



News from:
COMPTROLLER KEVIN LEMBO

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**COMPTROLLER LEMBO: “START SMALL, SAVE BIG”
DURING NATIONAL SAVE FOR RETIREMENT WEEK**

Comptroller Kevin Lembo today announced that he is joining a coalition of employers across the country to recognize National Save for Retirement Week and raise awareness about the critical need for individuals to save for their financial future.

To begin the week, Lembo launched an online “Plan Your Escape” website (www.osc.ct.gov/planyourescape) that features retirement savings calculators, savings tips and other retirement-related facts and resources. Throughout the week, Lembo will also raise awareness through social and traditional media outlets, and will communicate with state employees to talk about available savings options.

Lembo is highlighting some of the alarming facts about the state of retirement across the country – including savings gaps between men and women, and between racial and ethnic groups. Across all populations, retirees have reported feeling insecure about whether they have saved enough to carry them through retirement.

The greatest barriers to retirement savings are insufficient income and high debt, according to research by ING, which administers the state employee defined contribution plans. The next obstacles are lack of awareness about available options, or lack of access to a financial planner.

“My goal this week – and throughout the year – is to raise awareness that even the smallest steps can result in big savings by retirement,” Lembo said.

“Most people believe they can’t save for the future because there are bills due today. However, even \$2 per day – the cost of our morning coffee – can grow to more than \$60,000 in 30 years (assuming 7-percent average return). This kind of perspective will

hopefully prompt people to think about saving – and help them realize that, at \$2 per day, it’s actually achievable.”

To get started, Lembo urges all Connecticut residents to consider the following:

- Social Security and pension plans (when available) are a foundation – but most will need additional savings to fulfill their retirement goals.
- Ask your employer about what retirement savings plans might be available (beyond pension).
- Those without employer-sponsored benefits may want to consult with a financial planner.
- If you’re already enrolled in a plan, now is a great time to measure your progress and consider increasing your contributions.

Lembo also shared important retirement facts from ING, NAGDCA (National Association of Government Defined Contribution Administrators) and other sources:

- Outside of employer-sponsored plans, employees save virtually nothing.
- Trends also reflect that over the last 30 years, defined contribution plans are replacing defined benefit plans.
- To live comfortably during retirement you will need 70 percent to 100 percent of your pre-retirement income.
- Universally, men have higher account balances, and women are more likely to take a hardship withdrawal from their retirement savings.
- Women 70 and over have less than half the account balance in their defined contribution accounts than men of the same age.
- Employer-sponsored financial guidance can increase workplace productivity.
- People spend more time thinking about events – like retirement and vacations – than they do actually planning or managing those events.
- If you are saving now and increase your contributions from \$100 biweekly to \$125 biweekly, your account can grow from \$264,327 to more than \$330,409 (assuming average of 7 percent over 30 years).

Among the state employee population, Lembo said overall participation in the voluntary 403(b) and 457 plans has increased from 55 percent in 2009 to currently 61 percent, even though the state does not provide a match for the employee contribution. This is more than twice the average for public employees.

Lembo thanked ING for its partnership in raising awareness this week through radio and workshops throughout the state.

National Save for Retirement Week runs Oct. 20-26.

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