

Government employees

Wellness@Work



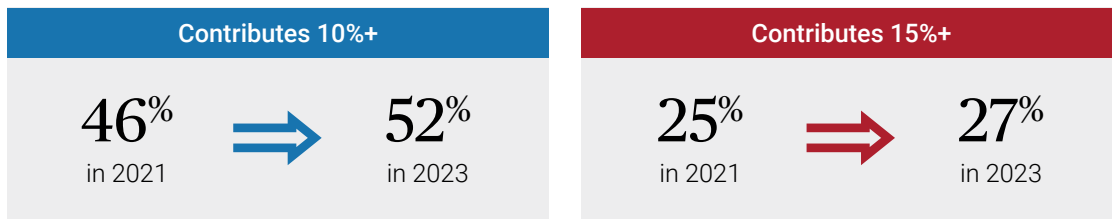
To better understand the challenges facing today's retirement savers — and to help identify effective solutions — we conducted the 2023 Wellness@Work: Retirement Plan Services Study. This study is based on a national survey of 2,604 full-time workers who are eligible to contribute to an employer-sponsored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

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

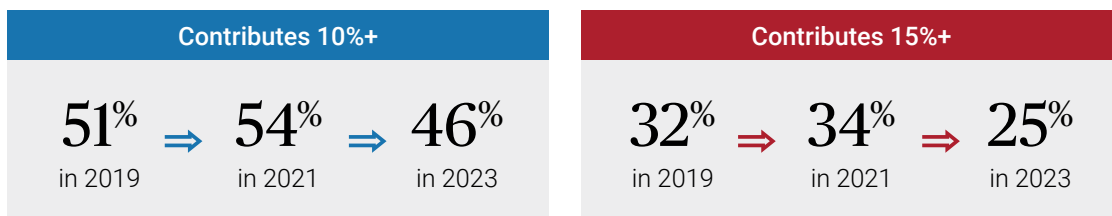
The state of retirement savings in 2023

Across most industries, contribution rates dropped in 2023, but government employees bucked the trend. Government participants saving 10%+ rose from 46% to 52%, while there was a slight increase in those saving 15%+.

Government participants' contributions increased in 2023

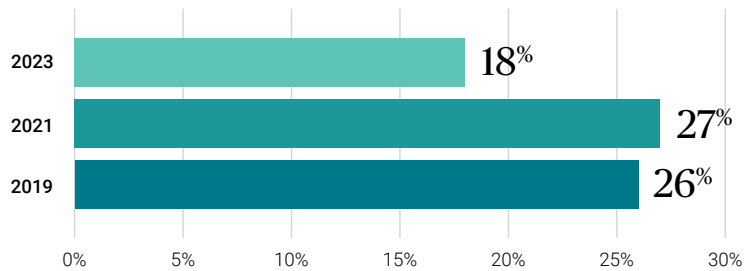


National contribution rates decreased in 2023

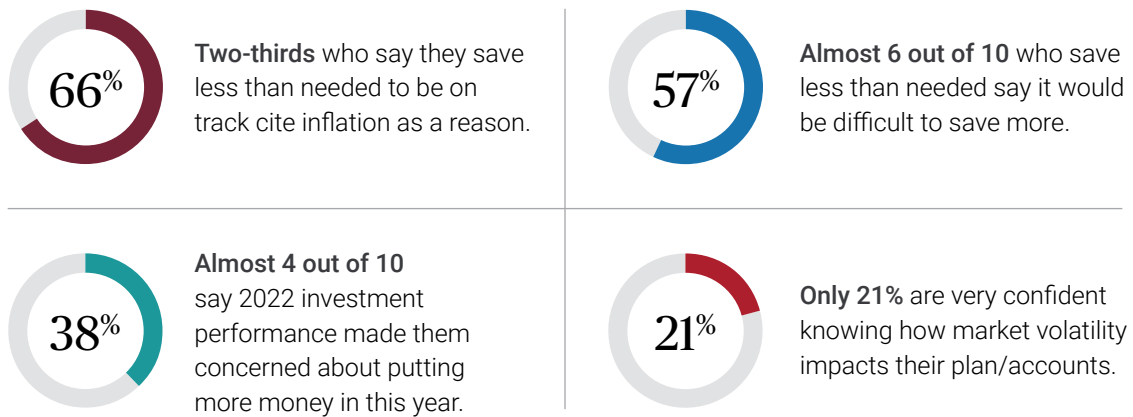


Despite increased contributions, government participants continue to have low retirement confidence, even in 2019 when participants in other industries had higher confidence. Since 2019, retirement confidence has fallen even further for government participants.

Government participants who are extremely or very confident on all 3 key retirement readiness metrics¹



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



We can't control the economy or the stock market, but we can give government 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 government employees so they can make informed decisions and take positive actions. We'll help reengage your workforce to:



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.

Although 43% of government employees say it would be easy to afford to save more, nearly two-thirds say they're saving less than they'd like due to inflation. It's not just inflation; they told us they're facing several other financial challenges: emergency savings, student loan debt, and medical expenses.



Almost a third (31%) spent some or all of the money they had in an emergency fund.



Almost a quarter (24%) have student loan debt.



Twenty-seven percent incurred major or moderate medical expenses over the past several years.



How do we motivate government employees to increase contributions?

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



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. Government employees who can easily save more could be encouraged to set larger savings goals.

Direct communication with government workers seems particularly effective: More than 7 in 10 have reviewed their plan statements in the past year and more than two-thirds have read a message from the plan provider.

Boost retirement confidence.

Confidence in the future helps employees retire when and how they want. But they also need confidence in their decisions. Only 27% of government employees are highly confident about making financial decisions in their plans.

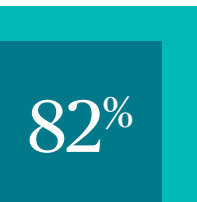
The good news is that they know they need help, and they're receptive to it.



Almost 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. Sent to me by email (18%)
- 2. Talking to a representative by phone or virtual conference call (17%)
- 3. Online interactive tools and calculators (16%)



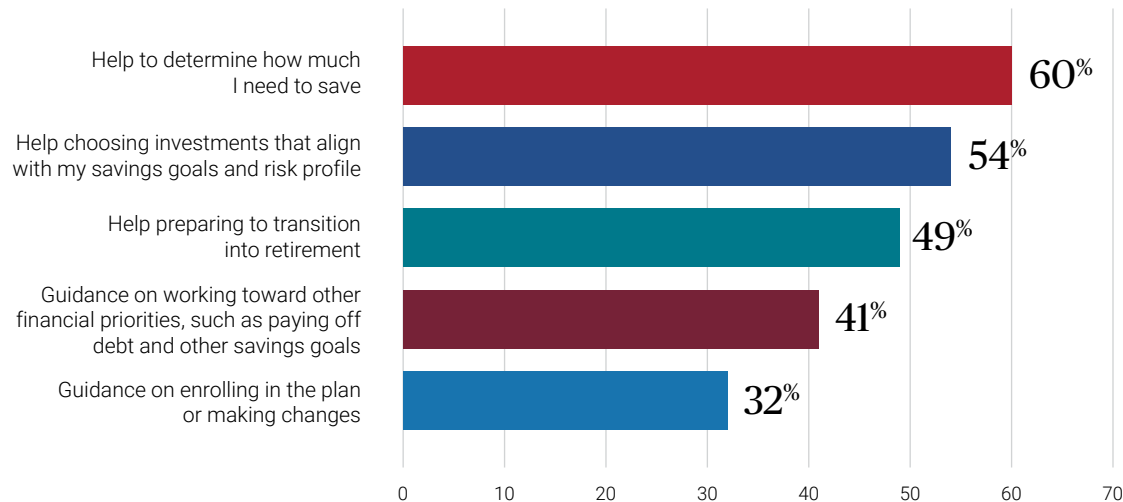
Interest in personal help
More than 8 out of 10 government workers would like to (or already do) work with a retirement consultant.

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 government 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.

- **79%** of government employees say finances contribute to their stress.
- **41%** 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 government employees deal with it. The vast majority (81%) are interested in receiving a long-term financial plan from their plan provider or employer. Government employees want that plan personalized, and the top three items they want it to include are strategies for:



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| <div style="background-color: #c00000; color: white; padding: 5px; display: inline-block; width: 40px; height: 40px; line-height: 40px; margin: 0 auto;">1</div> <div style="display: inline-block; vertical-align: middle; margin-left: 10px;"> Retirement income </div> | <div style="background-color: #c00000; color: white; padding: 5px; display: inline-block; width: 40px; height: 40px; line-height: 40px; margin: 0 auto;">2</div> <div style="display: inline-block; vertical-align: middle; margin-left: 10px;"> Short-, medium-, and long-term financial goals </div> | <div style="background-color: #c00000; color: white; padding: 5px; display: inline-block; width: 40px; height: 40px; line-height: 40px; margin: 0 auto;">3</div> <div style="display: inline-block; vertical-align: middle; margin-left: 10px;"> Managing debt </div> |
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They also want student loan solutions offered through their plan provider.



Over three-fourths of government 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

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



Almost three-fourths 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 government employees want and need help with financial wellness and overall well-being. Financial wellness tools offer an effective solution. Government employees who use financial wellness resources report positive outcomes.



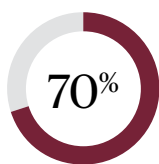
- 71% say they've had a positive impact.
- 60% say they've helped reduce the amount of stress they feel about finances.

Yet, **only 43%** have taken advantage of financial wellness programs at work.

Increase participation.

How do we get non-participating government employees to enroll in their plans? It may be easier than you think. Over a fourth (28%) of non-participating government employees said they plan to start contributing to their plan. They may only need a small nudge to get back on track.

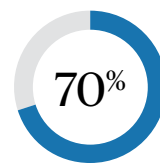
Non-participants across all industries told us how to encourage them to enroll, and the answers were very clear. Auto enrollment, employer match, and in-plan income options are strong motivators.



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.



Almost three-fourths of 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 government employees' retirement confidence lower, financial wellness resources and easy-to-understand education may help mitigate these factors. Together, let's help government 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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