



# CONCEPT DOCUMENT



## TEAM MEMBERS

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## THE OPPORTUNITY

Fewer and fewer people are financially able to live the dream of a traditional retirement. Pensions are rare, 401 (k) plans have taken some hefty losses recently, people are living longer and many people just haven't saved enough to be financially healthy in full retirement. According to a report from the Employee Benefit Research Institute in Washington, nearly 1/3 of men and women age 65 to 69 were in the workforce in 2011, up from 24.5% in 2000. Among those 70 to 74, nearly 19% were working in 2011, up from 13.5% in 2000 and 11.3% in 1990.

For some, staying in the workforce is a necessity, for others, it's a way to remain vital and involved. Because of complex tax laws, social security regulations, and a myriad of retirement plan distribution rules, managing finances in "semi-retirement" can be confusing, particularly when members are continuing to work.

In an effort to gauge member need and attitudes regarding their state of preparation for retirement, our team conducted an email survey of over 1100 members at two credit unions. Over 70% were not yet retired and less than 6% felt completely ready for retirement. Only about half felt they were "somewhat prepared." Around 45% have delayed their retirement age due to recent economic conditions and of those, a whopping 70% have put it off 5 or more years.

The final question was a write-in answer to "What would help you prepare/feel more prepared for retirement?" Several themes were identified within the answers. Many (112) just indicated the need for more savings and better returns on what savings they do have. Large numbers (78) said a higher salary would make them feel more prepared. Sixty five comments mentioned needing more information and education about retirement planning and options, while 58 specifically mentioned a desire for financial planning or advice from a professional. And 24 indicated that winning the lottery would make them feel more prepared for retirement. (However, our team does not endorse the lottery as a retirement planning tool.)

Overall, our respondents seemed to feel they were in need of guidance and many felt very uncertain about the future performance of the savings they do have, the fate of Social Security and health care coverage, and how far these might take them into retirement.

## THE SOLUTION

The **Retirement Positioning System (RPS)** is a resource and interactive tool to help members navigate through these complex rules, create budgets, and consider alternative scenarios for planning and maintaining their income through semi-retirement.

Members in this stage of life can subscribe to this portal through the credit union or can enroll themselves online. Enrolling through the credit union allows members to sit down with a financial expert and go through all of your income sources and expenses and have an expert set you up in the portal. Members who enroll themselves online will enter their own data.

Once inside, the portal will provide guidance on a new budget structure, provide tax insights, offer calculators to create different scenarios and change allocations, sweeping of accounts from one allocation to another based on triggers/alerts, discussion forums between users for helpful tips, and a job board (populated by paid advertisers) with jobs suited for individuals in their next phase.

The portal also provides for access to professional expertise and advice at affordable rates. Subscriptions to these services (legal, tax planning, estate planning, financial planning, etc.) can be customized within each credit union. Different tiers or pricing levels can provide additional access for members.

## TARGET MARKET

This product is ideal for those members approaching but not yet at retirement age—particularly if they have concerns about how much they have saved for retirement. It will allow them to plan based on their situation while giving them options to change variables and create their own retirement scenarios. "What if I continue to work past the traditional retirement age?" "What happens if I only work part time for \$X/hour versus full time?" "How will these affect my retirement income over time?"

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## CONSUMER BENEFITS

- You choose to enter data yourself or have an expert enter the data
- Guidance on budget, tax insight
- Calculators, triggers and alerts
- Discussion forums
- Job board
- Partner to help guide you to your retirement choice

## CREDIT UNION BENEFITS

- Member retention
- Relationship builder
- Third party relationships
- Build assets

## PILOT RESULTS

A prototype is currently in development by CU Solutions group. We expect it to be completed in late May and will then have the opportunity to begin pilot testing at that time. Please contact us if you are interested in being part of the pilot group.

## OPERATIONAL AND OTHER CONSIDERATIONS

Educational level and training for employees will be needed to make this successful, as will partnering with trusted third parties to provide the expertise and channel for members to attain counseling. Where in the credit union does this service fit best? Provide marketing to ensure program success. Consider the individual credit union's membership makeup by age.

## FINANCIAL PRO-FORMA/ROI

We are working with CU Solutions group as our development partner. They have generously donated the time to build the first level of the portal at their cost. Following the pilot period we expect to re-engage with them and discuss moving forward.

## RESOURCES

The financial resources involved will include purchase of the RPS system. The cost of that will be determined by our development partner. Credit Unions may wish to pass along those costs to their members via a subscription fee, or may opt to offer the service for free. Additionally, with the offering of local expertise in various areas (i.e. financial advising, legal, accounting, etc.), Credit Unions will need to negotiate pricing from their local market areas to be able to pass along to members.

## GETTING STARTED

1. Purchase RPS technology
2. Negotiate pricing with local experts to include in package offering to members
3. Determine pricing model to pass along to members if applicable
4. Build out custom content areas within RPS
5. Publish site to membership

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6. Contact us if interested at [innovation@filene.org](mailto:innovation@filene.org)