Today’s Agenda

1. New Planning Perspective
2. Major Trends Shaping Retirement Systems
3. What To Do Next
What’s A Generation?

- Age cohort: 15-to-20 year span
- Big events create the “bookends”
- Born on the leading and tail edge - “cuspers”
Different Seasons, Different Reasons

<table>
<thead>
<tr>
<th>Stage</th>
<th>Age</th>
<th>Life Focus</th>
<th>Modus Operandi</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spring</td>
<td>Birth-25</td>
<td>Play (learning)</td>
<td>Fantasy: Everything will generally work out in my favor</td>
</tr>
<tr>
<td>Summer</td>
<td>25-50</td>
<td>Social-vocational development</td>
<td>Romantic: The world is my oyster; I can make anything work my way</td>
</tr>
<tr>
<td>Autumn</td>
<td>50-75</td>
<td>Inner self/spiritual development</td>
<td>Ironic: There's some good in every bad, some bad in every good – c'est la vie!</td>
</tr>
<tr>
<td>Winter</td>
<td>75+</td>
<td>Climax of personal development</td>
<td>Reconciliation (making sense of life)</td>
</tr>
</tbody>
</table>

Source: Ageless Marketing

Culture’s Impact: Silent Generation

Defining Events:
- Great Depression
- The New Deal
- Lindbergh’s Flight
- Gone with the Wind
- Pearl Harbor
- WWII
- Hiroshima

Generational Values:
- Dedication and Sacrifice
- Hard work
- Patience
- Respect for authority
- Duty before pleasure
- Honor

Culture’s Impact: Boomers

Defining Events:
- Birth of TV
- Prosperity
- Cold War
- Political Assassinations
- Watergate
- Rock ‘n Roll
- Growth of Suburbia
- Women’s Lib
- Civil Rights
- Vietnam

Generational Values:
- Personal Gratification
- Entitlement
- Work Ethic
- No to Status Quo
- Optimism

Driven Transformational “Self” Centered
**Culture’s Impact: Gen X**

- **Risk-takers**
- **Skeptical**
- **Independent**
- **Task-driven**

**Generational Values**
- Technosavvy
- Think Globally
- Self-reliance
- Diversity
- Pragmatic

**Defining Events**
- Watergate
- Single parents
- Latchkey kids
- MTV
- AIDS
- Computers
- Challenger
- Glasnost
- Berlin Wall

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**Culture’s Impact: Millennials**

- **Co-dependent**
- **Purposeful**
- **Ambitious**

**Generational Values**
- Confidence plus
- Civic duty
- Achievement
- Hyper connected
- Multi-tasking on steroids
- Fearless

**Defining Events**
- Internet/Social Media
- School violence
- Over-involved parenting
- Multi-culturalism
- 9/11 attacks
- Gulf War(s)
- “Fame-ification”
- Great Recession
- Technology++

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**1**

**HOW THEY WERE RAISED**

**2**

**HOW THEY ARE WIRED**

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Millennials’ Orientation: Collective Self

Redefining Community

Sharing Space
Sharing Rides

The Percentage of New Cars Sold To 21-to-34 year olds

1985: 38%  
Today: 27%

Source: CNW Research

The Long-term Future  
Social Security Reinvented?
Shift #1
Population Shift

U.S Population

Today
319 Million

2030
358 Million

Source: U.S. Census Reports

U.S. Population Growth Projections

Immigration = Growth

- Foreign born, 1st Generation
- Native born, 2nd Generation
- Native born, 3rd Generation

Source: Pitkins & Meyers, USC 2011
50% percent of the state’s growth from 2000-2010 was the result of Natural Increase

50% percent was the result of people moving into the state from other areas - Migration

Texas Growth Facts 2000-2010

South, Rust Belt Moms Most Likely to ‘Most’ in Their Home State
Percent of women having a child in their own birth state, 2010

New Moms ‘Nesting’ in their Home State: Top 10 States
Percent of women having a child in their own birth state by race & ethnicity, 2009 & 2010

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Texas Growth Facts 2000-2010

So just 10% of Texas’ growth coming from other countries (based on 2012 data).

50% Migration

30% From other states 2010-2012

20% From other countries 2010-2012

Your Future

More People To Serve

Shift #2

Diversity Shift

So just 10% of Texas' growth coming from other countries (based on 2012 data).

50% Migration

30% From other states 2010-2012

20% From other countries 2010-2012

Your Future

More People To Serve

Shift #2

Diversity Shift
Texas Racial Composition
Texas State Data Center

Hispanics Will Make Up The Majority of Texans

2050
Hispanics Will Make Up The Majority of Texans

Based on their Reality

<table>
<thead>
<tr>
<th>Generation</th>
<th>White</th>
<th>Hispanic</th>
<th>Black</th>
<th>Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>Millennials</td>
<td>61%</td>
<td>18%</td>
<td>13%</td>
<td>4%</td>
</tr>
<tr>
<td>Gen X</td>
<td>62%</td>
<td>18%</td>
<td>12%</td>
<td>6%</td>
</tr>
<tr>
<td>Boomers</td>
<td>73%</td>
<td>10%</td>
<td>11%</td>
<td>4%</td>
</tr>
<tr>
<td>Silent</td>
<td>80%</td>
<td>7%</td>
<td>9%</td>
<td>4%</td>
</tr>
</tbody>
</table>
The Future
Growing Need To Reflect Community Diversity
Shift #3
Urban Shift

US Rural and Urban Population

Essentially all 20th century US population growth has been in cities, increasing the urban population fraction from 46% in 1900 to more than 75% in 1990. This move to the cities is projected to continue.

TEXAS POPULATION GROWTH: 2000-2009

% Change
- Less than zero
- 0-5%
- 5-10%
- More than 10%

Source: U.S. Census Bureau
Your Future

Increasing Growth of Urban Areas

Growing Sustainability Issues For Rural Areas
Shift #4

Household Shift

Adults Married

72% 1972
49% 2014

HH with Married Adults & Their Children

40% 1970
19% 2012

SIR-Boomer Project analysis of U.S. Census Data.
Your Future
Family Still At The Center of Everything

Percentage of College Degree

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970</td>
<td>60%</td>
<td>40%</td>
</tr>
<tr>
<td>2010</td>
<td>40%</td>
<td>60%</td>
</tr>
</tbody>
</table>

Source: Dept. Of Education

Your Future
More Female Employees

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Your Future

More Female Members

Your Future

Greater Female Focused Communications

Audit Your Communication Materials With A Famine Lens
Shift #5
Age Shift

U.S. - Life Expectancy

Greatest 
Silent 
Boomer 
Gen X 
Gen Y 

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2. Shifting Birth Rates

Average Children Per Woman

In the U.S., the population over age 65 will grow from 38 million today to 72 million by 2031.
The Future of Rural Texas
Your Future
More People & Conversations Around Retirement Matters and Issues

Your Future
Greater Demand for TMRS' Services

Demographic
Ten Major Trends

Cultural
Shift #6
Retirement Shift

88%
Plan to continue to work after they are eligible for full retirement benefits
Source: August 2010 Charles Schwab Study

Changing Retirement Date Expectation
"When do you expect you’ll retire?"
After age 65:
Boomers in their 50s: 57%
Boomers in their 60s: 85%
Source: Transamerica Center for Retirement Studies, 2012
Work after Retiring?

"Do you plan to work after you retire?"

YES/MAYBE:

84% 78%

Boomers in their 50s: Boomers in their 60s:

Rule of 1/3

3 Core Boomer Financial Segments

Your Future

De-emphasize Retirement as A One Time Event
Green is Mainstream:

80% think or act “Green”

For Everyone
Greater Expectation To Be Sustainable

Your Future
More Pressure for “Socially Conscious Investing”
The Future
Showcase Your True Green Colors

TMRS Planning
Paper → Electronic

Shift #8
Increasing Consumer Expectations
The Future
Build On Your Online / Mobile Retirement Planning Tools

Gen Xers’ Orientation:
Self-reliant Free-agent

Millennials’ Orientation:
Collective Self
Shift #9
Increasing Consumer Responsibility
Responsibilities Shifting To The Individual

Health Insurance
Company
Individual

Retirement
Company
Individual

Growing Need For Personal Involvement

The private sector employers always managed workers' investments in a pension.
Retirees didn't need to make any decisions other than when to start receiving their benefits.

Millennials Are Not Prepared For This Responsibility

Source: Investor Education Foundation, a program of FINRA, the Washington, D.C-based Financial Industry Regulatory Authority.
"The Wealth Gap"

1984

10X

65+ Year Olds

2010

47X

35 and Under

$28,000

Average College Debt

The Future

Helping Younger Members Learn

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Shift #10
Growth of Purpose

What once was PRIVATE
Resume, career path, business associates
Likes, dislikes, friends, social circles, interest areas, and so on
Price paid, mortgage, taxes paid, current value

Is now very PUBLIC
LinkedIn
Facebook
Zillow

Open/Transparent/Public:
Attitudes
Beliefs
Actions
Access
Information
Platforms
Power
Open/Transparent/Public:

What I am About ... Changing My Community

Parallel Paths
As Individuals® moved down this path...

Privately-held Beliefs, Values, Purpose

Publically-declared Beliefs, Values, Purpose

...Organizations followed

* Mostly Millennials at first

Your Future
Become Hyper-Transparent
Bigger than who you are, what you do, how you do it. It’s your “WHY.”

What To Do Next?
Associate With A Purposeful Cause. Financial Literacy?

Today’s Agenda

1. New Planning Perspective
2. Major Trends Shaping Retirement Systems
3. What To Do Next
Use A Generational Lens As Part of Your Leadership & Diversity Training

BOOMER Employee:
Organizational Value:
Legacy & Mentoring

GEN X Employee:
Organizational Value:
Tasks & Outcomes
MILLENNIAL Employee:

Organizational Value:

Teambuilding & Collaboration

2

Use A Generational Lens To Better Serve Member Segments

BOOMER Members:

✧ Help Boomers remain “vital.”
✧ Help them through the de-accumulation phase... not just an event
GEN X Members:

- Give Gen Xers the tools and knowledge to self-manage their account.

MILLENNIAL Member:

- Focus on your relevance today:
  
  Showcase your values and help educate Millennials so they, in turn, will educate their "collective."

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