

**RETIREMENT PLAN STATEMENT FOCUS GROUP
DISCUSSION GUIDE
GROUP 1**

<p>Introduction (2 min)</p>	<p>Welcome. Thank you for coming to this focus group discussion. I'm xxxx from the RAND Corporation here in Washington, DC and I'll be facilitating our group today. With me is xxxx, another member of the study team.</p> <p>We are holding these discussions so that we will have a better understanding of how people understand the statements that they get from their employer-sponsored retirement plan. These are the paper statements that you may receive in the mail, or the statements that you can access through your retirement plan provider's website. These statements describe the activity of your retirement saving account, such as a 401(k) or 403(b). You may have heard these statements referred to as quarterly statements or statements of benefits. For the remainder of this discussion, we will refer to these as 'Retirement account statements' or 'retirement statements' for short. This is part of a public policy study being conducted by the RAND Corporation. This work is sponsored by the US Department of Labor. The Department of Labor oversees the retirement benefits that your employer may provide and so they are interested in what kinds of information would be helpful to you on the statement of benefits that you get from your employer sponsored retirement plan.</p>
<p>Ground Rules (3 min)</p>	<p>In order to make the best use of your time, I'd like to go over a few ground rules before we begin.</p> <ul style="list-style-type: none"> • I am going to ask you several questions and I'd like to give everyone a chance to give their opinions. We do not have to go in any particular order but we do want everyone to take part in the discussion. We ask that only one person speak at a time. • We're interested in your opinions and whatever you have to say is fine with us. There are no right or wrong answers. Don't worry about having a different opinion than someone else. But please do respect each other's answers or opinions. Feel free to treat this as a discussion and to ask questions of each other and to respond to what others are saying, whether you agree or disagree. • If there is a particular question you don't want to answer, you don't have to. • RAND will keep your answers completely private. The information you provide will be kept confidential and will be used for research purposes only. RAND will not include your name in any summary reports. • We also ask that each of you respect the privacy of everyone in the room and not share or repeat what is said here in any way that could identify anyone in this room. However, since someone in the group may not obey instructions to keep all comments confidential, we recommend you avoid saying anything that you don't want anyone to repeat outside the focus

	<p>group.</p> <ul style="list-style-type: none"> • The session will be audio taped so that we make sure we capture the full discussion. We will destroy all tapes at the end of the study. To protect your confidentiality, please do not use your last name and if you talk about other people during the discussion, use only their first names. • Is everyone OK with this session being tape recorded? [GET VERBAL CONSENT TO TAPE RECORD DISCUSSION. IF A PARTICIPANT DECIDES THAT S/HE DOES NOT WANT TO BE TAPED AND WANTS TO LEAVE, S/HE SHOULD STILL BE PAID THE FULL AMOUNT] <p>Are there any questions for me before we begin?</p> <p>We have quite a few topics to cover, so I may use a “time out” sign if I need to move the discussion to another topic.</p>
<p>Group Introduction (2 min)</p>	<p>I'd like to go around the table starting on my right and to have each person tell us just your first name.</p>
<p>Topic Retirement Goals (5 min)</p>	<p>Let's start by talking a bit about your retirement savings and your goals.</p> <p>How many of you have thought about how much money you will need for retirement? How many of you have formally set a goal for yourself?</p> <ul style="list-style-type: none"> • Has this changed at all as you have gotten older? • THOSE WHO RESPOND YES: <ul style="list-style-type: none"> o Do you think about how much money you will need in your retirement accounts or other savings when you reach retirement age? (in other words, do you have a target amount that you are saving toward – one large number) <ul style="list-style-type: none"> ▪ o And/or do you think about the income you might need every month/year in order to live comfortably in retirement <ul style="list-style-type: none"> ▪ <i>For those who say yes: Do you think about it in annual or in monthly terms?</i> o And/or do you think about your retirement goals in some other way, other than income? (<i>prompt if necessary: For example, as a percent of income or as an absolute number?</i>) o How did you come up with your retirement goals? Can you describe the steps that you took to come up with that amount/goal? o In coming up with your retirement goals, what are some other sources of money or income, beyond your own retirement savings, that you will rely on? • THOSE WHO RESPOND NO: <ul style="list-style-type: none"> o What are some of the reasons why you haven't come up with a retirement goal?

	<ul style="list-style-type: none"> ○ <i>Allow open ended responses, but prompt/probe if some variant of “don’t know how to come up with reasonable goal” comes up (as opposed to just having trouble making ends meet, saving, etc.)</i> <ul style="list-style-type: none"> ▪ Are you waiting until you reach a certain age to get serious about retirement planning? ▪ How many people have trouble coming up with a reasonable goal? <ul style="list-style-type: none"> • What are some of the things that are difficult in figuring out a retirement savings goal? • Are you having difficulty figuring out how much you will need to live comfortably? Are there specific reasons you find this difficult? • Are any of you worried that you won’t be able to retire, that you will have to keep working? <p>What kinds of retirement accounts do you have?</p> <ul style="list-style-type: none"> • Prompt, if needed with: 401(k)? IRA’s? traditional (defined benefit) pension plan? Something else? <p>Do you have any other retirement savings, like real estate?</p> <p>CAVEAT: For the purposes of tonight’s discussion, we would like to focus on your “Defined Contribution” retirement plan. A DC plan is a plan such as a 401(k) or 403(b) that you get through your employer, but you make your own investment decisions.</p>
<p>Topic Statement of Benefits (10 min)</p>	<p>How many of you receive a paper retirement account statement from your 401k (or other employer-sponsored retirement) in the mail?</p> <p>And how many of you get your retirement account statement from your retirement plan by going online?</p> <p>How many do both?</p> <p>And how many don’t know, or don’t get either?</p> <p>We’re going to first ask a series of questions to those that do regularly review their retirement statements but then we will ask those that don’t regularly review their statements the same set of questions so be thinking about how you would answer them. Remember that in this discussion, we want you to focus specifically on employer-sponsored retirement accounts, such as a 401(k), in which you make contribution and investment decisions.</p> <p><i>Those who regularly review</i></p> <ul style="list-style-type: none"> • How often do you review it? (<i>prompt if necessary: do you review every statement they send, or do you look at your statements once a quarter, or once a year or something</i>)

- What motivates you to review your statement?
- Did you review your statement before you came here?
 - When you reviewed your statement before you came here, did you notice any information that you hadn't really noticed before?
- When you review your statement, what information do you look at first? *(prompt if necessary: account balance, your rate of return, your portfolio allocation, graphs vs. numbers vs. text)*
- What information on your retirement account statement helps you figure out if your savings and investments are on track with your retirement goals?
- Is there any other information that you think would be helpful to see on your retirement statement?

Those who don't regularly review:

- Is there a specific reason why you don't regularly review your statement?
- Did you review your statement before you came here?
 - When was the last time you looked at your statement before then?
 - When you reviewed your statement before you came here, did you notice any information that you hadn't really noticed before?
- When you review your statement, what information do you look at? *(prompt if necessary: account balance, your rate of return, your portfolio allocation)*
- What information on your retirement account statement helps you figure out if your savings and investments are on track with your retirement goals?
- Is there any other information that you think would be helpful to see on your retirement statement?

What about online retirement account resources? Do you ever check on your retirement plan using the plan's website?

- How many of you have opted out of the paper statements and only receive your account information online?
- For those that still receive paper statements, How often do you use the website?
- Is your online account easier to access than the mailed statement?
- Is your online account easier to understand than the mailed statement?
- What information do you look for when you go to your online account?
- Is there information that you see online that helps you figure out if your savings and investments are on track with your retirement goals?
 - Some plans' sites have online tools to help you calculate how much to save, has anyone used those tools? Where did you learn about the online tools (e.g., from information provided in your

	<p>statement, from a welcome packet, etc.)?</p> <ul style="list-style-type: none"> • Is there information that you see online that you wish you could also get in the mailed statement of benefits?
<p>Topic Sample Retirement account statements (60 min - 15 min per handout, then 15 for general discussion)</p>	<p>We're going to pass out some samples of retirement statements</p> <p>These Sample Statements are not like the actual statements they currently receive in that they are much shorter. They are shorter because we would like to focus your attention on specific parts of the statement.</p> <p>Here is the first statement.</p> <p>HANDOUT - Statement 1</p> <p>As you can see this sample statement is for a person who is 40 years old and whose retirement balance is \$124,023.</p> <p><i>Give 1-2 minutes for participants to read through</i></p> <p>What do you like about the format of this statement? (<i>prompt: do you like the way the information is presented?</i>) What don't you like? (<i>prompt: would you change anything about how the information is presented</i>)</p> <p>Is there information that you think is missing? If so, what is that? Is there information that you think is not important and can be removed? How well do you feel that you understand the information being presented?</p> <p>What additional information do you think would be helpful for John Doe to figure out if he is on track to have enough money for retirement? <i>Prompt if necessary:</i> What about Section A? Do you think the information presented in Section A is helpful for figuring out if he will have enough money in retirement?</p> <ul style="list-style-type: none"> • In your own words, how would you describe what information is given in the last row in the table, the row that is labeled: Projected Account Value at retirement? <ul style="list-style-type: none"> o Does it seem like this amount is guaranteed? What parts of this section make it seem like that? o What are some of the assumptions that went into coming up with this amount? • <i>If someone says something about [inflation, nominal, real, purchasing power, today's dollars, tomorrow's dollars, present value, etc.] follow up with questions about understanding of nominal vs. real. If it doesn't come up, then prompt</i> <ul style="list-style-type: none"> o One factor that is taken into account in this projection is

inflation, Do you take inflation into account when thinking about how much you will need for retirement? [\$1 today will buy more than \$1 in 25 years. For instance, I can get a soda for \$1 at the convenience store now, but it will likely cost more to get the exact same soda 25 or even 5 years from now] How do you take inflation into account?

HANDOUT - Statement 2

This sample statement is for the same person, with the same savings, as in Statement 1. It's the 40 year old, with a retirement account balance of \$124,023.

The information presented on the last statement is still presented here, but you will see that there is also additional information on this statement.

First, the Projected Account Value has been taken out of Section A and moved to and expanded on in Section C, on Page 2.

Looking at Section C, estimates and projections:

- In your own words, how would you describe what information is given in columns 1, 2, and 3 in the table?
- And what are the differences between rows A and B in the table?
- What additional information do you think would be helpful for John Doe to figure out if he is on track to have enough money for retirement?
- Or do you think there is too much information in this table ? Not helpful, etc?

Still looking at Page 2, this statement tries to better explain that the projections take inflation into account. It uses the phrases "today's dollars" and "purchasing power" (*give a minute to look it over*)

- Do you understand either of these phrases? Do either, both or neither of these phrases make the concept of adjusting for inflation clear ?
- Look at the entire bulleted explanation. Do you think it is helpful? Or do you think the explanation is unnecessary/distracting/etc.?
- Do you think the explanation is too technical? Too simple?
- What language would you use if you had to provide an explanation of how the projections are adjusted for inflation?

Also on Page 2, this statement tries to explain the factors that are used to generate the amounts in the table in Section C. (*give a minute to look it over*)

- Do you think these explanations are helpful? Or do you think the explanations are unnecessary/distracting/etc.?

(based on responses, try to determine whether presence of explanations makes more clear that projections are not guaranteed or that there is

uncertainty in these choices; and try to determine which of the assumptions themselves are helpful to have explained in detail)

- Is there anything you would change about the explanations to make them more helpful (*prompt if necessary: make the language less technical*)?

Version 2 has the addition of Section D on Page 3. (*give 2-3 minutes to look it over*)

- Can you explain what these graphs are showing in your own words?
- Do you think this section is helpful? Or do you think this section is unnecessary/distracting/etc.?
- Is there anything you would change about this section?
- If you were in John Doe's shoes, would you:
 - Increase your monthly contribution? (*why or why not*)
 - Delay your retirement date? (*why or why not*)
 - Consider changing your investment allocation to get a better return? (*why or why not*)
 - How would you change your allocation?
 - Would you change any of these answers if John Doe's household income was [give some ranges]

HANDOUT - Statement 3.

Again, this sample statement is for the same person, with the same savings, as is Statement 1. Page 1 is the same as on Version 2.

But looking at Page 2, there are 3 bullet points in section C that differ from the information shown before. Take a minute to read the new bullets.

This statement has a different way of explaining that the projections account for inflation (*give a minute to look it over*)

- Do you think this explanation is helpful? Or do you think the explanation is unnecessary/distracting/etc.? Which do you like better?
- *If hasn't been mentioned specifically: What about the additional explanation marked "Caution"?*
- *If hasn't been mentioned specifically: What about the third bullet point about how to think about the monthly income projections?*

Do you think there is too much information? Which pieces of information are unnecessary or distracting? And which are helpful?

Also on page 2 of this statement, note that the projection numbers are a bit different than they were in Version 2.

- How are they different?
- Are the rounded numbers more likely to make you think that these numbers are estimates? Are they easier to think about?

	<p>Version 3 also has Section D. The information about working longer is a bit different. <i>(give 2-3 minutes to look it over)</i></p> <p>Comparing this to what’s written in Version 2...</p> <ul style="list-style-type: none"> • What is the difference between the two? • Which explanation do you like better? <p>GENERAL DISCUSSION OF ASSUMPTIONS</p> <p>As we’ve discussed already, in Section C of these statements, we had to take an educated guess at the factors that will be used to calculate the projections, such as your age of retirement, the rate of return on your investments, and so on.</p> <ul style="list-style-type: none"> • Can you explain to me why you think we need to list these factors on the statements? • Do you think the numbers we chose here could have a big impact on the projections? Why or why not? • Do the statements make it clear that these factors could indeed have a big impact on the projects? <ul style="list-style-type: none"> o <i>(If no)</i> How could we make this clearer in the statements? <p>We want to talk about whether you think the numbers we chose for the factors are accurate and realistic for you and your retirement situation?</p> <ul style="list-style-type: none"> • For instance, do you think you will retire at 67? Earlier? Later? • Do you think you will continue to contribute the same amount until retirement? Or could you see changing the amount you contribute based on increases or decreases in your salary/ • Do you think the 3% inflation rate is realistic? • Do you think using current annuity pricing to estimate monthly retirement income is realistic? • Do you think assuming that survivor benefits are 50% would be reasonable for someone like you ? • Do you think that you will get an expected 7% rate of return on your retirement investments? More? Less? Why do you think that? <p>GENERAL DISCUSSION OF COMPARISON OF STATEMENTS</p> <p>Let’s take a minute to compare the three statements. Now that you have gone through this discussion, do you have any comments about what features you like most or least on these statements?</p> <ul style="list-style-type: none"> • Does one statement stand out as the best or the worst? Are there any specific parts in any statement that you found especially helpful or unhelpful? • Which would you like to receive in the mail if you were John Doe?
<p><i>Additional Thoughts</i> <i>(5 min)</i></p>	<p>Now that our session is drawing to a close, does anyone feel differently about his/her retirement preparedness as before the session? Will you think about retirement savings differently after this discussion? What is the most important</p>

	<p>thing you learned today, if anything, that affected the way you think about retirement?</p> <p>Do you feel differently about whether you're on track to meet your retirement goals?</p> <p><i>If yes</i></p> <ul style="list-style-type: none"> • What has changed? • What changed your mind? <p>Are there any other thoughts or comments that you would like to share before we wrap up?</p>
Thank you <i>(1 min)</i>	That's the end of my questions. Thanks very much for taking part in this discussion today; it was very helpful to us.
Handouts	<i>To be determined</i>