



Employers: The Retirement Security Challenge

19th Annual Transamerica Retirement Survey

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FOR RETIREMENT STUDIES®

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About the Authors

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With two decades of retirement services experience, Catherine has become a nationally recognized voice on retirement trends for the industry. She has testified before Congress on matters related to employer-sponsored retirement plans among small business, which featured the need to raise awareness of the [Saver's Credit](#) among those who would benefit most from the important tax credit.

In 2018, Catherine was named an [Influencer in Aging](#) by PBS' [Next Avenue](#). In 2016, she was honored with a Hero Award from the [Women's Institute for a Secure Retirement](#) (WISER) for her tireless efforts in helping improve retirement security among women. Catherine serves on the Advisory Board of the [Milken Institute's Center for the Future of Aging](#). She co-hosts the [ClearPath: Your Roadmap to Health & Wealth](#) radio show on Baltimore's WYPR, an NPR news station.

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About Transamerica Center for Retirement Studies®

Transamerica Center for Retirement Studies® (TCRS) is a division of Transamerica Institute® (The Institute), a nonprofit, private foundation. TCRS is dedicated to educating the public on emerging trends surrounding retirement security in the United States. Its research emphasizes employer-sponsored retirement plans, including companies and their employees, retirees and the implications of legislative and regulatory changes. For more information about TCRS, please refer to www.transamericacenter.org.

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About the Survey

Since 1998, Transamerica Center for Retirement Studies® (TCRS) has conducted a national survey of U.S. business employers and workers regarding their attitudes toward retirement. The overall goals for the study are to illuminate emerging trends, promote awareness, and help educate the public. It has grown to be one of the longest running and largest national surveys of its kind.

Methodology: 19th Annual Retirement Survey (Employers)

- The analysis contained in this report was prepared internally by the research team at Transamerica Center for Retirement Studies® (TCRS).
- A 20-minute online survey was conducted in English between November 9 and December 7, 2018 among a nationally representative sample of 1,825 employers by The Harris Poll on behalf of TCRS. Potential respondents were targeted based on job title at for-profit companies and met the following criteria:
 - Business executives with specific titles who make decisions about employee benefits at their company
 - Employ five employees or more across all locations
- Quotas were set for large and small companies and results were statistically weighted as needed by using targets from the Dun & Bradstreet database to ensure each quota group is a representative sample based on the number of companies in each employee size range. In order to ensure that this sample is fully representative of the targeted universe of employers, results were weighted by industry and region.
- Percentages were rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.

Methodology: 19th Annual Retirement Survey (Workers)

- The analysis contained in this report was prepared internally by the research team at Transamerica Center for Retirement Studies® (TCRS).
- A 25-minute, online survey was conducted between October 26 and December 11, 2018 among a nationally representative sample of 5,923 workers by The Harris Poll on behalf of TCRS. Respondents met the following criteria:
 - U.S. residents, age 18 or older
 - Full-time or part-time workers in a for-profit company employing one (1) or more employees or self-employed
 - **This report is based on 4,649 workers who are not self-employed and who work in companies of five or more employees.**
- Quotas were set for company size, employment status, and race/ethnicity.
- Data were weighted as follows:
 - Census data were referenced for education, age by gender, race/ethnicity, region, household income, and number of employees by company size. Results were weighted where necessary to bring them into line with the population of U.S. residents age 18+, employed full time or part time in a for-profit company with one (1) or more employees, or self-employed.
 - The weighting also adjusts for attitudinal and behavioral differences between those who are online versus those who are not, those who join online panels versus those who do not, and those who respond to surveys versus those who do not.
- Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.

Terminology and Sample Sizes

This report uses the following terminology:

Employers

- *All employers:* 5 or more employees
- *Small company:* 5 to 99 employees
- *Medium company:* 100 to 499 employees
- *Large company:* 500 or more employees

Base Size

N=1,825
N=910
N=306
N=609

Workers

- *All workers:* 5 or more employees
- *Small company:* 5 to 99 employees
- *Medium company:* 100 to 499 employees
- *Large company:* 500 or more employees

Base Size

N=4,649
N=1,753
N=748
N=2,148

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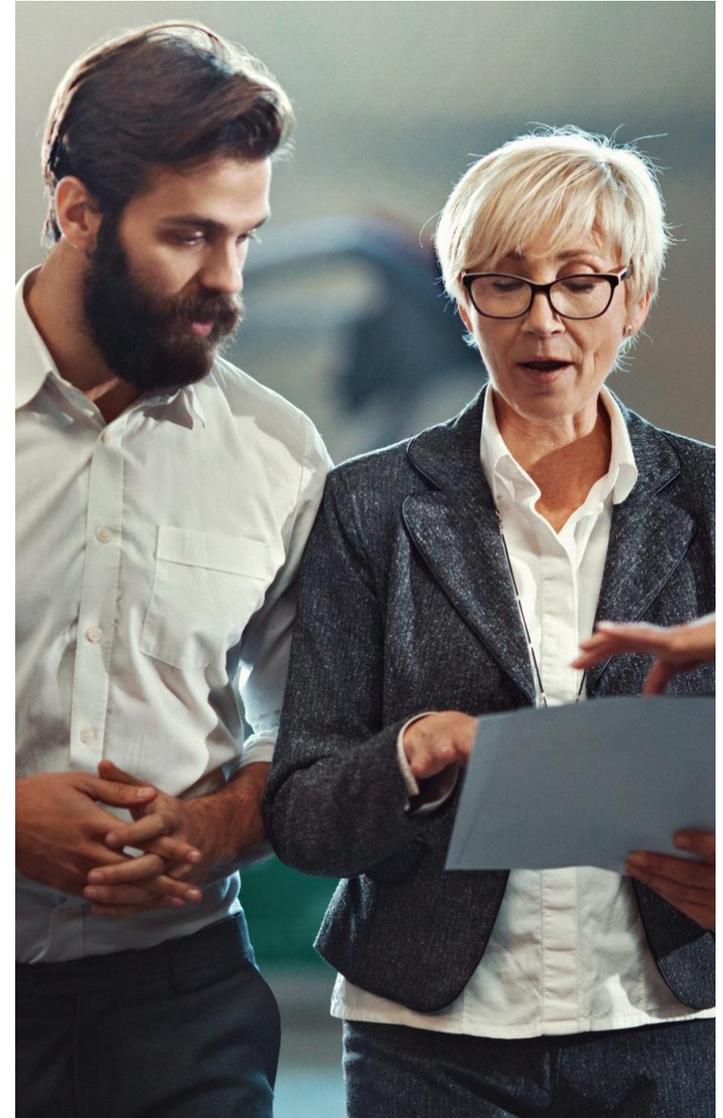
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Alex Wynaendts

Key Highlights

Employers: The Retirement Security Challenge explores the vital societal role that employers play in helping workers achieve long-term financial security. It examines employers' perspectives, business practices, and benefit programs that enable employees to work, save, and transition into retirement. At a time, when fewer than one in five workers (18 percent) are very confident they will be able to fully retire with a comfortable lifestyle and a similar percentage of employers (17 percent) are very confident that their employees will be able to achieve a financially secure retirement, this report highlights opportunities for employers to do even more to help their employees prepare for retirement.

As part of its **19th Annual Retirement Survey**, nonprofit Transamerica Center for Retirement Studies® (TCRS) surveyed more than 1,800 employers of for-profit companies with five or more employees to gain insights into how they are supporting their employees. The survey findings are presented in aggregate and by company size, including small (5 to 99 employees), medium (100 to 499 employees), and large companies (500+ employees). The study also provides comparisons to TCRS' survey of workers.



Key Highlights

Facilitating Longer Working Lives, Work-Life Balance, and Flexible Retirement

As people live longer, we need to rethink the amount of time spent in the workforce and in retirement. Mathematically speaking, it is challenging for workers to spend 40 years in the workforce and save enough to last a retirement of 20, 30 or even 40 more years. Most workers now want and need to extend their working lives, maintain work-life balance, and transition into retirement on their own terms. However, their ability to do so is highly dependent on their employers.

- **Few Are Very Confident About Retirement.** Seven in ten *employers* (71 percent) are confident their employees will be able to achieve a financially secure retirement, including 17 percent that are “very confident” and 54 percent that are “somewhat confident” In contrast, a smaller majority of *workers* (64 percent) are confident that they will be able to fully retire with a lifestyle they consider comfortable, including 18 percent who are “very confident” and 46 percent who are “somewhat confident.”
- **Today’s Workers Are Planning to Live Long Lives.** They plan to live to age 90 (median). Fourteen percent are planning to live to age 100 or older. Forty-three percent are “not sure,” which is a reasonable answer given the nature of the question.
- **Employers Consider Themselves to Be “Aging Friendly” But...** While most *employers* (75 percent) consider their companies to be “aging friendly” by offering opportunities, work arrangements, and training and tools needed for employees of all ages to be successful, only 54 percent of *workers* consider their employers to be aging friendly.
- **Diversity and Inclusion (D&I) Policy Statements That Include Age Are Uncommon.** Twenty-six percent of employers have adopted a formal D&I policy statement that specifically includes age among other commonly included demographic characteristics. Employers’ adoption of policy statements referencing age varies by company size: 46 percent of large companies, 36 percent of medium, and only 21 percent of small companies have done so. Among employers that do not include age as a component of a formal D&I policy, small companies (51 percent) more often say they are not planning to do so in the future, compared with 26 percent of medium and 15 percent of large companies.

Key Highlights

Facilitating Longer Working Lives, Work-Life Balance, and Flexible Retirement (cont.)

- **Most Employers Say They Support Work-Life Balance But...** Eighty-six percent of *employers* believe their company is helpful in supporting its employees achieve work-life balance, but only 66 percent of *workers* feel their employer is helpful.
- **Many Employers Offer an Alternative Work Arrangement(s).** Eighty-six percent of employers say they offer some type of alternative work arrangement. The most frequently cited arrangements are: flexible work schedules (59 percent), the ability to adjust work hours as needed (52 percent), and the ability to take unpaid leave of absence (45 percent). Large and medium companies are more likely to offer alternative work arrangements, compared with small companies. By offering the ability to make some adjustment in workers' schedules, employers can help ease the burden for their employees who are also unpaid caregivers.'
- **Few Employers Offer Support for Caregiving Employees.** Throughout their working lives, many Americans find themselves needing to become an unpaid caregiver for an aging parent or loved one, and the number of caregivers is projected to grow as people live longer and the costs of assisted living and long-term care continue to rise. However, the survey finds that employers can do much more to help employees balance caregiving obligations. Fewer than two in five employers offer an employee assistance program (19 percent), backup care for the care recipient (16 percent), or training for managers to learn how to handle situations with caregiving employees (16 percent). Nearly half of employers (49 percent) say they offer none of the programs listed. However, large and medium companies are much more likely than small companies to offer some type of support for caregiving employees.
- **Employers Know That Workers Expect to Work Beyond Age 65.** Sixty-nine percent of *employers* agree with the statement, "Many employees at my company expect to work past age 65 or do not plan to retire," and they are correct. Indeed, many *workers* expect to retire after age 65 or do not plan to retire (53 percent).

Key Highlights

Facilitating Longer Working Lives, Work-Life Balance, and Flexible Retirement (cont.)

- **Employers Know That Workers Plan to Work in Retirement.** Seventy-six percent of *employers* agree with the statement, “Many employees at my company plan to continue working either full time or part time after they retire,” and they are correct. Many *workers* plan to continue working in retirement (54 percent), including 14 percent who plan to work full time and 40 percent who plan to work part time.
- **Employers Say They Are Supportive of Working Past Age 65.** Many workers plan to work past age 65, but will their employers support them? Eighty-five percent of *employers* agree with the statement, “My company is supportive of its employees working past 65,” including 46 percent that “strongly agree” and 39 percent that “somewhat agree.” However, only 77 percent of *workers* agree that their employer is supportive, including 31 percent who “strongly agree” and 46 percent who “somewhat agree.” According to [TCRS’ 2018 survey of retirees](#), they are retiring at age 63 (median), with more than half (56 percent) indicating they retired sooner than planned. Among them, 54 percent cited employment-related reasons such as job loss, organizational changes, general unhappiness, and/or took an incentive or buyout.
- **Many Workers Envision a Phased Transition Into Retirement.** Forty-three percent of workers are envisioning a phased transition by reducing work hours (27 percent) or working in a different capacity that is less demanding and/or brings greater personal satisfaction (16 percent). Twenty-two percent envision they will continue working as long as possible until they cannot work anymore. Only one in five workers (22 percent) plan to immediately stop working and fully retire.
- **Some Employers Offer Retirement Transition Assistance.** Only 38 percent of employers offer flexible work schedules. Even fewer enable employees to shift from full-time to part-time (30 percent) or take on jobs that are less stressful or demanding (21 percent). Fewer than one in four employers (23 percent) encourage their employees to participate in succession planning, training, and mentoring. Moreover, employers are missing an opportunity to facilitate smoother transitions when their employees do retire. Fewer than one in five employers offer retirement-oriented lifestyle and transition planning resources (17 percent) or provide information about encore career opportunities (13 percent).

Key Highlights

Facilitating Longer Working Lives, Work-Life Balance, and Flexible Retirement (cont.)

- **Most Employers Do Not Offer Formal Phased Retirement Programs.** Seventy-five percent of employers do not offer a formal phased retirement program for *workers* who want to transition into retirement, including only 26 percent that plan to implement a program in the future and 49 percent that do not have plans to do so. However, large (44 percent) and medium companies (34 percent) are more likely to offer such a program than small companies (12 percent). The most cited reasons for not offering a phased program is that it is easier to address employees' request on a case-by-case basis (39 percent), employees are not interested (37 percent), and operational and administrative complexity (27 percent).
- **When Is a Person “Too Old” to Work and “Too Old” to Hire?** When asked the age at which a person is considered to be “too old” to work, more than two-thirds of *employers* (71 percent) say “it depends on the person,” compared with 58 percent of *workers*. Among those who provided a specific age, *employers* consider age 70 (median) “too old” to work, which is five years younger than what *workers* think is “too old” to work at age 75 (median). When asked the age at which prospective employees are “too old” to hire, the majority of *employers* say, “it depends on the person” (70 percent) and 15 percent are “not sure.” Among the 15 percent of *employers* that cited a specific age, their response is age 60 (median).

Employers have begun to recognize the desire and financial need of workers to extend their working lives beyond traditional retirement age, but relatively few have modernized their business practices to support them. Whether it be adopting a diversity and inclusion policy statement that references age among other demographic factors, offering flexible work arrangements, providing support for family caregivers, or implementing phased retirement programs, employers can and should be doing more.

Key Highlights

The Current State of 401(k)s and Other Employee Benefit Offerings

Employer-sponsored retirement plans, including 401(k)s and similar employee-funded plans, are essential for employers to attract and retain talent. These retirement benefits have also proven to be one of the most effective ways to facilitate long-term savings among workers. Unfortunately, not all workers have access to these benefits. Large companies typically provide more robust benefit offerings than their small-business counterparts. Full-time employees are more likely to be offered benefits than part-time employees. Retirement plan features and other employee benefits vary from company to company. The survey findings quantify trends by company size and identify opportunities for companies of all sizes to enhance their benefit offerings.

- **Retirement Benefits Are Important for Attracting Employees.** Seventy-seven percent of *employers* believe that offering a 401(k) or similar plan is important for attracting and retaining employees. However, some may be underestimating their importance – fully 81 percent of *workers* agree that retirement benefits offered by a prospective employer will be a major factor in their final decision-making when job hunting.
- **Retirement Plan Sponsorship Rates Increase With Company Size.** Sixty-five percent of employers offer a 401(k) or similar plan to their employees. Employee-funded plans are more commonly offered by large (88 percent) and medium companies (85 percent), compared with small companies (60 percent). Company-funded defined benefit plans are only offered by 13 percent of employers. Nearly three in 10 employers do not offer any retirement benefits to their employees. Small companies (35 percent) are significantly more likely to indicate they do not offer any retirement benefits, compared with medium (8 percent) and large companies (4 percent).
- **Companies' Reasons for Offering Retirement Benefits.** Among those that offer some form of retirement benefits, companies of all sizes cite similar reasons for doing so: helping employees to save and prepare for retirement (59 percent), retaining existing employees (59 percent), offering a competitive employee benefits package (55 percent), and increasing employee job satisfaction (54 percent). Large companies more often (61 percent) cite attracting new employees as a reason, compared with small and medium companies (42 percent and 49 percent, respectively).

Key Highlights

The Current State of 401(k)s and Other Employee Benefit Offerings (cont.)

- **Professional Advisor Usage & Type of Advisor Used.** Sixty-five percent of employers use a professional advisor to help select their company's retirement plan. Medium companies (71 percent) are somewhat more likely to do so than small and large companies (64 percent and 65 percent respectively). The most commonly used types of advisors include financial planners/brokers (37 percent), investment advisors (31 percent), and benefits consultants (29 percent).
- **Most Non-Sponsors Are Not Planning to Offer a Plan.** Among companies that do not offer a 401(k) or similar plan, only 31 percent say that they are likely to begin sponsoring a plan in the next two years. The most frequently cited reasons among companies *not* planning to do so include: company is not big enough (54 percent), concerns about cost (42 percent), and employees are not interested (18 percent). There may be cause for optimism with regard to the future, however, as 23 percent of those not likely to offer a plan say that they would consider joining a multiple employer plan (MEP) offered by a reputable vendor who handles many of the fiduciary and administrative duties at a reasonable cost.
- **Some Plan Sponsors Extend Eligibility to Part-Time Employees.** Among employers that offer a 401(k) or similar plan to their employees, only 46 percent extend eligibility to part-time workers. More large (60 percent) and medium (58 percent) companies extend eligibility to part-time workers than small companies (41 percent). Among plan sponsors that do not extend eligibility to part-time workers, 83 percent do not plan to do so in the future. Their most frequently cited reasons include: generally impractical (37 percent), concerned about cost (31 percent), and high turnover rates among part-time employees (30 percent). The extension of coverage to part-time workers is an important opportunity in the ongoing American public policy dialogue on increasing workplace-based retirement savings programs.

Key Highlights

The Current State of 401(k)s and Other Employee Benefit Offerings (cont.)

- **Half of Workers Expect to Primarily Rely on Self-Funded Savings.** Half of workers (50 percent) expect their primary source of income in retirement to come from self-funded savings such as 401(k)s, 403(b)s, IRAs (39 percent) or other savings and investments (11 percent). Reliance on retirement accounts (e.g., 401(k)s, 403(b)s, IRAs) as the primary source of retirement income is somewhat higher among workers of large (43 percent) and medium (41 percent) companies, compared with those of small companies (30 percent). On the other hand, more workers of small companies expect Social Security (32 percent) or working (16 percent) to be their primary source of retirement income, compared with those at medium and large companies (25 percent and 26 percent, respectively for Social Security and 13 percent and 11 percent, respectively for working).
- **Access to a 401(k) or Similar Plan Inspires Savings.** Workers are more likely to save for retirement when they have access to a 401(k) or similar plan through their employer, a finding that is consistent across company size. Among workers who do not have access to such plans from their employer, only about half are saving for retirement.
- **Plan Participation and Salary Deferral Rates.** Seventy-seven percent of workers who are offered a 401(k) or similar plan participate in that plan, a rate that is similar for workers of small (73 percent) and medium (75 percent) companies, but greater for workers at large companies (80 percent). Among those who participate in their plans, the median annual salary deferral rate is 10 percent for workers across company size.
- **Plan Sponsors' Offering of Matching Contributions.** Eighty-five percent of plan sponsors offer a matching contribution as part of their 401(k) or similar plan, including 90 percent of large companies, 88 percent of medium companies, and 83 percent of small companies. An employer's matching contribution can be one of the most important features of a 401(k) or similar plan, as both an incentive for employees to join the plan and a means of enabling them to build their retirement savings.

Key Highlights

The Current State of 401(k)s and Other Employee Benefit Offerings (cont.)

- **Roth 401(k) Option Availability Increases With Company Size.** The Roth option enables participants to contribute to their 401(k) or similar plan on an after-tax basis with qualified tax-free withdrawals at retirement age. It complements the long-standing ability for participants to contribute to the plan on a tax-deferred basis in which their savings are taxed when they take withdrawals from the plan at retirement. The Roth 401(k) option can help plan participants diversify their risk involving the tax treatment of their accounts when they reach retirement age. Fifty percent of plan sponsors offer the Roth 401(k) option. Large (61 percent) and medium (57 percent) companies are more likely to offer this feature than small companies (44 percent).
- **Adoption of Automatic Features Increases With Company Size.** Automatic enrollment is a feature that eliminates the decision-making and action steps normally necessary for employees to enroll and to start contributing to the plan. Instead, it automatically enrolls employees into their plan with the ability for them to opt out and stop contributing.
 - Twenty-one percent of plan sponsors have adopted automatic enrollment, including 28 percent of large, 25 percent of medium, and 15 percent of small companies. Among them, the default contribution rate is 5 percent (median) of an employee’s pay.
 - Fifty-one percent of plan sponsors have adopted automatic escalation, a feature that automatically increases participants’ contribution rates annually. Automatic escalation is more common at large and medium companies (both 66 percent) than at small companies (45 percent).
- **Plans for Adopting Auto-Enrollment Increase With Company Size.** Among plan sponsors that do not offer automatic enrollment, only 28 percent plan to do so in the future. Forty percent do not plan to offer it and 32 percent say they are “not sure.” Among those not planning to offer it, the three most frequently cited reasons are participation rates already being high (44 percent), concerns about employee resistance (33 percent) and concerns about cost (24 percent).

Key Highlights

The Current State of 401(k)s and Other Employee Benefit Offerings (cont.)

- **Automatic Features Have Strong Appeal Among Workers.** Eighty percent of workers find automatic enrollment to a 401(k) or similar retirement plan to be appealing, a finding that is consistent by company size. Workers indicate that the appropriate default contribution rate would be 10 percent (median). Seventy-six percent of workers agree that they would likely use automatic escalation, a feature that would automatically increase their retirement contributions by one percent each year, until they decide to discontinue the increases.
- **Professionally Managed Investment Services.** Professionally managed services such as managed accounts and asset allocation suites, including target date and target risk funds, have become ubiquitous options in 401(k) or similar plans, with 83 percent of plan sponsors offering them. Such offerings enable plan participants to invest in professionally managed services or funds that are essentially tailored to their goals, years to retirement, and/or risk tolerance profile, and can help participants with asset allocation without their having to become investment experts themselves. As with many other plan features, larger companies are more likely to offer these than small companies.
- **Small Companies' Plans Have Fewer Educational Offerings.** Among employers that offer a 401(k) or similar plan, plan sponsors offer a variety of online tools and resources, professional advice, informative emails, seminars/ meetings/webinars/workshops, and mobile apps, in addition to quarterly statements. Overall, small companies have fewer offerings than medium and large companies.
- **Helpfulness of Retirement Plan Educational Offerings.** Retirement plan providers offer a variety of resources and tools to assist workers to plan, save, and invest for retirement, and a strong majority of workers find them helpful. Across company size, the most helpful resources cited by workers are quarterly statements (87 percent), online calculators and tools to project savings and income (85 percent), and professional advice on how to invest their retirement savings (84 percent). Mobile apps that manage accounts (80 percent) and those that include tools and calculators to project income and savings needs (79 percent) are also found to be helpful. Information on social media platforms is the least helpful of the resources listed (59 percent).

Key Highlights

The Current State of 401(k)s and Other Employee Benefit Offerings (cont.)

- **Few Small Employers Promote the Saver's Credit.** The Saver's Credit is a tax credit available to eligible taxpayers who are saving for retirement in a qualified retirement plan or IRA. Only 28 percent of all employers are both aware of the Saver's Credit and actively promoting it to their employees, but level of awareness increases with company size. Large (55 percent) and medium companies (53 percent) are far more likely to be aware of the tax credit and actively promoting it, while small companies are less likely (21 percent) to do so. Forty-five percent of all employers are not aware of the Saver's Credit. Employers can play a vital role in encouraging their employees to save by promoting this tax incentive in a variety of ways. [Educational materials](#), offered by TCRS in English and Spanish, provide information for employers to share with their employees and can aid in this effort.
- **Retirement Plan Leakage: Loans and Withdrawals.** Leakage from retirement plans, through loans or early withdrawals, can severely inhibit the growth of participants' long-term retirement savings. Twenty-eight percent of workers have taken some form of loan and/or early withdrawal from a 401(k) or similar plan or IRA. Workers of large and medium companies (both 31 percent) are most likely to have done so, compared with workers of small companies (25 percent). The proportion of workers taking out loans (20 percent) is similar to those taking early withdrawals (19 percent).
- **Reasons for Taking Plan Loans.** Among workers who have taken out a loan from their 401(k) or similar plan, the most frequently cited reason is to pay off debt (34 percent NET). Financial emergencies (23 percent) and unplanned major expenses such as home or car repair (20 percent) are also cited as reasons to take out loans.
- **Reasons for Taking Hardship Withdrawals.** Among workers who have taken a hardship withdrawal from a 401(k) or similar plan, 23 percent indicate their primary reason for doing so is to make payments to prevent eviction from their principal residence. Other commonly cited reasons are to pay for certain medical expenses (15 percent) and to cover the costs related to the purchase of a principal residence (15 percent).

Key Highlights

The Current State of 401(k)s and Other Employee Benefit Offerings (cont.)

- **Workers' Retirement Savings Vary by Company Size.** Total household retirement savings is one of the strongest indicators of a worker's retirement outlook. Workers' estimated median total household retirement savings is \$50,000. However, a retirement savings gap appears when savings is examined by company size. Workers of small companies have total retirement savings of \$30,000, compared with \$56,000 among workers of medium companies and \$69,000 for workers of large companies (estimated medians).
- **Plan Sponsors Can Do More to Assist With Retirement Transition.** Workers nearing retirement face a myriad of complex decisions related to transitioning into retirement, and plan sponsors have an important opportunity to work with their retirement plan providers to assist them. However, few plan sponsors provide things such as: educational resources (30 percent), information about distribution options (28 percent), and retirement planning materials (25 percent). Moreover, 22 percent of plan sponsors say they do “nothing” to help employees transition their savings and finances into retirement, with 26 percent of small companies saying this compared with only seven percent of both medium and large companies.
- **Some Employers Offer Information About Government Benefits.** As part of the retirement planning-related educational offerings, more than two in five employers provide information about Social Security (44 percent) and Medicare (42 percent) benefits. Small companies are much less likely to provide such information about government benefits than medium and large companies.
- **Other Employee Benefits Can Help Improve Financial Security.** In addition to retirement benefits, health and welfare benefits such as health insurance, life insurance, disability insurance, employee assistance programs, workplace wellness and financial wellness programs, long-term care and other insurance can enhance workers' financial security. These benefits may offer insurance protections, mitigate out-of-pocket expenses, and provide additional resources in situations of financial difficulty. While many employers (correctly) believe that their employees find such benefits important, a considerably lower proportion of employers actually offer them. This gap suggests that there is an opportunity for employers to increase the competitiveness of their compensation and benefits packages, while helping their employees achieve greater long-term financial security.

Key Highlights

Employers tremendously influence workers' ability to achieve a financially secure retirement. Their role encompasses the offering of retirement benefits, creating a welcoming environment for workers of all ages, fostering work-life balance, and adapting business practices to support transitions to retirement. Employers also provide valuable non-retirement benefits that can help their employees protect their health, income, and savings.

Most employers are doing something to help their employees prepare for retirement, but few are doing as much as they can do, especially given the low level of retirement confidence among workers. Whether it be adopting a retirement plan, extending retirement benefits to part-time workers, providing additional features and benefits, becoming age-friendly, offering flexible work arrangements, supporting caregivers, or implementing phased retirement, employers can enhance their offerings and positively impact their employees' future retirement. By doing so, employers can also improve their own competitiveness in attracting and retaining talent.

Employers need help too. Policymakers and the retirement industry should work together to make it as easy, affordable, and worry-free as possible for employers to offer retirement plans, employee benefits, and flexible retirement options.

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Recommendations for Employers

Employers play a vital role in helping Americans save for retirement. Working with HR professionals and employee benefits advisors, employers should keep abreast of regulation changes and new opportunities to enhance their retirement plans. Employers may also help improve their employees' retirement outlook by pursuing these recommendations:

1. **Offer a retirement plan or achieve efficiencies by joining a multiple employer plan (MEP).** If a plan is not already in place, take advantage of the tax credit available for starting a retirement plan or joining a MEP.
2. **Offer other health and welfare benefits that can enhance and protect workers' long-term financial security.** Benefits such as health, disability, life, long-term care and other insurances, as well as workplace wellness, financial wellness, and employee assistance programs can help protect employees' overall security.
3. **Extend retirement plan eligibility to part-time workers** or, if not practical, provide workers the ability to contribute by payroll deduction to an IRA.
4. **Consider adding automatic enrollment and escalation features** to increase retirement plan participation and salary deferral rates, if needed.
5. **Limit the number of loans available in the retirement plan.** Educate employees about the ramifications of taking loans and withdrawals from retirement accounts. Educate employees about the need to prepare for emergencies and non-routine expenses to avoid taking loans or incurring excessive debt.
6. **Help employees who are caregiving** through flexible PTO policies as well as manager and employee education.
7. **Provide education about saving and investing that is easy to understand.** Offer information about the Saver's Credit, calculating a retirement savings goal, and principles of saving and investing. For new hires, provide education about the plan and, if available, the option to roll over their accounts from previous employers into the plan.
8. **Offer pre-retirees greater levels of assistance in planning their transition into retirement** – including education about retirement income strategies for managing savings to last their lifetime, retirement plan distribution options, and the need for a backup plan if forced into retirement sooner than expected (e.g., health issues, job loss, family obligations). Provide information about Social Security and Medicare.
9. **Create opportunities for workers to phase into retirement** by allowing for a transition from full-time to part-time and/or working in different capacities.
10. **Foster an age-friendly work environment and adopt diversity and inclusion practices** that include age among other commonly referenced demographic factors (e.g., gender, race, religion, sexual orientation).

Recommendations for Workers

Workers should do as much as they possibly can to improve their retirement prospects and increase the likelihood of long-term success. Ten important action steps include:

1. **Create a budget** that includes income, living expenses, paying off debt, and financial goals such as building short-term savings and long-term retirement savings.
2. **Save for retirement.** Start saving as early as possible and save consistently over time. Create an emergency savings fund to help avoid taking loans and early withdrawals from retirement accounts.
3. **Consider retirement benefits as part of total compensation** when evaluating employment opportunities.
4. **Participate in employer-sponsored retirement plans, if available.** Take full advantage of matching employer contributions, and defer as much as possible. If not offered a plan, consider contributing to an IRA or other similar account on a consistent basis.
5. **Calculate retirement savings needs, develop a retirement strategy, and write it down.** Factor in living expenses, healthcare, long-term care needs, and government benefits – as well as funds for pursuing retirement dreams such as travel, time with family, and hobbies. Seek assistance from a professional financial advisor, if needed.
6. **Get educated about retirement investing,** including a basic understanding of asset allocation principles and the role of diversification. Learn about professionally managed accounts, target date funds, and strategic allocation funds – and how they can help you meet your retirement goals.
7. **Take advantage of the Saver's Credit and catch-up contributions.** Check if you qualify for this tax credit available to eligible tax filers who contribute to a 401(k) or similar plan, or IRA. If you are age 50 or older, make catch-up contributions if available through your employer's retirement plan or through an IRA.
8. **Be proactive to help ensure continued employment even in retirement.** Take proactive steps to stay employed and maximize opportunities by keeping your job skills up to date, staying current on employment trends and marketplace needs, and even going back to school to learn new skills.
9. **Be sure to have a backup plan** in the event of job loss or in case retirement comes early due to an unforeseen circumstance.
10. **Take good care of yourself and safeguard your health.** Consider long-term health implications when making lifestyle decisions.

Recommendations for Policymakers

Workplace retirement savings plans successfully help millions of workers save for retirement. Even so, much more can and should be done to improve the current retirement system. Recommendations for policymakers include:

1. **Preserve and enhance existing tax and other incentives for workers to save for retirement.**
2. **Expand retirement plan coverage for all workers including part-time workers by:**
 - a. Expanding the tax credit for employers to start a plan;
 - b. Implementing reforms to multiple employer plans (MEPs) thereby facilitating the opportunity for employers and sole proprietors/independent contractors to join them; and,
 - c. Revising non-discrimination testing rules to exclude part-time workers.
3. **Encourage employer adoption of automatic enrollment and increase default contribution rates** by establishing a tax credit for adding automatic enrollment to a new or existing plan, as well as removing the safe harbor contribution cap on automatic enrollment and automatic escalation.
4. **Illustrate savings as retirement income on retirement plan statements** by requiring them to state participant account balances in terms of a guaranteed monthly income for life as well as a lump sum, to help educate about savings needs.
5. **Expand the availability of financial advice to workers** by providing additional liability safeguards to employers in offering the advice.
6. **Facilitate retirement savings to last a lifetime.** Proposals that help participants both manage their investment risk and build retirement savings to last their lifetime are encouraged, including facilitating employers' offering of guaranteed retirement income solutions.
7. **Expand the Saver's Credit** by making it refundable and/or raising the income eligibility requirements so that more tax filers are eligible.
8. **Address workers' competing financial needs** with the goal to prevent leakage from retirement accounts and encourage savings. For example, reforms could include permitting employer matching of student loan debt repayments and/or establishing a limited emergency savings account.
9. **Encourage continued retirement savings** by increasing the RMD age and eliminating the maximum age for traditional IRAs.
10. **Identify and implement public reforms** that create new incentives and remove disincentives for employers to retain older workers and offer phased retirement programs.

Employers: The Retirement Security Challenge

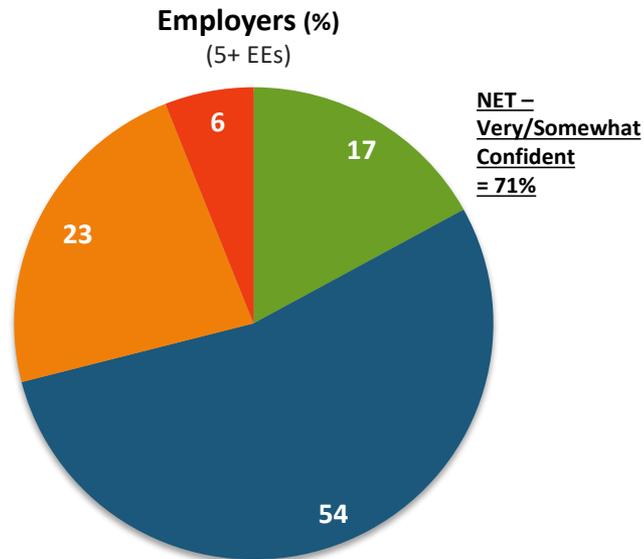
Detailed Findings

***Facilitating Longer Working Lives, Work-Life Balance,
and Flexible Retirement***

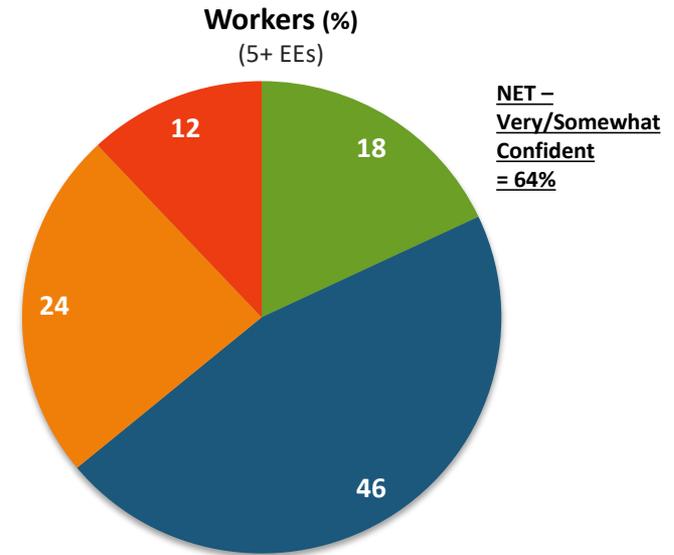
Few Are Very Confident About Retirement

Seven in ten *employers* (71 percent) are confident their employees will be able to achieve a financially secure retirement, including 17 percent that are “very confident” and 54 percent that are “somewhat confident” In contrast, a smaller majority of *workers* (64 percent) are confident that they will be able to fully retire with a lifestyle they consider comfortable, including 18 percent who are “very confident” and 46 percent who are “somewhat confident.”

Confidence That Their Employees Will Be Able To Achieve a Financially Secure Retirement



Confidence in Fully Retiring With a Comfortable Lifestyle



■ Very Confident
 ■ Somewhat Confident
 ■ Not Too Confident
 ■ Not At All Confident

EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q800. How confident are you that your employees will be able to achieve a financially secure retirement?

WORKER BASE: ALL QUALIFIED RESPONDENTS

Q880. How confident are you that you will be able to fully retire with a lifestyle you consider comfortable?

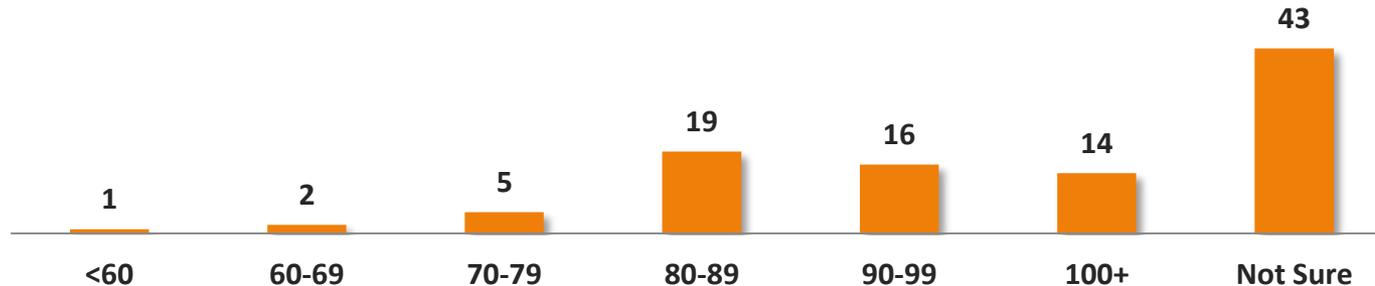
Today's Workers Are Planning to Live Long Lives

Today's workers are planning to live to age 90 (median). Fourteen percent are planning to live to age 100 or older. Forty-three percent are "not sure," which is a reasonable answer given the nature of the question. An implication for increased longevity is potentially more time spent in the workforce and in retirement.

What age are you planning to live to?

Workers (%) (5+ EEs)

Median Age: 90



*Note: Median years in retirement calculation includes those who said "don't plan to retire."

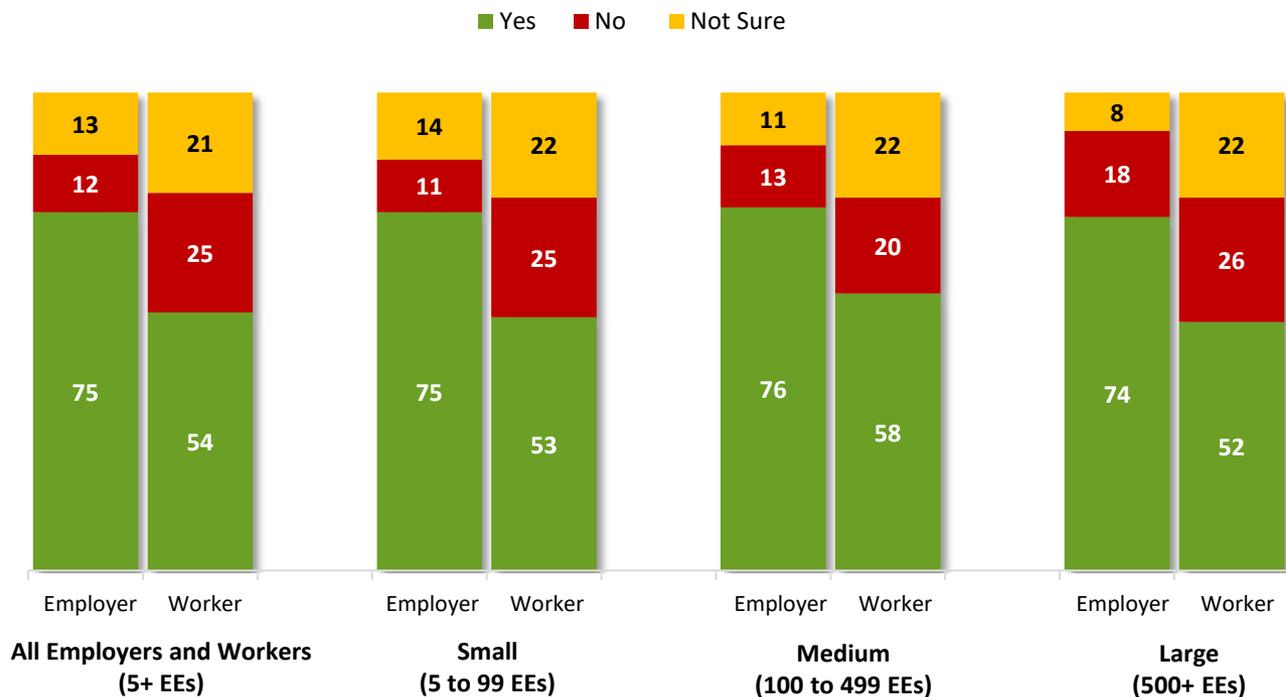
BASE: ALL QUALIFIED RESPONDENTS

Q2850. What age are you planning to live to?

Employers Consider Themselves to Be “Aging Friendly” But...

While most *employers* (75 percent) consider their companies to be “aging friendly” by offering opportunities, work arrangements, and training and tools needed for employees of all ages to be successful, only 54 percent of *workers* consider their employers to be aging friendly. This disconnect is consistent across company size.

Considers Their Company/Employer to Be Aging Friendly (%)



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q4016. Does your company consider itself to be an “aging friendly” employer by offering opportunities, work arrangements, and training and tools needed for employees of all ages to be successful?

WORKER BASE: ALL QUALIFIED RESPONDENTS

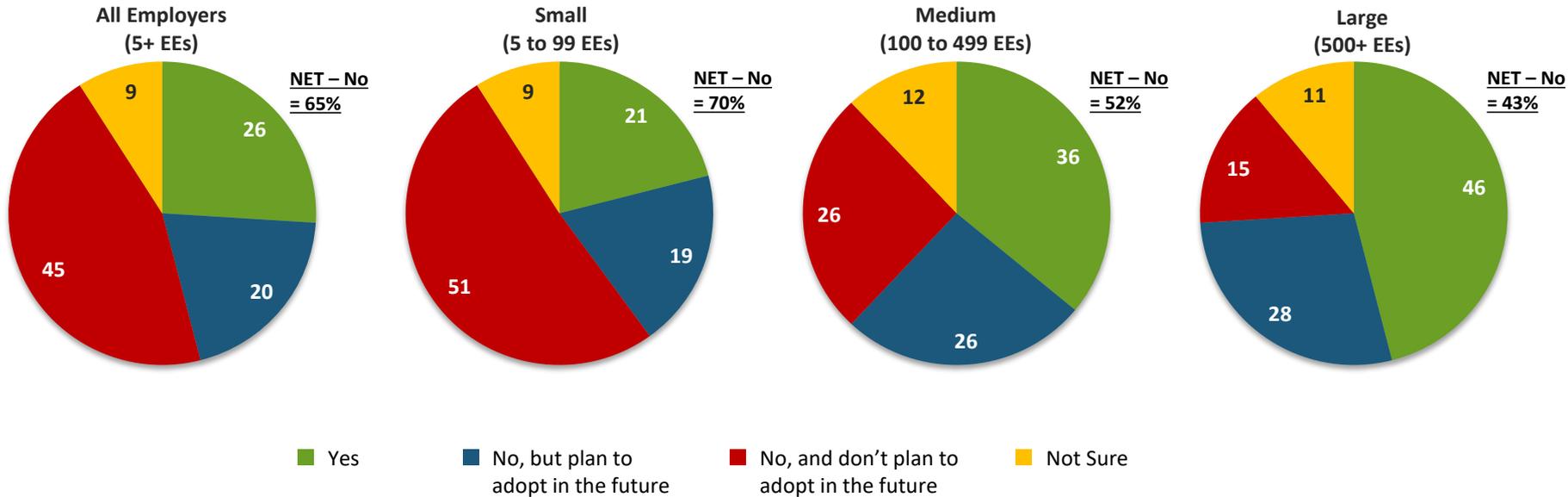
Q2745. Do you consider your employer to be “aging friendly” (for example offering opportunities, work arrangements, and training and tools needed for employees of all ages to be successful in their current role or contribution to the company)?

Diversity and Inclusion (D&I) Policies That Include Age Are Uncommon

Twenty-six percent of employers have adopted a formal diversity and inclusion (D&I) policy statement that specifically includes age among other commonly included demographic characteristics. Employers' adoption of D&I policy statements referencing age varies by company size: 46 percent of large companies, 36 percent of medium, and only 21 percent of small companies have done so. Among employers that do not include age as a component of a formal D&I policy, small companies (51 percent) more often say they are not planning to do so in the future, compared with 26 percent of medium and 15 percent of large companies.

Employer Perspective

Adopted a Formal Diversity and Inclusion Policy Statement That Includes Age (%)



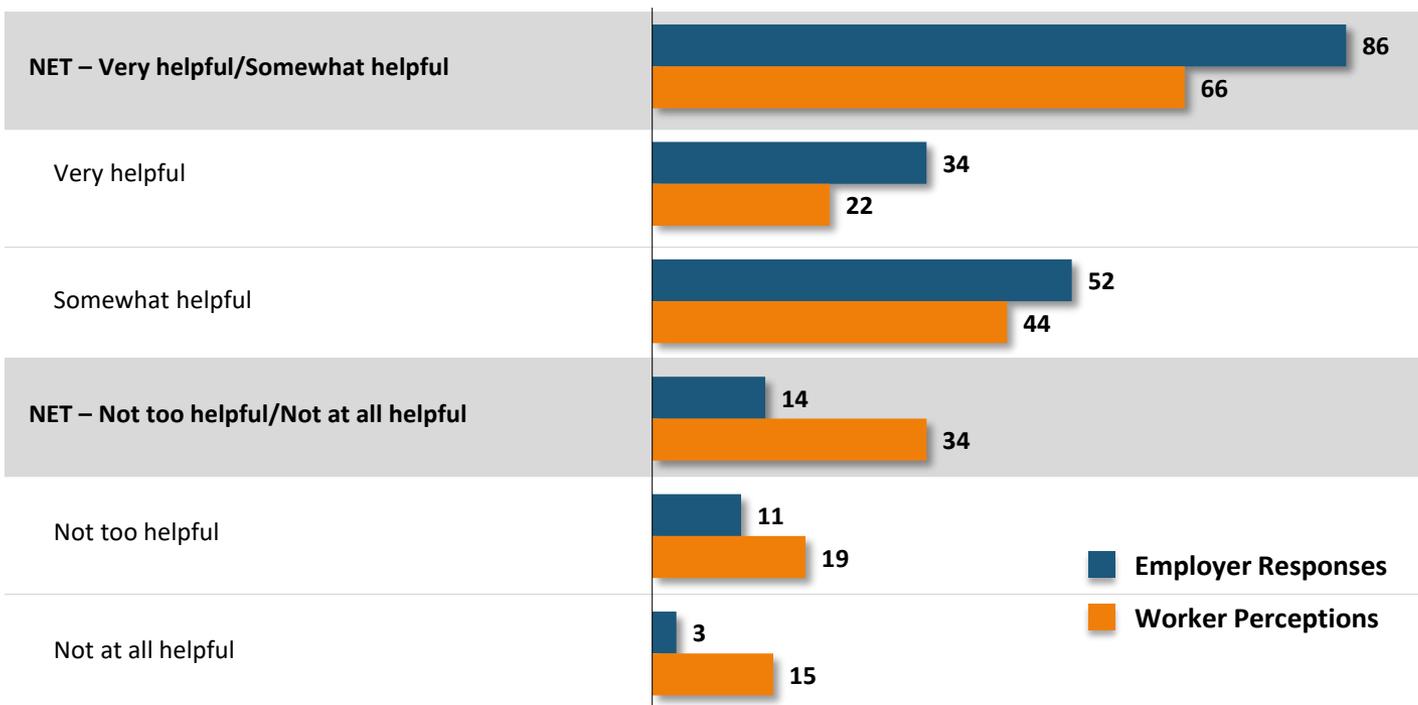
EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q3660. Has your company adopted a formal diversity and inclusion policy statement that specifically includes age among other commonly included demographic characteristics? (e.g., disability, ethnicity, familial or marital status, gender identity or expression, language, national origin, physical and mental ability, political affiliation, race, religion, sexual orientation, socio-economic status, veteran status)

Most Employers Say They Support Work-Life Balance But...

Eighty-six percent of *employers* believe their company is helpful in supporting its employees achieve work-life balance, but only 66 percent of *workers* feel their employer is helpful.

How helpful is your company/your employer in supporting its employees/you to achieve work-life balance? (%)



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

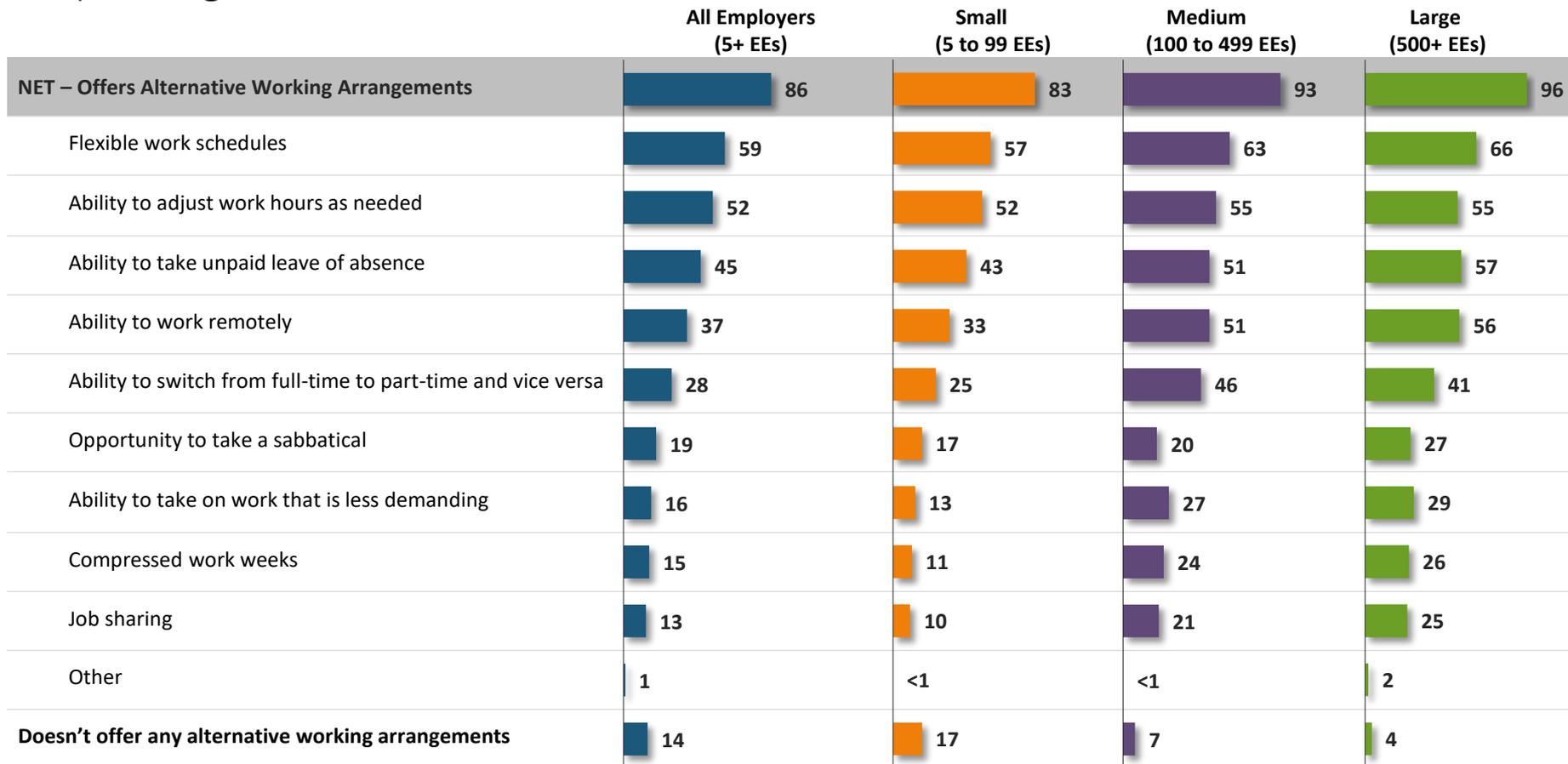
Q5050. As an employer, how helpful is your company in supporting its employees to achieve work-life balance?

WORKER BASE: ALL QUALIFIED RESPONDENTS AND WORK FOR A COMPANY

Q5021. How helpful is your employer in supporting you to achieve work-life balance?

Many Employers Offer an Alternative Work Arrangement(s)

Eighty-six percent of employers say they offer some type of alternative work arrangement. The most frequently cited arrangements are: flexible work schedules (59 percent), the ability to adjust work hours as needed (52 percent), and the ability to take unpaid leave of absence (45 percent). Large and medium companies are more likely to offer alternative work arrangements, compared with small companies. By offering the ability to make some adjustment in workers' schedules, employers can help ease the burden for their employees who are also unpaid caregivers.

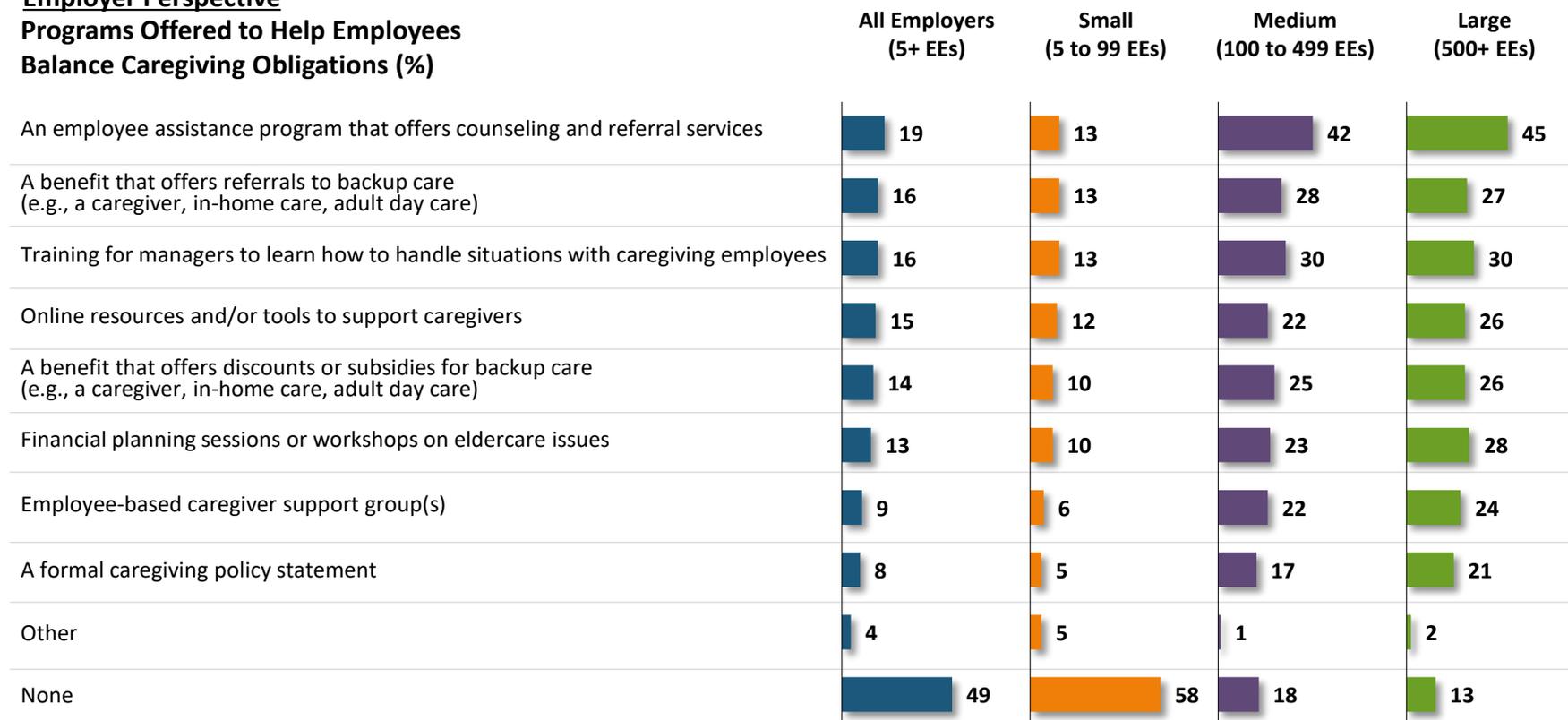


Few Employers Offer Support for Caregiving Employees

Throughout their working lives, many Americans find themselves needing to become an unpaid caregiver for an aging parent or loved one, and the number of caregivers is projected to grow as people live longer and the costs of assisted living and long-term care continue to rise. However, the survey finds that employers can do much more to help employees balance caregiving obligations. Fewer than two in five employers offer an employee assistance program (19 percent), backup care for the care recipient (16 percent), or training for managers to learn how to handle situations with caregiving employees (16 percent). Nearly half of employers (49 percent) say they offer none of the programs listed. However, large and medium companies are much more likely than small companies to offer some type of support for caregiving employees.

Employer Perspective

Programs Offered to Help Employees Balance Caregiving Obligations (%)



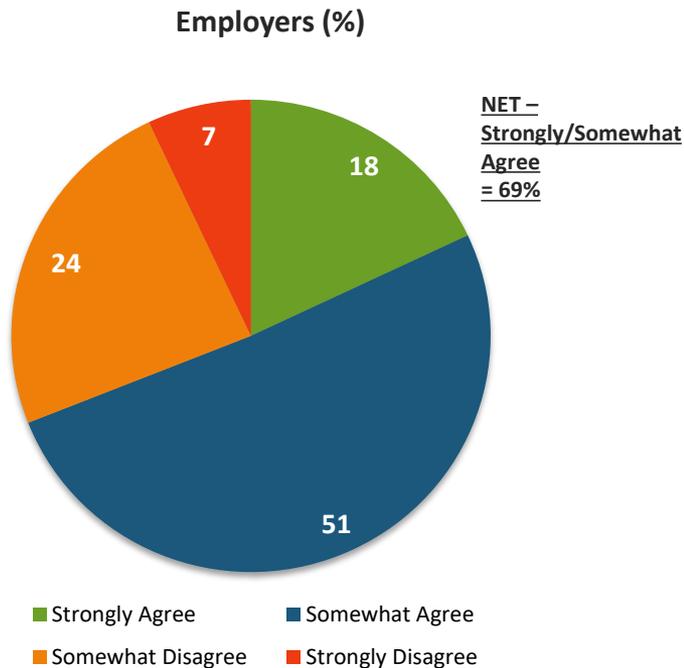
EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q4030. At one time or another, workers may face the need to balance their work responsibilities with caregiving for an aging parent or loved one (separate from taking time off to raise children). Which of the following programs, if any, does your company offer to help its employees balance their obligations? Select all that apply.

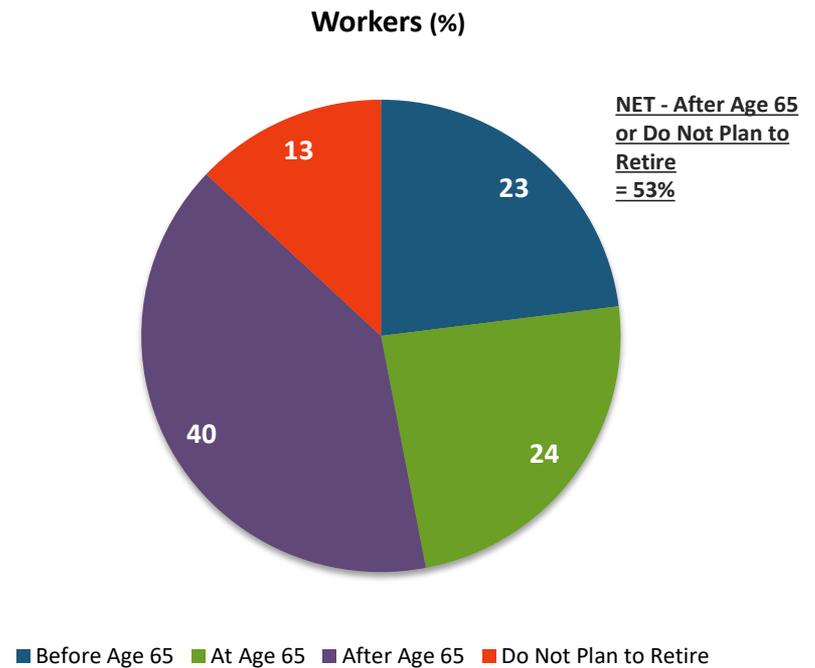
Employers Know That Workers Expect to Work Beyond Age 65

Sixty-nine percent of *employers* agree with the statement, “Many employees at my company expect to work past age 65 or do not plan to retire,” and they are correct. Indeed, many *workers* expect to retire after age 65 or do not plan to retire (53 percent).

“Many Employees at My Company Expect to Work Past Age 65 or Do Not Plan to Retire.” (Level of Agreement)



Expected Retirement Age



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q4000. How much do you agree or disagree... “Many employees at my company expect to work past age 65 or do not plan to retire.”

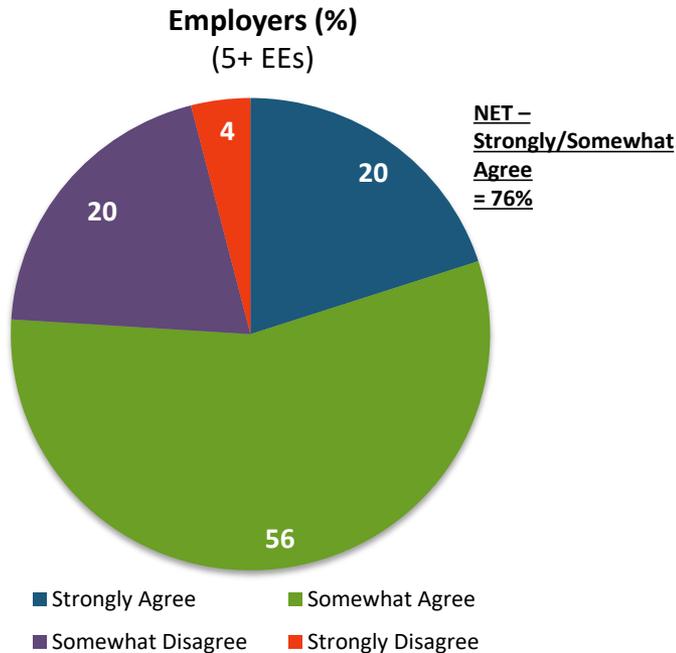
WORKER BASE: ALL QUALIFIED RESPONDENTS

Q910. At what age do you expect to retire?

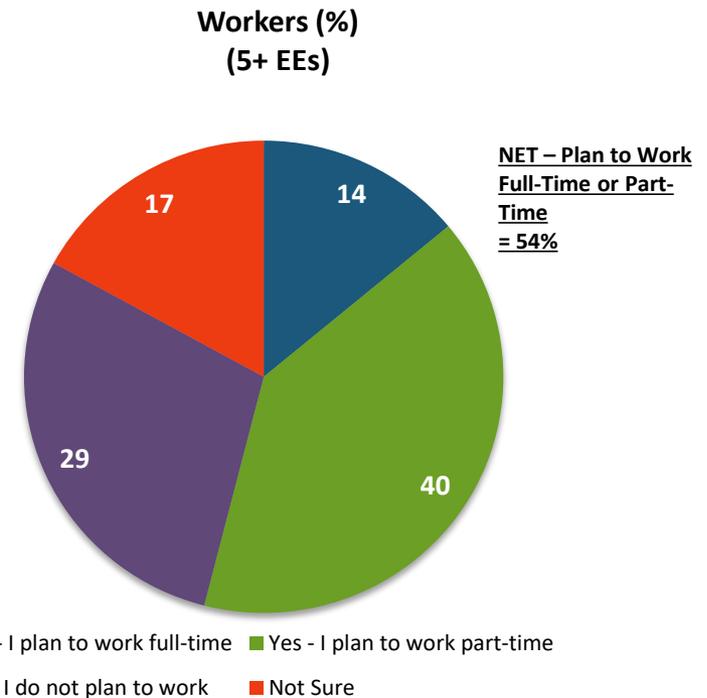
Employers Know That Workers Plan to Work in Retirement

Seventy-six percent of *employers* agree with the statement, “Many employees at my company plan to continue working either full time or part time after they retire,” and they are correct. Many *workers* (54 percent) plan to continue working in retirement, including 14 percent who plan to work full time and 40 percent who plan to work part time.

“Many Employees at My Company Plan to Continue Working Either Full-Time or Part-Time After They Retire.”
(Level of Agreement)



Planning to Work in Retirement



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q4005. How much do you agree or disagree... “Many employees at my company plan to continue working either full-time or part-time after they retire.”

WORKER BASE: ALL QUALIFIED RESPONDENTS

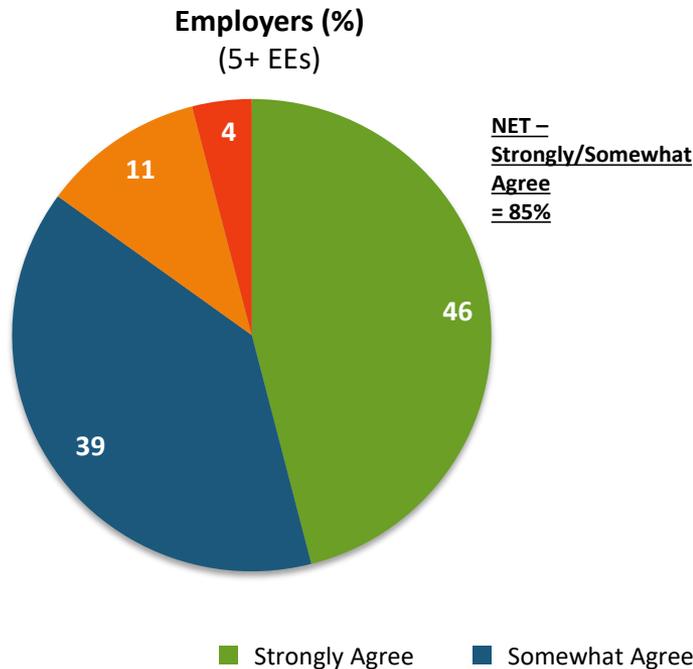
Q1525. Do you plan to work after you retire?

Employers Say They Are Supportive of Working Past Age 65

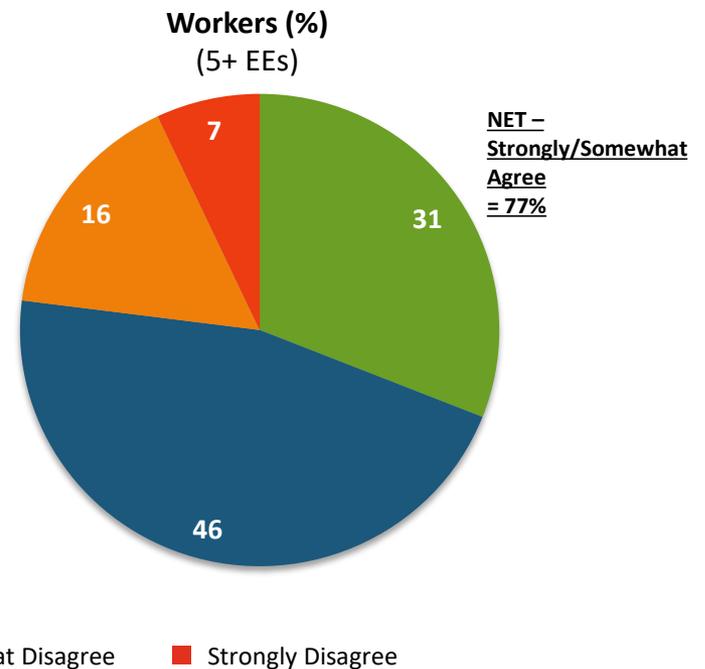
Many workers plan to work past age 65, but will their employers support them? Eighty-five percent of *employers* agree with the statement, “My company is supportive of its employees working past 65,” including 46 percent that “strongly agree” and 39 percent that “somewhat agree.” However, only 77 percent of *workers* agree that their employer is supportive, including 31 percent who “strongly agree” and 46 percent who “somewhat agree.”

According to [TCRS’ 2018 survey of retirees](#), they are retiring at age 63 (median), with more than half (56 percent) indicating they retired sooner than planned. Among them, 54 percent cited employment-related reasons such as job loss, organizational changes, general unhappiness, and/or took an incentive or buyout.

“My Company Is Supportive of Its Employees Working Past 65.”



“My Employer Is Supportive of Working Past 65.”



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q3620. How much do you agree or disagree... “My company is supportive of its employees working past 65.”

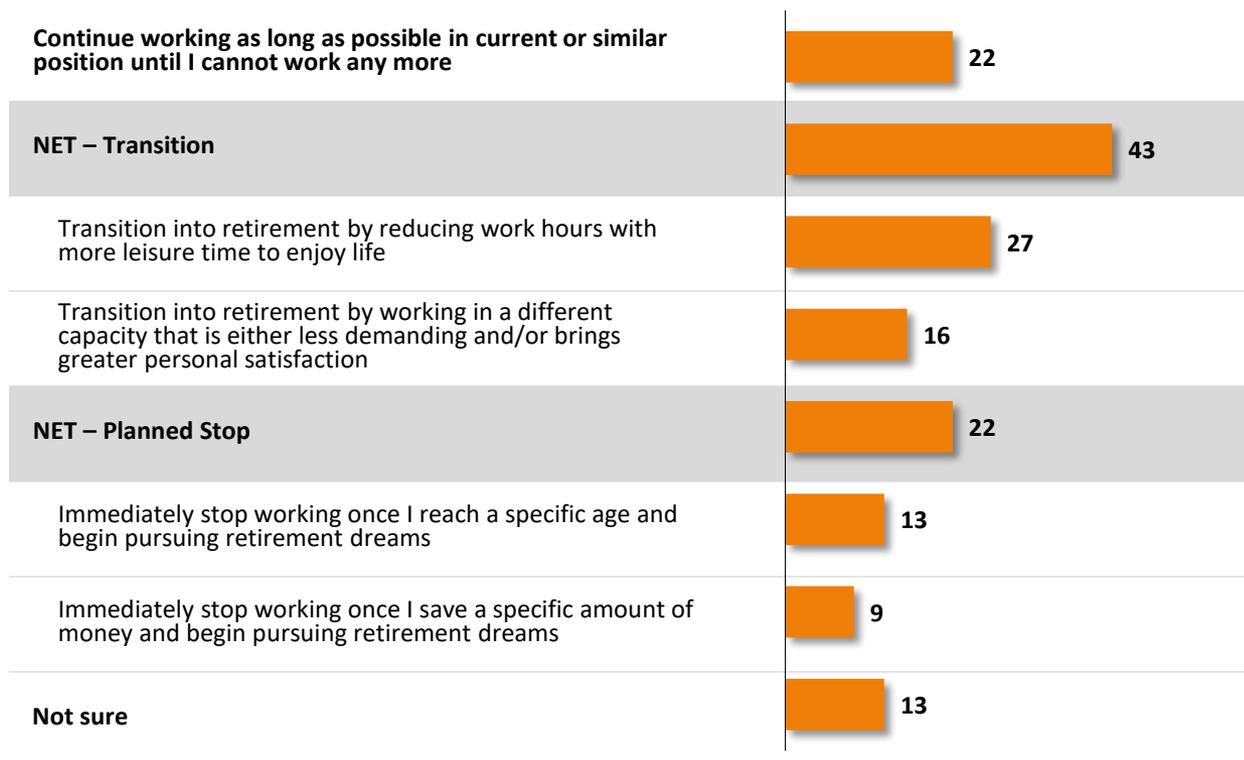
WORKER BASE: ALL QUALIFIED RESPONDENTS

Q931. How much do you agree or disagree... “My current employer is supportive of its employees working past 65.”

Many Workers Envision a Phased Transition Into Retirement

Forty-three percent of workers are envisioning a phased transition by reducing work hours (27 percent) or working in a different capacity that is less demanding and/or brings greater personal satisfaction (16 percent). Twenty-two percent envision they will continue working as long as possible until they cannot work anymore. Only one in five workers (22 percent) plan to immediately stop working and fully retire.

Workers' Envisioned Transition Into Retirement (%)



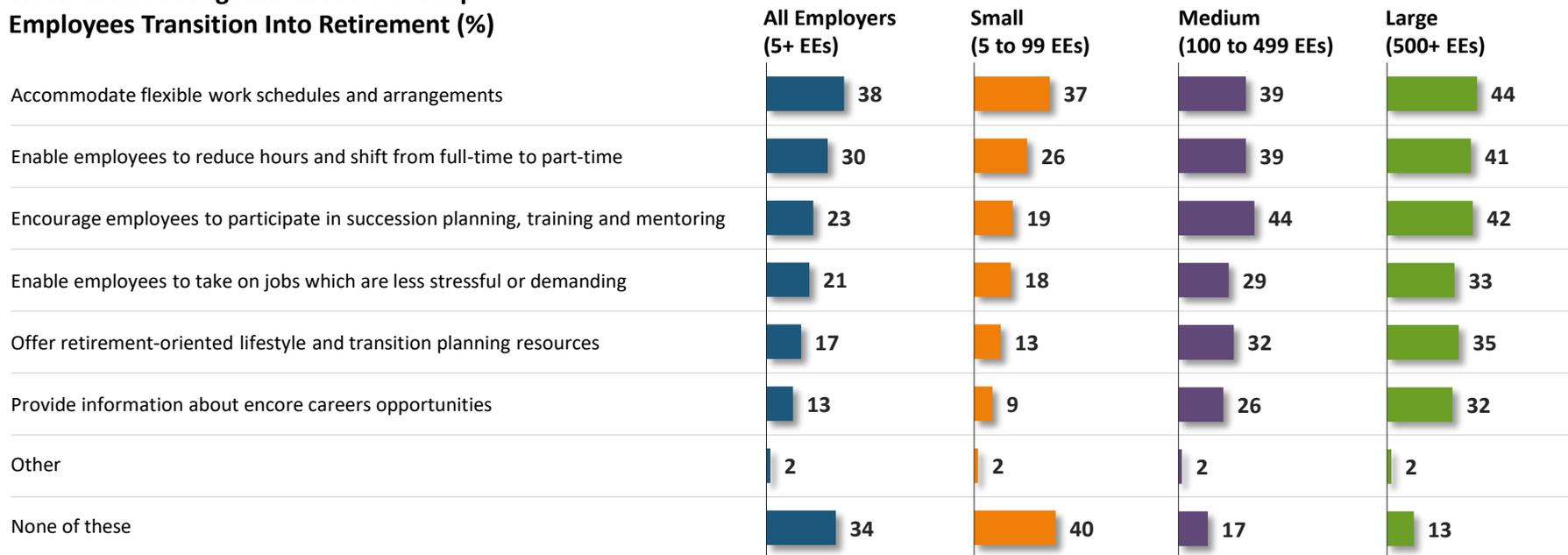
Some Employers Offer Retirement Transition Assistance

Only 38 percent of employers offer flexible work schedules. Even fewer enable employees to shift from full-time to part-time (30 percent) or take on jobs that are less stressful or demanding (21 percent). Fewer than one in four employers (23 percent) encourage their employees to participate in succession planning, training and mentoring.

Moreover, employers are missing an opportunity to facilitate smoother transitions when their employees do retire. Fewer than one in five employers offer retirement-oriented lifestyle and transition planning resources (17 percent) or provide information about encore career opportunities (13 percent).

Employer Perspective

Work-Related Programs in Place to Help Employees Transition Into Retirement (%)



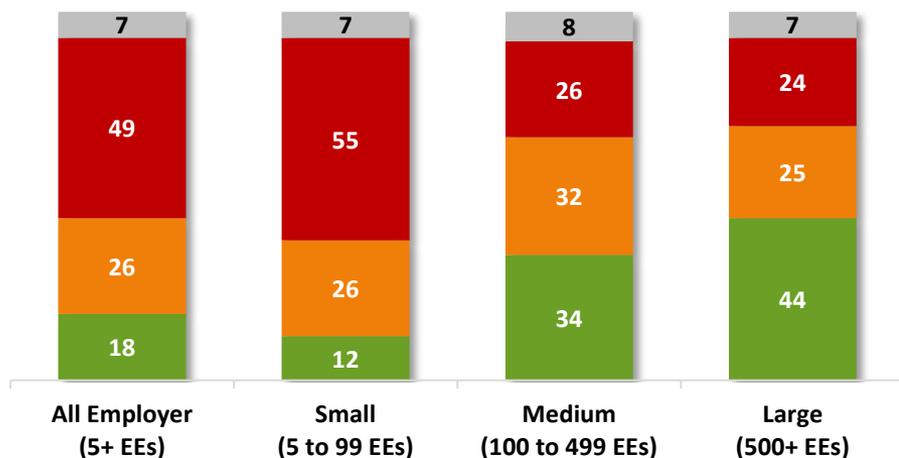
Most Employers Do Not Offer Formal Phased Retirement Programs

Seventy-five percent of employers do not offer a formal phased retirement program for workers who want to transition into retirement, including only 26 percent that plan to implement a program in the future and 49 percent that do not have plans to do so. However, large (44 percent) and medium companies (34 percent) are more likely to offer such a program than small companies (12 percent). The most cited reasons for not offering a phased program is that it is easier to address employees' request on a case-by-case basis (39 percent), employees are not interested (37 percent), and operational and administrative complexity (27 percent).

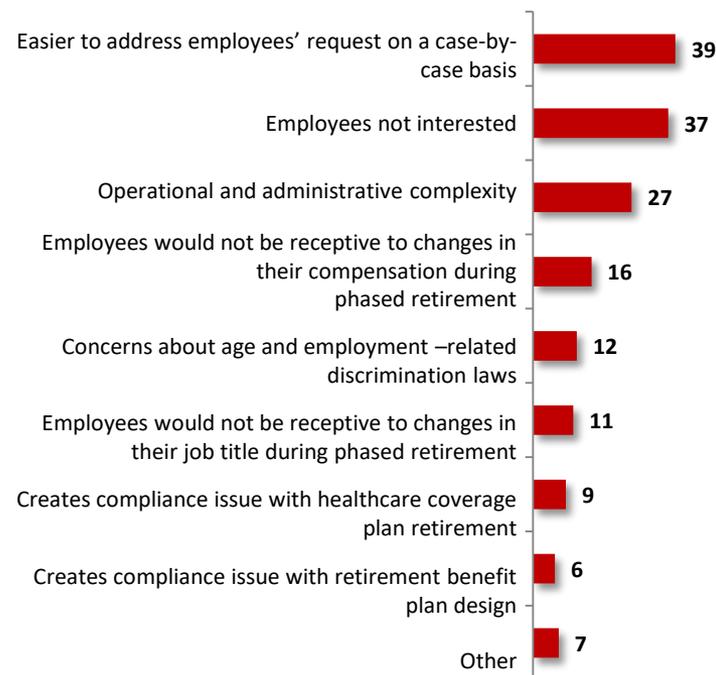
Employer Perspective

Offering a Formal Phased Retirement Program (%)

- Not Sure
- No, and have no plans to implement in the future
- No, but we plan to implement in the future
- Yes



Reasons for Not Offering a Formal Phased Retirement Program for Employees Who Wish to Transition into Retirement (%)



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q5005. Does your company have a formal phased retirement program with specific provisions and requirements for employees who want to transition into retirement?

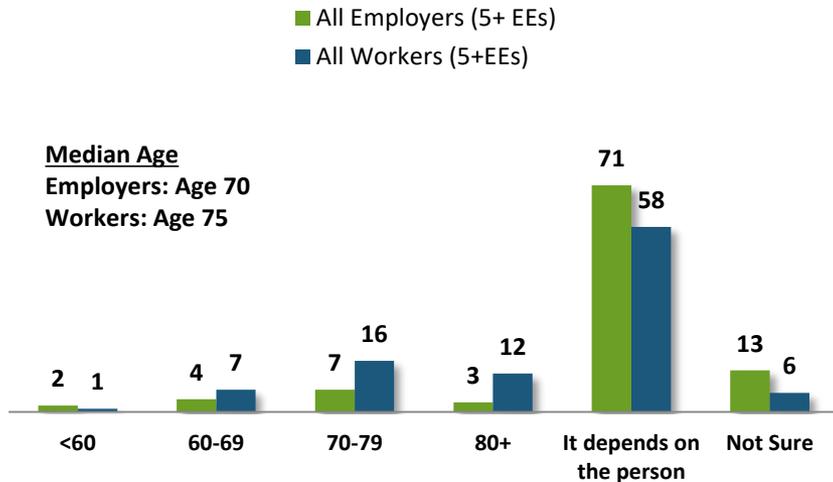
EMPLOYER BASE: DOES NOT OFFER PHASED RETIREMENT PROGRAM

Q5007. For which of the following reasons does your company not offer a formal phased retirement program with specific provisions and requirements for employees who wish to transition into retirement? Select all that apply.

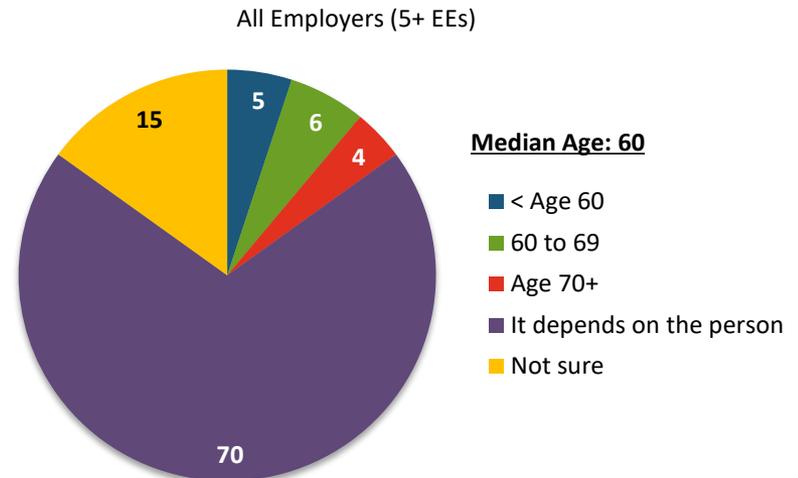
When Is a Person “Too Old” to Work and “Too Old” to Hire?

When asked the age at which a person is considered to be “too old” to work, more than two-thirds of *employers* (71 percent) say “it depends on the person,” compared with 58 percent of *workers*. Among those who provided a specific age, *employers* consider age 70 (median) to be “too old” to work, which is five years younger than what *workers* think is “too old” to work at age 75 (median). When asked the age at which prospective employees are “too old” to hire, the majority of *employers* say, “it depends on the person” (70 percent) and 15 percent are “not sure.” Among the 15 percent of *employers* that cited a specific age, their response is age 60 (median).

Age When Person Is Considered “Too Old” to Work (%)



Age When Prospective Candidate Is Considered “Too Old” to Hire (%)



WORKER BASE: ALL QUALIFIED RESPONDENTS

Q1527. At what age do you consider a person to be “too old” to work?

EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q5010. At what age does your company consider an employee to be “too old” to work?

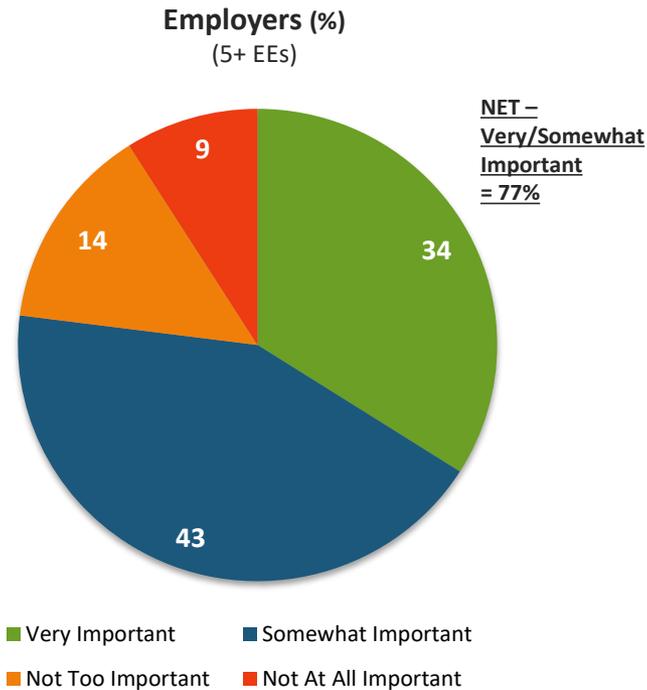
Q5015. In thinking about recruiting prospective employees, at what age does your company consider a candidate to be “too old” to hire?

***The Current State of 401(k)s and
Other Employee Benefit Offerings***

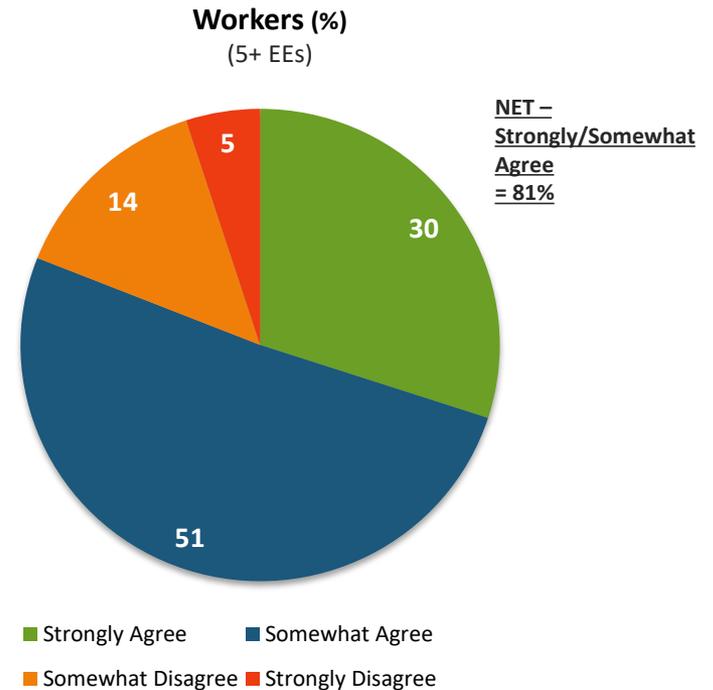
Retirement Benefits Are Important for Attracting Employees

Seventy-seven percent of *employers* believe that offering a 401(k) or similar plan is important for attracting and retaining employees. However, some may be underestimating their importance – fully 81 percent of *workers* agree that retirement benefits offered by a prospective employer will be a major factor in their final decision-making when job hunting.

Importance of Employee-Funded Retirement Plan in Attracting and Retaining Employees



Retirement Benefits Offered by a Prospective Employer Will Be a Major Factor in Final Decision to Accept



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q650. How important would you say a company's/your company's employee-funded retirement plan package is to your ability to attract and retain employees?

WORKER BASE: ALL QUALIFIED RESPONDENTS

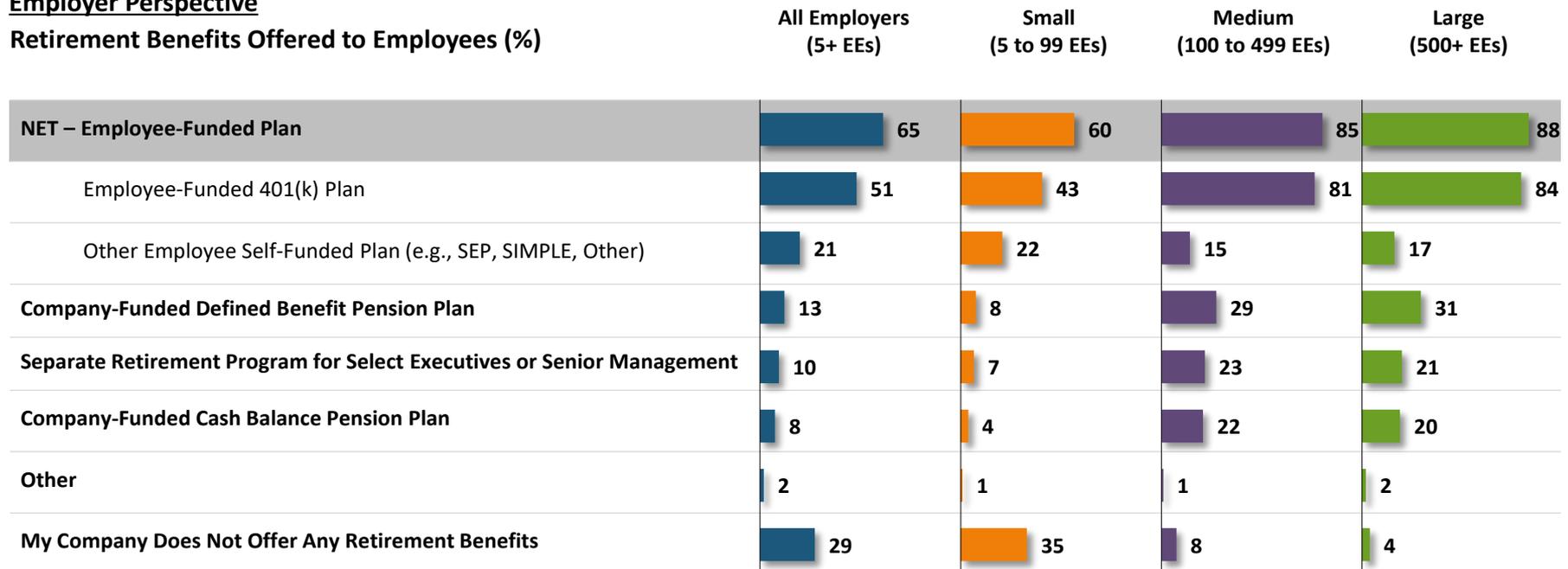
Q831. How much do you agree or disagree... "The next time I look for a job, all things being equal, the retirement benefits offered by the prospective employer will be a major factor in my final decision."

Retirement Plan Sponsorship Rates Increase With Company Size

Sixty-five percent of employers offer a 401(k) or similar plan to their employees. Employee-funded plans are more commonly offered by large (88 percent) and medium companies (85 percent), compared with small companies (60 percent). Company-funded defined benefit plans are only offered by 13 percent of employers. Nearly three in 10 employers do not offer any retirement benefits to their employees. Small companies (35 percent) are significantly more likely to indicate they do not offer any retirement benefits, compared with medium (8 percent) and large companies (4 percent).

Employer Perspective

Retirement Benefits Offered to Employees (%)

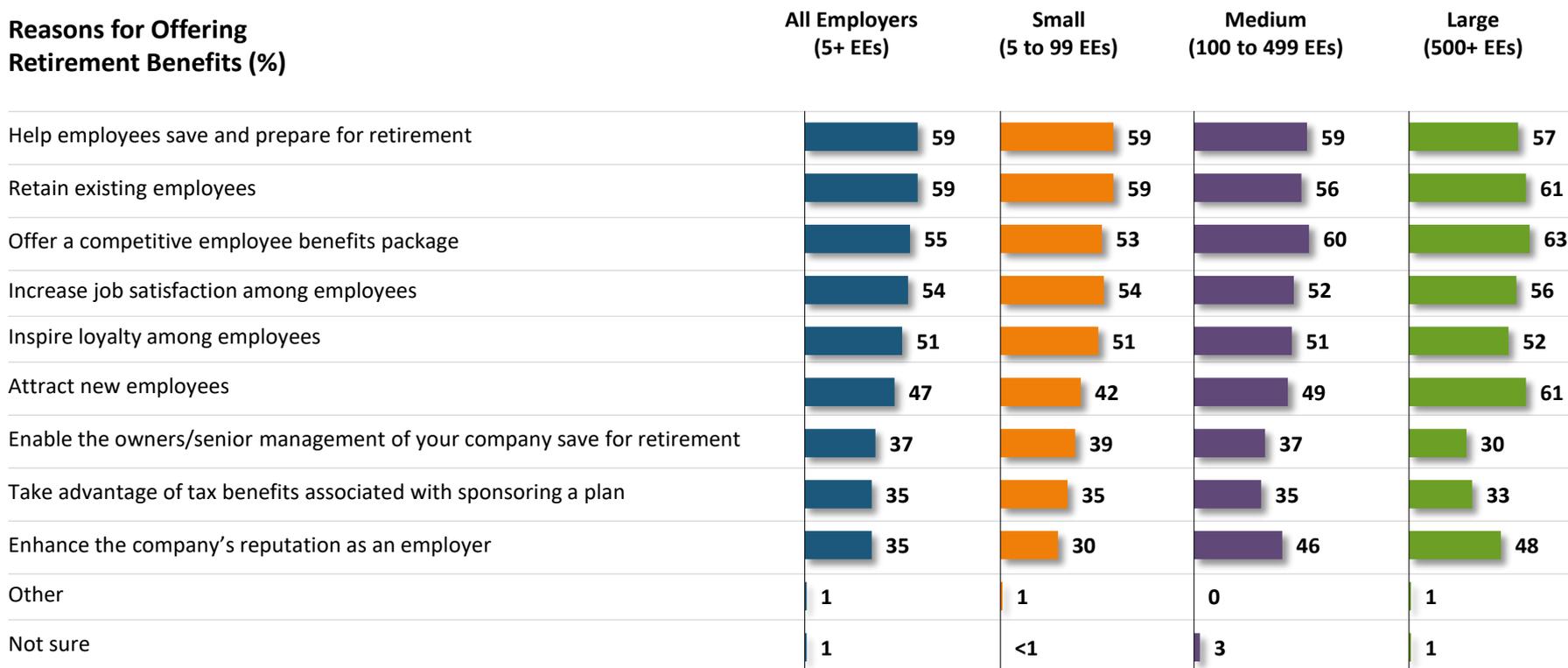


Companies' Reasons for Offering Retirement Benefits

Among those that offer some form of retirement benefits, companies of all sizes cite similar reasons for doing so: helping employees to save and prepare for retirement (59 percent), retaining existing employees (59 percent), offering a competitive employee benefits package (55 percent), and increasing employee job satisfaction (54 percent). Large companies more often (61 percent) cite attracting new employees as a reason, compared with small and medium companies (42 percent and 49 percent, respectively).

Employer Perspective

Reasons for Offering Retirement Benefits (%)



Professional Advisor Usage & Type of Advisor Used

Sixty-five percent of employers use a professional advisor to help select their company's retirement plan. Medium companies (71 percent) are somewhat more likely to do so than small and large companies (64 percent and 65 percent respectively). The most commonly used types of advisors include financial planners/brokers (37 percent), investment advisors (31 percent), and benefits consultants (29 percent).

Employer Perspective

	All Employers (5+ EEs)	Small (5 to 99 EEs)	Medium (100 to 499 EEs)	Large (500+ EEs)
Use a Professional Advisor to Help Select Company's Retirement Plan				
Yes (%)	65%	64%	71%	65%

Type of Advisor Used to Select Company's Retirement Plan (%)

	All Employers (5+ EEs)	Small (5 to 99 EEs)	Medium (100 to 499 EEs)	Large (500+ EEs)
Financial Planner / Broker	37	37	38	38
Investment Advisor	31	28	40	36
Benefits Consultant	29	25	30	42
Accountant/CPA	22	23	20	13
TPA/Benefits Administrator	19	15	26	24
Insurance Agent	12	10	21	20
Attorney/Lawyer	11	9	20	16
Bank Advisor	10	9	18	16
Other Type of Advisor	1	2	0	1

EMPLOYER BASE: OFFERS 401(K) OR OTHER SELF-FUNDED PLAN

Q690. Did you use a professional advisor to help you select your company's retirement plan?

EMPLOYER BASE: USED OUTSIDE ADVISOR TO HELP SELECT PLAN

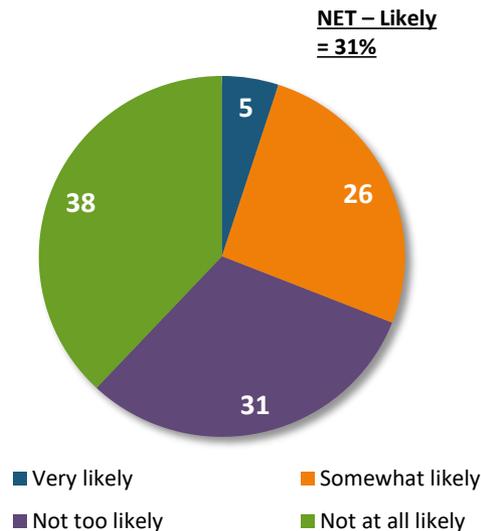
Q700. What type of advisor did you use? Select all that apply.

Most Non-Sponsors Are Not Planning to Offer a Plan

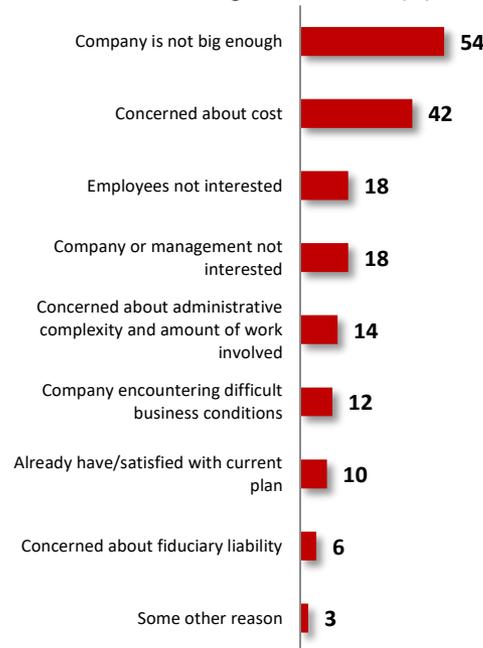
Among companies that do not offer a 401(k) or similar plan, only 31 percent say that they are likely to begin sponsoring a plan in the next two years. The most frequently cited reasons among companies *not* planning to do so include: company is not big enough (54 percent), concerns about cost (42 percent), and employees are not interested (18 percent). There may be cause for optimism with regard to the future, however, as 23 percent of those not likely to offer a plan say that they would consider joining a multiple employer plan (MEP) offered by a reputable vendor who handles many of the fiduciary and administrative duties at a reasonable cost.

Employer Perspective

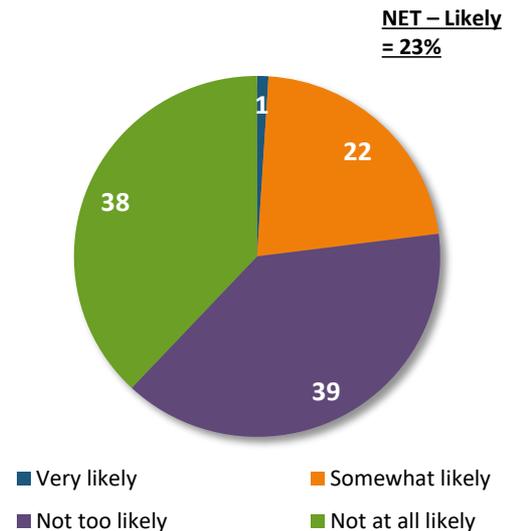
Likelihood to Begin Sponsoring a 401(k) or Similar Plan Within the Next Two Years (%)



Most Frequently Cited Reasons for NOT Planning to Offer a Plan (%)



As an Alternative, Likelihood to Consider Joining a Multiple Employer Plan (%)



EMPLOYER BASE: DOES NOT OFFER 401(K) NOR OTHER SELF-FUNDED PLAN

Q600. How likely is your company to begin offering an employee-funded retirement plan package like a 401(k) to its employees in the next two years?

EMPLOYER BASE: DOES NOT OFFER 401(K) OR OTHER SELF-FUNDED PLAN; NOT LIKELY TO OFFER 401(K) OR OTHER PLAN IN THE NEXT TWO YEARS

Q610. Why is your company not likely to offer a plan in the next two years? Select all that apply.

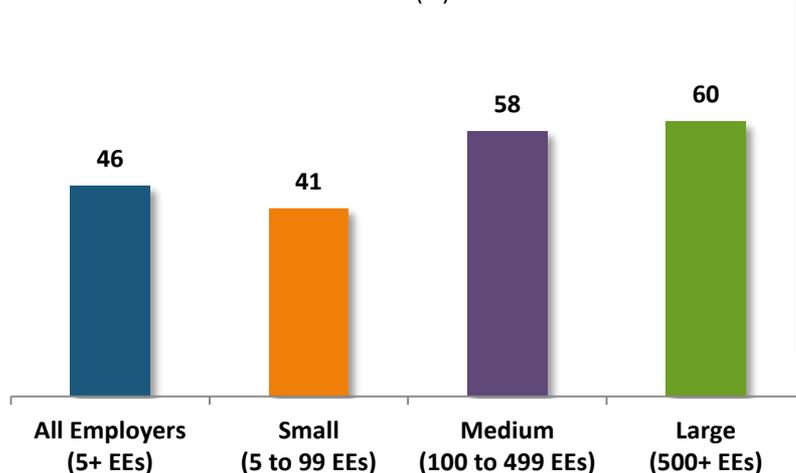
Q1605. As an alternative to establishing a stand-alone 401(k) plan, if your company had the ability to join a multiple employer plan which is offered by a reputable vendor who handles many of the fiduciary and administrative duties at a reasonable cost, how likely would you be to consider such a plan?

Some Plan Sponsors Extend Eligibility to Part-Time Employees

Among employers that offer a 401(k) or similar plan to their employees, only 46 percent extend eligibility to part-time workers. More large (60 percent) and medium (58 percent) companies extend eligibility to part-time workers than small companies (41 percent). Among plan sponsors that do not extend eligibility to part-time workers, 83 percent do not plan to do so in the future. Their most frequently cited reasons include: generally impractical (37 percent), concerned about cost (31 percent), and high turnover rates among part-time employees (30 percent). The extension of coverage to part-time workers is an important opportunity in the ongoing American public policy dialogue on increasing workplace-based retirement savings programs.

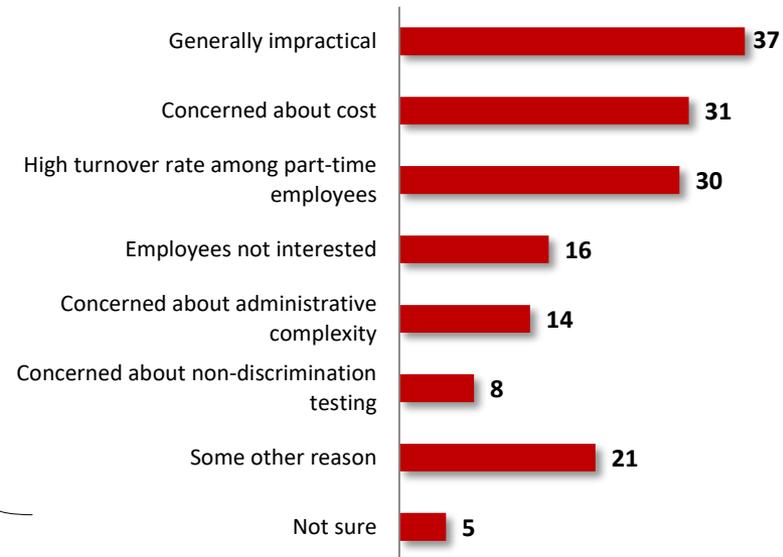
Employer Perspective

Employers Extend Eligibility to Part-Time Employees to Participate in 401(k) or Similar Plan (Among Those That Offer a Plan)
Yes (%)



Among plan sponsors not extending eligibility to part-time workers, 83 percent do not plan to do so in the future.

Most Frequently Cited Reasons for NOT Planning to Extend Eligibility to Their Part-Time Employees (%)



EMPLOYER BASE: OFFERS 401(K) PLAN OR SIMILAR PLAN

Q1650. Are any part-time employees eligible to participate in the employee-funded 401(k) or similar retirement plan?

EMPLOYER BASE: OFFERS 401(K) PLAN OR SIMILAR PLAN; DOES NOT EXTEND ELIGIBILITY TO PART-TIME EMPLOYEES

Q1660. Does your company plan to extend 401(k) eligibility to any part-time employees in the future?

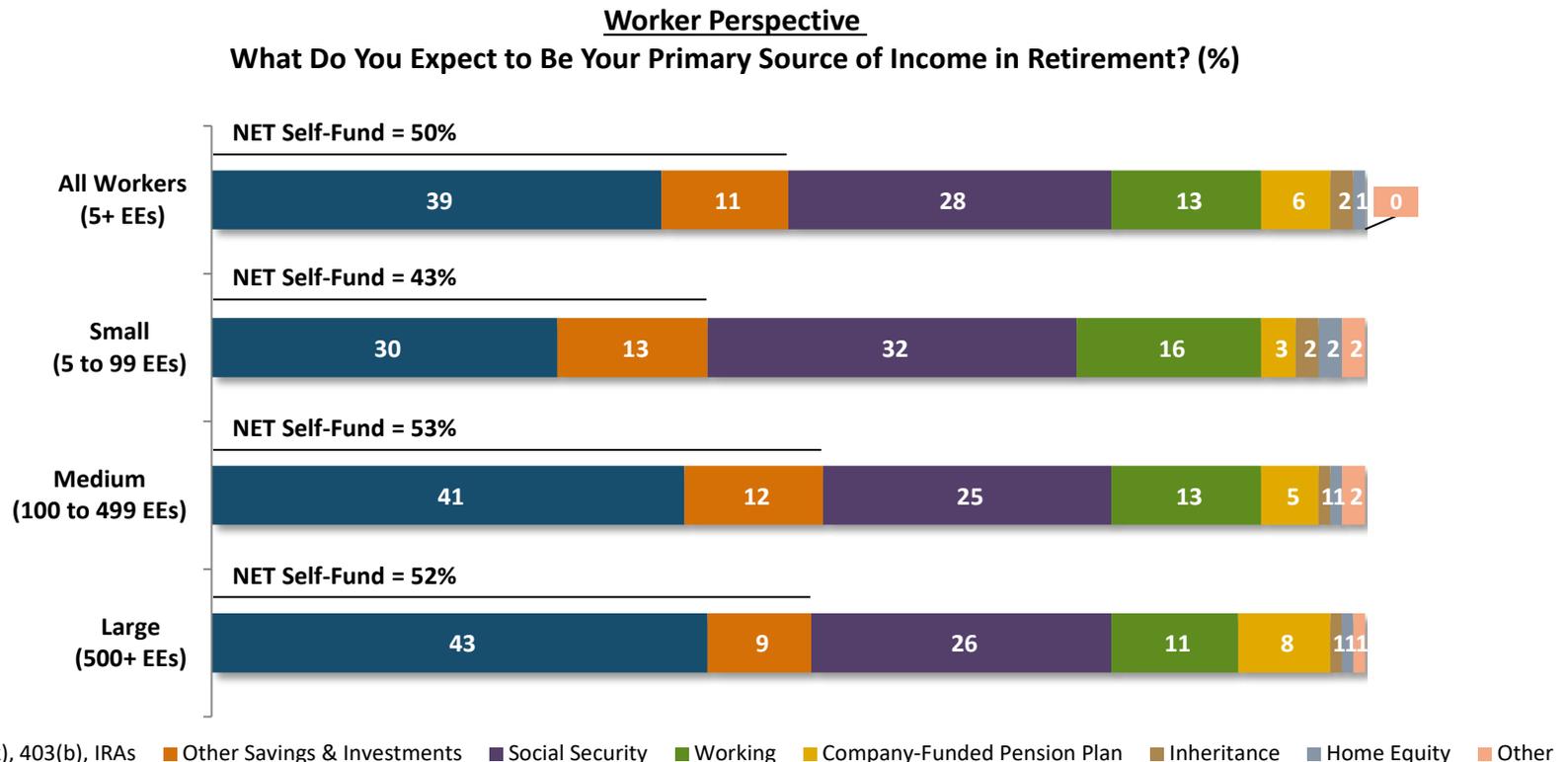
EMPLOYER BASE: OFFERS 401(K) PLAN OR SIMILAR PLAN; DOES NOT EXTEND ELIGIBILITY TO PART-TIME EMPLOYEES;

HAS NO PLANS TO EXTEND ELIGIBILITY TO PART-TIME EMPLOYEES

Q1655. Which of the following reasons apply to your company's not planning to extend 401(k) eligibility to any part-time workers in the future? Select all that apply.

Half of Workers Expect to Primarily Rely on Self-Funded Savings

Half of workers (50 percent) expect their primary source of income in retirement to come from self-funded savings such as 401(k)s, 403(b)s, IRAs (39 percent) or other savings and investments (11 percent). Reliance on retirement accounts (e.g., 401(k)s, 403(b)s, IRAs) as the primary source of retirement income is somewhat higher among workers of large (43 percent) and medium (41 percent) companies, compared with those of small companies (30 percent). On the other hand, more workers of small companies expect Social Security (32 percent) or working (16 percent) to be their primary source of retirement income, compared with those at medium and large companies (25 percent and 26 percent, respectively for Social Security and 11 percent and 13 percent, respectively for working).



Access to a 401(k) or Similar Plan Inspires Savings

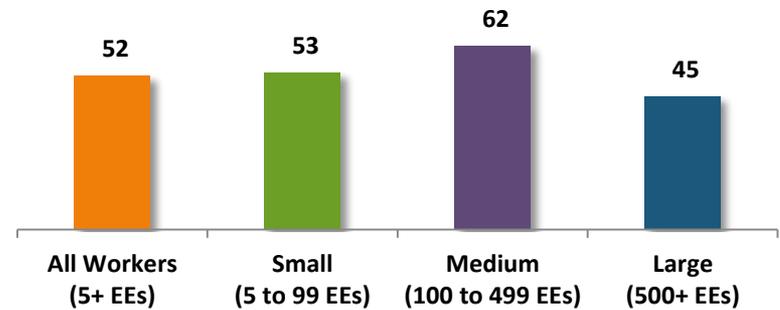
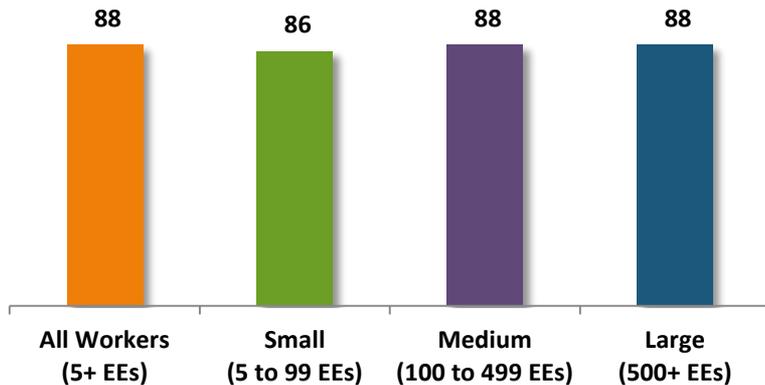
Workers are more likely to save for retirement when they have access to a 401(k) or similar plan through their employer, a finding that is consistent across company size. Among workers who do not have access to such plans from their employer, only about half are saving for retirement.

Worker Perspective

Saving for Retirement (in an Employer-Sponsored Plan and/or Outside of Work)

Among Those **Offered** a 401(k) or Similar Plan (%)

Among Those **Not Offered** a 401(k) or Similar Plan (%)



WORKER BASE: CURRENTLY OFFERED QUALIFIED PLAN/ NOT CURRENTLY OFFERED QUALIFIED PLAN

Q1190. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?

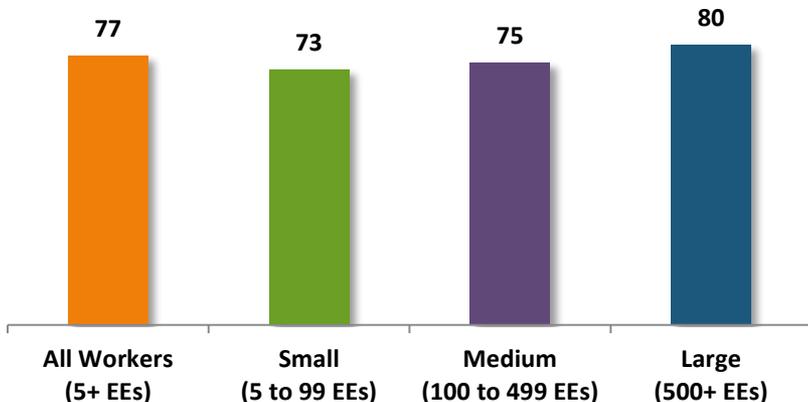
Q740. Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.?

Plan Participation and Salary Deferral Rates

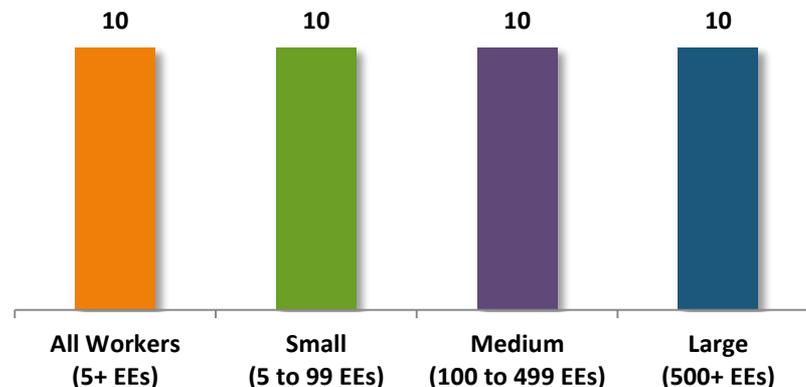
Seventy-seven percent of workers who are offered a 401(k) or similar plan participate in that plan, a rate that is similar for workers of small (73 percent) and medium (75 percent) companies, but greater for workers at large companies (80 percent). Among those who participate in their plans, the median annual salary deferral rate is 10 percent for workers across company size.

Worker Perspective

Participation Rate in 401(k) or Similar Plan (%)



Median Percentage of Annual Salary Saved in Plan (%)



WORKER BASE: CURRENTLY OFFERED QUALIFIED PLAN

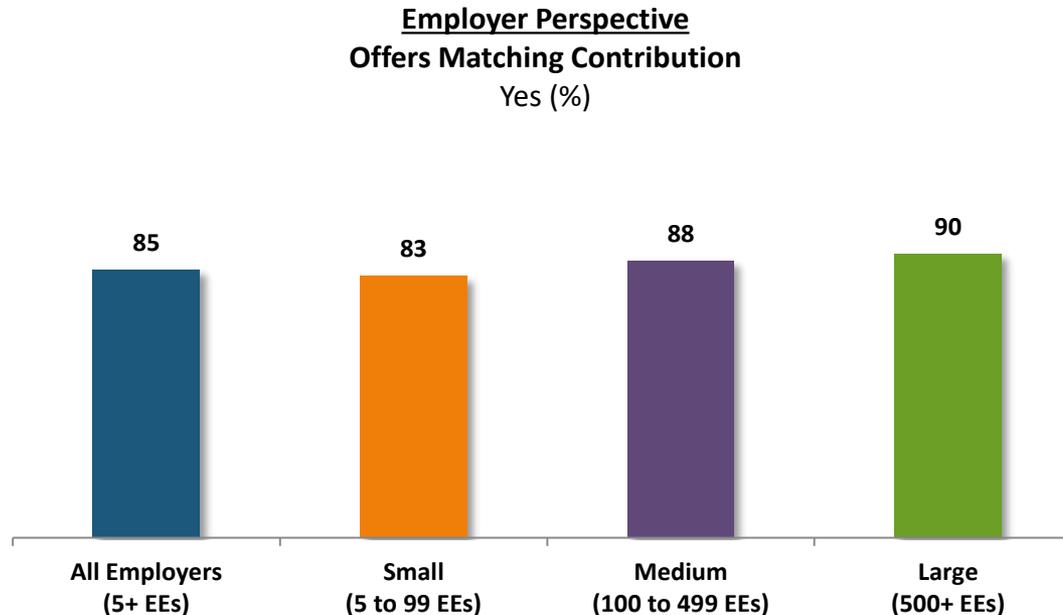
Q1190. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?

WORKER BASE: CURRENTLY OFFERED QUALIFIED PLAN; CURRENTLY PARTICIPATING IN THEIR QUALIFIED PLAN

Q601. What percentage of your salary are you saving for retirement through your company-sponsored plan this year?

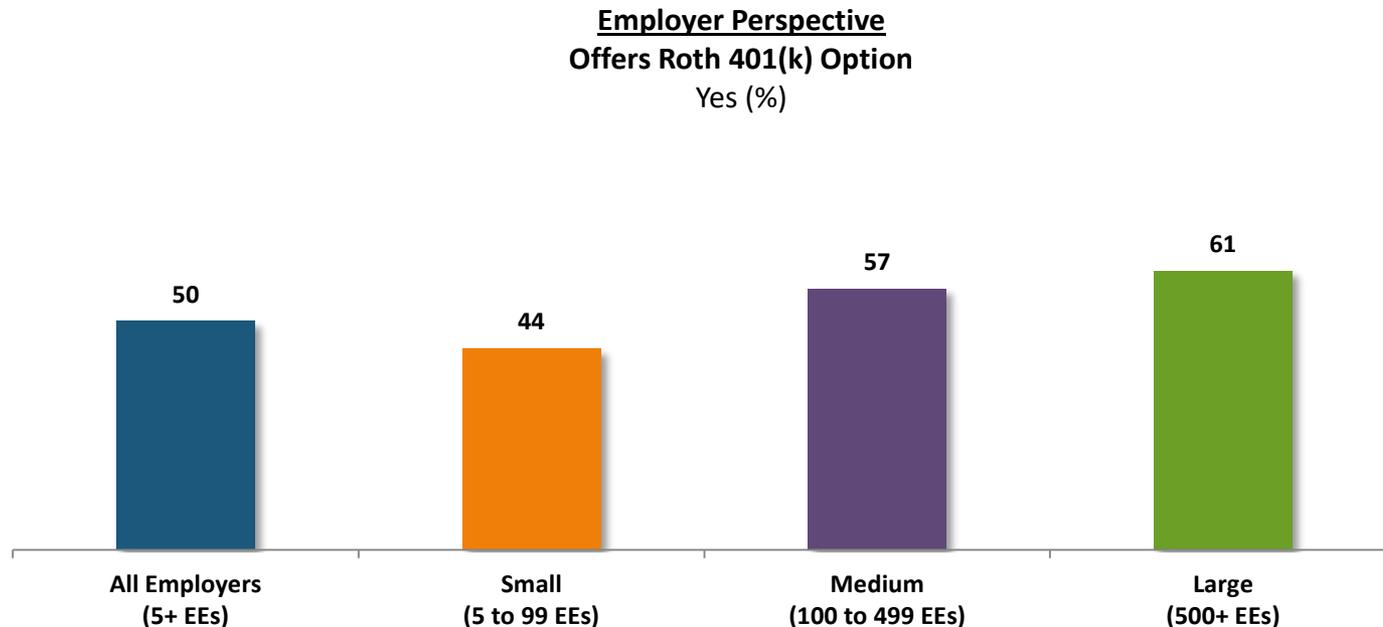
Plan Sponsors' Offering of Matching Contributions

Eighty-five percent of plan sponsors offer a matching contribution as part of their 401(k) or similar plan, including 90 percent of large companies, 88 percent of medium companies, and 83 percent of small companies. An employer's matching contribution can be one of the most important features of a 401(k) or similar plan, as both an incentive for employees to join the plan and a means of enabling them to build their retirement savings.



Roth 401(k) Option Availability Increases With Company Size

The Roth option enables participants to contribute to their 401(k) or similar plan on an after-tax basis with qualified tax-free withdrawals at retirement age. It complements the long-standing ability for participants to contribute to the plan on a tax-deferred basis in which their savings are taxed when they take withdrawals from the plan at retirement. The Roth 401(k) option can help plan participants diversify their risk involving the tax treatment of their accounts when they reach retirement age. Fifty percent of plan sponsors offer the Roth 401(k) option. Large (61 percent) and medium (57 percent) companies are more likely to offer this feature than small companies (44 percent).



Adoption of Automatic Features Increases With Company Size

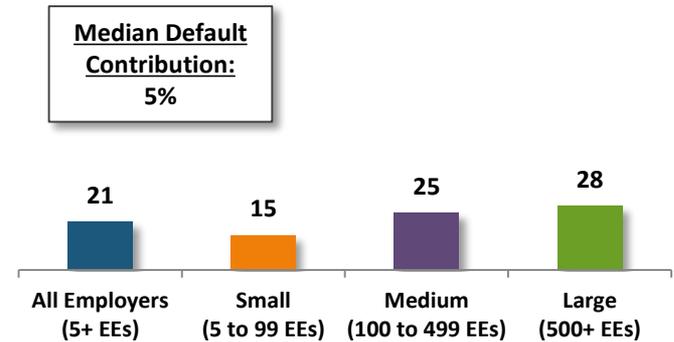
Automatic enrollment is a feature that eliminates the decision-making and action steps normally necessary for employees to enroll and to start contributing to the plan. Instead, it automatically enrolls employees into their plan with the ability for them to opt out and stop contributing.

Twenty-one percent of plan sponsors have adopted automatic enrollment, including 28 percent of large, 25 percent of medium, and 15 percent of small companies. Among them, the default contribution rate is 5 percent (median) of an employee's pay.

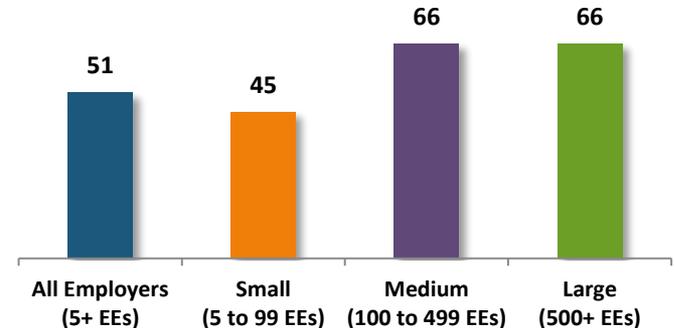
Fifty-one percent of plan sponsors have adopted automatic escalation, a feature that automatically increases participants' contribution rates annually. Automatic escalation is more common at large and medium companies (both 66 percent) than at small companies (45 percent).

Employer Perspective

Automatically Enrolls Newly Eligible Employees Into the 401(k) Plan (%)



Automatically Increases Participants' Contribution Rates Annually (%)



EMPLOYER BASE: OFFERS 401(K) PLAN

Q1025. When a new employee qualifies to join the employee-funded 401(k) plan, are they (A) initially given a choice to participate or not participate in the plan, or (B) automatically enrolled in the plan with the choice to opt out at a later date?

Q1031. Does your plan have a provision to automatically increase participants' contribution rates annually, such as on their anniversary date of hire?

EMPLOYER BASE: AUTOMATICALLY ENROLLS NEW EMPLOYEES INTO THE 401(K) PLAN

Q1027. What is the default employee-funded 401(k) plan contribution rate (excluding the company match)?

Plans for Adopting Auto-Enrollment Increase With Company Size

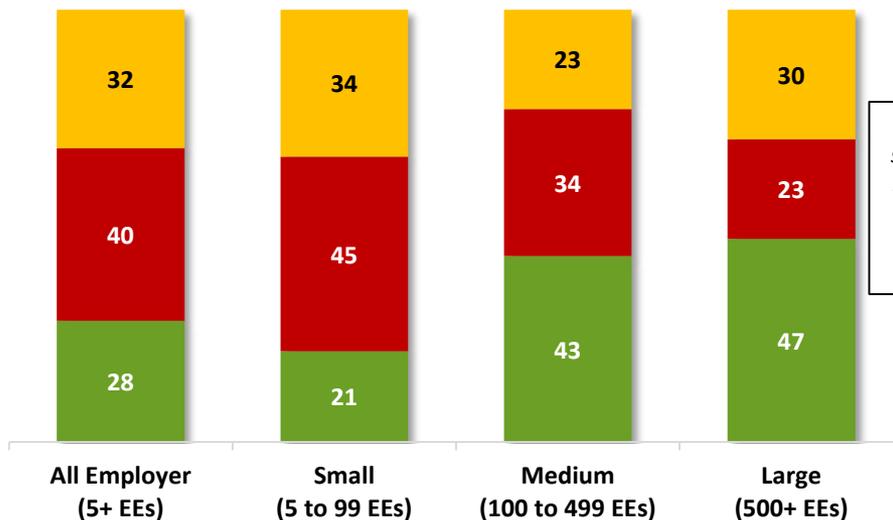
Among plan sponsors that do not offer automatic enrollment, only 28 percent plan to do so in the future. Forty percent do not plan to offer it and 32 percent say they are “not sure.”

Among those not planning to offer it, the three most frequently cited reasons are participation rates already being high (44 percent), concerns about employee resistance (33 percent) and concerns about cost (24 percent).

Employer Perspective

Plans to Adopt Automatic Enrollment in the Future (%)

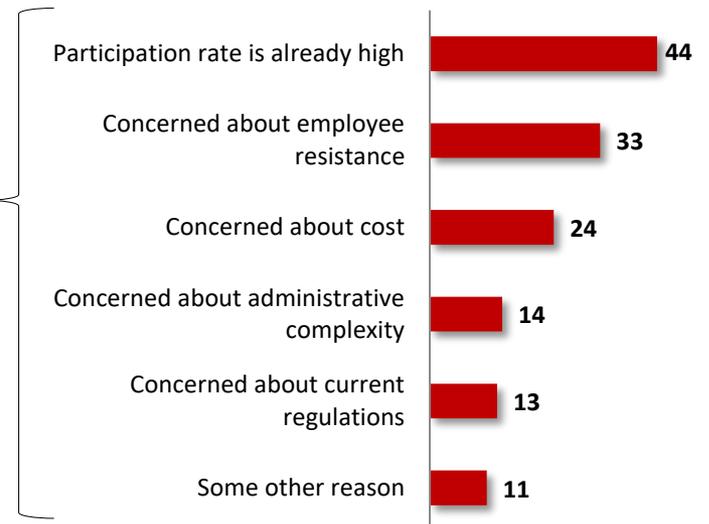
■ Yes ■ No ■ Not Sure



Among plan sponsors that do not plan to offer automatic enrollment in the future...

Employer Perspective

Most Frequently Cited Reasons for NOT Planning to Offer Automatic Enrollment in the Future (%)



EMPLOYER BASE: DOES NOT AUTOMATICALLY ENROLL NEW EMPLOYEES INTO THE 401(K) PLAN Q580. Does your company plan to adopt automatic enrollment in the future?

EMPLOYER BASE: DOES NOT HAVE PLANS TO ADOPT AUTOMATIC PROVISIONS IN THE FUTURE

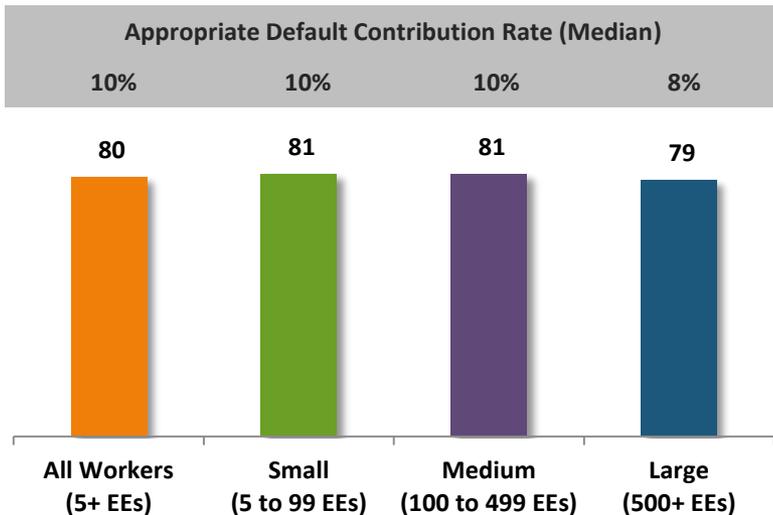
Q590. For which of the following reasons is your company not planning to adopt an automatic enrollment provision in the future? Select all.

Automatic Features Have Strong Appeal Among Workers

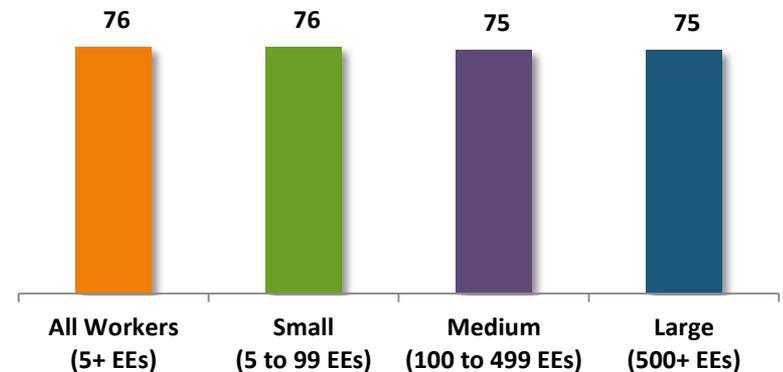
Eighty percent of workers find automatic enrollment to a 401(k) or similar retirement plan to be appealing, a finding that is consistent by company size. Workers indicate that the appropriate default contribution rate would be 10 percent (median).

Seventy-six percent of workers agree that they would likely use automatic escalation, a feature that would automatically increase their retirement contributions by one percent each year, until they decide to discontinue the increases.

Worker Perspective
Appeal of Automatic Enrollment
 Very/Somewhat Appealing (%)



Worker Perspective
Likelihood of Using a Feature That Automatically Increases Contribution by 1% Each Year, Until You Choose to Discontinue
 Very/Somewhat Likely (%)



WORKER BASE: ALL QUALIFIED RESPONDENTS

Q635. Imagine that your current employer automatically enrolled you into a 401(k), 403(b) or similar retirement plan, deducting a percentage of each paycheck, and investing it for your future retirement. How appealing would this seem to you?

Q636. Imagine that your current employer automatically enrolled you into a 401(k), 403(b) or similar retirement plan, what would you consider to be an appropriate percentage to deduct from your paycheck to be invested for your future retirement?

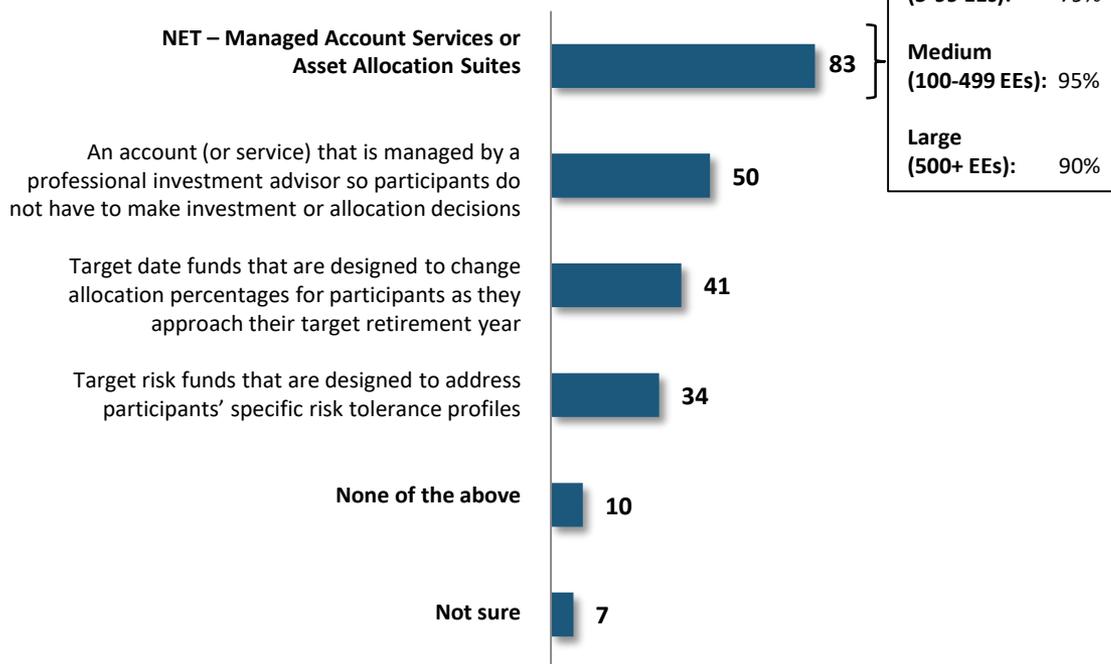
Q702. How likely would you be to use a feature in a 401(k) or similar plan where your employer would automatically increase your contribution rate (as a percentage of your salary) to the plan by 1% each year, until you choose to discontinue this increase?

Professionally Managed Investment Services

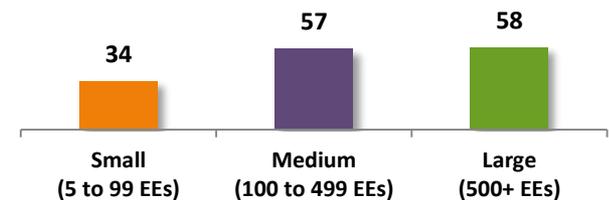
Professionally managed services such as managed accounts and asset allocation suites, including target date and target risk funds, have become ubiquitous options in 401(k) or similar plans, with 83 percent of plan sponsors offering them. Such offerings enable plan participants to invest in professionally managed services or funds that are essentially tailored to their goals, years to retirement, and/or risk tolerance profile, and can help participants with asset allocation without their having to become investment experts themselves. As with many other plan features, larger companies are more likely to offer these than small companies.

Offer Professionally Managed Account Services or Asset Allocation Suites for Investments (%)

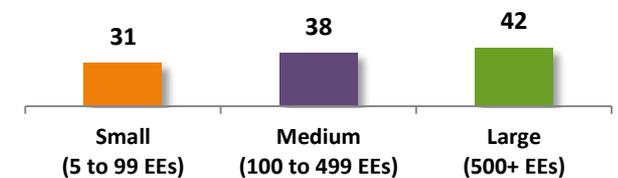
All Employers/ Plan Sponsors (5+ EEs)



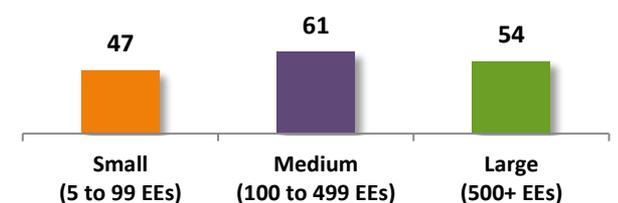
Target Date Funds (%)



Target Risk Funds (%)



Managed Account / Service (%)

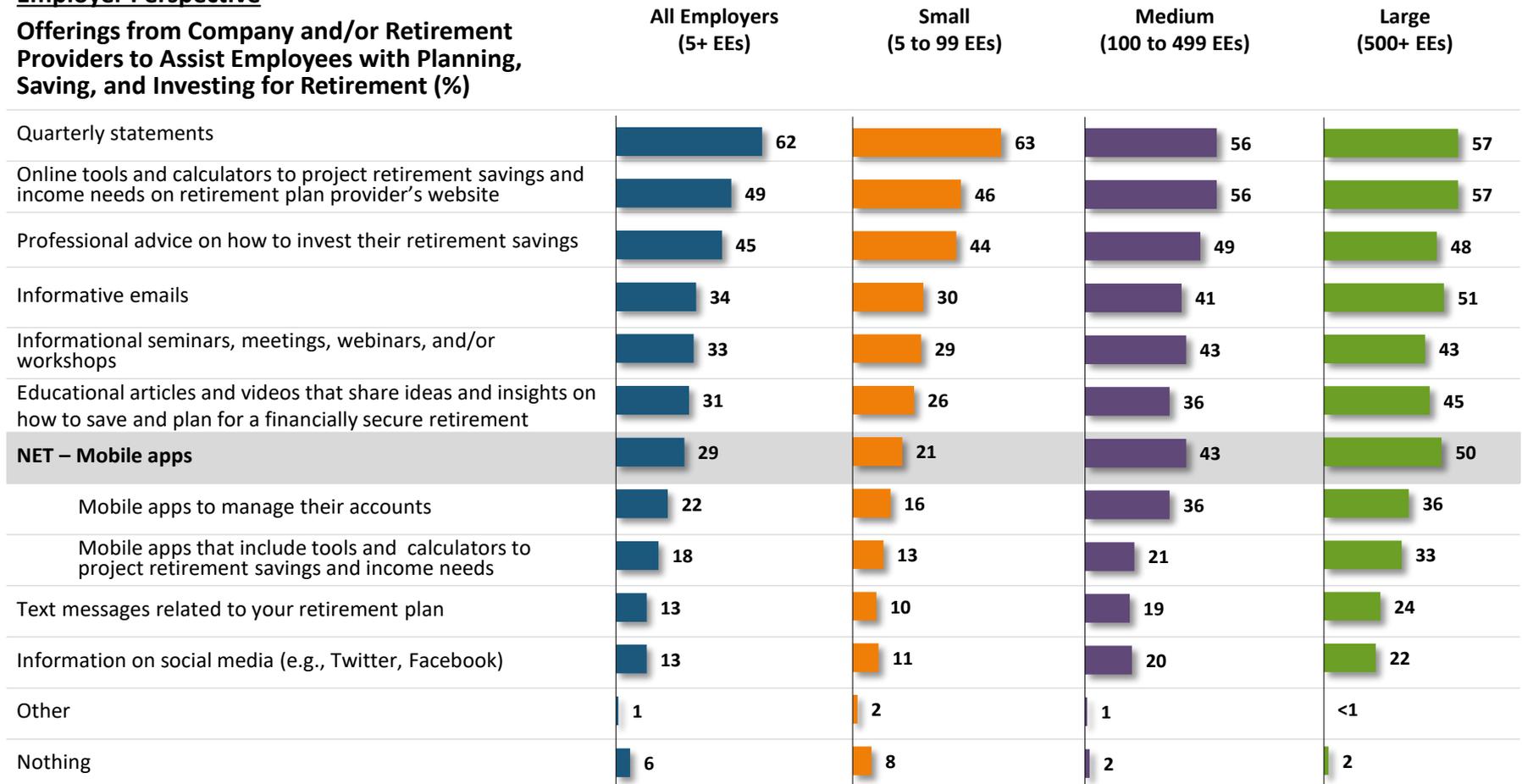


Small Companies' Plans Have Fewer Educational Offerings

Among employers that offer a 401(k) or similar plan, plan sponsors offer a variety of online tools and resources, professional advice, informative emails, seminars/meetings/webinars/workshops, and mobile apps, in addition to quarterly statements. Overall, small companies have fewer offerings than medium and large companies.

Employer Perspective

Offerings from Company and/or Retirement Providers to Assist Employees with Planning, Saving, and Investing for Retirement (%)



EMPLOYER BASE: OFFERS 401(K) PLAN OR SIMILAR PLAN

Q3605. Which of the following does your company and/or retirement provider offer to your employees to assist them with planning, saving, and investing for retirement? Select all.

Helpfulness of Retirement Plan Educational Offerings

Retirement plan providers offer a variety of resources and tools to assist workers to plan, save, and invest for retirement, and a strong majority of workers find them helpful. Across company size, the most helpful resources cited by workers are quarterly statements (87 percent), online calculators and tools to project savings and income (85 percent), and professional advice on how to invest their retirement savings (84 percent). Mobile apps that manage accounts (80 percent) and those that include tools and calculators to project income and savings needs (79 percent) are also found to be helpful. Information on social media platforms is the least helpful of the resources listed (59 percent).

Worker Perspective

How Helpful Do You Find the Following from Your Employer's Retirement Plan Provider?

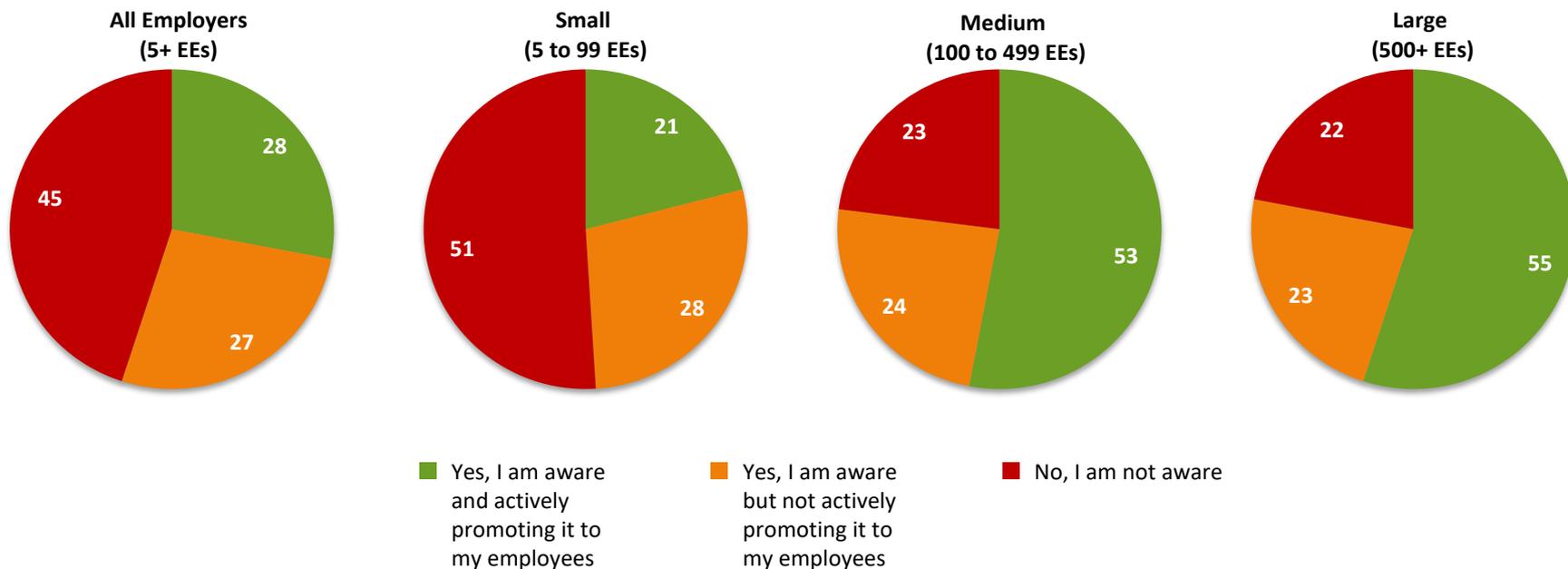
NET – Very/Somewhat Helpful (%)

	All Worker (5+ EEs)	Small (5 to 99 EEs)	Medium (100 to 499 EEs)	Large (500+ EEs)
Quarterly statements	87	86	90	85
Online tools and calculators to project retirement savings and income needs on the retirement plan provider's website	85	84	87	83
Professional advice on how to invest my retirement savings	84	86	87	84
Mobile apps to manage my account	80	80	76	80
Mobile apps that include tools and calculators to project investment savings and income needs	79	80	75	78
Educational articles and that share ideas and insights on how to save and plan for a financially secure retirement	79	77	81	79
Informational seminars, meetings, webinars, and/or workshops by the retirement plan provider	77	77	76	76
Informative emails sent to my work and/or my personal address from the retirement plan provider	75	79	75	74
Information on social media (e.g., Twitter, Facebook, LinkedIn, etc.)	59	58	53	58

Few Small Employers Promote the Saver's Credit

The Saver's Credit is a tax credit available to eligible taxpayers who are saving for retirement in a qualified retirement plan or IRA. Only 28 percent of all employers are both aware of the Saver's Credit and actively promoting it to their employees, but level of awareness increases with company size. Large (55 percent) and medium companies (53 percent) are far more likely to be aware of the tax credit and actively promoting it, while small companies are less likely (21 percent) to do so. Forty-five percent of all employers are not aware of the Saver's Credit. Employers can play a vital role in encouraging their employees to save by promoting this tax incentive in a variety of ways. [Educational materials](#), offered by TCRS in English and Spanish, provide information for employers to share with their employees and can aid in this effort.

Employers' Level of Awareness of the Saver's Credit and Efforts to Promote It (%)



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q3607. Are you aware of a tax credit called the "Saver's Credit," which is available to individuals and households, who meet certain income requirements, for making contributions to an IRA or a company-sponsored retirement plan such as a 401(k) plan or 403(b) plan?

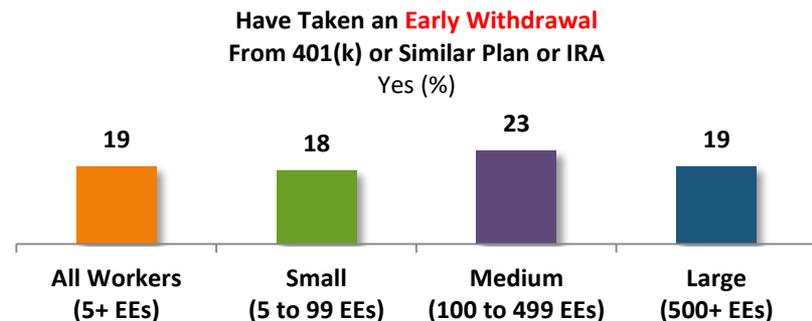
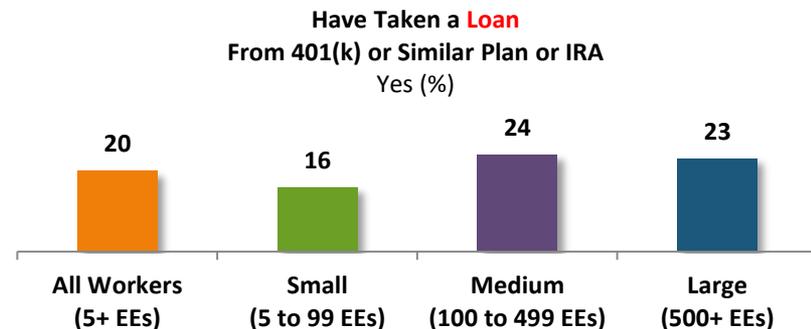
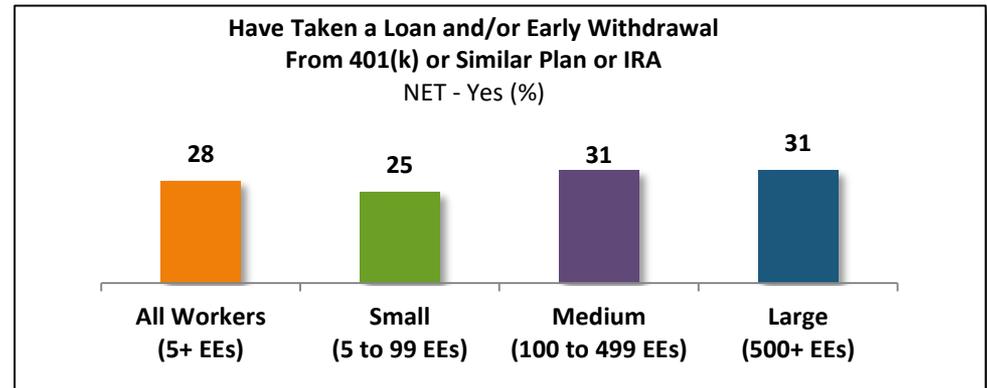
Retirement Plan Leakage: Loans and Withdrawals

Leakage from retirement plans, through loans or early withdrawals, can severely inhibit the growth of participants' long-term retirement savings.

Twenty-eight percent of workers have taken some form of loan and/or early withdrawal from a 401(k) or similar plan or IRA. Workers of large and medium companies (both 31 percent) are most likely to have done so, compared with workers of small companies (25 percent).

The proportion of workers taking out loans (20 percent) is similar to those taking early withdrawals (19 percent).

Worker Perspective



Reasons for Taking Plan Loans

Among workers who have taken out a loan from their 401(k) or similar plan, the most frequently cited reason is to pay off debt (34 percent NET). Financial emergencies (23 percent) and unplanned major expenses such as home or care repair (20 percent) are also cited as reasons to take out loans.

<u>Worker Perspective</u>		All Workers (5+ EEs)	Small (5 to 99 EEs)	Medium (100 to 499 EEs)	Large (500+ EEs)
Reasons for Taking Loan From Retirement Plan (%)					
NET – Pay Off Debt		34			
Pay off credit card debt		22			
Pay off other debt		19			
A financial emergency		23			
Unplanned major expenses (e.g., home or car repair, etc.)		20			
Medical bills		18			
Home improvements		18			
Purchase of a vehicle		17			
Everyday expenses		17			
Purchase of primary residence		14			
College tuition		10			
Burial of funeral expense		9			
Avoid eviction		8			
Some other expense		4			

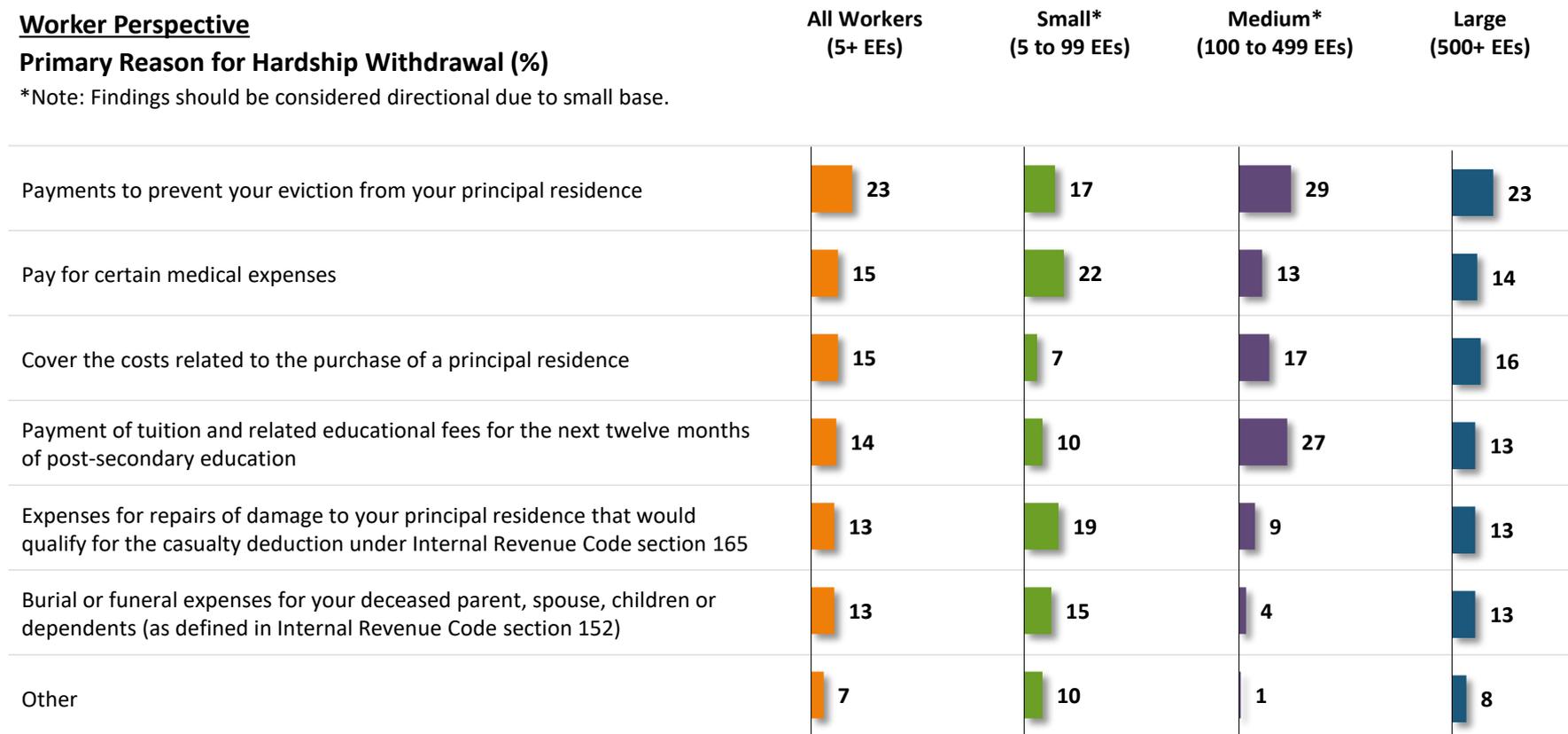
Reasons for Taking Hardship Withdrawals

Among workers who have taken a hardship withdrawal from a 401(k) or similar plan, 23 percent indicate their primary reason for doing so is to make payments to prevent eviction from their principal residence. Other commonly cited reasons are to pay for certain medical expenses (15 percent) and to cover the costs related to the purchase of a principal residence (15 percent).

Worker Perspective

Primary Reason for Hardship Withdrawal (%)

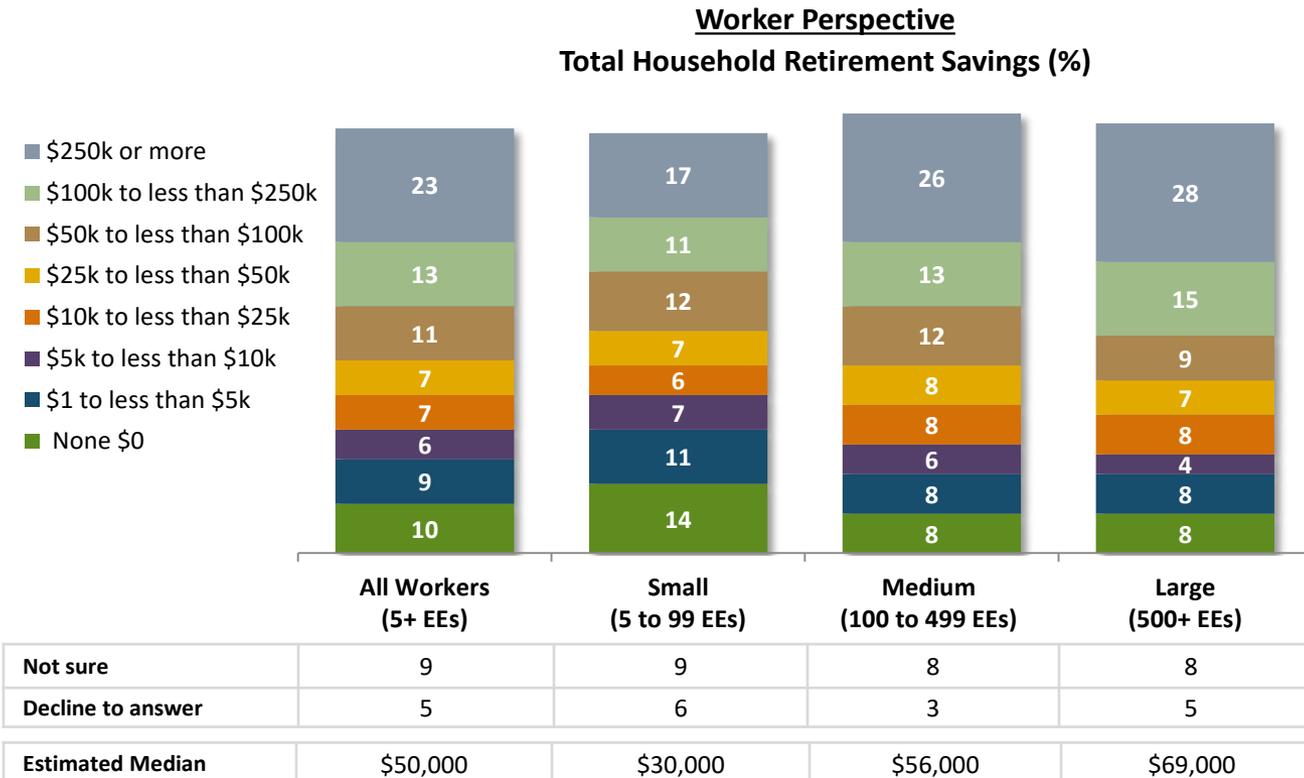
*Note: Findings should be considered directional due to small base.



*Note: Base sizes are small with less than 100 respondents

Workers' Retirement Savings Vary by Company Size

Total household retirement savings is one of the strongest indicators of a worker's retirement outlook. Workers' estimated median total household retirement savings is \$50,000. However, a retirement savings gap appears when savings is examined by company size. Workers of small companies have total retirement savings of \$30,000, compared with \$56,000 among workers of medium companies and \$69,000 for workers of large companies (estimated medians).



Note: The median is estimated based on the approximate midpoint of the range of each response category. Non-responses are excluded from the estimate.

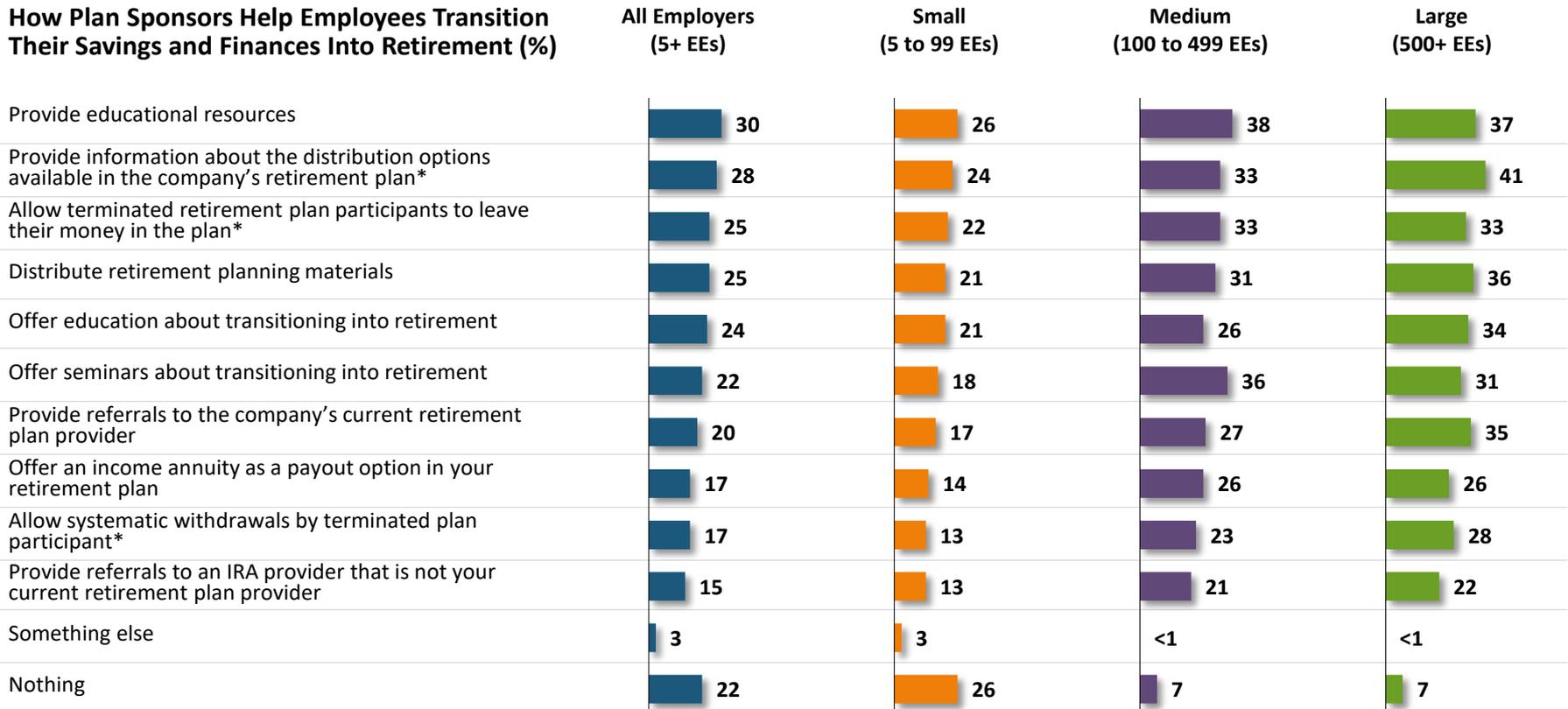
WORKER BASE: ALL QUALIFIED RESPONDENTS

Q1300. Approximately how much money does your household have saved in all of your retirement accounts? Please include IRAs, 401(k)s, 403(b)s, and any other savings for retirement to which you and/or your spouse or partner have contributed funds.

Plan Sponsors Can Do More to Assist With Retirement Transition

Workers nearing retirement face a myriad of complex decisions related to transitioning into retirement, and plan sponsors have an important opportunity to work with their retirement plan providers to assist them. However, few plan sponsors provide things such as: educational resources (30 percent), information about distribution options (28 percent), and retirement planning materials (25 percent). Moreover, 22 percent of plan sponsors say they do “nothing” to help employees transition their savings and finances into retirement, with 26 percent of small companies saying this compared with only seven percent of both medium and large companies.

Employer Perspective



*While regulations concerning terminated participants may require that companies perform these actions, these statistics only reflect companies' responses to the survey.

EMPLOYER BASE: OFFERS 401(K) PLAN OR SIMILAR PLAN

Q770. Does your company and/or its retirement plan provider do any of the following to help its employees transition their savings and finances into retirement?

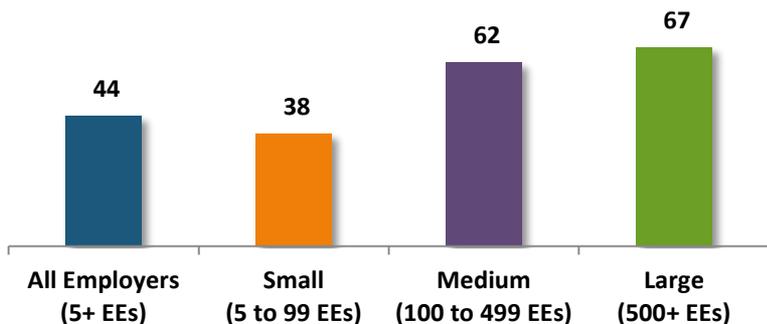
Select all that apply.

Some Employers Offer Information About Government Benefits

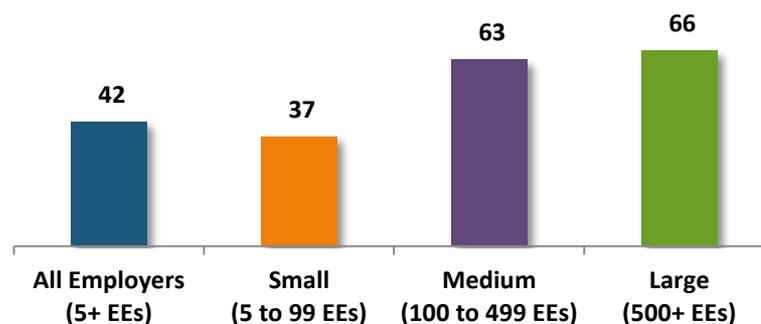
As part of the retirement planning-related educational offerings, more than two in five employers provide information about Social Security (44 percent) and Medicare (42 percent) benefits. Small companies are much less likely to provide such information about government benefits than medium and large companies.

Employer Perspective

Provides Information About Social Security Benefits (%)



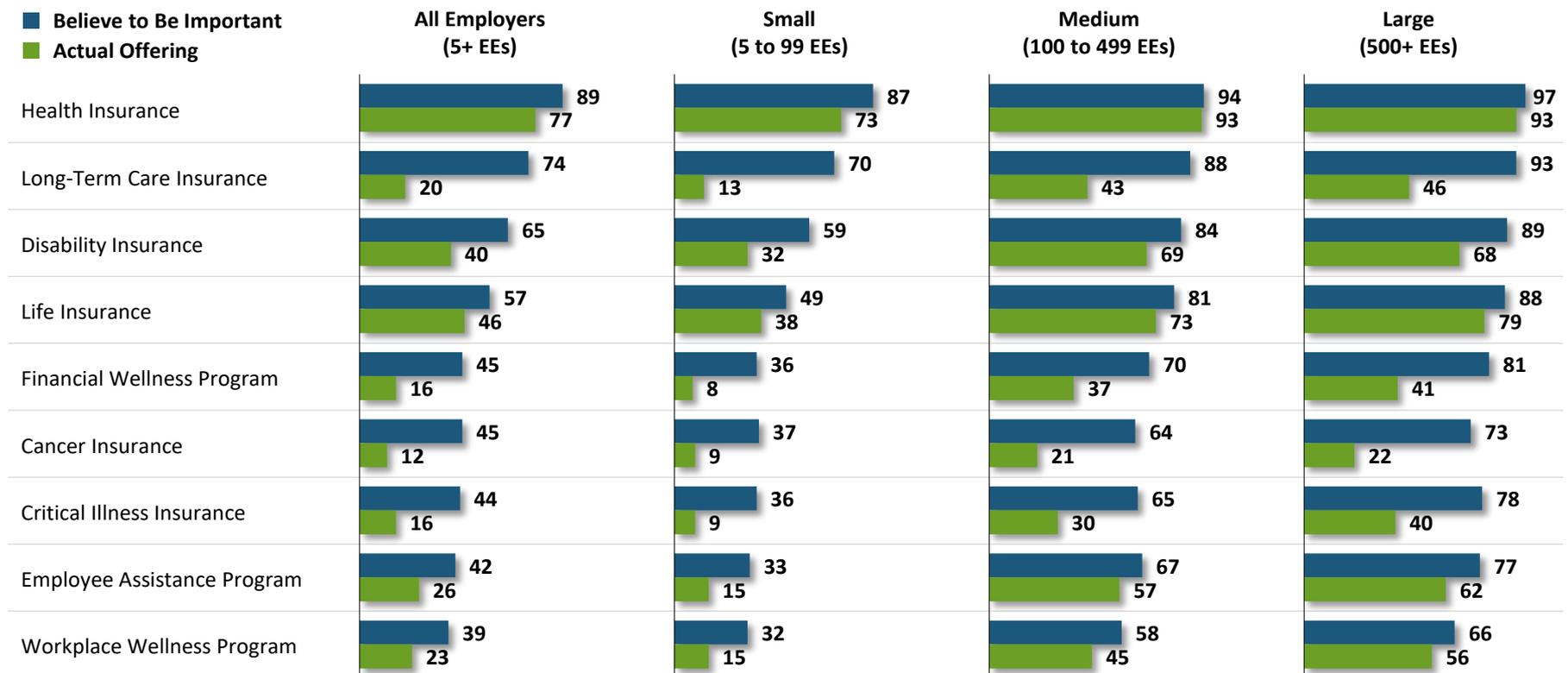
Provides Information About Medicare Benefits (%)



Other Employee Benefits Can Help Improve Financial Security

In addition to retirement benefits, health and welfare benefits such as health insurance, life insurance, disability insurance, employee assistance programs, workplace wellness and financial wellness programs, long-term care and other insurance can enhance workers' financial security. These benefits may offer insurance protections, mitigate out-of-pocket expenses, and provide additional resources in situations of financial difficulty. While many employers (correctly) believe that their employees find such benefits important, a considerably lower proportion of employers actually offer them. This gap suggests that there is an opportunity for employers to increase the competitiveness of their compensation and benefits packages, while helping their employees achieve greater long-term financial security.

Employer Perspective: Perceived Importance Versus Actual Offering of Health and Welfare Benefits (%)



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q520. Do you think your company's employees see the following benefits as very important, somewhat important, not too important, or not at all important?

Q1021. Does your company currently offer any of the following? Select all.

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