Education employees

Wellness@Work

To better understand the challenges facing today's retirement savers — and to help identify effective solutions — we conducted the 2023 Wellness@Work: Retirement Plan Services Study. This study is based on a national survey of 2,604 full-time workers who are eligible to contribute to an employer-sponsored retirement plan.

Let's look at the responses of education employees who participated in the survey to help us learn what motivates them to take positive actions.

The state of retirement savings in 2023

The share of participants in the education sector contributing 10%+ saw a dramatic drop from 53% to 36% between 2021 and 2023. This is the lowest rate compared to employees in other industries, such as healthcare, government, corporate, and non-profit. Education employees saving 15%+ also decreased.

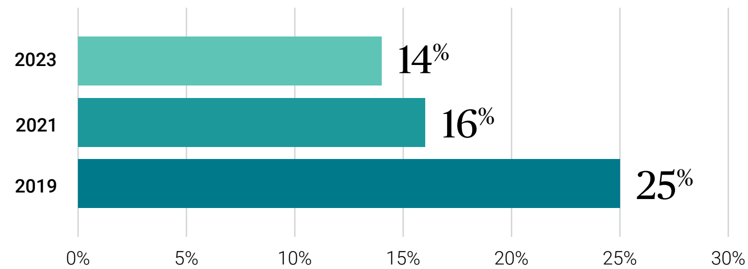
Contribution rates among education participants in 2023 vs. 2021

	Contributes 10%+	Contributes 15%+
in 2021	53%	27%
in 2023	36%	22%

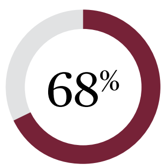
It's important to note that they know they need to save more. The median rate education employees think they need to save to be on track is 15%.

As contributions dropped, so did retirement confidence. Even in 2019 when employees in other industries had higher confidence, education employees had low confidence, and it's fallen even further since then.

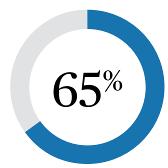
Education participants who are extremely or very confident on all 3 key retirement readiness metrics[1]



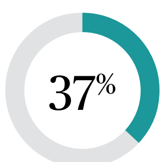
The silver lining? We know why: inflation and declining investment performance.



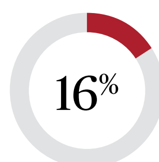
Almost three-fourths who say they save less than needed to be on track cite inflation as a reason.



More than 6 out of 10 who save less than needed say it would be difficult to save more.



Almost 4 out of 10 say 2022 investment performance made them concerned about putting more money in this year.



Only 16% are very confident knowing how market volatility impacts their plan/accounts.

We can't control the economy or the stock market, but we can give education employees the tools they need to help improve their financial wellness and retirement outlooks.

Using research to drive outcomes.

At Lincoln, we're using research-backed strategies and a tech-enabled, people-connected approach to drive positive outcomes. Get resources based on what we learned on our Wellness@Work website to help you optimize plan design and educate employees so they can make informed decisions and take positive actions. We'll help reengage your workforce to:

1. Drive contributions
2. Boost retirement confidence
3. Improve wellness
4. Increase participation

[1] The three key retirement readiness metrics are 1) having enough money to maintain the lifestyle you want in retirement, 2) being able to accumulate enough money so you can retire when you want to, and 3) being able to convert your savings into income when you retire that will last the rest of your life.

Drive contributions.

After a difficult year, contributions are down, and many education employees are finding it hard to save more. It's not just inflation; they told us they're facing several other financial challenges: emergency savings, student loan debt, and medical expenses.

Over a third (35%) spent some or all of the money they had in an emergency fund.

Twenty-six percent have student loan debt.

Thirty-five percent incurred major or moderate medical expenses over the past several years.

How do we motivate education employees to increase contributions?

The top three saving motivators chosen by education employees in the survey were:

1

53%

Having a clearer vision of the retirement lifestyle I could afford if I increased contributions

2

48%

Feeling more confident about saving and investing decisions

3

43%

Having a road map for how to reduce my debt and establish an emergency fund so that I can feel comfortable saving for the future

Education on key topics can help drive confident decision-making, while online tools can estimate retirement income and show how increasing contributions may positively impact long-term savings.

Shorter-term goals like paying down debt or saving for emergencies may seem more doable with tools to manage everyday expenses and debt. Then they can better afford to save for retirement. Education employees who can easily save more could be encouraged to set larger savings goals.

Boost retirement confidence.

Confidence in the future helps employees retire when and how they want. But they also need confidence in their decisions. Only 36% of education employees are highly confident about making financial decisions in their plans.

The good news is that they know they need help, and they're receptive to it.

More than 6 out of 10 would like to receive education about the topics they're less confident about.

Top 3 preferences for how to receive education

1. Talking to a representative by phone or virtual conference call **(27%)**
2. Online interactive tools and calculators **(16%)**
3. Sent to me by email **(14%)**

87%

Interest in personal help

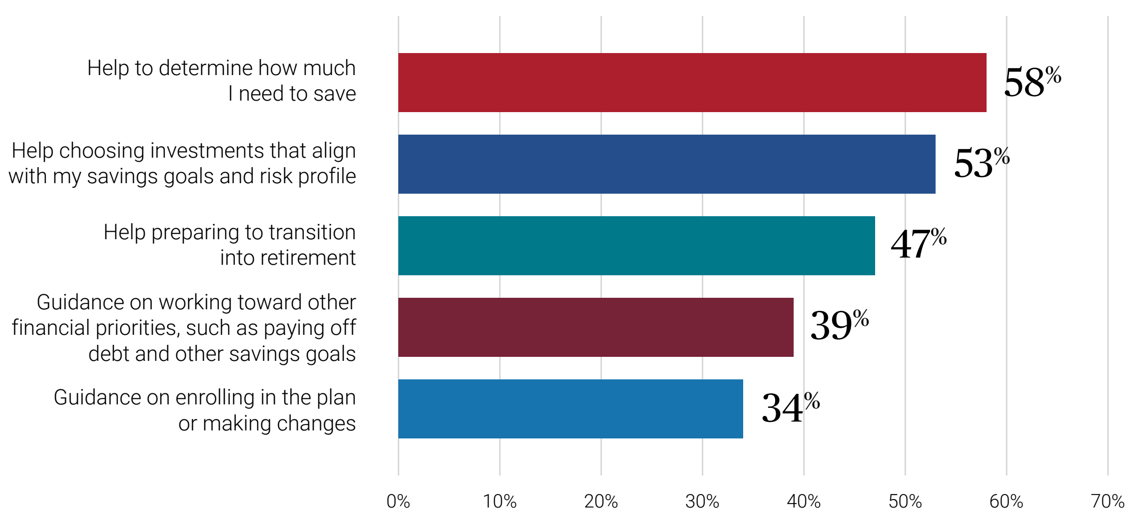
Almost 9 out of 10 education workers would like to (or already do) work with a retirement consultant.

In this survey, the term "retirement consultant" was used to represent personal help from a financial professional — someone who could meet one-on-one to help them enroll in the plan or make plan changes, answer retirement savings questions, and provide education about retirement planning.

A retirement consultant could be a financial adviser servicing the plan or someone working directly for the plan provider. Lincoln retirement consultants can offer support for participants and complement the services an adviser provides.

They told us where we can focus our education efforts. It's not only retirement plan help that employees would like.

What help education employees most want



Improve wellness.

As we've mentioned, financial concerns are on the rise. It can't be ignored because there's a strong connection between stress and finances. Financial issues can cause stress, which can negatively affect how people manage their finances.

- **85%** of education employees say finances contribute to their stress.
- **48%** say it's a major or the biggest factor of stress.

Helping with holistic wellness

Although we can't lessen all causes of stress, we can help education employees deal with it. The vast majority (85%) are interested in receiving a long-term financial plan from their plan provider or employer. Education employees want that plan personalized, and the top three items they want it to include are strategies for:

1. **Retirement income**
2. **Short-, medium-, and long-term financial goals**
3. **Managing debt**

That's the majority of employees looking for holistic financial wellness help. They also want student loan solutions.

83%

More than 8 out of 10 education employees who have student loans are interested in a student loan management service offered through their employer or plan provider (or already use one).[1]

Education employees expressed the desire to build emergency funds as well.

79%

Almost 8 out of 10 of workers are interested in an emergency savings account offered through their employer/plan provider (or already use one).[2]

[1] This service was defined as a web-based tool that would help them determine the best way to handle student debt, based on their situation, including loan refinancing and federal student loan programs, such as Public Service Loan Forgiveness and income-based repayment.

[2] The account was defined as separate from the retirement plan but would work similarly: They could contribute a certain percentage of their income to the emergency savings fund and the money would be automatically deducted from their paycheck. They would be allowed to access the money in the account to pay for emergency expenses that come up.

The positive impact of financial wellness tools

We can see from their answers that education employees want and need help with financial wellness and overall well-being. Financial wellness tools offer an effective solution. Education employees who use financial wellness resources report positive outcomes.

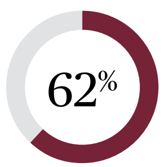
- **68%** say they've had a positive impact.
- **59%** say they've helped reduce the amount of stress they feel about finances.

Yet, **less than half** have taken advantage of financial wellness programs at work.

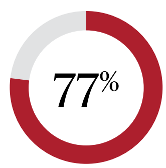
Increase participation.

How do we get non-participating education employees to enroll in their plans? It may be easier than you think. Twenty-nine percent of non-participating education employees said they plan to start contributing to their plan. They may only need a small nudge to get back on track.

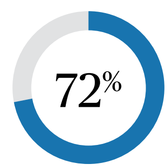
Non-participants across all industries told us how to encourage them to enroll, and the answers were very clear. Auto enrollment, employer match, and in-plan income options are strong motivators.



More than 6 out of 10 non-participants would likely stay in the plan if their employer automatically enrolled everyone not currently contributing.



Over three-fourths would be likely to save in the plan if a 3% match were offered.



More than 7 out of 10 non-participants say a guaranteed income option in their plan would encourage them to participate — up from 52% in 2021.

Financial wellness plays a strong role here. Forty-eight percent of non-participants said paying off debt would motivate them to enroll in the plan.

Reengaging employees with their retirement plans.

While inflation and investment performance have driven contribution rates and participation lower, financial wellness resources and easy-to-understand education may help mitigate these factors. Together, let's help education employees renew their confidence and recharge their retirements.

How can Lincoln help?

At Lincoln, we're incorporating lessons from our research to improve the customer experience and drive positive outcomes. Contact your Lincoln representative or visit LincolnFinancial.com/WellnessAtWork for tools and resources.

About Wellness@Work

All data in this paper comes from the 2023 Wellness@Work: Retirement Plan Services Study unless otherwise specified.

Wellness@Work is a platform for research and viewpoints on central issues related to group benefits and retirement planning. The program seeks to identify forward-thinking ways to help financial professionals, employers, and employees. As part of the program, Lincoln sponsors both proprietary and third party research, with an emphasis on what drives better benefit and retirement outcomes.

The 2023 Wellness@Work: Retirement Plan Services Study is based on a national survey of 2,604 full-time workers who are eligible to contribute to an employer-sponsored retirement plan, including 2,104 participants and 500 non-participants. Greenwald Research, a third party market research firm, conducted the study on behalf of Lincoln Retirement Plan Services. Greenwald Research is not associated with Lincoln Financial Group. Online interviewing took place from February 16 to March 14, 2023. Data is weighted by demographics to mirror the total population.

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