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Press Contacts:

Financial Engines

Mike Jurs, 408-498-6590

mjurs@financialengines.com

Allison+Partners

April Moh, 206-686-6423

financialengines@allisonpr.com

Near-Retirees Likely to Fumble Social Security Decision by Claiming Too Early, Financial Engines Finds

*Typical American Leaves as much as \$100,000 or More in Lifetime Benefits on the Table;
Married Couples Can Miss Out on as much as \$250,000 or More*

Sunnyvale, Calif. (March 11, 2014) – Do you think you have Social Security all figured out? You might want to double check, according to a new Financial Engines (NASDAQ: FNGN) study of more than 1,000 retirees and near-retirees between the ages of 55 and 70.

Financial Engines, America's largest defined contribution managed account provider, found that many retirees and near-retirees are simply unaware of their Social Security claiming options. And this lack of knowledge means they could be leaving significant money on the table – to the tune of as much as \$100,000 or more for individuals and \$250,000 or more for married couples.

"Social Security provides half to three-quarters of retirement income for most Americans¹ so the importance of getting the most from this benefit cannot be overstated," said Christopher Jones, Financial Engines' Chief Investment Officer. "There are more than 8,000 strategies for a married couple to claim Social Security, making it one of the most complex and confusing, yet critically important, retirement decisions people have to make. Our study clearly shows that this decision is more difficult than most people believe."

As part of the study, Financial Engines asked people eight questions about claiming Social Security benefits. The quiz is now available on [Financial Engines'](#) website so anyone can test their Social Security knowledge and get more information. In the Financial Engines survey, 73 percent of people who are not yet receiving Social Security scored a grade of "C" or lower" on the quiz. The people with the fewest assets had the least awareness about how Social Security works. Only five percent of respondents were able to answer all eight questions correctly.

The study found that retirees and near-retirees are over-confident in their ability to make good Social Security claiming decisions. Despite the mixed performance on the quiz, three-quarters of people (77 percent) who have not yet claimed Social Security benefits felt confident in their ability to make a good decision.

A Little Guidance Goes a Long Way

The bright spot in the Financial Engines study is that people made better Social Security claiming decisions with some helpful guidance about their options.

More than half of respondents (52 percent) who have not yet claimed Social Security were influenced to consider delaying claiming after reading a simple explanation about how benefits vary with different claiming ages. Importantly, the median age respondents planned to claim increased one year (from age

¹ The United States Social Security Administration, <http://www.ssa.gov/pressoffice/basicfact.htm>.

65 to age 66) after watching a short video illustration. Twenty percent of study participants said they would be willing to wait four or more years longer.

Explaining the impact that delayed claiming has on a surviving spouse's benefit also made 44 percent of those who have yet to claim Social Security consider claiming at a later date.

"Many people just assume that you claim Social Security starting the day you retire and that there is no need to consider Social Security claiming strategies," Jones said. "The reality is that the decision of when to claim Social Security is one of the most important decisions in retirement planning. Delaying Social Security even one or two years can make a big difference in household retirement income, and especially for the surviving spouse. There are few financial planning decisions that can have such a dramatic impact on the standard of living in retirement."

Near Retirees and Retirees Want Social Security Claiming Help

In addition to identifying some costly knowledge gaps, the study found high interest in getting help with selecting the right household Social Security claiming strategy. Near retirees and retirees are receptive to their employers providing access to that assistance.

Seven in 10 near-retirees (69 percent) who have not yet claimed Social Security said that they would be at least somewhat interested in a service provided by their employer to help them develop a household claiming strategy. Of these, 39 percent said that they would be extremely or very interested in this type of Social Security claiming help.

For a copy of the full study findings and analysis, visit www.financialengines.com.

About the Study

Greenwald & Associates conducted the research on behalf of Financial Engines. Information for this study was gathered through a 15-minute online survey with 1,008 near-retirees and retirees between the ages of 55 and 70 who have an annual household income of at least \$50,000. The survey included 374 people who have already claimed their Social Security retirement benefits (median age of 65) and 634 people who have not (median age of 59). In determining the survey findings, responses were weighted by the respondent's age, gender and education to reflect the composition of the U.S. population ages 55-70.

About Financial Engines: (NASDAQ: FNGN)

Financial Engines, America's largest defined contribution managed account provider, is dedicated to making high-quality retirement help available to everyone — regardless of how much money they have. We're proudly independent, which means we don't sell products or earn commissions based on our investment recommendations. The companies that choose to work with us offer our services to their workers as a valuable employee benefit.

Co-founded in 1996 by Nobel Prize-winning economist Bill Sharpe, Financial Engines currently offers personalized advice for saving, investing and living in retirement to millions of workers nationwide. Our strong ties with employers give us a unique opportunity to form direct relationships with their employees.

Some people love the challenge of investing. Others prefer to focus their time elsewhere, but everyone needs to plan for retirement. Whatever their interest level in investing, Financial Engines combines cutting-edge technology and a personal, human touch to help all types of investors reach their retirement goals. For more information, visit www.financialengines.com.

All advisory services provided by Financial Engines Advisors, L.L.C., a federally registered investment advisor and wholly-owned subsidiary of Financial Engines, Inc. Financial Engines does not guarantee future results.

Forward-Looking Statements

This press release contains forward-looking statements, including those related to employers' interest in helping employees and the growth of our business, which involve risks and uncertainties that could cause actual results to differ materially. These risks and uncertainties include, but are not limited to, demand for and perceived benefits of our services, our ability to successfully deliver our services or to deliver them as designed, our relationships with plan sponsors, our ability to compete, our regulatory environment, and other risks, uncertainties and factors contained in our SEC filings. You are cautioned not to unduly rely on these forward-looking statements, which speak only as of the date of this press release. Unless required by law, Financial Engines undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this press release or to report the occurrence of unanticipated events.

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