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# RETIREMENT READINESS

## Plan Summary Report

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Prepared Exclusively for:



Washoe County  
04/23/2015

## Executive Summary

1001 E Ninth Street, Building A, 2nd Floor, Suite 220,  
Reno, NV 89512

Dear Washoe County,



We are pleased to provide our annual Retirement Readiness Analysis Plan Sponsor Report. We hope you find this information useful in driving higher levels of employee retirement readiness within your workforce. Our focus at Financial Soundings is to help employees at all income and education levels produce improved retirement readiness outcomes and, in so doing, assist our clients in realizing their objectives as employers, plan sponsors and fiduciaries.

In this report you will find plan specific information on your employees' engagement in your retirement plans organized in to the following categories:

- Plan Overview
- Your Average Participant
- Probability Analysis
- Contribution Rate Analysis
- Plan Match Utilization Analysis (if applicable)
- Employee Shortfall / Surplus Analysis
- Projected Income Analysis
- Projected Wealth Analysis
- Investment Risk Analysis
- Plan Factors and Assumptions
- Retirement Readiness Industry Analysis – "State of the Union"

We appreciate the opportunity to partner with you in helping drive one of the most important outcomes in today's economic and cultural landscape. We look forward to continuing this partnership – and to a future of improved retirement preparedness for your workforce.

Sincerely,  
Financial Soundings

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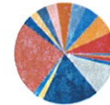
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## Plan Snapshot

Number of Active Participants	1080
Number of Eligible Non-Participants	9
Participation Rate	99%
Participation Rate - Active Voluntary Contributions	99%
Washoe County 457 Deferred Compensation Plan	
Plan Assets	\$66,496,511
Washoe County 401(a) Plan	
Plan Assets	\$3,447,872
<b>Total Plan Assets</b>	<b>\$69,944,383</b>

*Asset Totals reflected in this section are solely based on active participants who received a Retirement Readiness Analysis. Terminated employee and retiree assets are not included in the totals.*

### Total Plan Asset Allocation





The table below references plan averages for several of our Retirement Readiness statistics. Read on to see these sections broken down in more detail by age and salary bands.

	<b>Current Strategy</b>	<b>Suggested Strategy</b>
Age	47	
Salary	\$69,601	
Retirement Age	63	
Years in Retirement	21	
Projected Replacement Ratio	80% of Final Salary	
Monthly Income Goal (year 1)	\$7,279	
<b>Washoe County 457 Deferred Compensation Plan</b>		
Employee Pre-tax Contribution	10.0%	14.3%
Investment Style	Moderate	Moderate Aggressive
Account Balance	\$65,239	
<b>Washoe County 401(a) Plan</b>		
Employee Pre-tax Contribution	10.0%	10.0%
Investment Style	Moderate	
Account Balance	\$181,413	
<b>Monthly Pension Benefit</b>	<b>\$6,024</b>	
<b>Projected Wealth at Retirement</b>	<b>\$298,085</b>	<b>\$380,840</b>
<b>Projected Monthly Income (year 1)</b>	<b>\$7,181</b>	<b>\$7,500</b>
<b>Probability of Reaching Retirement Objective</b>	<b>40.6%</b>	<b>55.7%</b>



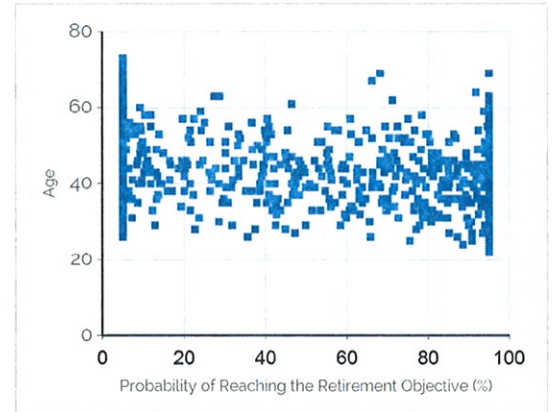
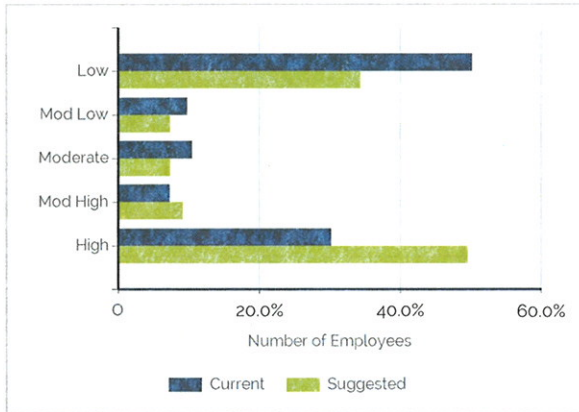
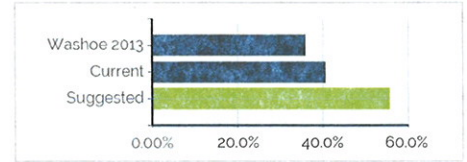
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## Retirement Readiness Probability Analysis

In order to understand how the plan sponsor and its retirement program are actually helping drive improvements in employee retirement readiness, the analysis on the left shows the number of your employees that fall into each likelihood classification for both the current and suggested strategies.

The scattergram on the right reflects your employees' current retirement readiness probability by age.

Average Probability of Reaching Full Retirement Objective	%
Washoe 2013	36.0%
Current Strategy	40.7%
Suggested Strategy	55.7%

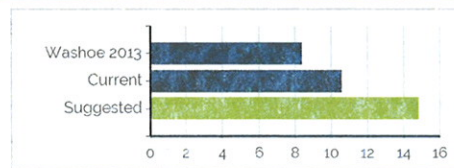


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## Contribution Rate Analysis

This analysis provides a breakdown by both age and pay-level brackets of your employees' current savings rates.

*Average Contribution Rate (all sources)	% of Salary
Washoe 2013	8.4%
Current Strategy	10.6%
Suggested Strategy	14.8%

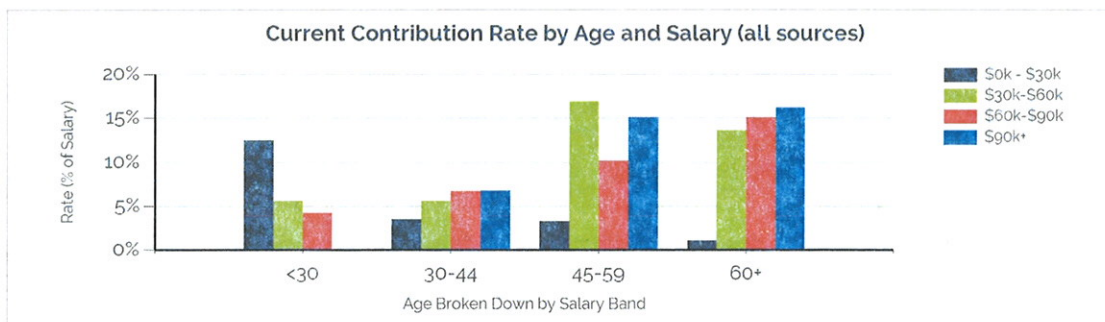


### Contribution Source Breakdown

# of Employees Maximizing their Contribution	37
Average Pre-Tax Contribution	10.0%

Age	Salary Band	Contribution	Age	Salary Band	Contribution
<30	\$0k - \$30k (1)	12.5%	45-59	\$0k - \$30k (1)	3.3%
	\$30k-\$60k (28)	5.6%		\$30k-\$60k (189)	16.9%
	\$60k-\$90k (11)	4.3%		\$60k-\$90k (243)	10.2%
	\$90k+ (0)	N/A		\$90k+ (91)	15.0%
30-44	\$0k - \$30k (1)	3.5%	60+	\$0k - \$30k (1)	1.1%
	\$30k-\$60k (130)	5.6%		\$30k-\$60k (55)	13.6%
	\$60k-\$90k (242)	6.7%		\$60k-\$90k (42)	15.1%
	\$90k+ (34)	6.7%		\$90k+ (11)	16.2%

*Information contained within this report is based on the most recent data submitted by the plan record keeper and/or plan sponsor as applicable. Some information may be slightly distorted as a result of the timing of our data receipt. For example, employees who temporarily suspend contributions or reach their maximum contribution before the end of the year could show a contribution rate of 0, or employees contributing large amounts early in the year could show very high contribution rates. While these scenarios are the exception, it could impact the plan averages slightly.*



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### Shortfall vs. Surplus Analysis

This analysis reflects the number and percentage of your employees who, at the first year of retirement, are projected to have a shortfall or a surplus.

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	Shortfall: # of Employees (%)	Surplus: # of Employees (%)
Washoe 2013	630 (62%)	383 (38%)
Current Strategy	571 (53%)	509 (47%)
Suggested Strategy	419 (39%)	661 (61%)

Employees With a Surplus and With A Shortfall

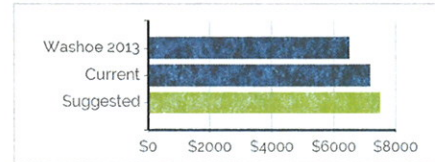


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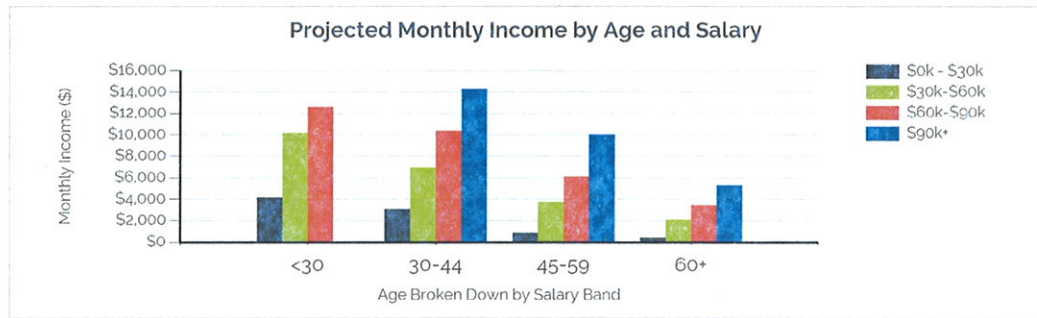
### Projected Monthly Retirement Income Analysis

This analysis provides the average projected monthly income at retirement, segmented by both age and pay-level brackets. It includes all retirement income sources, including Social Security, Defined Benefit Pension Plans and Outside Assets entered via the Client Portal.

	\$ per Month
Average Current Projected Monthly Retirement Income	
Washoe 2013	\$6,517
Current Strategy	\$7,181
Suggested Strategy	\$7,500



Age	Salary Band	Average Current Projected Retirement Income	Age	Salary Band	Average Current Projected Retirement Income
<30	\$0k - \$30k (1)	\$4,162	45-59	\$0k - \$30k (1)	\$845
	\$30k-\$60k (28)	\$10,208		\$30k-\$60k (189)	\$3,763
	\$60k-\$90k (11)	\$12,604		\$60k-\$90k (243)	\$6,122
	\$90k+ (0)	N/A		\$90k+ (91)	\$10,026
30-44	\$0k - \$30k (1)	\$3,034	60+	\$0k - \$30k (1)	\$429
	\$30k-\$60k (130)	\$6,965		\$30k-\$60k (55)	\$2,079
	\$60k-\$90k (242)	\$10,349		\$60k-\$90k (42)	\$3,446
	\$90k+ (34)	\$14,262		\$90k+ (11)	\$5,263



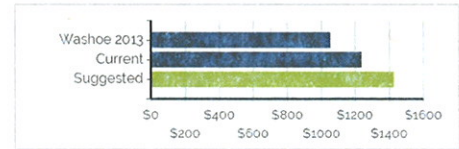


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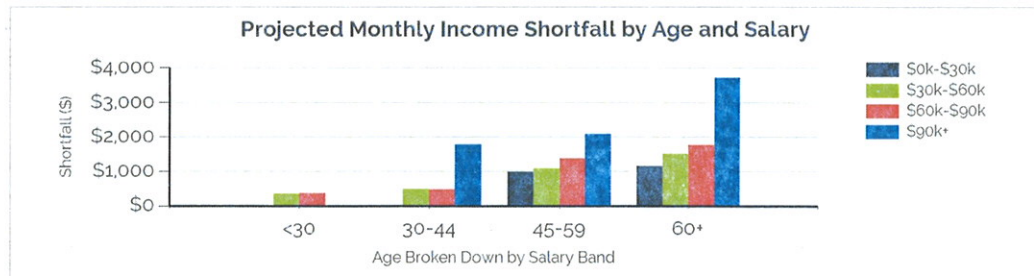
### Projected Monthly Retirement Income Shortfall Analysis

This analysis provides the average projected monthly shortfall during the first year of retirement segmented by both age and pay-level brackets. Those employees who do not have a shortfall are not included in this section.

Average Projected Monthly Income Shortfall	# of Employees	\$ per Month
Washoe 2013	630	\$1,055
Current Strategy	571	\$1,238
Suggested Strategy	419	\$1,427



Age	Salary Band	Average Projected Monthly Income Shortfall	Age	Salary Band	Average Projected Monthly Income Shortfall
<30	\$0k-\$30k (0)	N/A	45-59	\$0k-\$30k (1)	\$994
	\$30k-\$60k (6)	\$350		\$30k-\$60k (148)	\$1,081
	\$60k-\$90k (2)	\$358		\$60k-\$90k (144)	\$1,370
	\$90k+ (0)	N/A		\$90k+ (46)	\$2,081
30-44	\$0k-\$30k (0)	N/A	60+	\$0k-\$30k (1)	\$1,154
	\$30k-\$60k (55)	\$501		\$30k-\$60k (51)	\$1,516
	\$60k-\$90k (63)	\$487		\$60k-\$90k (36)	\$1,773
	\$90k+ (9)	\$1,782		\$90k+ (9)	\$3,714

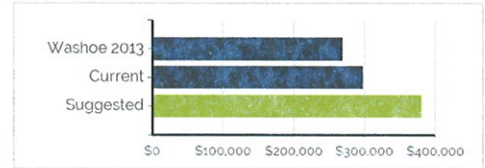


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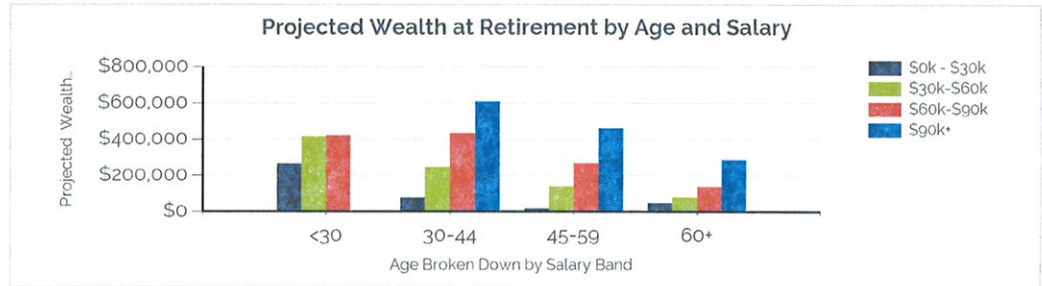
### Projected Wealth at Retirement Analysis

This analysis provides the average projected wealth during the first year of retirement, segmented by both age and pay-level brackets. The projections are solely based on the Retirement Plan assets along with any outside assets entered via the Insights Portal.

Average Projected Retirement Wealth	\$ at Retirement
Washoe 2013	\$269,148
Current Strategy	\$298,085
Suggested Strategy	\$380,840



Age	Salary Band	Average Current Projected Wealth at Retirement	Age	Salary Band	Average Current Projected Wealth at Retirement
<30	\$0k - \$30k (1)	\$266,611	45-59	\$0k - \$30k (1)	\$17,378
	\$30k-\$60k (28)	\$416,323		\$30k-\$60k (189)	\$142,064
	\$60k-\$90k (11)	\$421,065		\$60k-\$90k (243)	\$269,071
	\$90k+ (0)	N/A		\$90k+ (91)	\$458,671
30-44	\$0k - \$30k (1)	\$78,464	60+	\$0k - \$30k (1)	\$51,012
	\$30k-\$60k (130)	\$247,801		\$30k-\$60k (55)	\$81,091
	\$60k-\$90k (242)	\$433,588		\$60k-\$90k (42)	\$138,915
	\$90k+ (34)	\$608,001		\$90k+ (11)	\$286,078

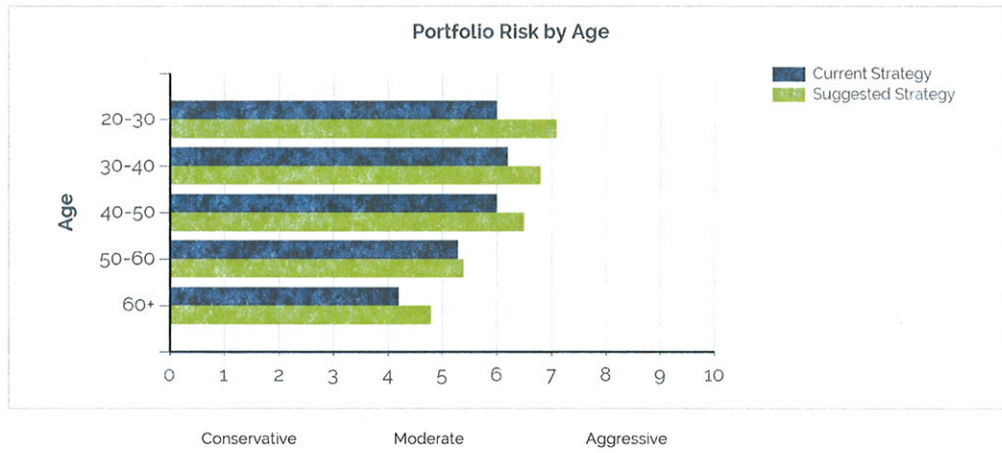


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## Investment Risk Analysis

This analysis shows the average portfolio risk as measured by standard deviation for your employees under their current strategy, broken down by age. It also provides the same information for our suggested strategy.

Age	Current Strategy	Suggested Strategy
20-30 (40)	Moderate	Moderately Aggressive
30-40 (216)	Moderate	Moderately Aggressive
40-50 (373)	Moderate	Moderately Aggressive
50-60 (342)	Moderate	Moderate
60+ (109)	Moderately Conservative	Moderate



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**Plan Factors  
and  
Assumptions**

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Plans Included	Washoe County 401(a) Plan 401(a)
Plan Match Formula	
Retirement Age	62
Plans Included	Washoe County 457 Deferred Compensation Plan 457(b)
Plan Match Formula	
Retirement Age	62
Replacement Ratio	\$0-\$25,000 80% of Final Salary \$25,001-\$35,000 80% of Final Salary \$35,001-\$45,000 80% of Final Salary \$45,001-\$55,000 80% of Final Salary \$55,001-\$65,000 80% of Final Salary \$65,001-\$75,000 80% of Final Salary \$75,001-\$85,000 80% of Final Salary \$85,001-\$95,000 80% of Final Salary \$95,001-\$150,000 80% of Final Salary \$150,001-\$200,000 80% of Final Salary \$200,001-\$2,000,000 80% of Final Salary
Inflation Rate	3.0%
Salary Growth Rate	3.0%
Rate of Return in Retirement	5.00%
Monte Carlo Iterations	500 per Asset Class present in the investment mix
Monte Carlo Success Definition	80%

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The state of "retirement readiness" in our country, by virtually any measure, is at an abysmal level. Consider the following recent research findings:

- About 67% of US employees are participating in a voluntary retirement plan, and about 29% of employees are not taking full advantage of their employer matching contribution. (Charles Schwab and FINRA (Financial Industry Regulatory Authority))
- Only about 38% of US employees have calculated their retirement target (Vanguard Group)
- Worse, only 17% of US employees are on track to reach their retirement goal (Financial Finesse)
- The projected average income replacement ratio is only about 22% (US Government Accounting Office)

What is required is a shift in the focus of plan sponsors which has been on such ministerial functions as plan design and the management of traditional fiduciary responsibilities and standards. Clearly the landscape is changing. It has been said that we are moving into an era called Defined Contribution 3.0. Consider the following:

1. DC 1.0 – Plan Design: The initial phase of defined contribution evolution that focused on emerging technology (e.g. Daily Valuation, Voice Response/Internet, Brokerage accounts, etc.)
2. DC 2.0 – Fiduciary Responsibilities and Standards: The second evolution (which gained significant momentum post-Enron) which focused on funds and fees as well as consistent reviews (e.g. fund performance, recordkeeper performance, and other fiduciary risk management domains)
3. DC 3.0 – Outcomes/Retirement Readiness: A rapidly evolving evolution focusing on:
  - Breaking down employee inertia
  - Producing and monitoring actual outcomes in participation, contribution levels and risk appropriate investment allocations
  - Movement away from the passive offering of planning and advice solutions to the proactive offering and support of solutions that work for the entire workforce spectrum – not just the technology and financially savvy
  - A growing recognition of the ineffectiveness and/or low utilization of traditional advice solutions, e.g. online tools and managed accounts

This view is bolstered by increasing dialogue in Washington, D.C. and amongst the fiduciary risk management community across the country. For example, Fred Reish, a preeminent, nationally recognized employee benefits attorney has noted that while the law does not force a plan to offer (retirement readiness) guidance or advice, it does infer that fiduciaries have a responsibility to do so if they reasonably believe that their employees are unsophisticated about investment matters. Further, Leslie Kramerich with the Department of Labor has articulated the emerging recognition that many employees need investment guidance/advice and that the prudent selection of the service provider can greatly limit a fiduciary's liability.

The conclusion, offering employees easy-to-understand and actionable retirement readiness guidance and advice is not only "the right thing to do" it is a prudent fiduciary risk management solution with the added benefit of being a driver of improved workforce attraction, retention and productivity.

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## WASHOE COUNTY 1st QUARTER 2015 ROLLOVER REPORT

TRANSFER TYPE	TRANSFER AMOUNT
IRA Rollover In	\$92,000.00
IRA Rollover In	\$412.40
IRA Rollover In	\$72,933.97
IRA Rollover In	\$545.19
IRA Rollover In	\$30,167.50
IRA Rollover In	\$7,489.82
IRA Rollover In	\$13,546.38
IRA Rollover In	\$7,783.46
IRA Rollover In	\$12,458.35
IRA Rollover In	\$114,783.54
IRA Rollover In	\$25,814.10
IRA Rollover In	\$434.62
<b>TOTAL REQUESTS = 12</b>	<b>\$378,369.33</b>

TRANSFER TYPE	TRANSFER AMOUNT
IRA Rollover Out	\$117,501.11
IRA Rollover Out	\$175,063.33
IRA Rollover Out	\$57,261.55
IRA Rollover Out	\$60,940.70
IRA Rollover Out	\$58,613.77
IRA Rollover Out	\$141,135.19
IRA Rollover Out	\$278,887.08
IRA Rollover Out	\$164,499.16
IRA Rollover Out	\$42,033.91
IRA Rollover Out	\$75,885.38
IRA Rollover Out	\$85,508.51
IRA Rollover Out	\$27,906.06
<b>TOTAL REQUESTS = 12</b>	<b>\$1,285,235.75</b>

TRANSFER TYPE	TRANSFER AMOUNT
PERS	\$19,769.38
PERS	\$90,749.83
PERS	\$60,275.04
PERS	\$92,901.07
PERS	\$30,145.72
PERS	\$142,065.55
PERS	\$32,912.66
PERS	\$41,424.45
PERS	\$42,937.46
PERS	\$5,995.64
PERS	\$18,758.15
PERS	\$9,462.51
PERS	\$56,718.96
PERS	\$39,033.56
PERS	\$80,646.31
PERS	\$26,882.10
PERS	\$15,283.88
PERS	\$16,854.13

PERS	\$127,960.44
PERS	\$11,205.43
PERS	\$19,462.54
PERS	\$176,322.17
PERS	\$117,080.92
PERS	\$19,054.13
<b>TOTAL REQUESTS = 24</b>	<b>\$1,293,902.03</b>

<b>WASHOE COUNTY - 401(a) AGE AVERAGE BALANCE INCLUDING LOAN ASSETS</b>			
<b>Age Range</b>	<b>Total Assets for Range</b>	<b>Participant Count</b>	<b>Average for Range</b>
20 to 30	\$48,205.67	4	\$12,051.42
30 to 40	\$272,213.81	14	\$19,443.84
40 to 50	\$2,047,536.13	47	\$43,564.60
50 to 60	\$4,190,442.48	46	\$91,096.58
60 to 70	\$2,214,414.95	41	\$54,010.12
70 to 80	\$235,186.90	5	\$47,037.38
80 up	\$0.00	0	\$0.00
<b>Plan Totals</b>	<b>\$9,007,999.94</b>	<b>157</b>	
<b>401(a) Loan Asset Totals</b>	<b>\$41,861.00</b>		
<b>Plan Totals Including Loan Assets</b>	<b>\$9,049,860.94</b>		

<b>WASHOE COUNTY - 457 AGE AVERAGE BALANCE INCLUDING LOAN ASSETS</b>			
<b>Age Range</b>	<b>Total Assets for Range</b>	<b>Participant Count</b>	<b>Average for Range</b>
20 to 30	\$379,668.95	59	\$6,435.07
30 to 40	\$6,099,864.24	293	\$20,818.65
40 to 50	\$25,886,611.65	550	\$47,066.57
50 to 60	\$47,951,535.66	620	\$77,341.19
60 to 70	\$44,665,142.22	424	\$105,342.32
70 to 80	\$8,929,359.01	99	\$90,195.55
80 up	\$1,199,779.62	13	\$92,290.74
<b>Plan Totals</b>	<b>\$135,111,961.35</b>	<b>2058</b>	
<b>457 Loan Asset Totals</b>	<b>\$33,202.00</b>		
<b>Plan Totals Including Loan Assets</b>	<b>\$135,145,163.35</b>		

<b>WASHOE COUNTY - HARDSHIP APPLICATIONS - January thru March 2015</b>			
<b>Date Pkg Received</b>	<b>Date of Decision</b>	<b>Decision / Comments</b>	<b>Amount</b>
1/5/2015	1/5/2015	Approved	\$2,607.00
1/13/2015	1/13/2015	Approved	\$10,647.82
2/17/2015	2/17/2015	Approved	\$4,590.00
2/17/2015	2/17/2015	Approved	\$7,324.47
<b>Total Approved in 2015 = 4</b>			<b>Total Dollars in 2015 = \$25,169.29</b>



## Washoe County 1st Quarter 2015 Summary Sheet

Group Meeting Results	1st Quarter 2014	1st Quarter 2015	2015 YTD Totals
Meetings	65	38	38
Attendees	270	140	140
457 Enrollments	21	56	56
401(a) Enrollments	0	3	3
One on One Counseling Sessions	480	320	320

Rollover Results	1st Quarter 2014	1st Quarter 2015	2015 YTD Totals
Rollovers In	6	12	12
Dollars from Rollovers In	\$114,199.60	\$378,369.33	\$378,369.33
Rollovers Out	13	12	12
Dollars from Rollovers Out	\$630,620.48	\$1,285,235.75	\$1,285,235.75
PERS Purchases	13	24	24
Dollars from PERS Purchases	\$458,738.36	\$1,293,902.03	\$1,293,902.03

401(a) & 457 Loan Results	1st Quarter 2014	1st Quarter 2015	2015 YTD Totals
401(a) Applications Processed	1	4	4
Dollars from Applications Processed	\$7,100.00	\$67,050.89	\$67,050.89
457 Applications Processed	27	23	23
Dollars from Applications Processed	\$370,164.29	\$340,778.11	\$340,778.11

Hardship Results	1st Quarter 2014	1st Quarter 2015	2015 YTD Totals
Hardship Applications Submitted	0	4	4
Hardship Applications Denied	0	0	0
Hardship Applications Approved	0	4	4
Dollars from Approved Applications	\$0.00	\$25,169.29	\$25,169.29

401(a) & 457 Fund & Age Average Results	1st Quarter 2014	1st Quarter 2015
Participants in 457 Plan	1983	2058
Participants in 401(a) Plan	157	157
457 Assets as of 3-31-2015	\$130,024,490.21	\$135,111,961.35
401(a) Assets as of 3-31-2015 Including Loan Assets	\$8,456,410.58	\$9,007,999.94
Average 457 Participant Balance	\$65,569.59	\$65,652.07
Average 401(a) Participant Balance	\$53,862.49	\$57,375.80

ROTH Results	1st Quarter 2014	1st Quarter 2015
Participants with a Roth Balance	125	160
Assets in Roth	\$861,368.36	\$1,270,313.54

**WASHOE COUNTY - 401(a) LOAN APPLICATIONS - January thru March 2015**

<b>Date Call Received</b>	<b>Date of Decision</b>	<b>Decision</b>	<b>Amount</b>
1/2/2015	1/2/2015	Approved	\$5,000.00
1/22/2015	1/22/2015	Approved	\$12,000.00
3/2/2015	3/2/2015	Approved	\$19,000.00
3/9/2015	3/9/2015	Approved	\$31,050.89
<b>Total =</b>			<b>\$67,050.89</b>

**WASHOE COUNTY - 457 LOAN APPLICATIONS - January thru March 2015**

<b>Date Call Received</b>	<b>Date of Decision</b>	<b>Decision</b>	<b>Amount</b>
1/7/2015	1/7/2015	Approved	\$5,528.72
1/8/2015	1/8/2015	Approved	\$12,907.36
1/9/2015	1/9/2015	Approved	\$6,000.00
1/12/2015	1/12/2015	Approved	\$9,600.00
1/21/2015	1/21/2015	Approved	\$35,000.00
1/23/2015	1/23/2015	Approved	\$8,000.00
1/28/2015	1/28/2015	Approved	\$8,800.00
1/29/2015	1/29/2015	Approved	\$26,632.17
1/30/2015	1/30/2015	Approved	\$5,000.00
2/5/2015	2/5/2015	Approved	\$3,594.34
2/12/2015	2/12/2015	Approved	\$5,000.00
2/13/2015	2/13/2015	Approved	\$41,987.51
2/19/2015	2/19/2015	Approved	\$15,000.00
2/20/2015	2/20/2015	Approved	\$11,424.87
2/23/2015	2/23/2015	Approved	\$5,193.00
3/3/2015	3/3/2015	Approved	\$23,493.00
3/4/2015	3/4/2015	Approved	\$1,016.52
3/10/2015	3/10/2015	Approved	\$6,500.00
3/11/2015	3/11/2015	Approved	\$38,993.00
3/23/2015	3/23/2015	Approved	\$7,606.98
3/27/2015	3/27/2015	Approved	\$20,000.00
3/30/2015	3/30/2015	Approved	\$14,000.00
3/31/2015	3/31/2015	Approved	\$29,500.64
<b>Total =</b>			<b>\$340,778.11</b>

WASHOE COUNTY - 401(a) FUND AVERAGE BALANCE		
Fund Count	Total Participants in Fund	Assets as of 3/31/2015
1	34	\$1,623,872.51
2	10	\$365,069.69
3	10	\$451,049.14
4	16	\$898,862.29
5	13	\$585,261.49
6	14	\$849,562.68
7	4	\$707,833.02
8	4	\$207,857.75
9	1	\$23,459.68
10	6	\$575,702.43
11	9	\$419,098.22
12	8	\$545,490.13
13	6	\$427,430.37
14	4	\$271,982.78
15	3	\$121,955.78
16	0	\$0.00
17	0	\$0.00
18	15	\$933,511.98
<b>Plan Totals</b>	<b>157</b>	<b>\$9,007,999.94</b>