, the PENSION at retirement when added to a 25% Social Security pension approaches the 80% target.

These Problems Dwarf Investment Fees!

Major Causes of Failed Savings Value at age 65	16	23	30	
Being excluded or electing out makes a big difference	1,821,674	1,517,500	1,063,212	Delay getting serious about savings
Stops deferrals/ elects out for two years age 35-36	(88,059)	(88,059)	(88,059)	Stopping deferrals/ electing out
$25k in service distribution at age 40	(183,506)	(183,506)	(183,506)	Pay tax plus a 10% penalty tax
$25k hardship distribution at age 45	(123,171)	(123,171)	(123,171)	Pay tax plus a 10% penalty tax
Cost of a 5 year $50k loan @ 3.25% interest at age 50	(17,908)	(17,908)	(17,908)	The loan rate is 3.25% vs. 8.3% portfolio return
Fear causes poor investment choices at ages 55, 56, 57	(430,273)	(325,408)	(168,791)	Age 55/ -20%, panic sell, move to MM / 2 years @ 2%
Vesting losses; Changing jobs is costly	$ (116,102)	$ (116,102)	$ (116,102)	Based on 16 year old losing E'ER match money at age 23

Diminished amount available for retirement	862,654	663,345	365,675	
Annual pension	43,133	33,167	18,284	The diminished savings amount and Social Security together provide a pension payment far below the 80% target.
25% Social Security	35,533	35,533	35,533	
Total Retirement Income	78,666	68,701	53,817	
Retirement Income as a % of Final Wages	55.35%	48.34%	37.86%	

Other ways retirement savings is diminished		
A big vacation, a new car, a gift to the kids, fix up the house, a vacation home, etc., "What the heck, you can't take it with you. Besides we'll never live that long."	Cost ?	Spending down retirement savings too quickly will leave you broke early and dependent upon siblings, children or other tax payers.

A Tale of Two Employers

E'ER 1 adopts a traditional 401(k): Auto enrollments, participant directed investments and all of the typical 401(k) bells and whistles. The E'ERs "Retirement Mission" is to provide a 401(k) savings plan that, if used properly by the workers, will have a high probability that "career" employees will have adequate resources at retirement necessary to provide a lifestyle during retirement comparable to the "working" lifestyle at retirement date, i.e.. an 80% of final year wages retirement income. The E'ER is offering a matching program of 50% of a 6% employee deferral, giving a "fully participating" employee a 9% contribution. The E'ERs strategy is to auto enroll, educate, motivate, arm twist, guide and convince employees to make the right decisions. The E'ER will provide employees with annual retirement readiness analysis so they can determine if they are on track for retirement and make necessary adjustments to stay the course. i.e.. Increase their deferrals to 12% to 15% of pay.
E'ER 2 adopts a "Retirement Mission" to establish a plan that will provide the highest probability that "career" employees will have adequate resources at retirement necessary to provide a lifestyle during retirement comparable to the "working" lifestyle at retirement date, i.e.. an 80% of final year wages retirement income. The E'ERs strategy is to adjust the business compensation program to make retirement contributions a priority. The E'ERs strategy includes lowering worker wages and lower pay raises offset by fixed and increasing E'ER retirement plan contributions over a ten year period until the E'ER contribution rate is equal to 10%. 100% of the investments are Trustee directed and professionally managed for the participants, the plan does not allow for participant directed investments. The E'ER will provide employees with annual retirement readiness analysis so they can determine if they are on track for retirement.

	E'ER 1 adopts Automatic Enrollment		E'ER 2 adopts a Retirement Mission	E'ER 2 / E'EE Difference

From E'EE Perspective

E'EE Gross W-2 wage	35,000	-10.00%	31,500	
Automatic 401(k) deduction	(3,500)		0	
Income taxable wages	31,500		31,500	
Worker paid taxes				
OASDI	(2,170)	-6.20%	(1,953)	217
Medicare taxes	(508)	-1.45%	(457)	51
State Income tax	(1,575)	-5.00%	(1,575)	0
Federal Income tax	(4,725)	-15.00%	(4,725)	0
Total worker taxes	(8,978)		(8,710)	268
Worker take home	22,523		22,790	268

From E'ER Perspective

E'EE Taxable W-2 wage	31,500		31,500	
Retirement Contribution	3,500		3,500	
Employer Paid Wages	35,000		35,000	0
E'ER taxes and premiums				
OASDI	2,170	6.20%	1,953	
Medicare taxes	508	1.45%	457	
Workers Compensation	123	0.35%	110	
Total E'ER taxes	2,800		2,520	280
Total E'ER Cost	37,800		37,520	280

Results based on number of E'EEs

	Total E'EE Savings	Total E'ER Savings	Combined Savings
60	16,065	16,800	32,865
100	26,775	28,000	54,775
250	66,938	70,000.0	136,937.5
1,000	267,750	280,000	547,750

Which plan is better for E'EEs, E'ERs, Fiduciaries; Simple, tax efficient, less expensive ?

After ten years of operation the plan statistics are as follows:	**E'ER 1**	**E'ER 2**
E'EEs under age 21 excluded	3	0
E'EEs with less than 1000 hours excluded	3	0
E'EEs with less than one year of service excluded	3	0
E'EEs who have qualified but are waiting for the next entry date	3	0
Terminees who lost some unvested benefits	3	0
E'EEs Deferring/ Participation rate after auto enrollment "opt outs"	80%	100%
Career E'EEs contributing "no where near" enough	33%	0%
Career E'EEs contributing "less than" enough	33%	0%
Career E'EEs contributing "enough" or more	33%	100%
Career E'EEs not properly invested	25%	0%
Career E'EEs properly invested	75%	100%
Participants with loans	10%	0%
Participants with multiple loans	4%	0%
Participants with defaulted loans	1%	0%
Participants taking in-service distributions	4%	0%
Participants taking hardship distributions	4%	0%
Retirees taking lump sum distributions	100%	0%
Career E'EEs with "on track" retirement readiness	**25%**	**100%**
Career E'EEs with "derailed" retirement readiness	**75%**	**0%**
Total E'ER and E'EE retirement plan contribution for the 57 year old President	$32,000	$300,000

Strategic Portfolios - Similar Asset Allocations/ Passive vs. Active

	Moderate Passive Funds Portfolio		Moderate Active Funds Portfolio
Cash	2.17%		-3.70%
US Stocks	33.40%		29.83%
Non-US Stocks	20.37%		20.02%
Bonds	40.54%		45.89%
Other	3.52%		7.96%
Cyclical	40.44%		40.75%
Sensitive	40.15%		40.97%
Defensive	19.42%		18.31%
Americas	67.89%		68.14%
Greater Europe	15.31%		15.64%
Greater Asia	16.80%		16.17%
Not Classified	0.00%		0.04%
High Yield	3.07%		2.40%
Distressed	1.62%		1.15%
Hard Asset	17.78%		20.46%
Cyclical	39.28%		39.68%
Slow Growth	12.58%		9.66%
Classic Growth	1.92%		2.63%
Aggressive Growth	17.55%		16.64%
Speculative Growth	2.97%		2.82%
Not Available	3.25%		4.57%
Developed Markets	90.83%		87.32%
Emerging Markets	9.17%		12.68%
Price/Earnings	13.34		14.32
Price/Book	1.64		1.97
Price/Sales	1.18		1.41
Price/Cash Flow	7.33		8.69
Net Margin	11.43		13.45
ROE	17.40		18.77
ROA	7.21		8.34
Debt/Capital	35.39		33.23
Geometric Avg. Mkt. Cap.	990,674,000.00		1,357,694,000.00
Credit quality of bonds			
AAA	42.21%	Not	33.48%
AA	10.47%		6.20%
A	4.61%		5.49%
BBB	13.07%		5.95%
BB	13.87%		8.56%
B	11.49%		8.85%
Below B	2.43%		3.73%
NR/ NA	1.85%		27.74%
Maturity	6.97		7.63
Duration	5.75		5.23
Average Net Expense Ratio	0.37%		1.00%

Portfolio Performance/ Risk Comparison

	Moderate Passive Funds Portfolio	Moderate Active Funds Portfolio
3 year return	18.59%	16.76%
5 year return	4.78%	4.06%
10 year return	8.51%	8.61%
3 year standard deviation	14.29%	13.63%
5 year standard deviation	15.63%	14.96%
10 year standard deviation	13.06%	12.04%
3 year sharp ratio	1.26%	1.20%
5 year sharp ratio	0.30%	0.26%
10 year sharp ratio	0.55%	0.59%

All data was taken from Morningstar Principia Snapshot reports created by entering the portfolio fund asset allocation model into the Morningstar program. All derived data is based on January 31, 2012 Morningstar data. The comparison could change materially over different time periods. This data is for educational purposes only. The educational message imparted is as follows: Net Portfolio Investment cost should be considered but should not be the focal point in portfolio evaluation. Investment Advisor guidance as to the strategic or tactical asset allocations will play an infinitely larger role in portfolio performance. Past performance is not indicative of future performance, this statement applies to returns, standard deviations, sharp ratios and any and all other past performance statistic. The portfolios both use a static strategic asset allocation.

Be sure to investigate and understand "revenue sharing", if any, when mutual fund costs subsidize other necessary plan expenses.

Subtract from Passive returns an allowance for an RIA Advisory fee	-0.47%
Subtract from Passive returns an allowance for a Recordkeeping fee	-0.25%
Subtract from Passive returns an allowance for administration fees	-0.12%
In summary subtract from Passive returns a total fee cost of	-0.84%
Add back negative Passive Portfolio Fund fees	-0.37%
Total cost of this portfolio including 401(k) fees to the 401(k) Participant	-1.21%
Subtract from Active returns an allowance for an Investment Professional fee	-0.35%
NO subtraction from Active returns as an allowance for a Recordkeeping fee	0.00%
Subtract from Active returns an allowance for administration fees	0.00%
In summary subtract from Active returns a total fee cost of	-0.35%
Add back negative Active Portfolio Fund fees	-1.00%
Total cost of this portfolio to the 401(k) Participant	-1.35%

401(k) Participant Expense Adjusted Portfolio Returns

	Moderate Passive Funds Portfolio	Moderate Active Funds Portfolio	Passive to Active
3 year return	17.75%	16.41%	1.34%
5 year return	3.94%	3.71%	0.23%
10 year return	7.67%	8.26%	-0.59%

These similar performance results support the Modern Portfolio Theory tenant that the portfolio's asset allocation will account for at least 94% of the of the portfolio's volatility and performance results. Here we have the same Indian with different arrows, so "It's not the arrows, it's the Indian"

Passive Strategic Portfolios - Different Advisors and Allocations

	Moderate Passive Advisor Portfolio #1		Moderate Passive Advisor Portfolio #2
Cash	-1.62%		2.17%
US Stocks	39.90%		33.40%
Non-US Stocks	17.82%		20.37%
Bonds	41.31%		40.54%
Other	2.60%		3.52%
Cyclical	42.02%		40.44%
Sensitive	38.81%		40.15%
Defensive	19.20%		19.42%
Americas	73.01%		67.89%
Greater Europe	14.17%		15.31%
Greater Asia	12.80%		16.80%
Not Classified	0.03%		0.00%
High Yield	4.81%		3.07%
Distressed	2.28%		1.62%
Hard Asset	15.76%		17.78%
Cyclical	39.98%		39.28%
Slow Growth	16.51%		12.58%
Classic Growth	1.52%		1.92%
Aggressive Growth	13.75%		17.55%
Speculative Growth	3.04%		2.97%
Not Available	2.35%		3.25%
Developed Markets	94.90%		90.83%
Emerging Markets	5.09%		9.17%
Price/Earnings	11.80		13.34
Price/Book	1.27		1.64
Price/Sales	0.91		1.18
Price/Cash Flow	6.72		7.33
Net Margin	10.73		11.43
ROE	13.97		17.40
ROA	5.91		7.21
Debt/Capital	34.15		35.39
Geometric Avg. Mkt. Cap.	708,261,000.00		990,674,000.00
Credit quality of bonds			
AAA	39.86%	Not	42.21%
AA	1.67%		10.47%
A	3.15%		4.61%
BBB	2.70%		13.07%
BB	0.00%		13.87%
B	0.00%		11.49%
Below B	0.01%		2.43%
NR/ NA	52.62%		1.85%
Maturity	8.16		6.97
Duration	5.04		5.75
Average Net Expense Ratio	0.33%		0.37%

Portfolio Performance/ Risk Comparison

	Moderate Passive Advisor Portfolio #1	Moderate Passive Advisor Portfolio #2
3 year return	16.92%	18.59%
5 year return	2.99%	4.78%
10 year return	7.12%	8.51%
3 year standard deviation	14.02%	14.29%
5 year standard deviation	14.85%	15.63%
10 year standard deviation	11.63%	13.06%
3 year sharp ratio	1.18%	1.26%
5 year sharp ratio	0.19%	0.30%
10 year sharp ratio	0.49%	0.55%

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Be sure to investigate and understand the Advisor's philosophy, strategy and fees, and for what it is worth, past performance.

Subtract from Passive returns an allowance for an RIA Advisory fee	-0.47%
Subtract from Passive returns an allowance for a Recordkeeping fee	-0.25%
Subtract from Passive returns an allowance for administration fees	-0.12%
In summary subtract from Passive returns a total fee cost of	-0.84%
Add back negative Passive Portfolio Fund fees	-0.33%
Total cost of this portfolio including 401(k) fees to the 401(k) Participant	-1.17%

Subtract from Passive returns an allowance for an RIA Advisory fee	-0.47%
Subtract from Passive returns an allowance for a Recordkeeping fee	-0.25%
Subtract from Passive returns an allowance for administration fees	-0.12%
In summary subtract from Passive returns a total fee cost of	-0.84%
Add back negative Passive Portfolio Fund fees	-0.37%
Total cost of this portfolio including 401(k) fees to the 401(k) Participant	-1.21%

401(k) Participant Expense Adjusted Portfolio Returns

	Moderate Passive Advisor Portfolio #1	Moderate Passive Advisor Portfolio #2	Advisor 1 to Advisor 2
3 year return	16.08%	17.75%	-1.67%
5 year return	2.15%	3.94%	-1.79%
10 year return	6.28%	7.67%	-1.39%

These dissimilar performance results from portfolios using similar funds with similar costs but with different asset allocations illustrates advisor differences. "It's not the arrows, it's the Indian"

Corporate Retirement Plan Mission Statement

(Societal)

To provide a plan that produces the highest probability that 100% of "career employees" (Those having 30 or more years of service) will have adequate resources available at NRA 65 to 72 to enjoy a retirement income comparable to the "working" income at their NRD lasting until age 100 . i.e. 70% to 90% of final year wages as retirement income.

Debatable Conclusions

The current state will persist with little improvement until;
Employers (Society) views retirement saving as essential for all, and not optional
100% participation / 100% retirement readiness is the goal

Eliminate OASDI, Medicare and Worker Compensation costs with E'ER contributions (Save16% up front)

Adjust the business compensation philosophy over time to grow into a E'ER dominant contribution plan	10%
E'ER dominant matching 200% of 3% = 9% combined and maybe add a 4% E'ER base	13%
E'ER dominant base of 10% with workers contributing 3% or more	13%
In any case significant recurring E'ER contributions: A majority of E'ER money	

Simplify, Simplify, Simplify
Start early, at birth or at age 16
Immediate eligibility without exception
Immediate 100% vesting to eliminate forfeiture losses
Deny access to savings pre-retirement; "It's their money……..for retirement"
Trustee directed investments or only properly constructed portfolios
Mandatory rollover to IRA or new employer. No cash outs when changing jobs.
Older retirement ages i.e. 67-72
Structured distribution of retirement balances/ income

> Any intelligent fool can make things bigger and more complex... It takes a touch of genius - and a lot of courage to move in the opposite direction.
> Albert Einstein

Is it rational to expect that if employers can't afford to budget to pay for adequate retirement benefit expenses, that employees can afford to budget to pay for retirement benefits from their wages?...Anonymous

Why do employers who pay 70% to 100% of employee health costs, pay only 10% to 50% of retirement costs?…Anonymous