

Retirement Planning In a Post-Crisis Economy

By Steve Nyce

Prolonged economic uncertainty and high unemployment have taken a heavy toll on U.S. workers. Few have escaped hits to their retirement savings or to their confidence in being able to retire comfortably. Unsurprisingly, many Americans have become more financially conservative, cutting back on spending and paying more attention to household finances and retirement planning and saving.

As the economic recovery proceeds — albeit in fits and starts — economic satisfaction levels and optimism about retirement are slowly rising as well. Nevertheless, fallout from the crisis lingers in the psyche of American workers, as many remain apprehensive about their economic future generally and about retirement in particular.

This article is the first in a three-part series based on the 2011 *Towers Watson Retirement Attitudes Survey* highlighting American workers' attitudes toward their household finances and retirement readiness. The second article will examine how the financial crisis has changed the trade-offs employees are willing to make to reduce their retirement and health care risks. The last article will look at the impact of retirement programs on attracting and retaining employees.

About the survey

The *Towers Watson Retirement Attitudes Survey* was conducted in June/July 2011 and includes responses from 9,218 full-time U.S. employees at nongovernmental organizations with 1,000+ employees. This is Towers Watson's fifth consecutive survey of U.S. employees' attitudes toward their health care and retirement benefits. The primary results reported in this article reflect a subset of questions about retirement and health care programs completed by 3,074 respondents. Comparable surveys fielded in February 2009 and May/June 2010 asked similar questions, and we use selective results from those surveys to track trends in employee attitudes. All results are

weighted by age, gender and household income to the national average of workers. Margins of error are +/- 1.2% for the total sample and +/- 1.7% for the benefits sample.

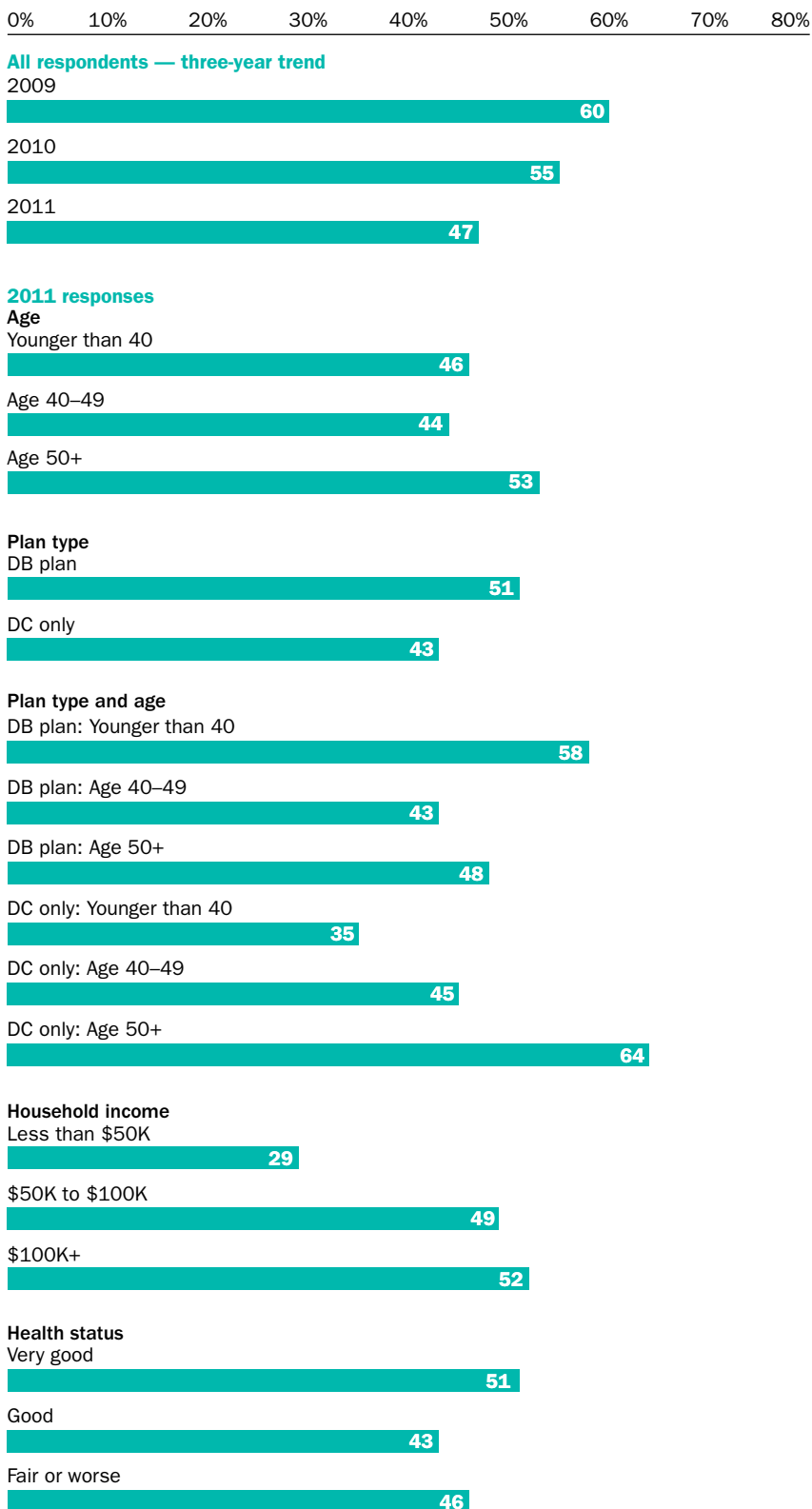
Respondents self-reported whether they participate in a defined benefit (DB) pension plan and/or a 401(k)/403(b) retirement savings plan. There were 1,662 respondents with only a defined contribution (DC) plan and 1,232 respondents with a DB plan. Nearly all responding DB plan participants also have a DC plan (92%). Roughly 80% of respondents with a DB plan are currently accruing benefits under their plan. Among those whose benefits are frozen, 70% are age 50 or older, and 85% have 10 or more years of service with their current employer. Younger employees with a DB plan were oversampled to improve confidence in comparisons of retirement attitudes by plan types and age groups. Margins of error for the age and plan type results are +/- 5% or less.

Survey highlights

- While employees' satisfaction with their overall finances improved, dissatisfaction remains widespread, especially among older workers, employees in poor health and those with only a DC plan.
- Employees with DB plans are more than twice as likely to feel "very confident" about the first 15 years of retirement and 2.5 times as likely to feel confident about 25 years of retirement.
- Many employees continue trying to pay off debt, reduce their spending, save more and think more carefully about their retirement saving targets.
- In 2011, only 37% of women felt comfortable making their own investment choices versus 62% of men. Younger DB plan participants are most comfortable making their own investment decisions.
- Despite the fact that health costs will represent a major expense for most retirees, 40% of employees do not consider these costs in estimating their retirement income needs.
- Older employees and employees in poor health are most likely to be delaying retirement — 46% of older workers are postponing retirement versus 34% of younger workers.

"Fallout from the crisis lingers in the psyche of American workers, as many remain apprehensive about their economic future generally and about retirement in particular."

Figure 1. I have experienced significant declines in my pension/retirement savings due to recent events in the economy and financial markets



Note: Percentages indicate responses of “somewhat agree” or “strongly agree.”
 Source: 2011 Towers Watson Retirement Attitudes Survey.

- The majority of workers delaying retirement expect to work an additional three years, and one-third plan on five additional years. Of workers who plan to retire later, 64% of those aged 50 and older cite keeping their health care coverage as the reason.

Fewer employees report significant declines in pension/retirement savings

From 2009 to 2011, the number of employees reporting a significant decline in their pension and retirement savings fell from 60% to 47% (Figure 1).

As shown in the 2011 responses, losses from the economic and financial turmoil are more likely to linger for workers nearing retirement than for mid-career and younger employees. Somewhat surprisingly, those with DB plans report steeper declines in their pension and retirement savings, but this generally reflects the perceptions of younger DB plan participants. The crises in the financial and housing markets continue to have a lasting impact on older workers with only a DC plan, whereas those nearing retirement with a DB plan are faring somewhat better. Financial market declines have tended to hit high-income workers hardest — those who generally have more retirement savings at risk.

“The crises in the financial and housing markets continue to have a lasting impact on older workers with only a DC plan, whereas those nearing retirement with a DB plan are faring somewhat better.”

Employee satisfaction with finances improves, especially among DB plan participants

As the economy and financial markets have slowly regained their footing, so has the percentage of employees satisfied with their financial situation. Satisfaction with household finances jumped from 26% to 41% between 2009 and 2011 (Figure 2). Higher satisfaction levels are strongly linked to DB plans — satisfaction rises by 20 percentage points for employees with DB plans versus six percentage points for those with only DC plans. But this is not a broad-based recovery, and satisfaction is concentrated among younger and mid-career workers. The sobering news is that three in five employees remain generally unsatisfied with their financial situation, and satisfaction is lowest among older workers (regardless of plan type), employees in poor health and those with only a DC plan.

Younger participants in DB plans were more likely than those with only DC plans to report both significant declines in their retirement savings and higher satisfaction with their finances. Many factors could account for this seeming inconsistency. For example, their greater satisfaction might derive from the cushioning effects of a DB plan, which have become more apparent as DC plans have suffered in comparison during the financial crisis. Moreover, as we discuss below, DB plan participants and particularly those younger than 40 tend to be more dialed into retirement issues and so may be tracking their financial gains and losses more closely. Between news media reports and chats with colleagues — the looking-around model of retirement planning — many DB plan participants have become more aware of just how fortunate they are, which may boost their satisfaction and confidence.

Retirement confidence improves but trails pre-crisis levels

Despite feeling more satisfied overall and confident about retirement, many employees continue to worry about whether their retirement savings will be sufficient, especially over the long haul. Roughly two-thirds of employees (68%) are “somewhat confident” or “very confident” their retirement resources will see them through the first 15 years, but confidence declines to 47% for 25 years (Figure 3).

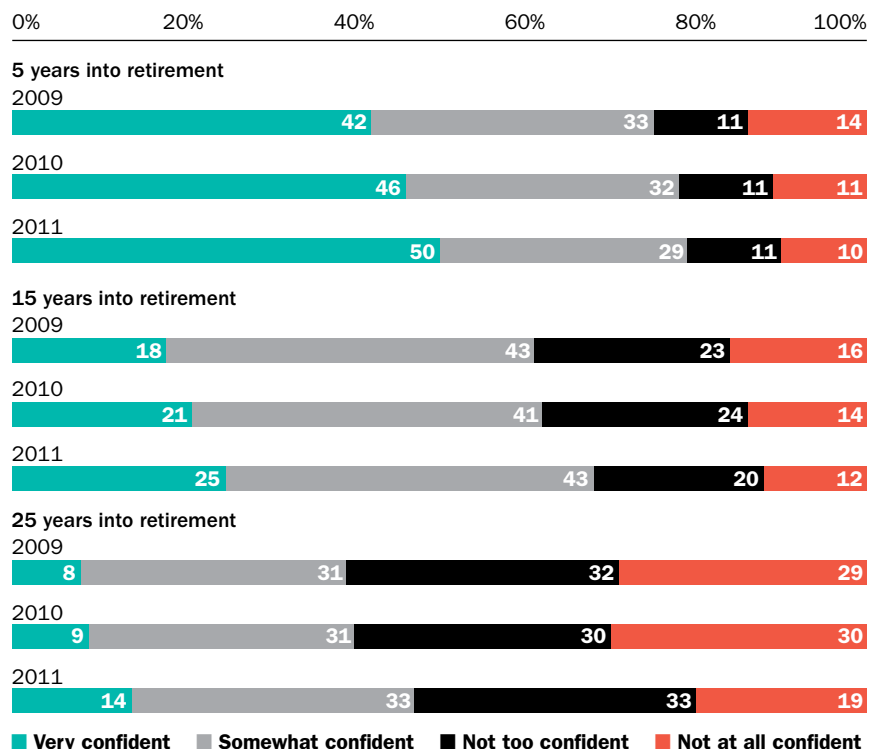
Improvements in retirement confidence largely accrue to DB plan participants, particularly as the retirement horizon lengthens, likely owing to the security of the lifetime annuity stream offered in

Figure 2. Thinking of all aspects of my finances, I am satisfied with my situation today

	Feb. 2009	June 2010	June 2011	Percentage point change: 2009 vs. 2011
All	26%	33%	41%	15%
Age				
Younger than 40	28%	42%	47%	19%
Age 40–49	22%	29%	39%	17%
Age 50+	24%	32%	33%	9%
Plan type				
DB plan	29%	40%	49%	20%
DC only	25%	27%	31%	6%
Plan type and age				
DB plan: Younger than 40	31%	58%	59%	28%
DB plan: Age 40–49	27%	36%	51%	24%
DB plan: Age 50+	30%	37%	34%	4%
DC only: Younger than 40	29%	32%	36%	7%
DC only: Age 40–49	19%	24%	22%	3%
DC only: Age 50+	22%	26%	28%	6%
Health status				
Very good	33%	43%	51%	18%
Good	24%	27%	34%	10%
Fair or worse	12%	18%	26%	14%

Note: Percentages indicate responses of “somewhat agree” or “strongly agree.”
Source: 2011 Towers Watson Retirement Attitudes Survey.

Figure 3. Employees’ confidence in having enough resources to live comfortably in retirement



Source: 2011 Towers Watson Retirement Attitudes Survey.

Figure 4. Employees' confidence in having enough resources to live comfortably in retirement by plan type

Plan type	Years into retirement	2009	2010	2011	Percentage point change: 2009 to 2011
DB plan	5 years	55%	57%	62%	7%
DC only		38%	40%	44%	6%
DB plan	15	26%	29%	39%	13%
DC only		14%	17%	18%	4%
DB plan	25	9%	14%	23%	14%
DC only		7%	6%	9%	2%

Note: Percentages indicate responses of "very confident."
Source: 2011 Towers Watson Retirement Attitudes Survey.

many of these programs and/or the more generous retirement programs typically provided by DB plan sponsors. Either way, employees with a DB plan are more than twice as likely to feel "very confident" about the first 15 years of retirement and 2.5 times as likely to contemplate a 25-year retirement with confidence than workers with only a DC plan (Figure 4).

Figure 5. Older workers' (age 50 to 64) confidence in having enough resources for a comfortable retirement

	5 years				Change	
	2007	2009	2010	2011	2007 to 2009	2009 to 2011
Not at all confident	6%	10%	9%	8%	4%	-2%
Not too confident	4%	10%	9%	11%	6%	1%
Somewhat confident	27%	35%	32%	29%	8%	-6%
Very confident	63%	44%	50%	52%	-19%	8%

	15 years				Change	
	2007	2009	2010	2011	2007 to 2009	2009 to 2011
Not at all confident	9%	15%	12%	10%	6%	-5%
Not too confident	15%	21%	24%	23%	6%	2%
Somewhat confident	42%	46%	40%	41%	4%	-5%
Very confident	34%	18%	24%	27%	-16%	9%

Source: 2007 numbers based on T. Hill (2008), Watson Wyatt's 2007 U.S. Surveys of Older Employees' and Retirees' Attitudes Toward Lump Sum and Annuity Distributions From Retirement Plans.

Figure 5 shows the trajectory of retirement confidence among older workers before and after the financial crisis. Restoration of retirement confidence has been slow, reflecting the weak recovery. Looking at both five-year and 15-year horizons, the percentage of older employees who are "very confident" about retirement remains roughly 20% below 2007 levels.

Employees still trying to get their financial houses in order

In 2009, workers cut back on their daily spending and re-examined their financial standing. A year later, many employees decided to pay off household debt and re-evaluate their retirement savings, and some chose to save more for retirement.

Employees today continue to budget and plan more conservatively (Figure 6). The survey results suggest that cost cutting and a sharpened focus on retirement security will continue over the next year. In fact, roughly a third of workers not already doing so are considering reviewing their retirement savings needs (37%) and/or increasing their monthly savings (33%). In the same vein, many more employees (29%) plan to seek professional financial advice.

Figure 6. Given recent financial events, which of the following actions have you taken or are considering taking in the next 12 months?

All employees	Actions taken			Actions considering in next 12 months
	Feb. 2009	June 2010	June 2011	
Pay off debt	33%	63%	53%	25%
Review my financial situation	41%	55%	49%	30%
Cut back on my daily spending	55%	54%	46%	28%
Review how much I need to save for retirement	20%	38%	34%	37%
Increase my monthly savings	19%	34%	29%	33%
Defer major expenditures	N/A	N/A	29%	23%
Obtain professional financial advice	N/A	N/A	19%	29%
Adopt a less risky investment strategy	13%	20%	16%	17%
Borrow/withdraw money from my retirement savings	9%	13%	15%	14%
Reduce my monthly savings	13%	10%	9%	7%
Adopt a more risky investment strategy	3%	9%	8%	13%

Source: 2011 Towers Watson Retirement Attitudes Survey.

“The percentage of older employees who are ‘very confident’ about retirement remains roughly 20% below 2007 levels.”

Nearly half of survey respondents said they had significantly reduced their spending and deferred major expenditures over the last three years (Figure 7). This has been particularly true of younger employees (58%) and those new to their current job (66%), perhaps reflecting heightened job insecurity.

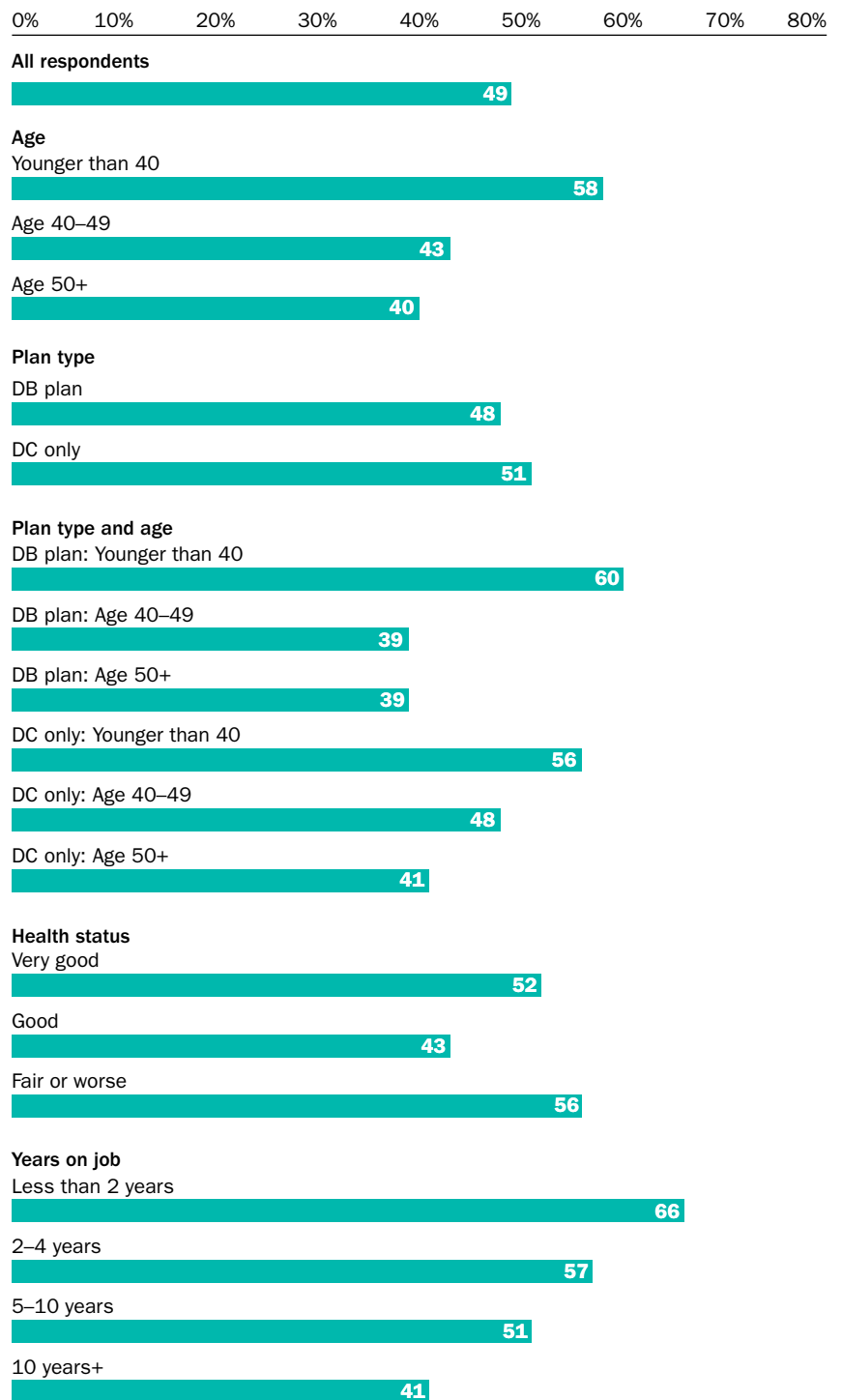
Saving more for retirement remains a priority

Workers of all ages are rethinking their preparations for retirement. In 2009, market declines prompted many workers to step up their retirement savings, although the higher savings rates fell as equity returns worked their way back up (Figure 8, next page). Perhaps due to the prolonged economic malaise since then, however, many employees appear to be reversing course. In 2011, the percentage of workers saying they need to save more for retirement is the same as it was in February 2009, when equity values were near their lowest point.

Mid-career and older workers with only a DC plan believe they will need to save much more to attain a comfortable level of retirement income compared with their counterparts with a DB plan. However, younger DB plan participants feel the greatest pressure to save more, perhaps due to recent hits to their retirement savings (see Figure 1). It may also reflect this group's fears about whether they will still have a DB plan when they're ready to retire, given pension curtailments over recent years.

“Mid-career and older workers with only a DC plan believe they will need to save much more to attain a comfortable level of retirement income compared with their counterparts with a DB plan.”

Figure 7. I have simplified my lifestyle over the last three years by spending less and deferring major expenditures



Note: Percentages indicate responses of “somewhat agree” or “strongly agree.”
Source: 2011 Towers Watson Retirement Attitudes Survey.

Figure 8. Compared to what I thought three years ago, I will need to save much more in the future to achieve a comfortable level of income in retirement

	Feb. 2009	June 2010	June 2011	Percentage point change: 2009 vs. 2011
All	63%	57%	63%	0%
Age				
Younger than 40	58%	54%	66%	8%
Age 40–49	67%	61%	57%	–10%
Age 50+	68%	55%	62%	–6%
Plan type				
DB plan	59%	53%	61%	2%
DC only	67%	60%	64%	–3%
Plan type and age				
DB plan: Younger than 40	55%	56%	71%	16%
DB plan: Age 40–49	59%	58%	50%	–9%
DB plan: Age 50+	62%	50%	58%	–4%
DC only: Younger than 40	60%	53%	62%	2%
DC only: Age 40–49	74%	63%	65%	–9%
DC only: Age 50+	75%	61%	70%	–5%

Note: Percentages indicate responses of “somewhat agree” or “strongly agree.”
Source: 2011 Towers Watson Retirement Attitudes Survey.

Figure 9. Extent to which active employees have reviewed their retirement plans and are comfortable making their own retirement investment decisions

	Reviewed my retirement plans in a lot of detail over the last year		Tried to calculate how much money I would need to save for a comfortable retirement		I am comfortable making my own retirement investment decisions	
	June 2010	June 2011	June 2010	June 2011	June 2010	June 2011
All	41%	47%	56%	58%	47%	52%
Gender						
Female	31%	34%	48%	45%	32%	37%
Male	47%	56%	60%	67%	57%	62%
Age groups						
Younger than 40	34%	48%	50%	58%	49%	55%
Age 40–49	36%	44%	54%	54%	43%	50%
Age 50+	47%	48%	59%	62%	49%	48%
Plan type						
DB plan	45%	54%	62%	67%	51%	60%
DC only	37%	38%	50%	48%	44%	42%
Plan type and age						
DB plan: Younger than 40	39%	59%	58%	70%	71%	72%
DB plan: Age 40–49	37%	50%	57%	66%	42%	58%
DB plan: Age 50+	51%	51%	65%	63%	50%	47%
DC only: Younger than 40	30%	38%	46%	48%	36%	41%
DC only: Age 40–49	36%	35%	52%	39%	44%	39%
DC only: Age 50+	41%	41%	50%	57%	49%	51%

Note: Percentages indicate responses of “somewhat agree” or “strongly agree.”
Source: 2011 Towers Watson Retirement Attitudes Survey.

More employees rethinking their retirement savings goals

The increasing attention to retirement is an encouraging development. Between 2010 and 2011, the percentage of young workers who had carefully reviewed their retirement plans increased by more than 40% (Figure 9). The budget crisis and media discussions of the ominous outlook for Social Security could be triggering second thoughts about reliance on government programs. Stepped-up attention to retirement might also reflect the growing prevalence of DC plans, which shift primary responsibility for retirement saving, investing and withdrawals from employers to employees.

While employees are more interested, many of them are not yet comfortable with being in charge of their retirement futures. Only half are comfortable making their own investment decisions (up from 47% last year). Moreover, of those relying entirely on a DC plan, only 42% are comfortable making their own investment decisions — down from 44% in 2010.

Men are much more likely than women to have reviewed their retirement plans, to have calculated how much they needed to save and to be

comfortable making retirement investment decisions. In 2011, only 37% of women felt comfortable making their own investment choices versus 62% of men.

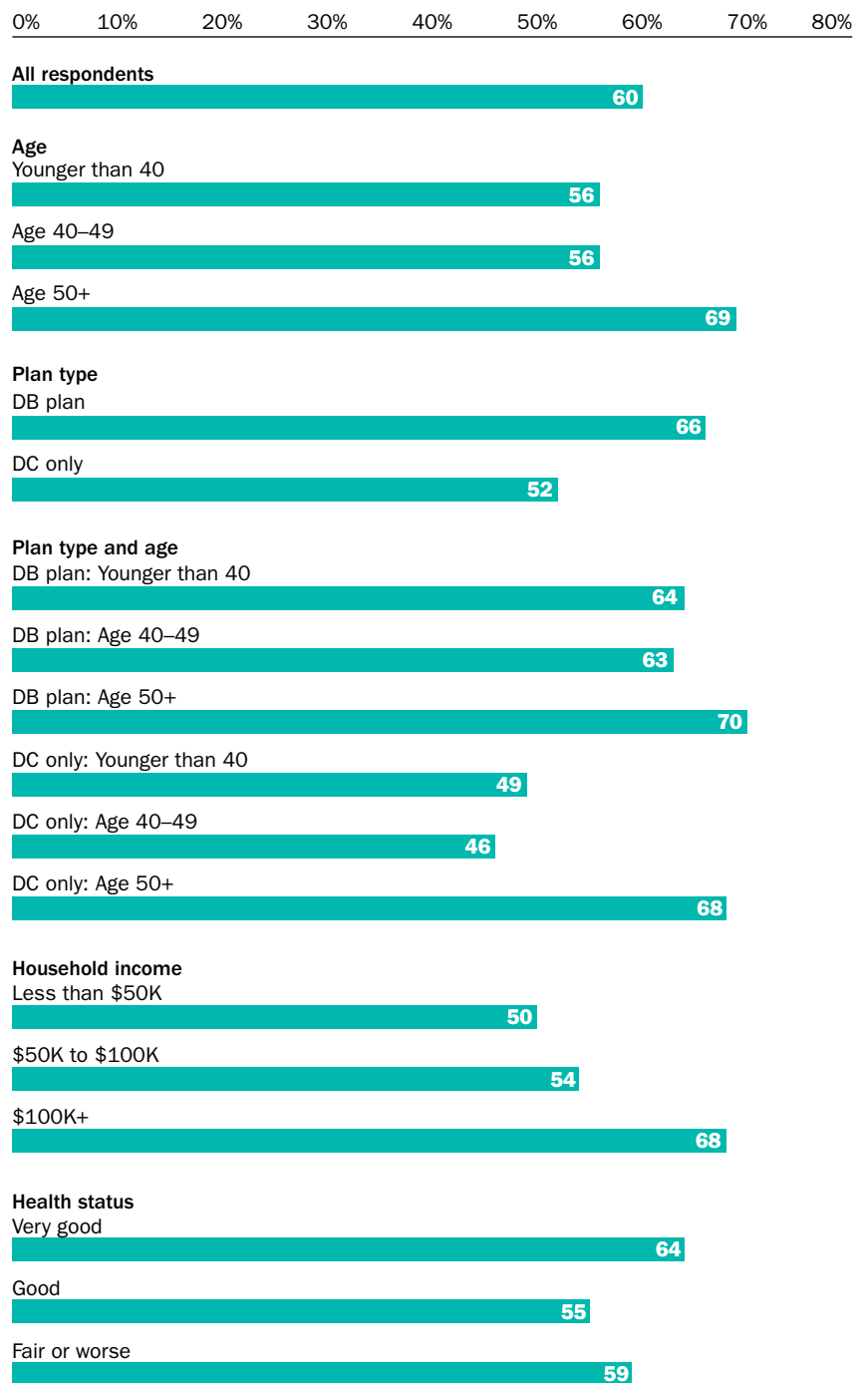
Surprisingly, younger DB plan participants are most comfortable making their own investment decisions. While this might reflect the overconfidence of youth, it could also arise from the bigger “risk allowance” conferred by the DB benefit. Participants in DB plans know that, even if their investment returns fall short, their DB plan provides a retirement security backstop.

Many employees are well aware of the effects of escalating health care costs on their retirement prospects (*Figure 10*). Not only will health care claim a significant share of future retirement income, rising health insurance and out-of-pocket health costs are squeezing workers’ paychecks now, leaving less for retirement savings.

Despite the central role health costs play in realistic retirement calculations, however, 40% of employees do not consider these costs in estimating their retirement income needs. Workers could benefit from more robust tools and better retirement education, especially as companies increasingly look to DC health care models as a way to manage the exploding cost of health care benefits.

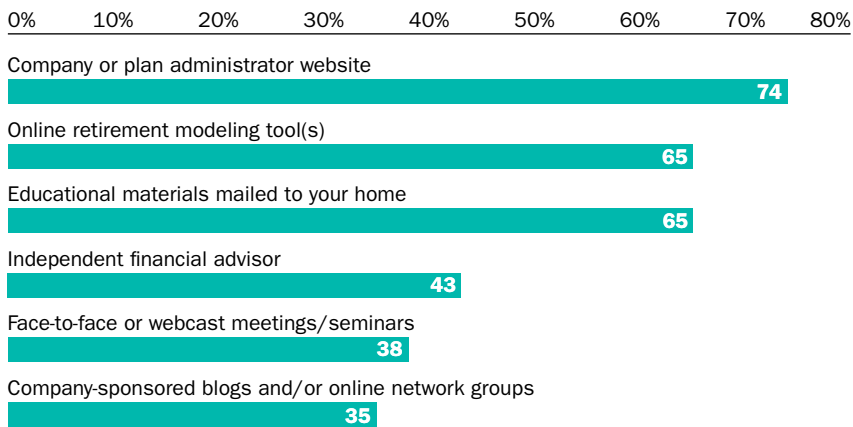
“Not only will health care claim a significant share of future retirement income, rising health insurance and out-of-pocket health costs are squeezing workers’ paychecks now.”

Figure 10. When planning for my retirement, I consider the cost of health care in estimating how much money I will need to save for a comfortable retirement



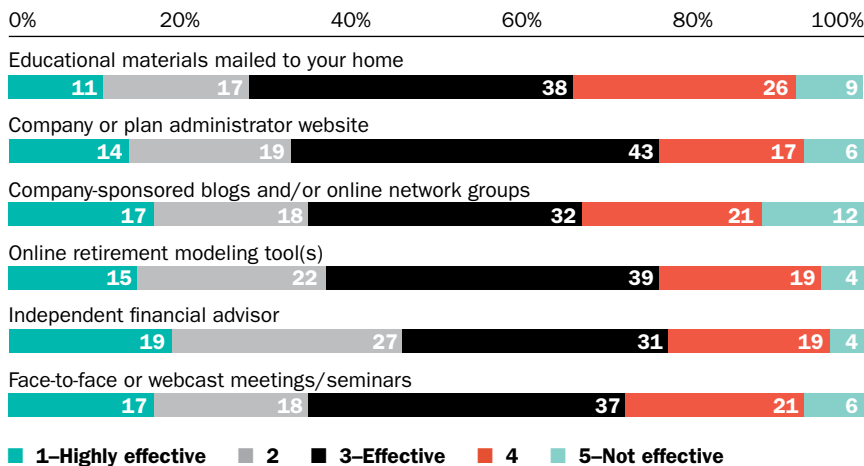
Note: Percentages indicate responses of “somewhat agree” or “strongly agree.”
Source: 2011 Towers Watson Retirement Attitudes Survey.

Figure 11. Which of the following educational materials/tools offered by your employer (or plan administrator) do you use to help you prepare for retirement?



Source: 2011 Towers Watson Retirement Attitudes Survey.

Figure 12. Please rate the effectiveness of the tools provided by your employer



Note: Includes respondents offered the tool by their employer/plan administrator.
Source: 2011 Towers Watson Retirement Attitudes Survey.

Customized retirement information and tools get highest marks

Many employers provide educational materials and tools to help employees prepare for retirement. Employees most often turn to company or plan administrator websites and online modeling tools to explore their options, and rely less on face-to-face meetings and company-sponsored blogs (Figure 11).

Employees value personalized and customized information — such as from an investment advisor or through online modeling tools — most highly and are less enthusiastic about generic mailings of educational materials (Figure 12). Employees report mixed experiences with online networking groups and face-to-face seminars. The explosion in social networking tools and gaming software and technologies suggests the emergence of new approaches to engaging employees and more effective retirement planning tools in the future.

“Employees most often turn to company or plan administrator websites and online modeling tools to explore their options.”

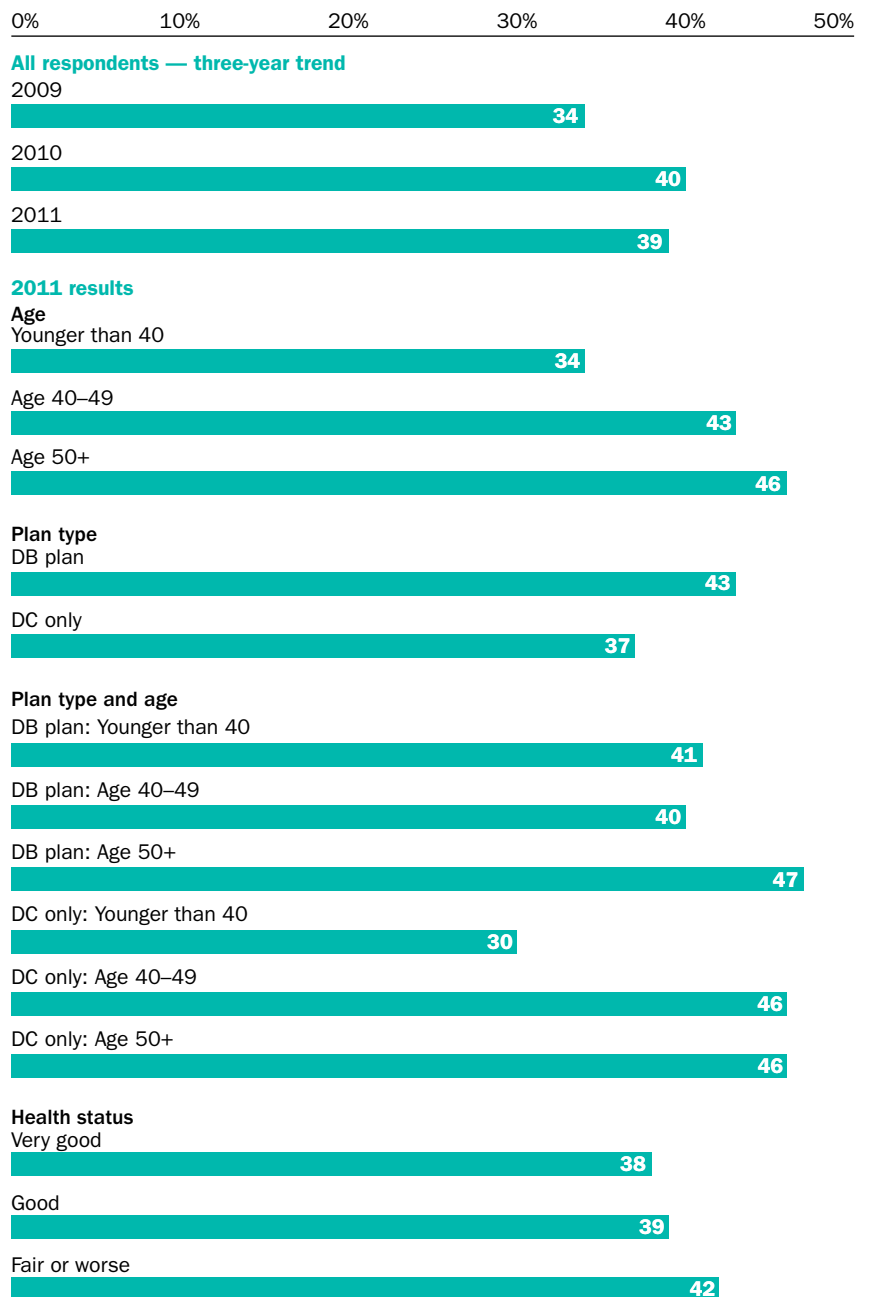
Many workers still plan to delay retirement

One of the most momentous effects of the economic crisis has been the number of employees deciding to delay retirement, which has remained relatively constant (Figure 13). The percentage of employees planning to retire later increased by six percentage points between 2009 and 2010, and declined by one percentage point over the last year. Older employees and employees in poor health are most likely to delay retirement — those with less time to recover lost savings or who can least afford to save more now. In fact, 46% of older workers are postponing retirement versus 34% of younger workers.

As reported earlier, satisfaction with household finances and retirement confidence are considerably higher for DB plan participants than for those with only a DC plan (see Figures 2 and 4). Yet DB plan participants in general are just as inclined as DC-only participants to retire later. In fact, younger employees with a DB plan are significantly more likely to say they plan to delay their retirement than younger employees with only a DC plan (41% versus 30%). This might reflect overall uncertainty about whether they can count on their DB plan in the future, given the fate of so many of these plans. And the high and increasing cost of health care may weigh heavily on all employees.

The majority of workers delaying retirement expect to work at least an additional three years, and one-third anticipate an extra five years on the job (Figure 14). These planned delays have held relatively steady over the last three years, but the delays are longer for those with only a DC plan.

Figure 13. Has the age at which you plan to retire from full-time employment changed over the last three years?



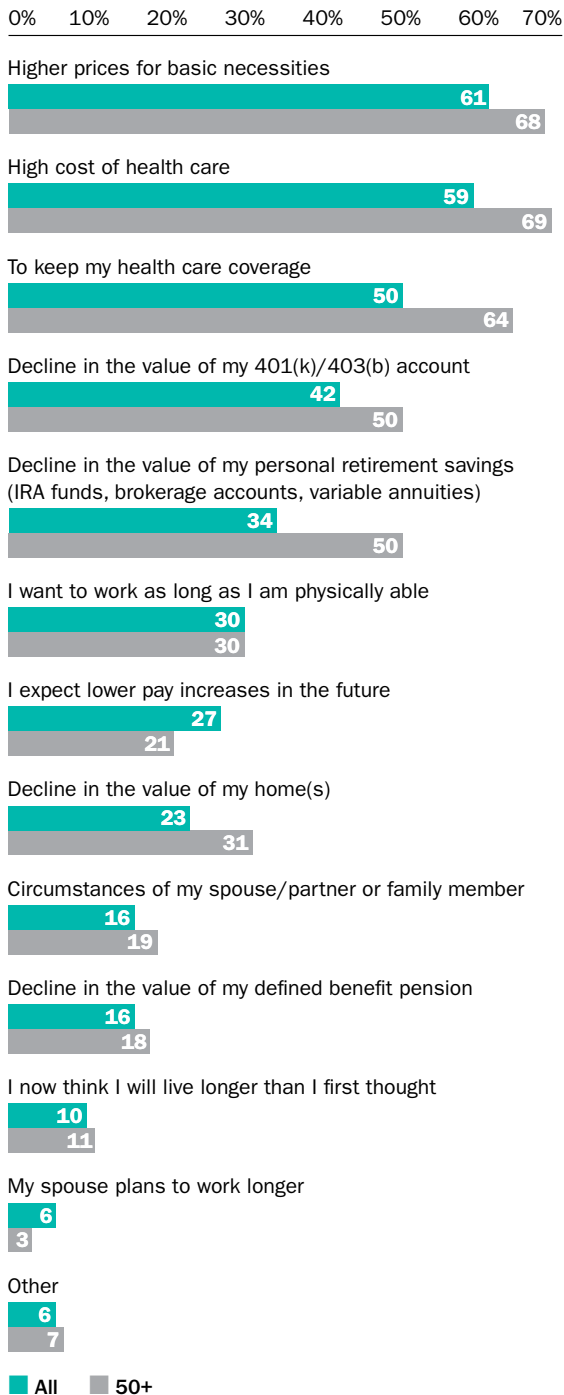
Note: Percentages indicate responses of "a little later" or "much later."
Source: 2011 Towers Watson Retirement Attitudes Survey.

Figure 14. Approximately how much later do you expect to work?

	All			In 2011 by plan type	
	Feb. 2009	June 2010	June 2011	DB plan	DC only
Less than 1 year	0%	1%	1%	2%	1%
1 year to less than 2 years	8%	8%	10%	10%	9%
2 years to less than 3 years	17%	23%	23%	28%	21%
3 years to less than 5 years	22%	27%	24%	22%	27%
5 years or more	41%	34%	36%	33%	36%
Don't know	11%	7%	7%	5%	7%

Note: Percentages based on respondents who plan to work "a little later" or "much later" due to the financial crisis.
Source: 2011 Towers Watson Retirement Attitudes Survey.

Figure 15. Which of the following are the most important reasons you expect to retire later?



Source: 2011 Towers Watson Retirement Attitudes Survey.

Rising health costs and retaining coverage are top reasons for retirement delays

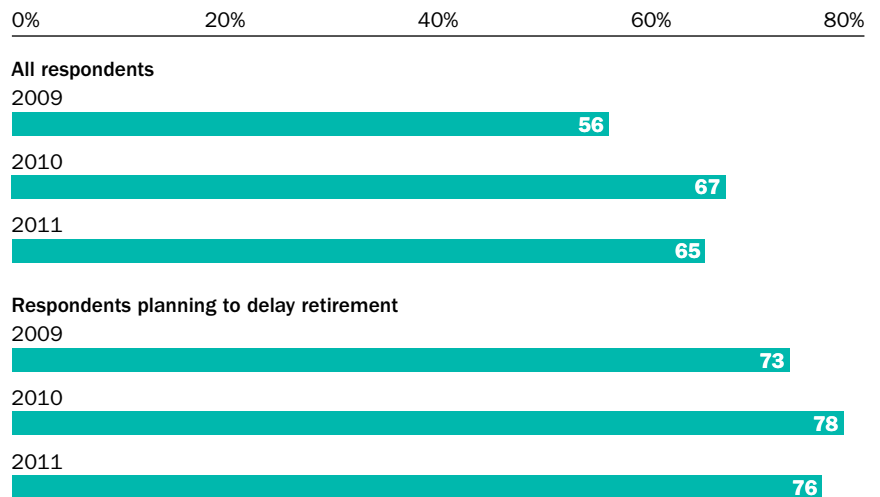
Survey respondents, especially older workers, most often blame the rising costs of necessities and health care for retirement delays. Of workers who plan to retire later, 64% of those aged 50 and older cite keeping their health care coverage as the reason (Figure 15). Indeed, 65% of all respondents and 76% of those delaying retirement are basing their retirement date on their eligibility for Medicare (Figure 16). The Patient Protection and Affordable Care Act and its health insurance exchanges — assuming they operate as planned — might weaken the link between health care coverage and retirement by making affordable care more attainable for older Americans.

Yet the financial crisis remains a driving force behind delayed retirements. Older workers' reasons for postponing retirement include losses to their retirement accounts, personal savings and home values.

Younger workers anticipate an earlier retirement

The age at which older and mid-career workers expect to retire remained relatively stable between 2009 and 2011 (Figure 17, next page). Younger workers, however, have been revising their expectations forward. In 2009, 32% of employees younger than 40 planned to retire before their 65th birthday. Today, 43% plan to retire before then — an increase of nearly 35%. Are younger workers' expectations realistic? Or does this reveal a knowledge gap that companies will want to take action to close?

Figure 16. I will likely work longer in order to keep my health care benefits before I'm eligible for Medicare



Notes: Respondents planning to delay retirement are those planning to work "a little later" or "much later" due to the financial crisis. Percentages indicate responses of "somewhat agree" or "strongly agree."
Source: 2011 Towers Watson Retirement Attitudes Survey.

“Sixty-five percent of all respondents and 76% of those delaying retirement are basing their retirement date on their eligibility for Medicare.”

Figure 17. At what age do you expect to retire from all full-time employment?

	Younger than 40			Age 40–49			Age 50+		
	Feb. 2009	June 2010	June 2011	Feb. 2009	June 2010	June 2011	Feb. 2009	June 2010	June 2011
Under age 65	32%	41%	43%	29%	33%	32%	29%	29%	29%
Younger than 55	6%	4%	5%	3%	3%	2%	0%	0%	2%
55–59	11%	13%	14%	10%	11%	11%	7%	6%	5%
60–61	7%	13%	13%	6%	7%	7%	7%	6%	6%
62–64	8%	11%	11%	10%	12%	11%	15%	17%	17%
Age 65	20%	18%	21%	15%	17%	20%	14%	16%	17%
Over age 65	31%	27%	24%	45%	40%	42%	50%	50%	48%
66–69	17%	18%	16%	24%	26%	25%	30%	35%	33%
70+	9%	8%	7%	17%	10%	15%	15%	12%	11%
Never retire	5%	1%	1%	4%	4%	3%	5%	3%	4%
Don't know	17%	15%	11%	10%	9%	6%	6%	5%	6%

Source: 2011 Towers Watson Retirement Attitudes Survey.

Conclusion

The financial crisis is having momentous and long-lasting effects on employee attitudes toward retirement. Although the economy might be on the mend, the recovery has been faltering and fragile. Employees are slowly rebuilding their lost savings, but doubts about the country's economic outlook linger.

More than three years after the crisis began, employees' confidence in their retirement resources remains below pre-crisis levels, especially among older workers who are closer to their desired retirement date. For many, poor health or concerns about the affordability of health care are further obstacles to financial security.

Although confidence is shaky across the board, DB pension plan participants — who are much less exposed than other workers to market risk — remain far more optimistic about their retirement prospects than do DC-plan-only participants. As the number of employers offering DB plans continues to dwindle, however, even these workers might well become less sanguine about their retirement prospects.

In terms of confidence, younger employees seem to have bounced back more quickly than older workers.

While younger employees generally have less savings to lose and more time to make them up, their optimism may be short-lived.

During the last few years, many American workers decided to save more, spend less, reduce their debt and think more realistically about retirement. While these actions might have been prompted by a deleterious economic crisis, employees' greater attention to retirement planning is a welcome development.

The effects of retirement delays by older Americans — a group sometimes called “hidden pensioners” — ripple throughout the economy, potentially shrinking career opportunities for younger employees and job seekers. Workers whose career progression is blocked might become frustrated, which could ultimately undermine their productivity. Even so, the reshaped employment landscape also offers new opportunities for recruitment and retention as more employees get serious about retirement planning. Employers might want to take advantage of this more engaged audience by highlighting the value of the retirement benefits they provide and considering emerging technologies for helping employees become more informed and proactive retirement planners.

“The reshaped employment landscape also offers new opportunities for recruitment and retention as more employees get serious about retirement planning.”

Towers Watson is a leading global professional services company that helps organizations improve performance through effective people, financial and risk management. With 14,000 associates around the world, we offer solutions in the areas of employee benefit programs, talent and reward programs, and risk and capital management.