

## January 2019 President's Letter



*Waiheke, New Zealand*

I had the pleasure of visiting New Zealand for the holidays. A key takeaway for me was the population's strong focus on how to maintain the islands' natural beauty while at the same time growing and evolving as a nation. EBRI faces a similar quandary: We must stay true to our mission of providing fact-based, unbiased research while at the same time ensuring that our research continues to be relevant to the evolving needs of our members and others. To that end, we have spent much of the past year formalizing the process of member input into EBRI's research agenda, giving members line of sight on how EBRI balances near- and long-term research priorities, and gaining member input into our research agenda. Because of the importance of all of this to EBRI as an organization, my first President's Letter of 2019 will describe what we've accomplished and how we will maintain the right balance of member input into our research agenda and meeting EBRI's broader mission.

### **Guiding Principles**

With the help of the Research Committee's Vice Chair of Agenda Planning, Mike Skinner; the Research Agenda Planning Committee; and EBRI's own researchers led by Jack VanDerhei, considerable progress has been made in the past year to formalize EBRI's approach to gaining input from members on its research agenda.

The process begins with four key principles: research must be mission focused, there must be sufficient data to support sound research, our researchers must have the necessary expertise to conduct the

research, and there must be broad interest in the topic among EBRI's members and others who use EBRI's research.

- 1. Mission focused:** EBRI's mission, of course, is to provide fact-based, unbiased research to help policymakers, employers, the industry, and others make sound employee-benefits decisions. All of EBRI's research first and foremost must support this mission.
- 2. Sufficient data:** EBRI is fortunate to have unique databases that allow us to conduct empirical analysis on 401(k) plans, HSAs, and IRAs. We are developing other databases as well. Starting in 2019 we will unveil our Financial Wellbeing database, which will consist of data from employers and providers on workers' use of financial wellness initiatives. [Click here to learn more.](#)
- 3. Necessary expertise:** Of course, it is not only the datasets that distinguish EBRI research but the caliber of its researchers as well. EBRI researchers have been working with health, retirement, and wellbeing datasets for decades. They specialize not only in EBRI's and EBRI/ICI databases but in mining data from the U.S. Census Bureau, Federal Reserve's Survey of Consumer Finances, and the Truven Health Analytics MarketScan<sup>®</sup> Research Commercial Claims and Encounters Database. Most recently, EBRI has brought in a new researcher, Zahra Ebrahimi, to expand its research on spending in retirement, among other areas. Dr. Ebrahimi recently graduated from SUNY Stony Brook with her Ph.D. in economics. Her doctoral dissertation was on labor market behavior of the elderly using Health and Retirement Study (HRS) dataset, which is the most comprehensive survey of older Americans in the country.
- 4. Broad interest:** EBRI fields research requests from members, policymakers, and others on a regular basis. This is an important source of input for EBRI — we want to ensure that our research remains relevant. However, when it comes to EBRI's core research agenda, we also must be careful to avoid appealing to the loudest voices — as opposed to what is most broadly useful.

### **Achieve your goals with EBRI's bespoke research memberships**

Understanding that some EBRI members have specific research goals that — while consistent with EBRI's mission — may not have as broad support, EBRI has developed some new levels of membership: **EBRI Research Partner** and **EBRI Mission Partner**. If you need objective, fact-based research to drive strategic decision making on budgeting, planning, outreach or product design, or just want to garner more media attention, you'll want to leverage these two new levels of membership. [Click here for more details.](#)

### **Prioritization Process**

As of the end of 2018, there were 28 research topics slated for completion on EBRI's agenda, with 50 additional suggestions by the Research Committee, including the Public Policy Advisory Council (PPAC). Topics were proposed in the form of abstracts that were, in turn, reviewed by EBRI staff and the Research Committee. (For more information, trustees can click here: <https://www.ebri.org/research-committee/research-agenda-working-team-calls>. For those who are not sustaining members of EBRI, please contact [jaffe@ebri.org](mailto:jaffe@ebri.org) for more information.) The suggestions were categorized by contributor (e.g., trustee versus PPAC), category (retirement, health, and financial wellbeing), proposed primary author, and availability of data/research capabilities.

Of that list, 36 met the first three criteria for inclusion in EBRI's research agenda. The next step is to determine which of these has the broadest interest among members. For this, we are conducting a survey not only across the Research Committee but across Trustees as well. The deadline is January 15,

and so far topics of greatest research interest include retirement income/decumulation, spending patterns post-retirement: how people draw down their assets, behavioral finance insights and generational influence, impact of financial wellness programs, and costs in retirement: how they develop at different ages and whether people are estimating them correctly.

### **EBRI's Public Policy Advisory Council**

The Public Policy Advisory Council, or PPAC, advises EBRI's Research Committee on policy matters, such as pending legislation or regulation, that may merit EBRI research. Consisting of senior-level, policy-focused individuals within EBRI's sustaining member organization, the PPAC also spearheads the development of EBRI's semi-annual Policy Forum agendas.

It was certainly encouraging that the research priorities of our members are already in the crosshairs for EBRI:

- As noted above, Dr. Ebrahimi's key area of expertise is a dataset that focuses on retirement income, decumulation, and spending patterns post-retirement.
- The area of generational influence is one that we have focused on previously in such *Issue Briefs* as "Millennials Bring Online and Do-It-Yourself Consumer Behaviors to Health Care Interactions" and "Debt of the Elderly and Near Elderly." Gen X will be the focus of our 2019 *Retirement Confidence Survey*.
- Impact of financial wellness programs is a key initiative for EBRI in 2019 as we develop metrics to evaluate just that using our Financial Wellness database.
- Costs in retirement is a topic we continue to explore with *Issue Briefs* such as "Savings Medicare Beneficiaries Need for Health Expenses: Some Couples Could Need as Much as \$400,000." In addition, EBRI's Retirement Security Projection Model<sup>®</sup> is modified on an ongoing basis to refine its retirement cost assumptions, which include the cost of long-term care.

### **Longer-Term Research Priorities**

In terms of longer-term priorities, EBRI's Research Committee tackled the following question in its in-person meeting in Washington on December 12: What do you believe will be the three to five key discussion issues in the employee benefits industry in five years' time?

On the retirement side, the key areas cited were gig worker trends, open multiple employer plans, state-run plans, and the sources of retirement income. On the health benefits side, we heard the convergence of retail and institutional health care, multiple employer plans, state plans, health care cost savings, and health care delivery. When it came to financial wellness, the longer-term focus was on the impact of wellness initiatives (including return on investment), relative productivity of older employees, other factors affecting financial wellness, and the employer's role. Finally, the public policy group identified the role of mandates vs. opt-outs, the consolidation of providers, the ongoing impact of litigation, and technology/personalization.

### **Going Forward**

Clearly, there is much for EBRI to tackle both in 2019 and beyond. As we seek to integrate additional topics into EBRI's research agenda, we will have to consider how to allocate resources so that we can still complete work that is already scheduled and that requires annual updates, such as our annual "EBRI/ICI 401(k) Plan Asset Allocation, Account Balances, and Loan Activity" reports, our surveys, and our IRA and HSA database reports. In addition, we need to maintain enough flexibility in the research agenda so that

we can tackle topics as they arise — for example, in the near-term, another possible incarnation of the Automatic Retirement Plan Act or the latest retirement bill by Portman-Cardin.

One of the things that impressed me most about New Zealand was the way New Zealanders prioritized preserving their culture even as they seek to grow economically. For EBRI that equates to keeping our research as objective and fact-based as ever while making sure the topics we undertake meet the needs of our members and others.

Lori Lucas

President and CEO