

Lifetime Income Disclosures Are Coming to 401(k) Statements

An opportunity for sponsors and providers to help

Starting in September 2021, participants in 401(k) and other defined contribution (DC) plans will start seeing a new number on their statements at least once per year: **the amount of lifetime income their balance is expected to generate in retirement.**¹

When a participant views this projection for the first time, they're likely to experience a wake-up call. The number might be much lower than they thought. They may become concerned they won't have enough income in retirement.

We asked early savers with low savings balances in their 401(k) how they might react and change their behaviors when they receive their new disclosures that show their current balance and projected income in retirement.²



EARLY SAVERS



Imagine a scenario where...

your **401(k) balance is \$20,000** and you receive a notice that this amount can generate for you an income of **\$100 per month** for life in retirement.

This scenario triggered a range of emotions for participants, with almost **80%** likely to take action.

HOW WOULD YOU FEEL IN THIS SCENARIO?

NET NEGATIVE (68%)

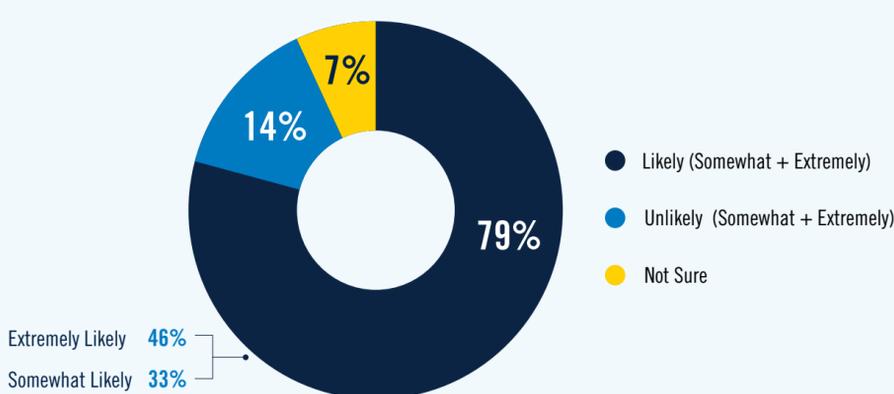
- Concerned 30%
- Worried 23%
- Nervous 23%
- Discouraged 23%
- Scared 16%

NET NEUTRAL / POSITIVE (43%)

- Curious 20%
- Comfortable 17%
- Excited 17%
- Surprised 10%
- Contented 6%
- Encouraged 5%
- None of the above 4%

Survey Question: How would you feel in this scenario? Please select all that apply.

LIKELIHOOD TO TAKE ACTION



Survey Question: How likely or unlikely would you be to do something or take action with respect to your retirement plan in this scenario? (Please select one response)

INTEREST IN FOLLOWING ADVICE, INFORMATION, TOOLS, AND SOLUTIONS



Survey Question: If you were in this situation, how interested would you be in each of the following types of information or advice? (Please provide a rating for each option)

Opportunities for Sponsors and Providers



Lifetime income disclosures are a great first step, but workers are going to need more assistance in generating and protecting their lifetime income and generating retirement income. DC plans such as 401(k)s must evolve from being just savings plans and the new disclosures will turn the topic to retirement income.

The results point to opportunities for providers and sponsors to strengthen their role with early savers by enhancing participant outreach, support, and improving the participant experience. Tools, calculators, and Financial Wellness programs that support saving and planning for retirement can help increase engagement and make participants more comfortable with their path to retirement.

To learn more about the lifetime income disclosures, read our new white paper: [Lifetime Income Illustrations: Preparing for Participant Reactions](#) or contact your Prudential representative.

¹ While some DC recordkeepers may have provided a projection in the past, this new projection will likely be different based on new Department of Labor rules.
² National online poll conducted April 27 – 28, 2021, via Morning Consult's National Tracking Poll.

This material is intended to provide information only. This material is not intended as advice or recommendation about investing or managing your retirement savings. By sharing this information, Prudential Retirement® is not acting as your fiduciary as defined by the Department of Labour or otherwise, if you need investment advice, please consult with a qualified professional.

Prudential representatives are registered representatives of Prudential Investment Management Services LLC (PIMS), Newark, NJ, a Prudential Financial company.

Retirement products and services are provided by Prudential Retirement Insurance and Annuity Company (PRIAC), Hartford, CT, or its affiliates. PRIAC is a Prudential Financial company.

© 2021 Prudential Financial, Inc. and its related entities. Prudential, the Prudential logo and the Rock symbol are service marks of Prudential Financial, Inc., and its related entities, registered in many jurisdictions worldwide.

0000000-00000-00