Rethinking Financial Security for Americans
Government Provided Systems under Pressure

76 million baby boomers in U.S. starting to retire

Americans over the age of 65 expected to reach 88.5 million by 2050

Ratio of covered workers to Social Security beneficiaries to fall from three workers per beneficiary in 2011 to two in 2030

Social Security as a % of GDP projected to increase from 4.9% in 2012 to 6.4% by 2035, with reserves fully depleted by 2033

Medicare and Medicaid Spending in 2011 was 6.4% of GDP

9.1% average annual equity returns for past decade (2004–2013)

Estimated annual equity returns for the next decade: 7.3%\(^1\)

\(^1\)BNY Mellon Capital Market Return Assumptions 2014
Sub-Optimal Access, Low Participation in Employer Sponsored Plans

311.6 million\(^1\) U.S. Population

Employed workers 145.3 million\(^2\)

65% of U.S. workers have access to a work-sponsored retirement plan

48% of workers with access to a plan actually participate

Retirement Plan Participation:

7% Workers with DB plan

24% Workers with both DB and DC plan

69% Workers with DC plan

\(^1\)U.S. Census Bureau, July 2011

\(^2\)Bureau of Labor Statistics, February 2014
Adequacy: The Retirement Income Challenge

How Much is Enough?

If you’re 65 today, the probability of living to 85

- **41%** Men
- **54%** Women

**73%** Couples (at least one lives to 85)

Current 30-year-old needs **$1.1 million** to retire comfortably by 2049

2014 salary contribution to do so:

- **5%** a year (starting at age 25)

Yet, average contribution rates are only **3%** annually

Americans are Saving Less

- **8.3%** Average personal savings rate since 1960

- **4.5%** Personal savings rate for 2013
  (excluding employer-sponsored plans)

Savings rates have declined **46%**

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1. J.P. Morgan Guide to Retirement
The DC Theory Room

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Retirement Risk Zone or Conversion Phase

Retirement Nest-Egg

Source: Drew and Walk (2014)
The DC Practice Room

Accumulation

40 Year Path Ended
- 1939 – 1970
- 1971 – 2011

Pre-Retirement

Early Retirement

Late Retirement

Source: Basu, Doran and Drew (2012)

Source: Drew and Walk (2014)
Factors Affecting Retirement Income for DC Plans

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Retirement Income

Source: OECD, Dr. Pablo Antolin
Important Disclosures

Equity funds are subject generally to market, market sector, market liquidity, issuer and investment style risks, among other factors, to varying degrees, all of which are more fully described in the fund’s prospectus.

Investing internationally involves special risks, including changes in currency exchange rates, political, economic and social instability, a lack of comprehensive company information, differing auditing and legal standards and less market liquidity. These risks may be greater among the emerging markets, which tend to be more volatile than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries.

Small and midsize companies carry additional risks because their earnings and revenues tend to be less predictable, and their share prices more volatile than those of larger, more established companies. The shares of smaller companies tend to trade less frequently than those of larger, more established companies.

Multi-manager risk entails that each subadviser makes investment decisions independently, and it is possible that the investment styles of the subadvisers may not complement one another. As a result, the fund’s exposure to a given stock, industry or investment style could unintentionally be greater or smaller than it would have been if the fund had a single adviser.

The fund's performance will be influenced by political, social and economic factors affecting investments in foreign companies. Special risks associated with investments in foreign companies include exposure to currency fluctuations, less liquidity, less developed or less efficient trading markets, lack of comprehensive company information, political instability and differing auditing and legal standards.

Emerging markets tend to be more volatile than the markets of more mature economies, and generally have less diverse and less mature economic structures and less stable political systems than those of developed countries.

The use of derivative instruments, such as options, futures and options on futures, forward contracts, swaps, options on swaps, and other credit derivatives, involves risks different from, or possibly greater than, the risks associated with investing directly in the underlying assets. A small investment in derivatives could have a potentially large impact on the fund’s performance.

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Learn more. For more information, please call 1-800-992-5560

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