Please note: This is a transcription so there may be slight grammatical errors.

Hello and welcome to Revamping Retirement, a podcast brought to you by CAPTRUST, where we explore the opportunities and challenges facing today's retirement plan sponsors and fiduciaries. Our hosts, Jennifer Doss and Scott Matheson, lead the employer sponsored retirement plan practice at CAPTRUSTt, one of the largest registered investment advisors in the US and a thought leader in the retirement plan advisory and consulting space. We hope you enjoy Revamping Retirement.

Scott Matheson:

All right, welcome to another episode of Revamping Retirement. I'm Scott Matheson, and I'm joined by my co-host Jennifer Doss. Today, we are excited because we have a very special guest with us, Dr. Shlomo Benartzi. Dr. Benartzi is a behavioral economist who is well-known for combining the fascinating fields of psychology and economics to solve big societal problems. He received his PhD from Cornell University's Johnson Graduate School of Management and is currently a professor emeritus and co-founder of the behavioral decision-making group at UCLA Anderson School of Management. He's also a distinguished senior fellow at the Wharton Behavior Change for Good Initiative.

Scott Matheson:

Along with Nobel Laureate Dr. Richard Thaler of University of Chicago, Shlomo is most known for pioneering the Save More Tomorrow or SMarT program, which is a behavioral nudge designed to help employees increase their saving rates gradually over time. The SMarT program is now offered by more than half of the large retirement plans in the United States and a growing number of plans in Australia and the UK. The program was incorporated into the Pension Protection Act of 2006 here in the US, which enabled approximately 15 million Americans to boost their retirement savings through auto enrollment and auto escalation features. Thank you so much for joining us today, Dr. Benartzi.

Scott Matheson:

I'm going to be honest here. I'm super excited about having you on this podcast, and I'm equally intimidated at the same time, given you are a legend in the industry.

Shlomo Benartzi:

Thank you for the invite. Don't set the expectations too high.

Scott Matheson:

Well, that's my move. You can't take my move. My move is to manage expectations. Listen, most of our listeners are employers that are sponsoring retirement plans and occasionally my mom actually, but I do think that most of them are familiar with the broad concepts of auto enrollment and auto escalation. Yet they may not be as familiar with the origins of those two features, the Save More Tomorrow program you and Dr. Thaler created. Can you give us a little background on what the concept of Save More Tomorrow is, kind of where it came from, and then I'd love to know why you think it's been so widely successful?

Shlomo Benartzi:

It was successful, but it took quite a bit of time. We actually started thinking about it in '96. We realized that the massive shift that already started, but was kind of picking momentum from DB to DC plans, whereas originally DC plans were conceived to be the main saving... The DC plan were conceived to be a supplemental plan. They were turning to be the main source of retirement income for people. And with that in mind, kind of the psychology, what people will make out of the plan was critical. We realized that people are not saving enough, especially in auto enrollment plan, because at the time the most common default was actually 2%. Then it changed to 3%. But if you go back a couple of decades, it was 2%.

Shlomo Benartzi:

We came with this idea, how can we make people save more? And instead of tossing away auto enrollment, which had the wonderful benefit of boosting participation to 90 plus percent, especially among lower paid employees, we were like, let's not toss it away. Let's virtually come with a solution that would make these auto enrollment plans more effective on different weights. We virtually came with Save More Tomorrow and I have to admit, it's kind of embarrassing to describe the program because it's so simple and intuitive, but maybe that's why it was effective. We virtually started it in '98. It took us two years to find the first plan sponsor to implement the program.

Shlomo Benartzi:

We virtually met with the employees and they all said they want to save more. That was great. We didn't want to actually get people to save more if they're not interested in it. Who are we to tell them what's right and what's wrong? But they all said they want to save more, so we said, "Okay, why don't you do it?" They said, "You academics don't understand anything. We can't even pay the bills. What are you talking about? We've got the rent and the tuition and we can't buy food. We could barely finish the month." We came with the idea, what if people save more money when they make more money? They were like, "We don't make more money." We said, "Well, you're going to get pay raises." They were like, "Yeah, we could save that."

Shlomo Benartzi:

The problem was as simple as every time you get the pay raise, you are going to save 3% more. That would take place four times in a row, so people would booster savings by 12% if they don't opt out. The results were much better than we expected. I kind of hinted to the importance of plan sponsors helping innovation in the field. Because without a plan sponsor, we couldn't have done it. But I want to also highlight the importance of having an advisor in that mix, because Brian Tarbox, who was actually the advisor in that case, was extremely helpful at getting it to the plan sponsor meeting with participants. The irony was that we didn't think the program would work.

Shlomo Benartzi:

We told Brian that elevating saving rates by three percentage points, blue collar employees were not making much money, were really struggling. Every year we would be really aggressive. We said, "You shouldn't do it," and he said, "You academics don't understand anything. This is going to work." And he was right. Fast forward, we quadrupled the saving rates of those employees from three and a half to almost 14%. People noticed it in Washington. When it was incorporated in the Pension Protection Act, it really picked momentum. Last time I scientifically calculated how many people are in the program, it was roughly 15, 16 million Americans.

Shlomo Benartzi:

I just did the back of the envelope calculation with the latest numbers we have from the DOL and we're slightly above 25 million. But I think the main lesson for the plan sponsors, fiduciaries is that there's a lot of room for innovation in our space. All it takes is really one fiduciary, one plan sponsor and a good idea to really transform our industry.

Scott Matheson:

I always think about the fact that pre Pension Protection Act and honestly pre you all's innovation in this regard, the supplemental saving side of the defined contribution as it was at the time was really just trying to fight in a human behavior, right? You guys said, "Oh, the heck with that, let's just harness it. Let's harness inertia. Let's harness the behavioral heuristics that cause people to want to push pain into the same period of time where there's gain, savings being a great example." I always think about it as the gym, right? It's like I say, "Hey, you want to go to the gym tomorrow," and you haven't been going to the gym. You go, "Oh, I don't want to go to the gym tomorrow because I know I'm just going to be sore and I'm not going to get fitness that I want."

Scott Matheson:

But if I say, "Well, then let's go next week," you're more likely to say yes, right? It's just so intuitive what you all did and rooted in great psychological understanding of humans and really transform the industry. Those are staggering numbers, tens of millions of people's lives and livelihood that you affected. Congratulations on that. Way more than my 1,500 LinkedIn followers from an influence standpoint.

Jennifer Doss:

I still think it's impressive in its own way. I like what you said too about, I mean, it really does take a village, right? We talk about that. Like you said, it can start with one plan sponsor, but you talked about, it took the advisor, it took you, it took each individuals being on board. I mean, it really is a group effort to get people to retirement, broadly speaking. But that's really good background for the Save More Tomorrow. Since 2006, I think that was a critical point, right? You said you've been working on it for a while and I think that really pushed it over the edge. We've got a high percentage of plan sponsors using auto enrollment today.

Jennifer Doss:

We've got a high percentage of those using automatic escalation, doing what you're talking about, which is every year just kind of increasing it by some amount. I think there's probably still some more work to do out there, right, in terms of these things. I guess the natural question for you is, what do you think is next for auto features? How can we better harness or continue to harness this inertia that we have?

Shlomo Benartzi:

I think it's a great question because I've been thinking about it for a while, like what's Save More Tomorrow 2.0? What's kind of autopilot 401(k) 2.0? Because when we came with the idea in 1996, we didn't have smart phones. Digital technology apps was really not there yet. And now we have more data and we have more technology. When I think about it, I normally think about what digitally native players do like Amazon and Google and Netflix. When I think about the Netflix of the world, when my daughter uses her profile, they know that she's 12 and they know what kind of movies she likes watching. There's suggestions and guidance. It's pretty damn good. It's like 98% of the time where they say, "You should watch this," she really enjoys watching it.

Shlomo Benartzi:

So that level of personalization and guidance, while still giving you the freedom of choice, that has not made it in the same fashion to 401(k) plans. I think we have a big opportunity to rethink every little detail of the autopilot 401(k) plan and personalize it. Let me give you an example of a couple of details. We originally conceived the plan that would increase saving rates when you get the pay raise. You never have to see a cut in your paycheck. There was more important in '96 than today, because you would get a paper paycheck and you would notice the amount and you would physically walk to the bank and you would actually deposit it.

Shlomo Benartzi:

Nowadays where everything is digitally electronically happening, I can tell you people actually don't even know the exact amount that goes into the bank. They know roughly what they make. They don't know it with a 2% precision. If 1% goes into savings, they don't even notice it. That raises an interesting question about the detail of how often should we increase these saving rates in this environment that people barely notice the changes, that they want to save a lot more, that the technology is available. We learned that timing it with pay raises is difficult because payroll systems and record keeping systems often don't talk as frequently as we would like to time it well and give people notices that it's going to happen on time.

Shlomo Benartzi:

So then we came with the idea, why not do it in January every year? Where, your point, Scott, about the gym, five times as many people sign up to the gym in January than any other month of the year. We were thinking, okay, that's an easy one. Let's do it in January every year. But why do it every year? The systems nowadays should be flexible enough. We're actually conducting our study at Voya where we're actually trying to do it every six months. You could start thinking about what would be more palatable for people, 2% a year or 1% every six months? You could start now thinking about every little detail along the way of how we do those autopilot plans. The SECURE Act and SECURE Act 2.0 is actually pushing in the right direction of giving more flexibility.

Shlomo Benartzi:

You don't have to actually stop increases at 10%. You could stop at 15 and so on. Now, I think the other thing is not just thinking about every little detail for all the employees, but personalization. When I look at our industry, I think about it as we need to help people save, invest, and spend. All of the effort, all of the effort has really been on the middle, manage the count, as we call it. Nothing wrong with helping people invest better, but we're really missing the number one ingredient of success, which is saving rates. When you think about the new legislation requiring that there will be automatic enrollment for everyone, it begs the question, at what way should they start? How frequently should we increase to what cap? When should we revisit it?

Shlomo Benartzi:

I'm thinking that Jennifer and Scott might start at a different level. Now, I know some plan sponsors on the call would say, "Gee, this is so dramatic. Different people going to be automatically enrolled at different rates, go up at different speed, have a different cap." Well, you're already doing it. If you have target date funds in your plan, you're already giving young and older employees a different solution, a different portfolio. It's not as radical as it sounds, but we have an opportunity to really guide people to a successful retirement. In a nutshell, I would say let's rethink every little detail of the autopilot plans, but we have the data and the technology to start personalizing it.

Shlomo Benartzi:

I'm a strong believer that our industry would be better off helping people with managed savings than just focusing on managed investing.

Jennifer Doss:

Yeah, it's interesting. I know that the SECURE Act 1.0, and like you said, there's a lot of push and the SECURE Act 2.0 that's out there right now for... I mean, they disagree on maybe the exact details, but there's a general support of auto features and trying to help people. There's this concept of auto portability now out there, right, where it's, hey, we might want to prevent some leakage from plans. What happens now is when people change jobs, the asset sits there, they forget about them, or they just cash it out. It's a small balance. Really trying to prevent some of that stuff from happening too. It's all really technology driven, right? Like you said, we have a lot more options than we did maybe in the '90s when you started this. I think that's really key.

Scott Matheson:

Well, one, I just want to point out the fact that to my knowledge, that's the first time we've allowed the word leakage, which is the worst phrase in the entire...

Jennifer Doss:

I'm sorry.

Scott Matheson:

The entirety of the retirement industry.

Jennifer Doss:

I do know you hate that word. I'm sorry.

Scott Matheson:

I mean, there's no other great word to talk about it, and it's such a key issue there. I guess I'm curious too, I love the conversation around personalization, because you experience that in all aspects of your life. Why wouldn't you experience it in this aspect of your life? I do think you're right. In a perfect world or even a world trending towards perfect, people would start differently. Gosh, think about all the other factors that could be woven into this whole thing, right? Like, yeah, you know what? Inflation's at all time or peak highs right now on a 40 year basis, plus now. It may not be a great time to implement those changes.

Scott Matheson:

But if we have underwhelming the environment of inflation, maybe it is a great time because your consumption is going down and you could even think outside of the box there. That gets complicated. I'm curious, you have extensive experience here, stepping outside of just limiting ourselves to enrollment and auto escalation, things like choice architecture that you talk about and all the behavioral finance that you've forgotten more about than I could ever hope to know. What else can we do to improve retirement readiness of participants and maybe expand upon the use of technology there if there's anything we haven't talked about?

Shlomo Benartzi:

I think in addition to kind of creating personalized saving plans for people, so they start at a different way, they go up at a different frequency, they end up at a different cap, I think there's more we could do on the engagement. I'll throw one idea having to do with technology. There is this technology called personalized videos. What it does, it takes in a sense all of your data and in a 60 second video, it really just talks about it. You could scale it. It could be the plan advisor seemingly kind of talking to each participant. It could be the plan sponsor. It could be an independent party. But what the technology does, it takes all of the data and virtually tells you a story.

Shlomo Benartzi:

What you do in a 10 page quarterly statement, you could do more effectively with a 60 second video that virtually start around, "Scott, we've been through a pandemic. We noticed you cut your saving rates. These are the projected retirement income numbers for you. We feel there's a better path forward now that you no longer work in power time and you have now back to full-time. Click here to boost your saving by 2%." The good thing about personalized video technology is that you could now not only get a story that had been tailored to you and it's scalable, you could also act and take actions within the video.

Shlomo Benartzi:

One of the projects that we are actually now doing at Voya is actually using personalized videos to try get people back on track, people who stopped contributing, people who lowered their rates. We tried to inject into it all sorts of behavioral insights. For example, we could tell people to increase the saving rate by 2% now. But if we notice that they're not acting on it quickly in the video, we immediately switch to, how about increasing it by 2% later on if it's hard to do it now? If we notice that they don't engage, we immediately switch to, what about just 1%? We can also with all of that kind of technology do a lot of A/B testing. I would argue that our industry should do a lot more A/B testing.

Shlomo Benartzi:

For example, we're actually experimenting with asking people in those videos to increase their saving rates by 2% a year versus two pennies for every dollar they make. And that was inspired by work of George Frazer, who's an advisor out of Phoenix. Again, you see how when in this kind of ecosystem to innovate, we need advisors. We need plan sponsors. We need record keepers. We have to do it together. But I think there's a lot of useful technology out there that we should make good use of. We should do more A/B testing. I think we should step back and reevaluate our perspectives on data. If you think about the spectrum of data out there, you have players like Facebook and we could have a debate and people would have their own perspective.

Shlomo Benartzi:

Do they have too much data? Do they use it the right way? Do they abuse it? Whatever. Then I think on the other extreme, we have the retirement industry where a record keeper generally only knows age. Sometimes they don't know income because they don't get it from the payroll system. I've seen record keepers that have 80% men, record keepers that they have 80% women, you would wonder how that happens. They generally don't have gender for all the participants, so they virtually make an assumption and default. If the default is male, they'll have 80% male. If the default is female... We don't have email addresses for half of the participants because they never logged into the Fidelity.com or whatever website.

Shlomo Benartzi:

We're so limited on data that our ability to provide proper guidance is very limited. Now, I'm not saying we should be a Facebook, and we could have a debate whether that's even good or bad, but there's a huge spectrum. I think where we landed surely protects privacy, but it also really limits the ability to provide guidance. I think as an industry, we have to kind of think where is our comfort zone, kind of balancing privacy considerations, which are obviously a top priority, with helping people navigate kind of this really complicated setting of reaching retirement successfully. A lot of the employers care about the package of benefits. And that gets even more difficult to navigate without some guidance, which requires a bit of data.

Jennifer Doss:

I mean, I always think it's key. You're right. It's a complex issue and privacy is important, but there's a big difference between using data to try to help somebody save more for retirement and be better equipped to live that life that they want when they retire and trying to sell somebody shoes on Facebook. Big difference between those two I always like to say so. All right, let's switch from we've been talking a lot about savings and auto features and how we get people to kind of save more. We've talked about how auto features are great. Some of these things are great for accumulation phase, but maybe auto features are maybe not the best thing for the decumulation phase. I've heard you talk about that before, so maybe explain what you mean by that.

Shlomo Benartzi:

My good friend, Mitch Haber at OneAmerica, keeps saying, "Shlomo is the godfather of auto everything." And yes, I'm a big believer in auto enrollment, auto escalation, auto invest QDIAs, reenrollment automatically every couple of years. Big believer of all those things. Yet I don't think auto features is the right solution for decumulation. What's the difference? I think the difference that over our lifespan, we do accumulate assets, but we also accumulate differences, which requires more personalization. I'll give you an example, UPS. UPS hires thousands, if not tens of thousands of drivers every year in the US alone. They're generally all young, healthy, making the same amount of money.

Shlomo Benartzi:

They're lookalikes. We could automatically enroll them, automatically place them in some target date funds with low fees, automatically escalate them, and we're putting them on a really good path to be successful. Fast forward, some of them would get married. Some would never get married. Some would get married and get divorced. Some would have kids. Some would never have kids. Some would want to leave money to their kids. Some wouldn't want to leave money to their kids. Some would want to leave money to a favorite charity. Some would be healthy. Some would've had two back surgeries carrying boxes all day long. The more differences with respect to our situation, our health, our needs, our preferences.

Shlomo Benartzi:

As we reach retirement, I think we're going to have to really focus on personalization. We also have to think, how do we do it for the UPS driver, for the school teacher, for the nurse at the hospital? Because right now a lot of the tools and the guidance is really geared towards the 2% in the plan that have million plus. As an industry, I think we have to take it down market. I think our mentality in the industry was to create accumulation vehicles and we've kind of forgotten about the decumulation. Even though if you look at the 5,500, most plans are called savings, the UPS 401(k) savings plan. We don't even label them retirement plans. I think as an industry, we have a huge gap here that we have to address.

Shlomo Benartzi:

I think for most people, we could address it in the plan. There'll be some will go out and that's okay too. But when you think about the fact that right now, this year we're likely to have $800 billion leave the 401(k) system, mostly because people don't know how to create a paycheck for life from the 401(k), it's a missed opportunity.

Scott Matheson:

You said this the last time we talked to me, this migration from that savings plan mentality to a true retirement plan is kind of the next leg of this stool. I know you're working on that and we want to talk about some of those impactful things. We're going to take a quick break, throw it over to Mike Webb that works with us here. Do our Minute With Mike segment. He's going to cover a couple of updates for our plan sponsors listening in, and then we're going to come back and talk about your newest project, Pension Plus. Bear with us for a second, doc. With that, take it away, Mike.

Mike Webb:

Thanks, Jennifer and Scott. Mike Webb here with another Minute With Mike. This month's minute focuses on the differences between fiduciary liability insurance and a fidelity bond. While some may think that they are the same thing, they are not. A fidelity bond is purchased for each ERISA retirement plan that an employer sponsors to satisfy the bonding requirements for retirement plans. The bond protects against employee fraud and dishonesty in the handling of plan assets. Each employer individual handles plan assets, like those for who we remit funds to the record keeper, for example, must be bonded. Plan fiduciaries who do not handle plan assets do not need to be bonded.

Mike Webb:

The bond does not cover any fiduciary breaches of the plan that are not directly related to fraud or dishonesty. By statute, the coverage of the bond must be equal to 10% of plan assets, normally capped at $500,000. Now, it is kept at a million dollars for retirement plans with direct investment insecurities of the employer sponsoring the plan. Fiduciary liability insurance, on the other hand, protects plan fiduciaries, the sponsoring employer and the plan itself, from claims arriving from alleged fiduciary breaches. This coverage should not be confused with a fidelity bond or with standard errors or omissions insurance, like Directors and officers insurances or employment practices liability insurance.

Mike Webb:

Fiduciary liability insurance is separate and distinct coverage that specifically protects against fiduciary breaches under ERISA, like the failure to pay reasonable plan expenses, failure to remit contributions to the plan in a timely fashion, et cetera. While there are no statutory limits with respect to such coverages, the marketplace often limits the amount a plan may purchase. Fiduciary liability coverage is not required under ERISA, but most plans purchase this coverage to protect their fiduciaries, since fiduciary liability is personal and not corporate. For Revamping Retirement, I'm Mike Webb, and this has been your Minute With Mike. Now back to Jennifer and Scott.

Jennifer Doss:

All right. Thanks, Mike. Welcome back everyone to our conversation with behavioral economist Shlomo Benartzi. Shlomo, we just talked a lot before the little break we had about the Save More Tomorrow concept, auto features. We got a little bit into the decumulation piece right before we broke, but I know you're working on a new project called Pension Plus. I think it might have been formally called PaceIt. Can you tell us what that is exactly, what is Pension Plus, and how it can help participants?

Shlomo Benartzi:

We were thinking, how can we bring guidance down market to kind of the UPS driver?

Jennifer Doss:

Sure.

Shlomo Benartzi:

The idea was we wanted to be very accessible, both from a behavioral economics perspective, explain choices, trade-offs in plain English, and make it inexpensive so that everyone can really use it. The idea was though, we don't want to push products. One of the problems... I mean, a lot of players in the industry are trying to solve the decumulation and we will need products and we will need some guarantees and insurance companies would have a big, an important wall in solving this. Having said that, we cannot start with a product push. We have to start with a process. We're setting a plan for someone who is reaching retirement. I mean, think about it. David Marcus, a UPS driver in my neighborhood, 32 years with UPS, got 764 paychecks from UPS.

Shlomo Benartzi:

How would he create the 765th paycheck on own? There's no guidance out there. We were eventually thinking, let's create like a 10, 15 minute questionnaire that people can answer online, where we could highly personalize their choices and path. I'll give you two flavors of two things that in a sense I haven't seen elsewhere that people really care about. If you're a plan sponsor or a fiduciary and you're listening, I'm asking you, do you have kids or a favored charity? And if you do think for a second, if you're planning to leave them something one day or not. You don't have to leave it today. You might still need it, but one day. And if you do want to leave something, and a lot of people will tell you they do, whether it's their family, favorite charity, then I tell them, who's your provider?

Shlomo Benartzi:

And they might say, "It's Fidelity. It's Voya. It's Empower." I say, "Okay. Go find on those provider websites how much you'll be able to leave. If you want to leave let's say $50,000, how much smaller should your monthly paycheck in with retirement be?" I'm yet to find one place where participants can get kind of this most basic question answered in plain English. And no, not by hiring a financial planner who would be too expensive for most of them, but by going online and getting those answers. We build those kind of answers.

Shlomo Benartzi:

David could see, if I want to leave $50,000, given my health and inflation and investment returns and how long my wife would live and all those things behind the scenes that he doesn't need to fully understand, kind of the under the hood, we tell him, "Oh, your monthly paycheck would be 88 bucks smaller." And he could decide, make an informed trade-off about, can I skip the 88 bucks a month and leave my kids 50,000 or not? Oh, that's not much to give up. Maybe I'll leave them 100,000. Tell me how much smaller my paycheck would be in plain English. I'll give you one more that is timely. As an industry, we have historically thought that people want the same paycheck month after month, year after year, decade after decade.

Shlomo Benartzi:

That is in the sense the concept of a SPIA annuity. We actually learned that a lot of people, most people, I'll repeat it, most people actually prefer what we call a slope. Either they want to spend less today and more to more, or vice versa. A very common theme is I want to spend more now and it's okay if I'm going to spend less and less as I get older. A lot of people say, "Look, we've been through a pandemic. It's a reminder that life could be short. We've got grandkids. We want to take them to Disneyland. How are we going to fly cross country with three grandkids, standing the queues of Disneyland when we're in our eighties or nineties? Let us spend that money now and let's do more."

Shlomo Benartzi:

We try to help people create personalized plans and we try to help them execute on it. Fighting kind of the record keeping systems, the websites, what paperwork they need and how to virtually do it and to monitor it and adjust it. One of the things people forget about, inflation. We actually make sure that every year we adjust the paychecks for inflation. But I would say that the key takeaway is not whether it's Pension Plus and my offering or another offering. I think the key takeaway is, A, we need to shift the focus to decumulation in which personalization is critical. We find that only 4% of participants would fit the typical participant. They're all different. There's no typical when it comes to retirement.

Shlomo Benartzi:

Whatever a plan sponsor decides to offer, think about setting first a process. I mean, we deliberately decided not to have products or managed account or kind of couple it together and kind of really help people manage those spending. That's what I think as an industry we have to start helping people do. That's my two cents. Time obviously will tell where we'll end up.

Scott Matheson:

You've been right before. I do agree with, we talk about this all the time, the solving for retirement income solely from a product perspective just can't be the answer and we are under utilizing technology. As we talked about when we met a month ago or whatever it was now, it's intriguing for sure what you're doing. And like you said, even if not your product in particular, your solution in particular, the concepts are very, very relevant. I also can't get my head off the fact that the $88 a month example you gave, that's like 10 gallons of gas where you live these days, isn't it?

Shlomo Benartzi:

Yep.

Scott Matheson:

Yeah, yeah, so that's not that bad. You just don't go to the grocery store a few times. All right. Anything else from your perspective, Jennifer?

Jennifer Doss:

I think we just have one last question for you, and we always save the hardest for last, because it's a personal question that we ask all of our guests because retirement is personal. We want to know what does retirement look like to you, Shlomo Benartzi?

Shlomo Benartzi:

I think you raised an excellent point. A lot of the calculators out there assume you're going to retire at 65. There's a lot of variability. I'm planning to never, ever retire. I love what I do. I wake up in the morning and kind of thinking, what's the next thing that we need to do as an industry? Some people should not retire. If I may, and this is a personal question, my dad was an aerospace engineer and he worked until he was 80. At which point, it was very difficult for him with new technologies to actually keep working. But when he was 79, he was still every day on the treadmill at 16 degrees angle for half an hour. As soon as he retired, within three months, his health deteriorated dramatically.

Shlomo Benartzi:

Luckily, he's still alive, celebrated his 85th birthday. But for him, the best would've been to never, ever retire. I have the same DNA, but I also respect friends who've been successful and retire in their fifties because they can afford it. They're actually unique in that they do like playing golf every day and they don't get bored of doing it every day. I think it really highlights the need to really start thinking about personalization, especially when it comes to decumulation.

Scott Matheson:

Well, on behalf of the entire retirement industry and the tens of millions Americans who you've helped, I hope you do never retire.

Jennifer Doss:

Exactly. Good to hear it.

Scott Matheson:

Well, thanks for joining us today. It means a lot. We really enjoyed the discussion and hope you'll consider coming back sometime to give us an update on this work and all the other great thinking you're doing. And with that, we'll wrap up another episode of Revamping Retirement. As always, don't forget to like and subscribe to wherever you get your podcasts. Leave us feedback if you have any. I think you've said in the past, Dr. Benartzi, that human attention is an extremely valuable resource. We need to treat it as such, and it's not lost on us that our listeners gave us their attention this time and each month.

Scott Matheson:

We certainly appreciate it. On behalf of Dr. Benartzi, Jennifer Doss, Mike Webb, our sound engineer Ben Farmer, and our producer, Cara McAuley, I'm Scott Matheson saying we will talk to you all next month.

VO Artist:

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