Striking Similarities and Disconcerting Disconnects: Employers, Workers and Retirement Security

18th Annual Transamerica Retirement Survey

TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

August 2018

Table of Contents

TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

About the Author

Catherine Collinson serves as CEO and president of nonprofit Transamerica Institute® and Transamerica Center for Retirement Studies®, and is a retirement and market trends expert and champion for Americans who are at risk of not achieving a financially secure retirement. Catherine oversees all research, publications and outreach initiatives, including the Annual Transamerica Retirement Survey. In 2015, Catherine was also named executive director of the Aegon Center for Longevity and Retirement.

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.

Catherine is regularly cited by top media outlets on retirement-related topics. Her expert commentary has appeared in major publications, including: USA Today, Time, Next Avenue, Forbes, U.S. News & World Report, The New York Times, and CBS MoneyWatch. She co-hosts the ClearPath: Your Roadmap to Health & Wealth radio show on Baltimore's WYPR, an NPR news station. In 2015, Catherine joined the Advisory Board of the Milken Institute's Center for the Future of Aging. 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.

She is employed by Transamerica Corporation. Since joining the organization in 1995, she has held a number of positions with responsibilities including in the incorporation of Transamerica Center for Retirement Studies as a nonprofit private foundation in 2007 and its expansion into Transamerica Institute in 2013, as well as the creation of the Aegon Center for Longevity and Retirement in 2015.

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.

- The Institute is funded by contributions from Transamerica Life Insurance Company and its affiliates and may receive funds from unaffiliated third parties.

- TCRS and its representatives cannot give ERISA, tax, investment or legal advice. This material is provided for informational purposes only and should not be construed as ERISA, tax, investment or legal advice. Interested parties must consult and rely solely upon their own independent advisors regarding their particular situation and the concepts presented here.

- Although care has been taken in preparing this material and presenting it accurately, TCRS disclaims any express or implied warranty as to the accuracy of any material contained herein and any liability with respect to it.

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: 18th Annual Transamerica Retirement Survey of Employers

- A 21-minute online survey was conducted in English between November 15 and December 15, 2017 among a nationally representative sample of 1,825 employers using The Harris Poll. Potential respondents were targeted based on job title at for-profit companies and met the following criteria:
  - Business executives under 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 addition, in 2016 the survey transitioned fully to online. In order to ensure that this sample is fully representative of the targeted universe of employers, there is weighting by industry and region. A full methodology is available upon request.
- Percentages were rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.

Methodology: 18th Annual Transamerica Retirement Survey of Workers

- A 25-minute, online survey was conducted in English between August 9 and October 28, 2017 among a nationally representative sample of 6,372 workers using The Harris Poll. Respondents met the following criteria:
  - U.S. residents, age 18 or older
  - Full-time or part-time workers in a for-profit company employing five or more people

- 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 US residents age 18+, employed full time in a for-profit company with 5+ employees or employed part time in a for profit company.
  - 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 responded to this survey versus those who did not.

- Percentages are rounded to the nearest whole percent. Differences in the sums of combined categories/answers are due to rounding.

- This report focuses on full-time and part-time workers combined.

Terminology and Sample Sizes

This report uses the following terminology:

Employers	Base Size
• *Small company*: 5 to 99 employees	N=947
• *Medium company*: 100 to 499 employees	N=314
• *Large company*: 500 or more employees	N=564

Workers	Base Size
• *Small company*: 5 to 99 employees	N=2,342
• *Medium company*: 100 to 499 employees	N=1,086
• *Large company*: 500 or more employees	N=2,944

Key Highlights

As part of its *18th Annual Retirement Survey*, Transamerica Center for Retirement Studies® (TCRS) interviewed more than 1,800 employers of for-profit companies with five or more employees to gain insights into how they are helping their employees prepare for retirement. The survey findings are presented in aggregate and by company size, including small (5 to 99 employees), medium companies (100 to 499 employees), and large companies (500+ employees). The study also provides context by comparing the employer survey findings to TCRS' survey of more than 6,300 workers.

Striking Similarities and Disturbing Disconnects: Employers, Workers, and Retirement Security

Today, people have the potential to live longer than any other time in history. Many workers now want and need to extend their working lives to financially prepare for longer retirements – and they need more support from their employers. The survey findings illustrate ways in which employers and workers are in sync, while also revealing major disconnects.

Key findings include:

- **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 16 percent that are "very confident" and 55 percent that are "somewhat confident. In contrast, a smaller majority of *workers* (62 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 44 percent who are "somewhat confident."
- **Many Are Still Recovering From the "Great Recession."** Approximately half of *employers* say their company is still recovering from the deep recession commonly referred to as the "Great Recession" (51 percent), including 36 percent that have somewhat recovered, 10 percent that have not yet begun to recover, and five percent that think they may never recover. By comparison, 56 percent of *workers* indicate that they are still financially recovering from the recession.

Key Highlights

- **Employers May Underestimate the Importance of 401(k)s.** The vast majority of *workers* (88 percent) view a 401(k) or similar plan as an important benefit. However, only 75 percent of *employers* believe that their employees see such a benefit as important. Additionally, more *workers* (62 percent) than *employers* (45 percent) see this benefit as being "very important."

- **Importance of Retirement Benefits in Attracting Employees.** Seventy-two 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.

- **Employers Are out of Sync With Workers' Focus on Retirement.** The survey findings reveal some startling disconnects between *employers*' perceptions and *workers'* retirement-related preparations. For example, 72 percent of *employers* believe their employees prefer not to think about retirement until they get closer to their retirement date, compared to only 40 percent of *workers* who feel this way. Fifty percent of employers think employees are very involved in monitoring and managing their retirement savings, compared to 65 percent of workers who say they are. Notably, 66 percent of *workers* would like more information and advice from their employers on how to reach their retirement goals, yet only 52 percent of *employers* believe this to be the case.

- **Employers Recognize Expectations of Working Past Age 65.** Seventy 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).

- **Employers Know That Employees Plan to Work in Retirement.** Seventy-four 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. Indeed, many *workers* plan to continue working in retirement (56 percent), including 14 percent who plan to work full-time and 42 percent who plan to work part-time.

Key Highlights

- **Few Employers Offer a Formal Phased Retirement Program.** Despite the fact that many workers envision a phased transition into retirement, employers have yet to catch up. Only 20 percent of *employers* offer a formal phased retirement program with specific provisions and requirements for employees who want to transition into retirement. In contrast, 47 percent of *workers* are envisioning a phased transition by reducing work hours (30 percent) or working in a different capacity that is less demanding and/or brings greater personal satisfaction (17 percent).

- **Phased Retirement Versus Reality: A Double Disconnect.** Workers' realization of a phased retirement depends on their employers having programs and practices in place to accommodate them. The survey found a two-fold disconnect: First, few *employers* have practices in place such as accommodating flexible schedules (32 percent), enabling workers to shift from full-time to part-time (31 percent), or take on jobs that are less stressful or demanding (21 percent). Second, even fewer *workers* believe their employers have such practices (only 24 percent believe their employer will accommodate a flexible schedule, 21 percent believe their employer will allow workers to shift from full-time to part-time, and lastly, 16 percent believe their employer will allow employees to take on positions that are less stressful and demanding).

- **How Do Employers and Workers Perceive "Older" Workers?** Concerns about ageism are common in today's society, especially with many workers planning to work past age 65. However, the vast majority of *employers* and *workers* (both 84 percent) cite one or more positive perceptions of workers age 50 and older. *Employers* indicate that older workers bring more knowledge, wisdom and life experience (59 percent), are more responsible, reliable and dependable (54 percent), and are a valuable resource for training and mentoring (49 percent). Even so, many *employers* (59 percent) and *workers* (54 percent) cite negative perceptions, including higher healthcare costs, higher wages and salaries, and less open to learning and new ideas.

Key Highlights

- **Aging-Friendly? Maybe. D & I Policy Statement? Unlikely.** Most *employers* (70 percent) consider their companies to be "aging friendly" by offering opportunities, work arrangements, and training and tools need for employees of all ages to be successful in their current role or contribution to the company. In comparison, only 56 percent of *workers* consider their employers to be "aging friendly." Of further note, just 23 percent of *employers* have adopted a formal diversity and inclusion policy statement that specifically includes age among other commonly referenced demographic characteristics.

- **Employers' Views Re: Proactive Steps Workers Should Be Taking.** Working past age 65 and/or in retirement brings important opportunities to earn income, stay active, and maintain social connections. However, it requires staying healthy and maintaining marketable skills. When comparing the proactive steps that *employers* recommend that employees should be taking to be able to work past age 65 with *workers'* actual actions taken, the most frequently cited response among both is "stay healthy to continue working" (69 percent employers, 62 percent workers). *Employers*' second most frequently cited recommendation is "keep job skills up to date" (63 percent), a finding that is significantly higher than the percentage *workers* (46 percent) who say they are doing so.

- **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, almost two-thirds of *employers* (65 percent) say "it depends on the person," compared to 54 percent of *workers*. Among those who provided a specific age, *employers* consider age 70 (median) "too old" to work, a finding that is younger than *workers* 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" (64 percent) and 12 percent are "not sure." Among the 24 percent of employers that cited a specific age, their response is age 64 (median).

Key Highlights

The Current State of 401(k)s: Employer Benefit Offerings and Worker Experience

Employer-sponsored retirement plans, including 401(k) and similar employee-funded plans, have proven to be a most effective way to facilitate long-term savings among workers. Unfortunately, not all workers have equal access. For example, large companies typically provide more robust benefit offerings than their small business counterparts. The study examines the current state of 401(k)s and other benefit offerings by small (five to 99 employees), medium (100 to 499 employees), and large companies (500+ employees).

Key findings include:

- **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 (92 percent) and medium companies (86 percent), and less commonly by small companies (59 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.
- **Companies' Reasons for Offering Retirement Benefits.** Among those that offer some form of retirement benefits, companies of all sizes cite similar top reasons for doing so: helping employees to save and prepare for retirement (65 percent), retaining existing employees (60 percent), offering a competitive employee benefits package (55 percent), and increasing employee job satisfaction (54 percent). Fewer large companies (53 percent) than other companies cite retaining employees as a reason (59 percent for small companies and 64 percent for medium companies).
- **Professional Advisor Usage & Type of Advisor Used.** Sixty-eight percent of all employers report using a professional advisor when selecting their company's retirement plan. Medium (76 percent) and large companies (73 percent) are more likely to do so than small companies (66 percent). The most commonly used types of advisors include financial planners/brokers (38 percent), investment advisors (35 percent), and accountants/CPAs (25 percent). Large and medium companies are more likely to utilize a benefits consultant (37 and 33 percent, respectively) than small companies (13 percent).

Key Highlights

- **Most Non-Sponsors Are Not Planning to Offer a Plan.** Among companies that do not offer a 401(k) or similar plan, only 27 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 (58 percent), concerns about cost (41 percent), and employees are not interested (22 percent). There may be cause for optimism with regard to the future, however, as 25 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.

- **Few Part-Time Employees Are Eligible to Participate.** Among employers that offer a 401(k) or similar plan to their employees, only 41 percent extend eligibility to part-time workers. The likelihood of extending eligibility to part-time employees is higher among medium (60 percent) and large companies (54 percent) than among small companies (37 percent). Among plan sponsors that do not extend this eligibility to part-time workers, 89 percent do not plan to do so in the future. Their most frequently cited reasons include: concerns about cost (42 percent), high turnover among part-time employees (42 percent), and that it is generally impractical (38 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 for workers.

- **Many Workers Expect to Primarily Rely on 401(k)s in Retirement.** Many workers (49 percent) expect to self-fund their retirement *primarily* through 401(k)s, 403(b)s, IRAs (37 percent) or other savings and investments (12 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 companies (41 percent), compared to those of medium (38 percent) and small companies (29 percent). On the other hand, more workers of small companies expect Social Security (30 percent) or working (17 percent) to be their primary source of retirement income than their counterparts at medium and large companies (both 25 percent for Social Security and 13 percent for working).

Key Highlights

- **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 by their employer, a finding that is consistent across company size. Among those who do not have access to such plans from their employer, less than half of workers are saving for retirement.

- **Plan Participation and Salary Deferral Rates.** Eighty-one percent of workers who are offered a 401(k) or similar plan participate in that plan, a rate that is similar across company sizes. Among participants, median annual deferral rates are highest among workers of small and medium companies (both 10 percent) and lowest among workers of large companies (8 percent).

- **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 87 percent of large companies, 86 percent of medium companies, and 84 percent of small companies. The employer's matching contribution is 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 is 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. Forty-five percent of plan sponsors offer the Roth 401(k) option. Large companies (60 percent) are more likely to offer this feature than medium (49 percent) and small companies (42 percent).

Key Highlights

- **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-two percent of plan sponsors have adopted automatic enrollment, including 28 percent of both large and medium companies, and 17 percent of small companies.
  - Plan sponsors that offer automatic enrollment do so with a default contribution rate of 5 percent (median) of an employee's pay.
  - Forty-two percent of plan sponsors have adopted automatic escalation, a feature that automatically increases participants' contribution rates annually. Automatic escalation is more common at large companies (60 percent) than medium (48 percent) and small companies (37 percent).
  - Among plan sponsors that do not offer automatic enrollment, only 23 percent plan to do so in the future. Thirty-seven percent do not plan to offer it and 40 percent say they are "not sure."
  - Among those not planning to offer it, the three most frequently cited reasons are concerns about employee resistance (46 percent), participation rates already being high (27 percent), and concerns about cost (24 percent).

- **Automatic Features Have Strong Appeal Among Workers.** Eighty-one 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 7 percent (median). Seventy-five percent of workers agree that they would be likely utilize automatic escalation, a feature that would automatically increase their retirement contributions by 1 percent each year, until they decide to discontinue the increases. More workers of medium companies (78 percent) would be likely to use this feature than workers of small (74 percent) and large companies (73 percent).

Key Highlights

- **Professionally Managed Services / Asset Allocation Suites.** 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 all employers 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 those that offer a 401(k) or similar plan, plan sponsors offer online tools and resources, professional advice, seminars/meetings/webinars/workshops, informative emails, and mobile apps, in addition to standard quarterly statements.

- **Helpfulness of Employer Offerings.** Retirement plan providers offer a variety of resources and tools to assist their workers to plan, save, and invest for retirement that a strong majority of workers find helpful. Across company sizes, the most helpful resource for workers has been quarterly statements (86 percent), followed by professional advice on how to invest their retirement savings (85 percent), and online calculators and tools to project savings and income (84 percent). Mobile apps that project retirement savings and income needs (74 percent) and that manage accounts (73 percent) have gained popularity in recent years, as well as helpfulness of information on social media platforms (53 percent).

- **Many Employers Are Aware of the Saver's Credit but Few Promote It.** 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 23 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 companies (55 percent) and medium companies (36 percent) are the most likely to be aware of the tax credit and actively promoting it, while small companies are the least likely (18 percent). Fifty-one 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.

Key Highlights

- **Retirement Plan Leakage: Loans and Withdrawals.** Leakage from retirement plans, through loans or withdrawals, can severely inhibit the growth of participants' long-term retirement savings. Twenty-nine 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 companies (34 percent) are most likely to have done so, followed by medium (29 percent) and small companies (23 percent). The proportion of workers taking loans (20 percent) is slightly higher than those of taking early withdrawals (18 percent).

- **Reasons for Taking Plan Loans.** Among workers who have taken a loan from their 401(k) or similar plan, the most frequently cited reasons is pay off debt (35 percent NET). Financial emergencies (24 percent) and medical bills (23 percent) were 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 payments to prevent eviction from their principal residence. Other commonly given answers for doing so were to pay for certain medical expenses (17 percent) and to cover the costs related to the purchase of a principal residence (15 percent).

- **Workers' Savings Vary by Company Size.** Total household savings is one of the strongest indicators of a worker's retirement outlook. Over the past five years, the estimated median total household retirement savings for workers has increased from $53,000 in 2013 to $71,000 in 2017, more than a 22 percent increase. However, a retirement savings gap appears when savings is examined by company size. Workers of small companies have a median retirement savings of $57,000, compared to $73,000 among workers of medium and $78,000 among those of large companies.

Key Highlights

- **Plan Sponsors Can Do More to Assist With Retirement Transition.** Workers nearing retirement age can feel overwhelmed by the multitude of difficult decisions they need to make related to transitioning into retirement. Among those offering a 401(k) or similar plan, employers have a huge opportunity to work with their retirement plan providers to supply their participants with resources. Despite this, plan sponsors are not doing a lot to help employees transition their savings and finances into retirement, and 22 percent do "nothing." Fewer than two in five provide assistance in the form of educational resources, info about distribution options, retirement planning materials, ability to make systematic withdrawals, referrals, or offer an annuity as a payout option.

- **Some Offer Information About Social Security and Medicare.** As part of the retirement planning-related educational offerings, more than a third of employers provide information about Social Security (38 percent) and Medicare (35 percent) benefits. Small companies are much less likely to provide such information about government benefits than medium and large companies.

- **Other Health and Welfare 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 may 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 persistent 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

- **Few Employers Offer Support for Caregiving Employees.** With increasing longevity and rising costs of assisted living and long-term care, many Americans find at some point throughout their working life that they need to take on the role of unpaid family caregiver for an aging parent or loved one. These caregiving responsibilities can have ramifications, such as reducing work hours or taking time out of the workforce, that can negatively affect caregivers' own future retirement in terms of income, ability to save, and accruing of pension benefits. The survey findings show that employers can do a lot more to support their caregiving employees, beginning with compliance with the Family and Medical Leave Act (FMLA) and offering more support and resources.

- **A Big Reality Check: Some Feel More Responsible Than Others.** Many employers (55 percent) feel responsible for helping their employees achieve a financially secure retirement, including 14 percent that feel "very responsible" and 41 percent that feel "somewhat responsible." However, their sense of responsibility increases with company size: large (31 percent) and medium companies (27 percent) are considerably more likely than small companies (11 percent) to feel "very responsible."

Employers play an all-critical role in promoting retirement security among workers, yet it's important to remember that their *raison d'être* is running a business. Working together, policymakers and the retirement industry must make it as easy, affordable and worry-free as possible for employers to offer retirement plans along with other employee benefits and flexible retirement options to their employees.

Catherine Collinson
CEO & President
Transamerica Institute® and Transamerica Center for Retirement Studies ®

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. At the same time, create an emergency savings fund in order to 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 the long-term health implications when making lifestyle decisions.

Recommendations for Employers

Employers play a vital role in helping Americans save for retirement. Working with HR professionals and employee benefits advisors, employers may help improve their employees' retirement outlook by pursuing these possible opportunities:

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 insurance, disability insurance, life insurance, employee assistance programs, workplace wellness and financial wellness programs, long-term care and other insurance 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 incurring excessive debt.
6. **Structure matching contribution formulas to promote higher salary deferrals** e.g., instead of matching 100 percent of the first three percent of deferrals, change the match to 50 percent of the first six percent of deferrals.
7. **Provide education about saving and investing that is easy to understand.** Offer information about the Saver's Credit, calculating a retirement savings goal, 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 aging-friendly work environment and adopt diversity and inclusion business practices** that include age among other commonly referenced demographic factors (e.g., gender, race, religion, sexual orientation).

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. Providing additional safe harbors for 401(k) and similar plans for purposes of non-discrimination testing.
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 contribution cap on automatic enrollment and automatic escalation.
4. **Illustrate savings as retirement income on retirement plan account statements** by requiring them to state participant account balances in terms of a guaranteed monthly income 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. Make it easier to claim by adding it to the Form 1040EZ.
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. **Identify and implement public reforms** that create new incentives and remove disincentives for employers to retain older workers and offer phased retirement programs.

Striking Similarities and Disconcerting Disconnects: Employers, Workers, and Retirement Security

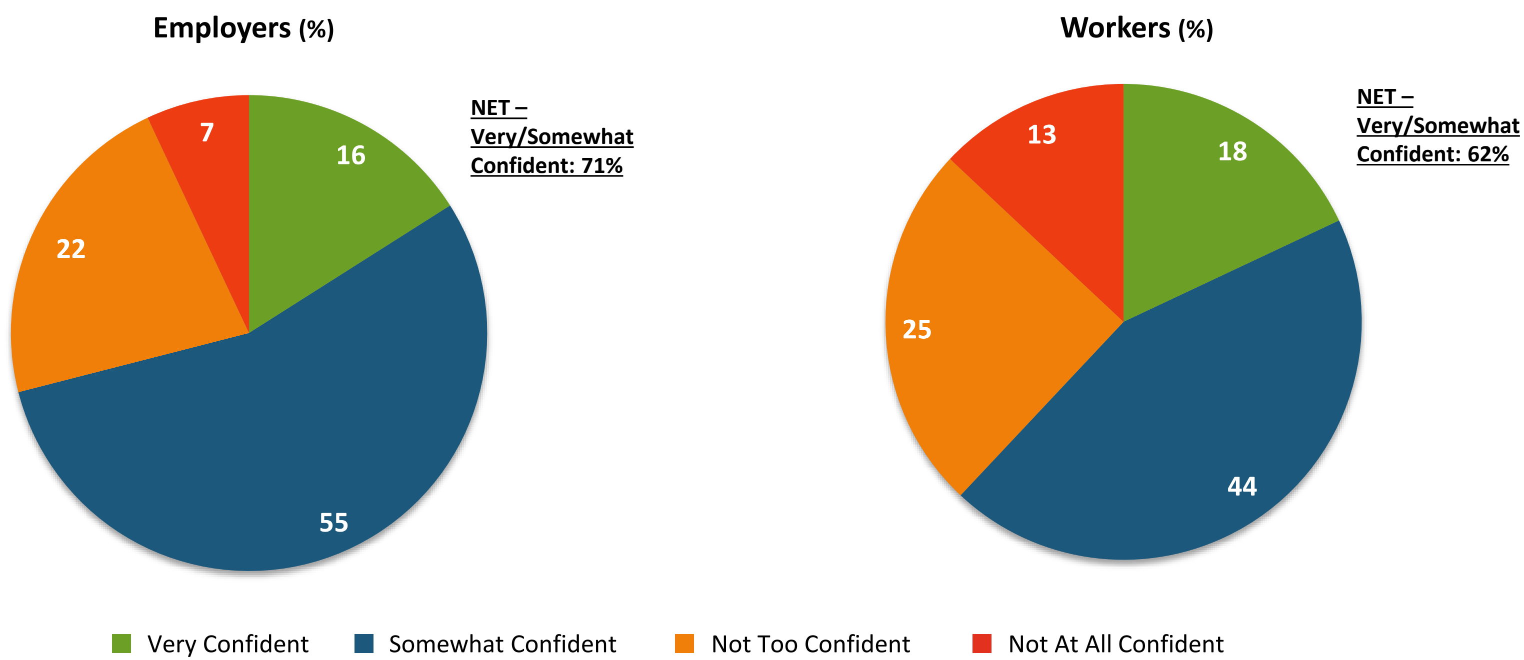
Detailed Findings

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 16 percent that are "very confident" and 55 percent that are "somewhat confident. In contrast, a smaller majority of *workers* (62 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 44 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



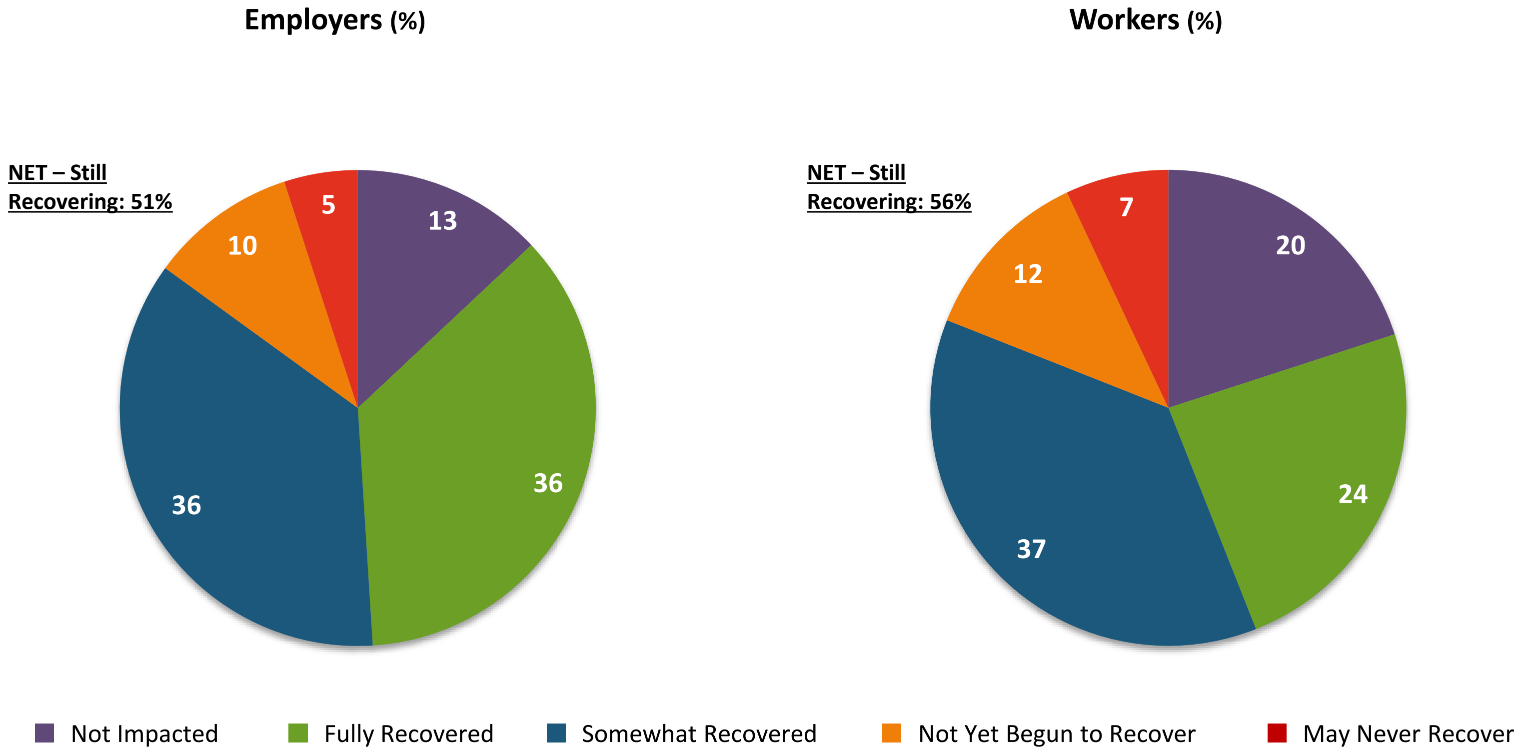
EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q800. How confident are you that your company's employees will be able to achieve a financially secure retirement?
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q880. How confident are you that you will be able to fully retire with a lifestyle you consider comfortable?

TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

Many Are Still Recovering From the "Great Recession"

Approximately half of *employers* say their company is still recovering from the deep recession commonly referred to as the "Great Recession" (51 percent), including 36 percent that have somewhat recovered, 10 percent that have not yet begun to recover, and five percent that think they may never recover. By comparison, 56 percent of *workers* indicate that they are still financially recovering from the recession.

Status of Recovery From the Great Recession (%)



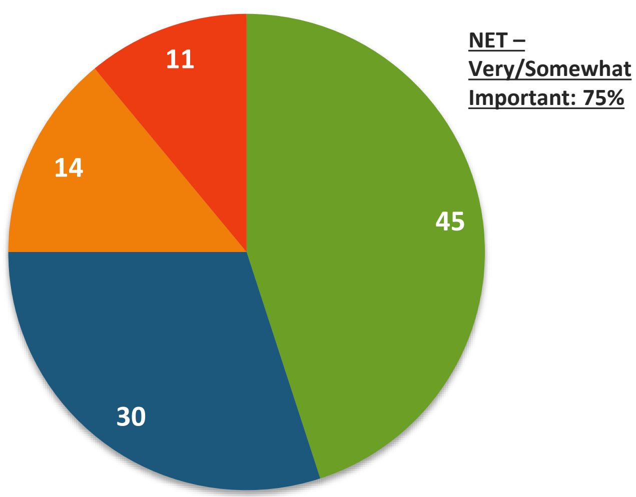
EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q3645. Regardless if you think the Great Recession has ended or not, how would you describe your company's financial recovery from the Great Recession?
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q2655. How would you describe your financial recovery from the deep recession in recent years, which is commonly referred to as the "Great Recession"?

Employers May Underestimate the Importance of 401(k)s

The vast majority of *workers* (88 percent) view a 401(k) or similar plan as an important benefit. However, only 75 percent of *employers* believe that their employees see such a benefit as important. Additionally, more *workers* (62 percent) than *employers* (45 percent) see this benefit as being "very important."

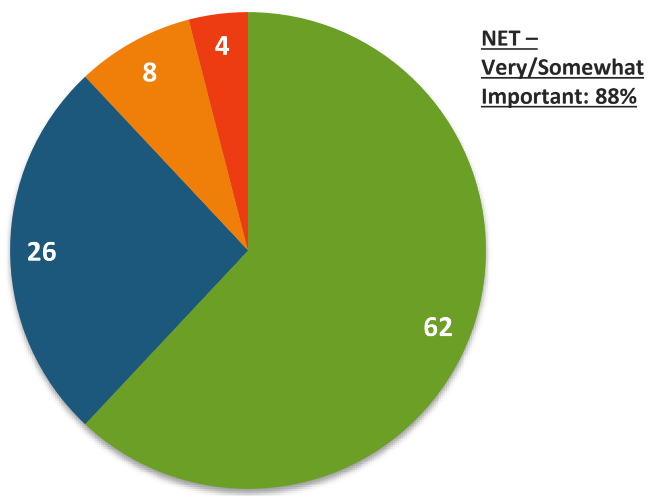
Think Their Employees View a 401(k) or Similar Plan as Important

Employers (%)



Value a 401(k) or Similar Plan as an Important Benefit

Workers (%)



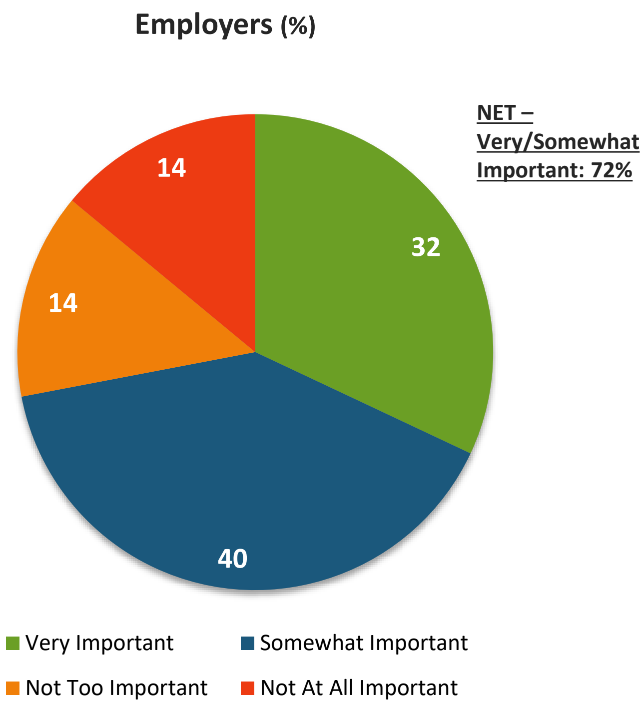
Very Important · Somewhat Important · Not Too Important · Not At All Important

EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q520_5. Do you think your company's employees see this benefit as important … 401(k) or other employee self-funded plans including SIMPLE and SEP plans
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q1170. Please tell us how important that benefit is to you, personally … a 401(k)/403(b)/457 or other employee self-funded plan.

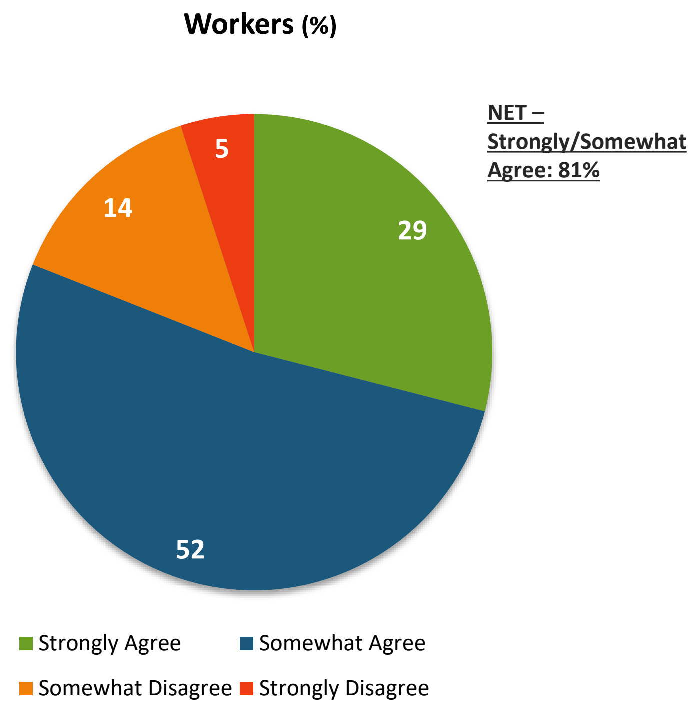
Importance of Retirement Benefits in Attracting Employees

Seventy-two 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

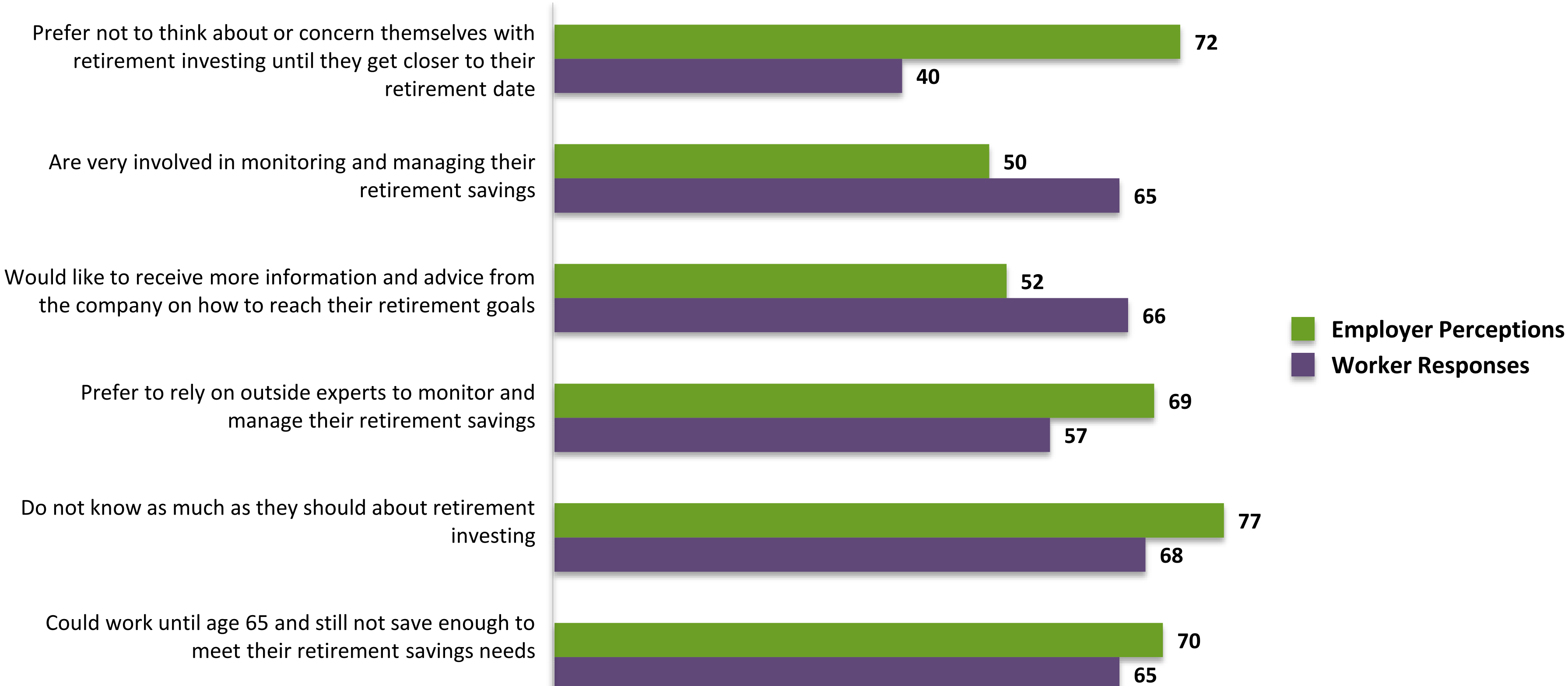


EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q650. How important would you say a company's/your company's employee-funded retirement plan package is to your ability to attract and retain employees?
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q831. How much do you agree or disagree… "The next time I look for a job, all things being equal, the retirement benefits offered by a prospective employer will be a major factor in my final decision."

Employers Are out of Sync With Workers' Focus on Retirement

The survey findings reveal some startling disconnects between *employers*' perceptions and *workers'* retirement-related preparations. For example, 72 percent of *employers* believe their employees prefer not to think about retirement until they get closer to their retirement date, compared to only 40 percent of *workers* who feel this way. Fifty percent of employers think employees are very involved in monitoring and managing their retirement savings, compared to 65 percent of workers who say they are. Notably, 66 percent of *workers* would like more information and advice from their employers on how to reach their retirement goals, yet only 52 percent of *employers* believe this to be the case.

Employer Perceptions Versus Worker Responses on Retirement Preparations
"Most employees at my company …" compared to "I …" Strongly/Somewhat Agree (%)

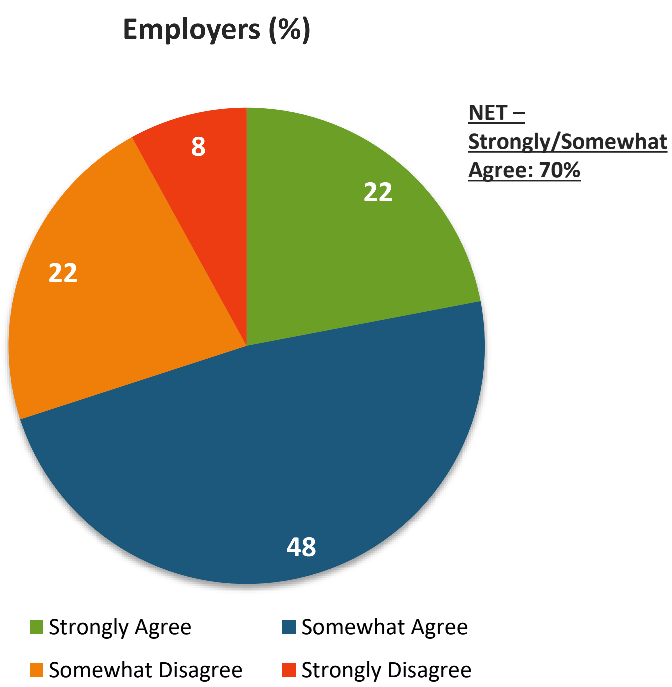


EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q840, 810, 860, 830, 820, 850. For each of the following statements, please indicate whether you strongly agree, somewhat agree, somewhat disagree, or strongly disagree.
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q931. How much do you agree or disagree with each of the following statements regarding retirement?

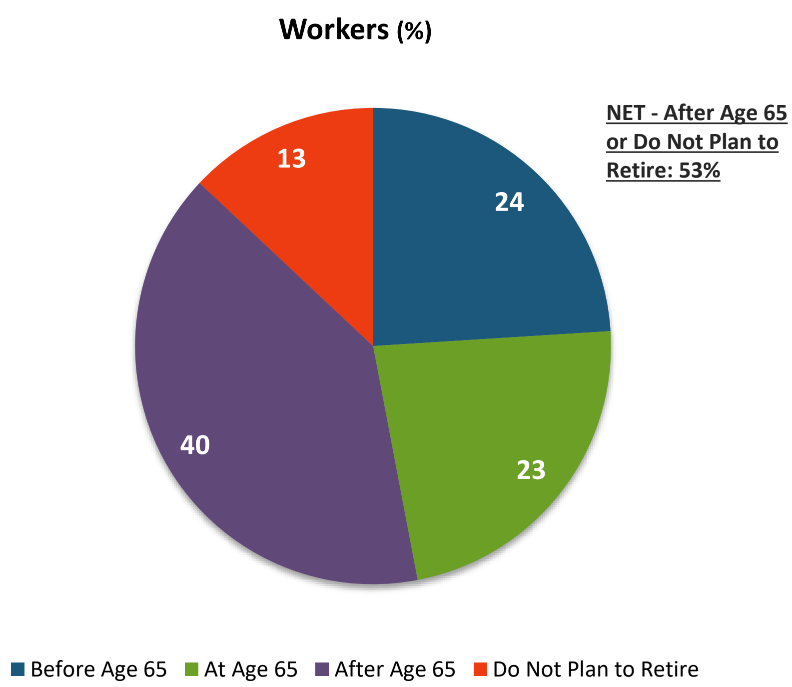
Employers Recognize Expectations of Working Past Age 65

Seventy 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



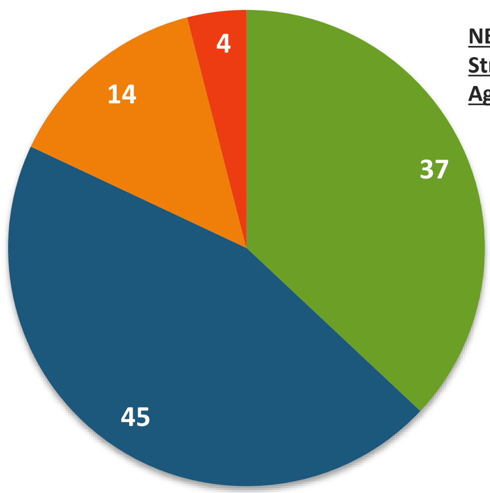
EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q4000. How much do you agree or disagree… "Many employees at my company expect to work past age 65 or do not plan to retire."
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q910. At what age do you expect to retire?

Employers Are Supportive of Working Past Age 65

Many workers plan to work past age 65, but will their employers support them? Eighty-two percent of *employers* agree with the statement, “My company is supportive of its employees working past 65,” including 37 percent that “strongly agree” and 45 percent that “somewhat agree.” However, there is a bit of a disconnect. Only 72 percent of *workers* agree that their employer is supportive, including 29 percent who “strongly agree” and 43 percent who “somewhat agree.”

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

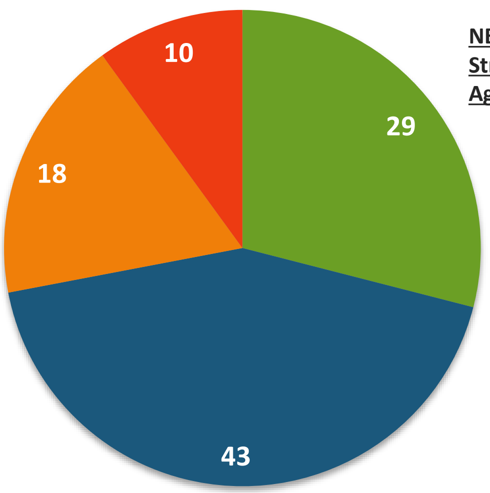
Employers (%)



NET – Strongly/Somewhat Agree: 82%

“My Employer Is Supportive of Working Past 65”

Workers (%)



NET – Strongly/Somewhat Agree: 72%

Strongly Agree | Somewhat Agree | Somewhat Disagree | Strongly Disagree

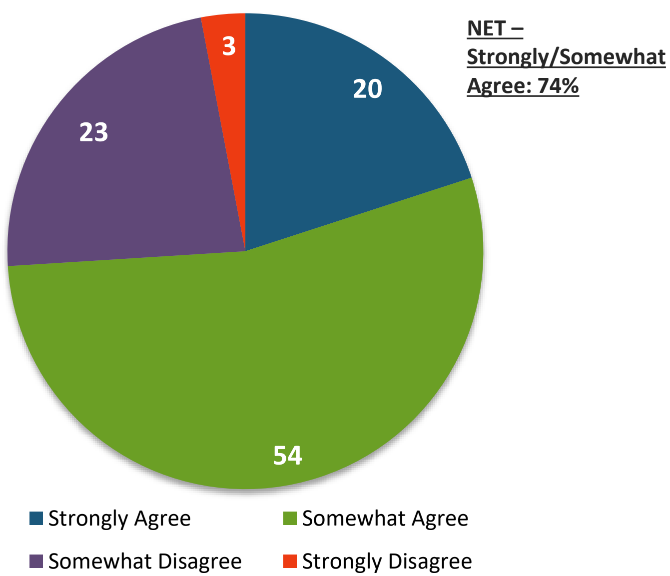
EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q3620. How much do you agree or disagree… “My company is supportive of its employees working past 65.”
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q931. How much do you agree or disagree… “My current employer is supportive of its employees working past 65.”

Employers Know That Employees Plan to Work in Retirement

Seventy-four 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. Indeed, many *workers* plan to continue working in retirement (56 percent), including 14 percent who plan to work full-time and 42 percent who plan to work part-time.

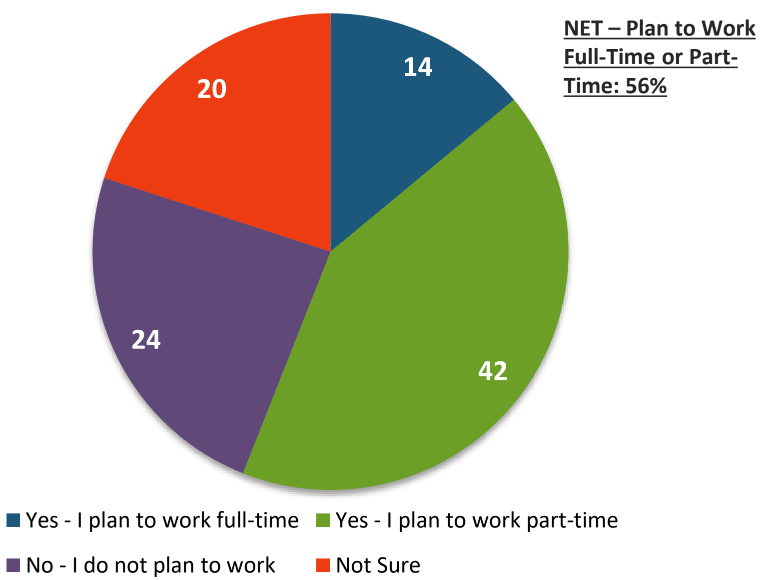
"Many Employees at My Company Plan to Continue Working Either Full-Time or Part-Time After They Retire." (Agreement)

Employers (%)



Planning to Work in Retirement

Workers (%)



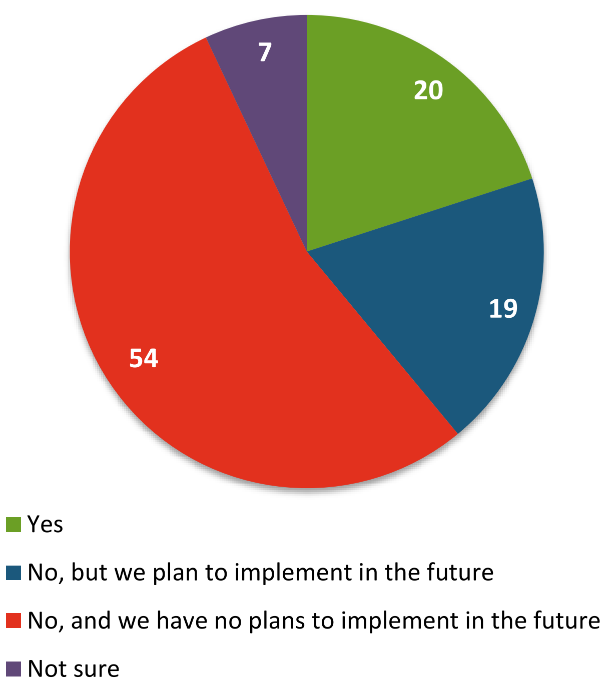
EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q4005. How much do you agree or disagree… "Many employees at my company plan to continue working either full-time or part-time after they retire."
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q1525. Do you plan to work after you retire?

Few Employers Offer a Formal Phased Retirement Program

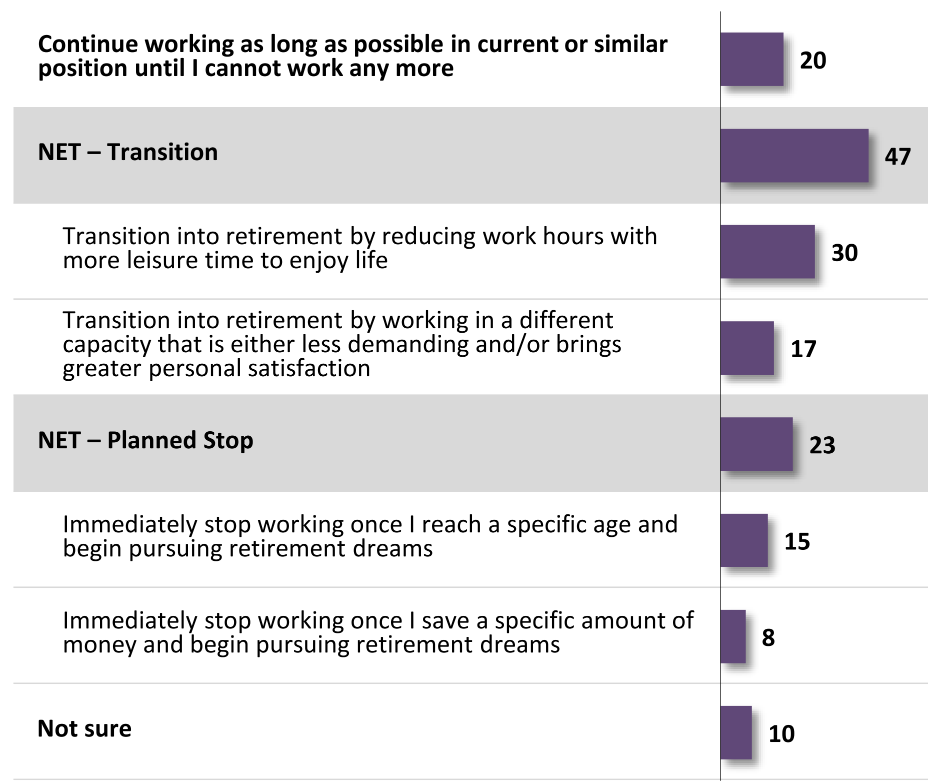
Despite the fact that many workers envision a phased transition into retirement, employers have yet to catch up. Only 20 percent of *employers* offer a formal phased retirement program with specific provisions and requirements for employees who want to transition into retirement. In contrast, 47 percent of *workers* are envisioning a phased transition by reducing work hours (30 percent) or working in a different capacity that is less demanding and/or brings greater personal satisfaction (17 percent).

Employers' Offering of a Formal Phased Retirement Program (%)

NET – No Formal Phased Retirement Program: 73%



Workers' Envisioned Transition Into Retirement (%)

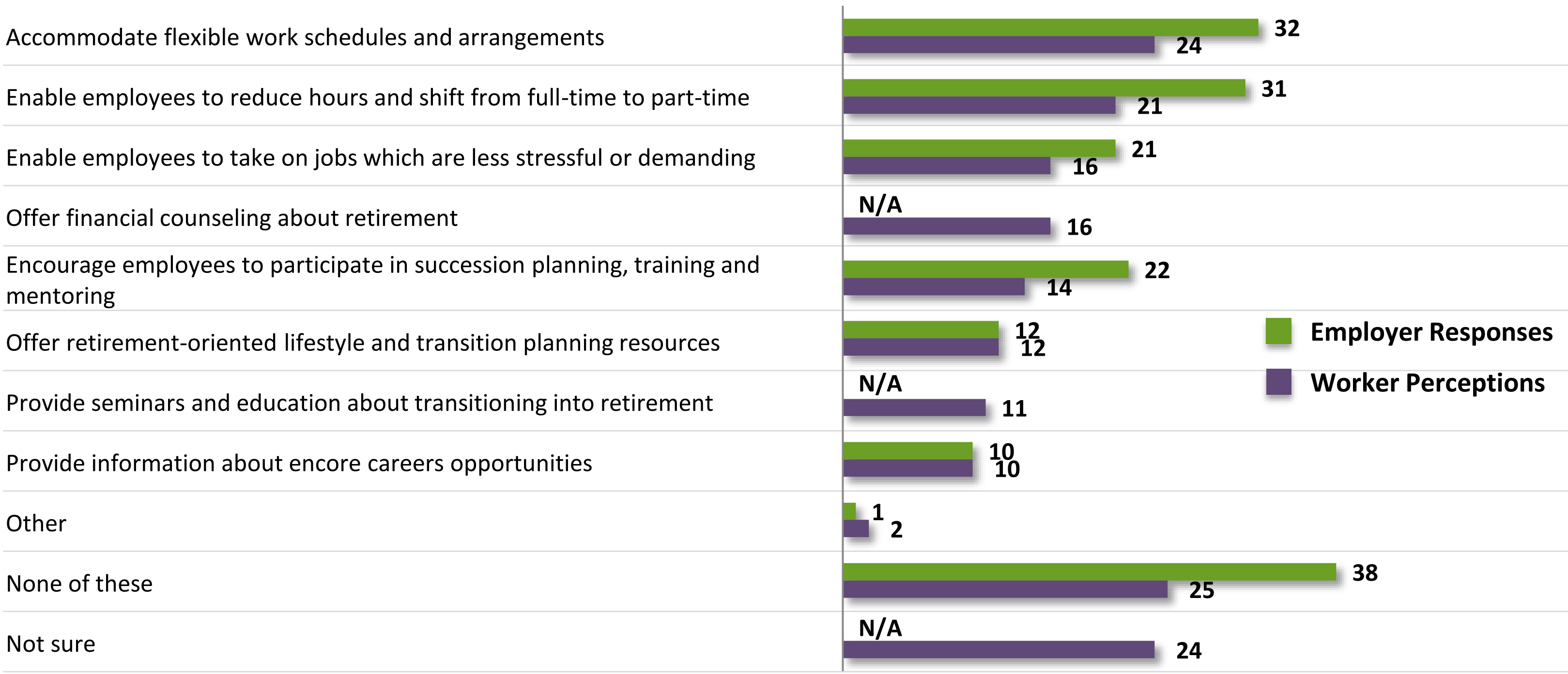


EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q5005. Does your company have a formal phased retirement program with specific provisions and requirements for employees who want to transition into retirement?
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q1545. How do you envision transitioning into retirement?

Phased Retirement Versus Reality: A Double Disconnect

Workers' realization of a phased retirement depends on their employers having programs and practices in place to accommodate them. The survey found a two-fold disconnect: First, few *employers* have practices in place such as accommodating flexible schedules (32 percent), enabling workers to shift from full-time to part-time (31 percent), or take on jobs that are less stressful or demanding (21 percent). Second, even fewer *workers* believe their employers have such practices (only 24 percent believe their employer will accommodate a flexible schedule, 21 percent believe their employer will allow workers to shift from full-time to part-time, and lastly, 16 percent believe their employer will allow employees to take on positions that are less stressful and demanding).

<u>Which of the following, if any, does your employer/company have in place to help employees who are transitioning into retirement? (%)</u>



<u>EMPLOYER BASE: ALL QUALIFIED RESPONDENTS</u>
Q3615. Which of the following work-related programs, if any, does your company have in place to help employees transition into retirement? Select all that apply.
<u>WORKER BASE: ALL QUALIFIED RESPONDENTS</u>
Q1533. In which of the following ways, if any, does your current employer help its employees who are transitioning into retirement? Select all that apply.

How Do Employers and Workers Perceive “Older” Workers?

Concerns about ageism are common in today’s society, especially with many workers planning to work past age 65. However, the vast majority of *employers* and *workers* (both 84 percent) cite one or more positive perceptions of workers age 50 and older. *Employers* indicate that older workers bring more knowledge, wisdom and life experience (59 percent), are more responsible, reliable and dependable (54 percent), and are a valuable resource for training and mentoring (49 percent). Even so, many *employers* (59 percent) and *workers* (54 percent) cite negative perceptions, including higher healthcare costs, higher wages and salaries, and less open to learning and new ideas.

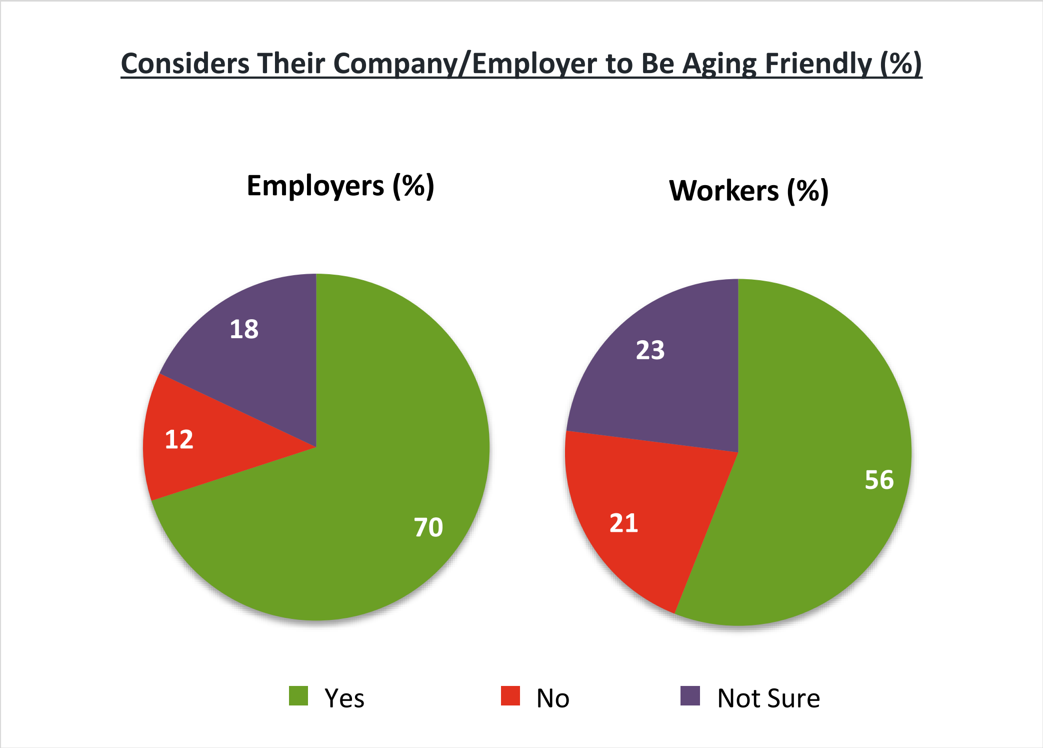
What are your/your company’s perceptions of workers age 50 and older compared to younger workers in today’s workforce? (%)

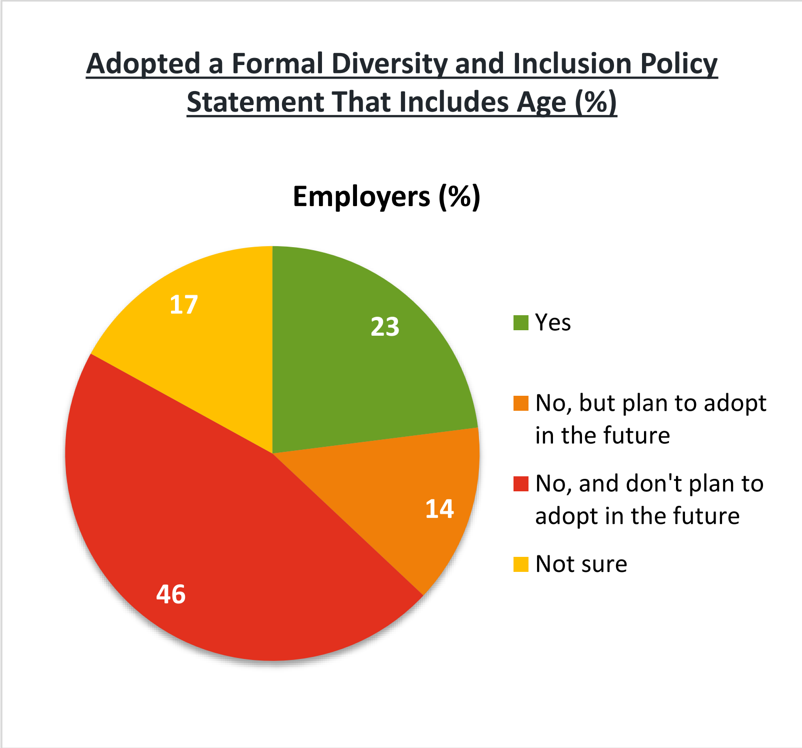
	Employers (%)	Workers (%)
NET – Positive perceptions	84	84
Bring more knowledge, wisdom, and life experience	59	62
Are more responsible, reliable, and dependable	54	57
Are a valuable resource for training and mentoring	49	50
Are an important source of institutional knowledge	43	42
Are more adept at problem solving	36	34
Are better at getting along with others in team environment	29	31
NET – Negative perceptions	59	54
Have higher healthcare costs	32	28
Command higher wages and salaries	30	20
Are less open to learning and new ideas	15	19
Have higher disability costs	15	14
Have outdated skill sets	9	13
Are less productive	7	10
None	7	8
Other	1	1

EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q3625. What are your company’s perceptions of workers age 50 and older compared to younger employees in today’s workforce? Select all that apply
WORKER BASE: ALL QUALIFIED RESONDENTS
Q1528. What are your perceptions of workers age 50 and older compared to younger workers in today’s workforce? Select all that apply.

Aging-Friendly? Maybe. D & I Policy Statement? Unlikely.

Most *employers* (70 percent) consider their companies to be “aging friendly” by offering opportunities, work arrangements, and training and tools need for employees of all ages to be successful in their current role or contribution to the company. In comparison, only 56 percent of *workers* consider their employers to be “aging friendly.” Of further note, just 23 percent of *employers* have adopted a formal diversity and inclusion policy statement that specifically includes age among other commonly referenced demographic characteristics.



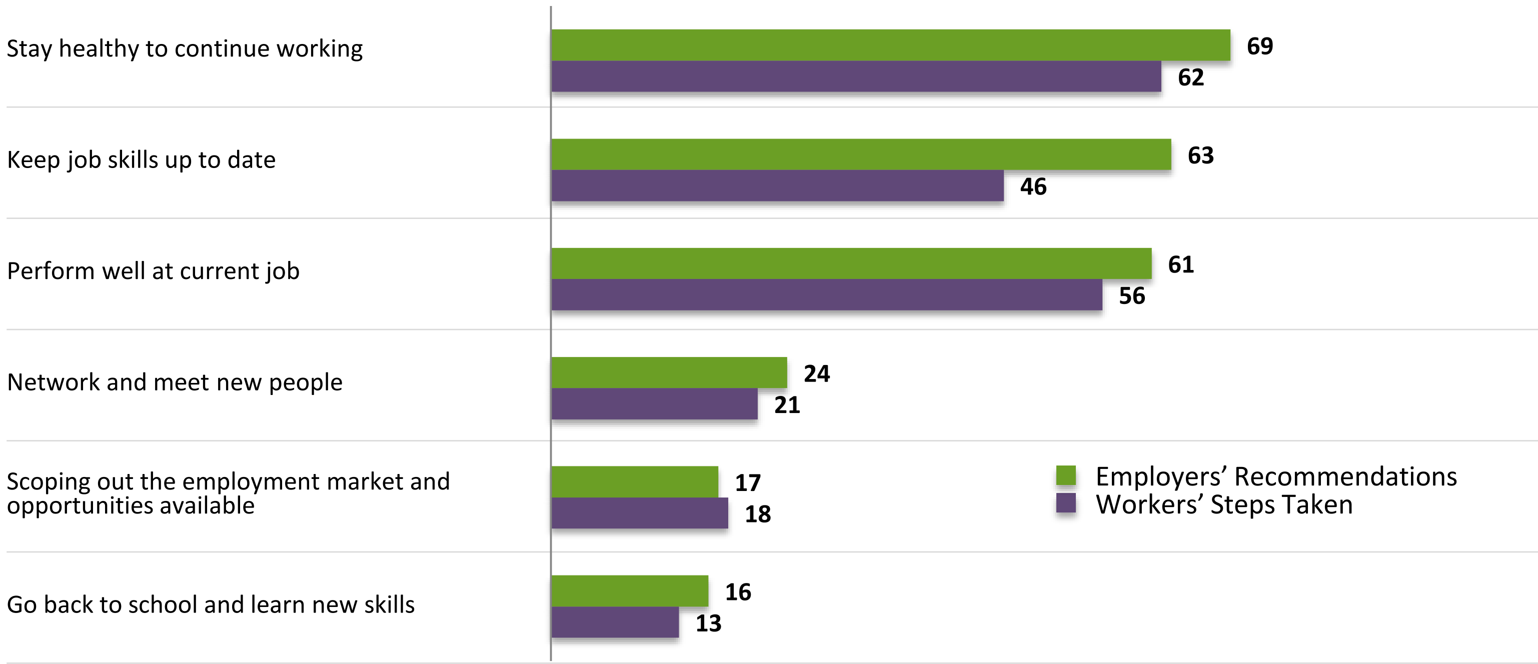


EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q4016. Does your company consider itself to be an “aging friendly” employer by offering opportunities, work arrangements, and training tools needed for employees of all ages to be successful?
Q3660. Has your company adopted a formal diversity and inclusion policy 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)
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q2745. Do you consider your employer to be “aging friendly” (for example offering opportunities, work arrangements, and training tools needed for employees of all ages to be successful in their current role or contribution to the company)?

Employers' Views Re: Proactive Steps Workers Should Be Taking

Working past age 65 and/or in retirement brings important opportunities to earn income, stay active, and maintain social connections. However, it requires staying healthy and maintaining marketable skills. When comparing the proactive steps that *employers* recommend that employees should be taking to be able to work past age 65 with *workers'* actual actions taken, the most frequently cited response among both is "stay healthy to continue working" (69 percent employers, 62 percent workers). *Employers*' second most frequently cited recommendation is "keep job skills up to date" (63 percent), a finding that is significantly higher than the percentage *workers* (46 percent) who say they are doing so.

Proactive Steps to Be Able to Work Past Age 65 (%)

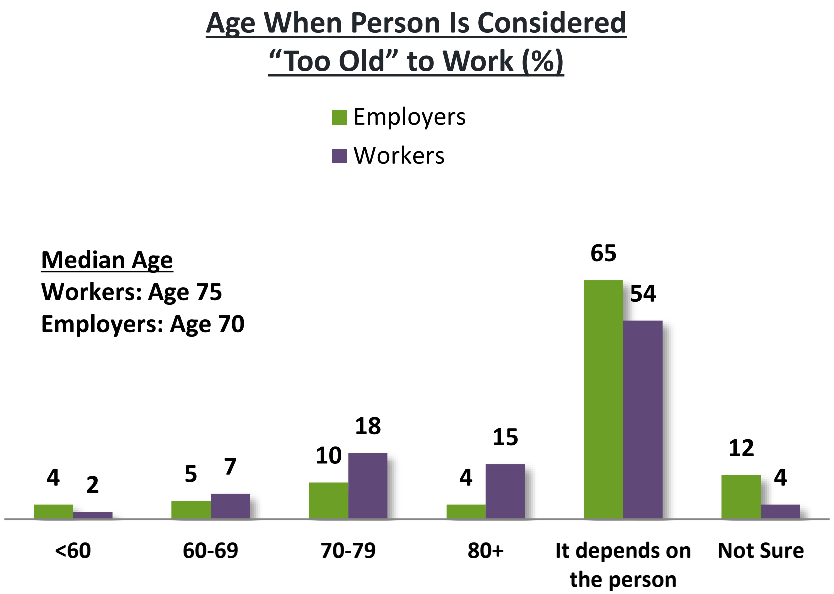


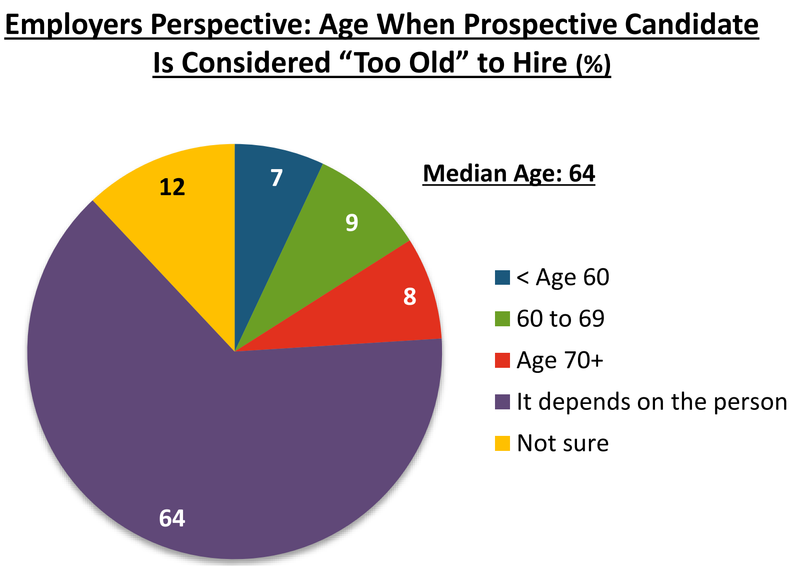
Note: Reponses of less than 10 percent are excluded from this chart.

EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q4025. What steps should your employees take to help ensure that they will be able to continue working past age 65 or in retirement, if needed? Select all.
WORKER BASE: ALL QUALIFED RESPONDENTS
Q1531. Have you taken any steps to help ensure that you'll be able to continue working past age 65 or in retirement, if needed?

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, almost two-thirds of *employers* (65 percent) say “it depends on the person,” compared to 54 percent of *workers*. Among those who provided a specific age, *employers* consider age 70 (median) “too old” to work, a finding that is younger than *workers* 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” (64 percent)) and 12 percent are “not sure.” Among the 24 percent of employers that cited a specific age, their response is age 64 (median).





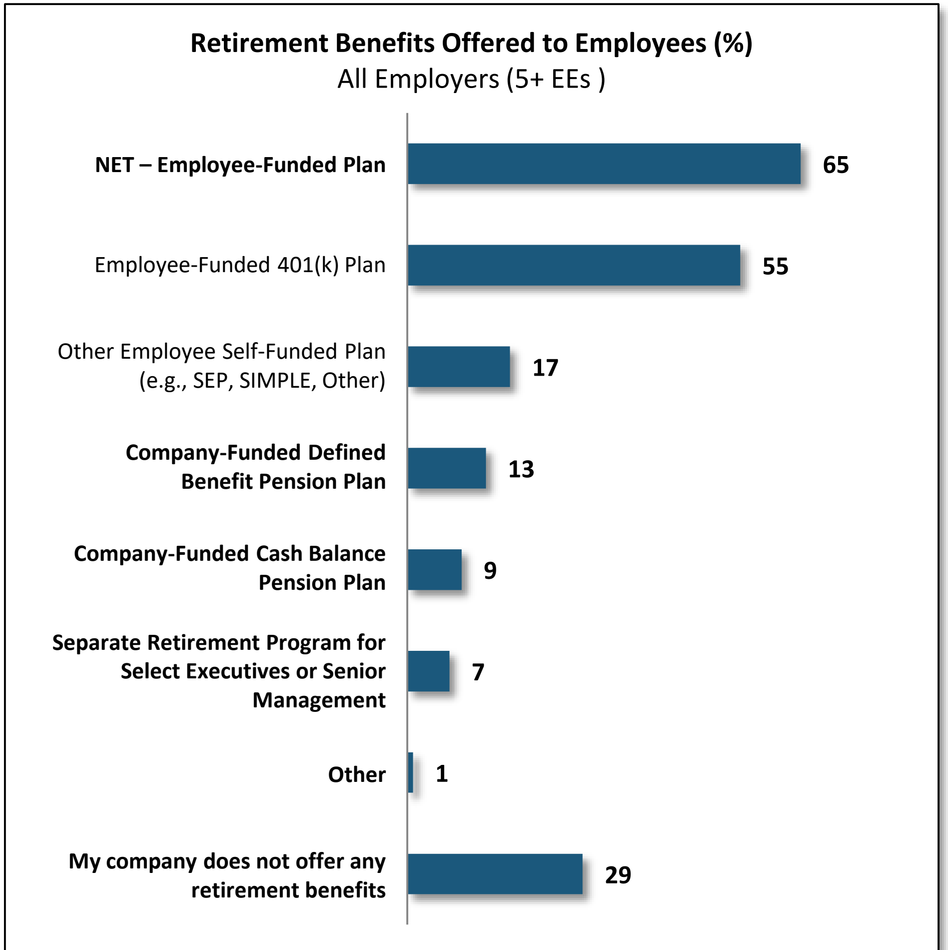
New question added in 2017
WORKER BASE: ALL QUALIFIED RESPONDENTS
Q1527. At what age do you consider a person to be “too old” to work?
EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q5010. At what age does your company consider an employee to be “too old” to work?
Q5015. In thinking about recruiting prospective employees, at what age does your company consider a candidate to be “too old” to hire?

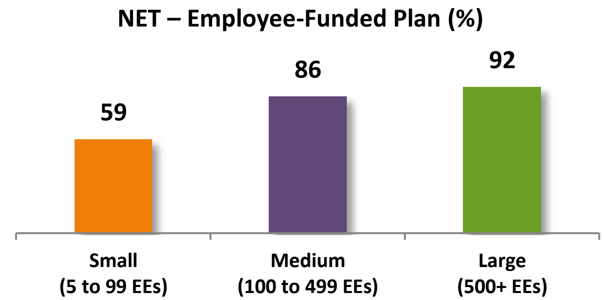
The Current State of 401k(s):
Employer Benefit Offerings and Worker Experience

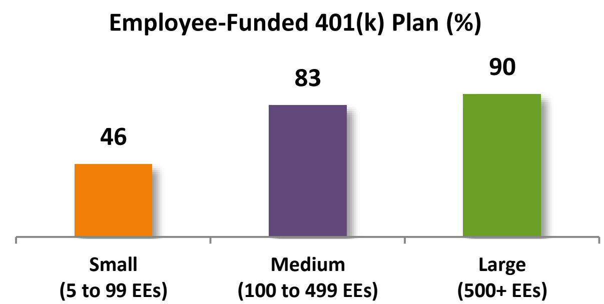
Detailed Findings

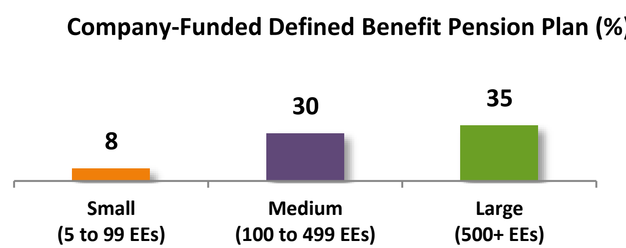
Retirement Plan Sponsorship Rates Increase With Company Size

Sixty-five percent of employers offer a 401(k) or similar plan to their employees. Employee-funded plans are more commonly offered by large (92 percent) and medium companies (86 percent), and less commonly by small companies (59 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.









EMPLOYER BASE: ALL QUALIFIED RESPONDENTS
Q530. Which of the following retirement benefits does your company offer? Select all that apply.

TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

Companies' Reasons for Offering Retirement Benefits

Among those that offer some form of retirement benefits, companies of all sizes cite similar top reasons for doing so: helping employees to save and prepare for retirement (65 percent), retaining existing employees (60 percent), offering a competitive employee benefits package (55 percent), and increasing employee job satisfaction (54 percent). Fewer large companies (53 percent) than other companies cite retaining employees as a reason (59 percent for small companies and 64 percent for medium companies).

Employers' Reasons for Offering Retirement Benefits (%)

Employers' Reasons for Offering Retirement Benefits (%)	All Employers (5+ EEs)	Small (5 to 99 EEs)	Medium (100 to 499 EEs)	Large (500+ EEs)
Help employees save and prepare for retirement	65	65	66	61
Retain existing employees	60	59	64	53
Offer a competitive employee benefits package	55	52	62	59
Increase job satisfaction among employees	54	52	62	59
Attract new employees	48	44	59	56
Inspire loyalty among employees	46	43	54	49
Enable the owners/senior management of your company save for retirement	37	32	41	37
Enhance the company's reputation as an employer	37	32	50	49
Take advantage of tax benefits associated with sponsoring a plan	36	36	36	38
Other	<1	1	0	0
None of the above	1	1	0	2

EMPLOYER BASE: OFFERS RETIREMENT BENEFITS
Q5000. What are your company's reasons for offering retirement benefits? Select all that apply.

Professional Advisor Usage & Type of Advisor Used

Sixty-eight percent of all employers report using a professional advisor when selecting their company's retirement plan. Medium (76 percent) and large companies (73 percent) are more likely to do so than small companies (66 percent). The most commonly used types of advisors include financial planners/brokers (38 percent), investment advisors (35 percent), and accountants/CPAs (25 percent). Large and medium companies are more likely to utilize a benefits consultant (37 and 33 percent, respectively) than small companies (13 percent).

	All Employers (5+ EEs)	Small (5 to 99 EEs)	Medium (100 to 499 EEs)	Large (500+ EEs)
Employers Use a Professional Advisor to Help Select Company's Retirement Plan (%)	68%	66%	76%	73%
Type of Advisor Used to Select Company's Retirement Plan (%)				
Financial Planner / Broker	38	40	39	35
Investment Advisor	35	31	45	40
Accountant/CPA	25	28	24	25
Benefits Consultant	20	13	33	37
TPA/Benefits Administrator	20	18	24	32
Insurance Agent	16	15	22	23
Attorney/Lawyer	12	11	18	20
Bank Advisor	12	10	15	26
Other Type of Advisor	1	1	2	1

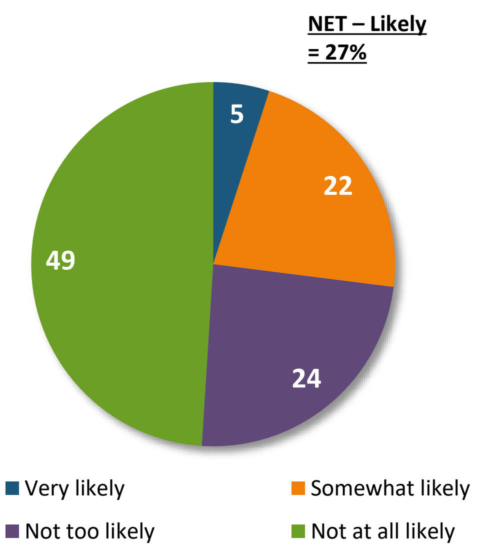
EMPLOYER BASE: OFFERS 401(K) OR SIMILAR PLAN
Q690. Did you use a professional advisor to help you select your company's retirement plan?
EMPLOYER BASE: USED AN ADVISOR TO HELP SELECT PLAN
Q700. What type of advisor did you use? Select all that apply.

Most Non-Sponsors Are Not Planning to Offer a Plan

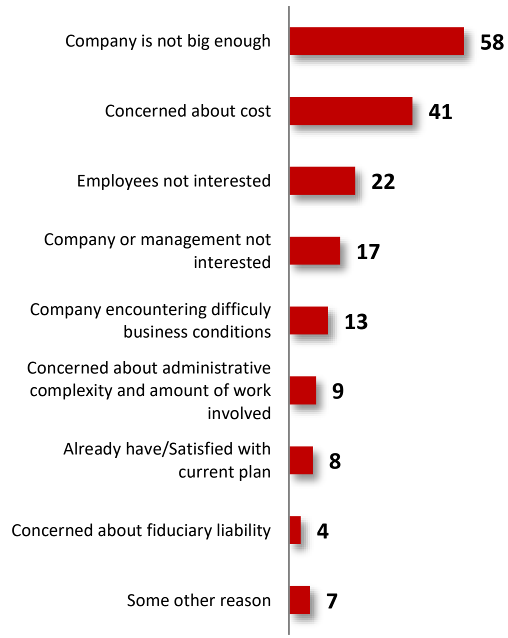
Among companies that do not offer a 401(k) or similar plan, only 27 percent say that they are likely to begin sponsoring a plan in the next two years. The most frequently cited reasons among companies *not* planning to do so include: company is not big enough (58 percent), concerns about cost (41 percent), and employees are not interested (22 percent). There may be cause for optimism with regard to the future, however, as 25 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

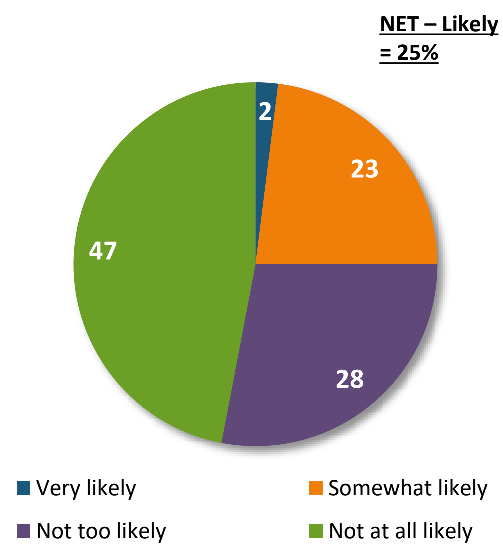
Likelihood to Begin Sponsoring a 401(k) or Similar Plan Within the Next Two Years (%)



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) OR 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

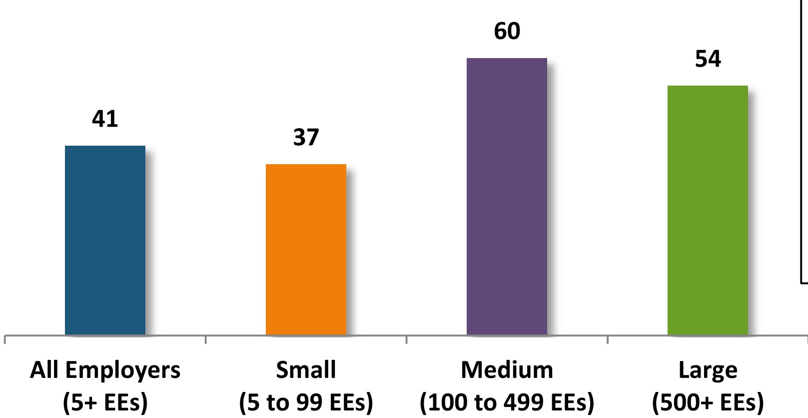
Q610. Why is your company not likely to offer a plan in the next two years? Select all that apply.

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 it?

Few Part-Time Employees Are Eligible to Participate

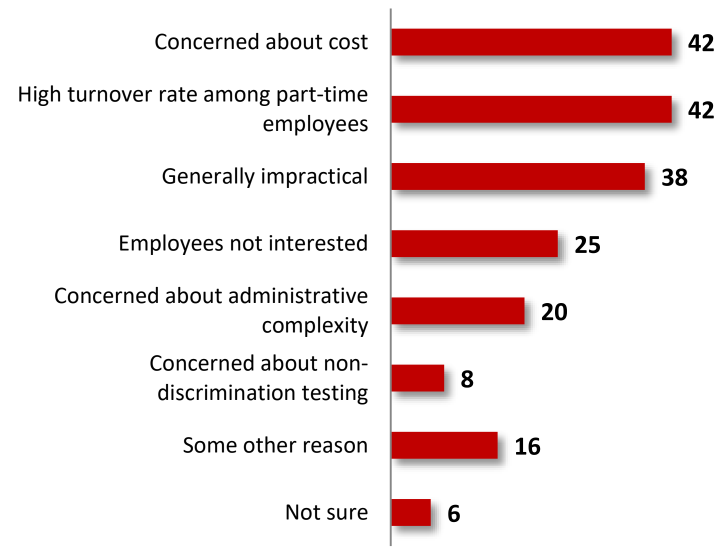
Among employers that offer a 401(k) or similar plan to their employees, only 41 percent extend eligibility to part-time workers. The likelihood of extending eligibility to part-time employees is higher among medium (60 percent) and large companies (54 percent) than among small companies (37 percent). Among plan sponsors that do not extend this eligibility to part-time workers, 89 percent do not plan to do so in the future. Their most frequently cited reasons include: concerns about cost (42 percent), high turnover among part-time employees (42 percent), and that it is generally impractical (38 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 for workers.

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, **89 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 (%)



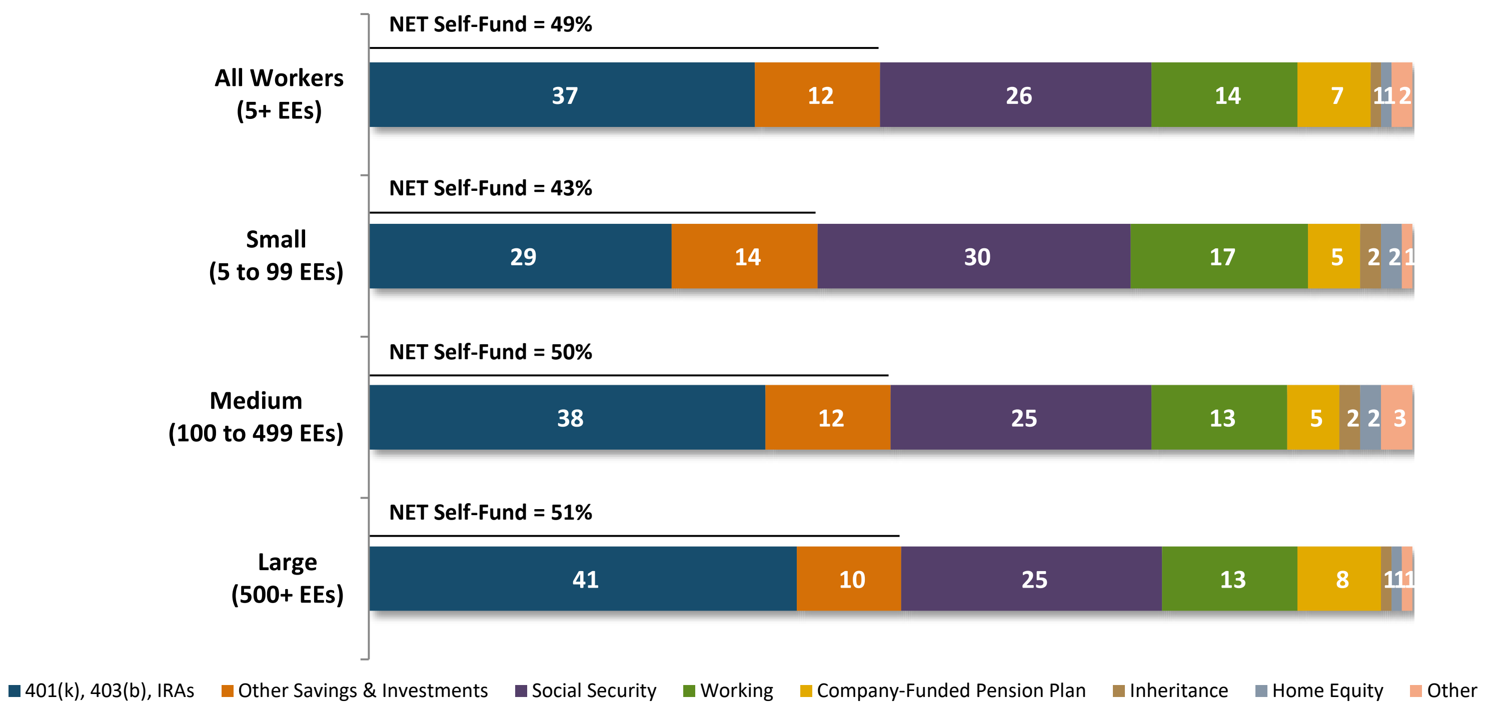
EMPLOYER BASE: OFFERS 401(K) PLAN OR SIMILAR PLAN
Q1650. Are any part-time employees eligible to participate in the employee-funded 401(k) or similar retirement plan?
EMPLOYER BASE: OFFERS 401(K) PLAN OR SIMILAR PLAN; DOES NOT EXTEND ELIGIBILITY TO PART-TIME EMPLOYEES
Q1660. Does your company plan to 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.

TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

Many Workers Expect to Primarily Rely on 401(k)s in Retirement

Many workers (49 percent) expect to self-fund their retirement *primarily* through 401(k)s, 403(b)s, IRAs (37 percent) or other savings and investments (12 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 companies (41 percent), compared to those of medium (38 percent) and small companies (29 percent). On the other hand, more workers of small companies expect Social Security (30 percent) or working (17 percent) to be their primary source of retirement income than their counterparts at medium and large companies (both 25 percent for Social Security and 13 percent for working).

Worker Perspective: What Do You Expect to Be Your Primary Source of Income in Retirement? (%)



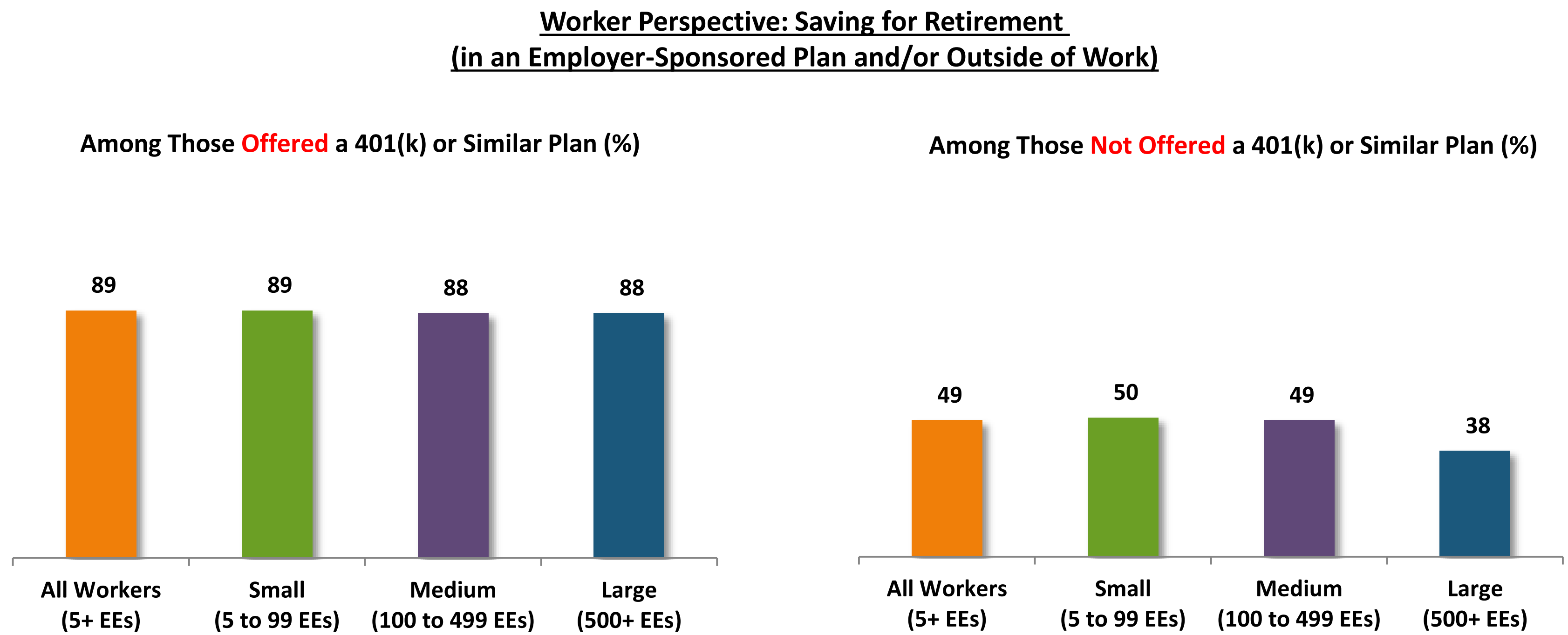
WORKER BASE: ALL QUALIFIED RESPONDENTS

Q1150. Which one of the following do you expect to be your primary source of income to cover your living expenses after you retire?

TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

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

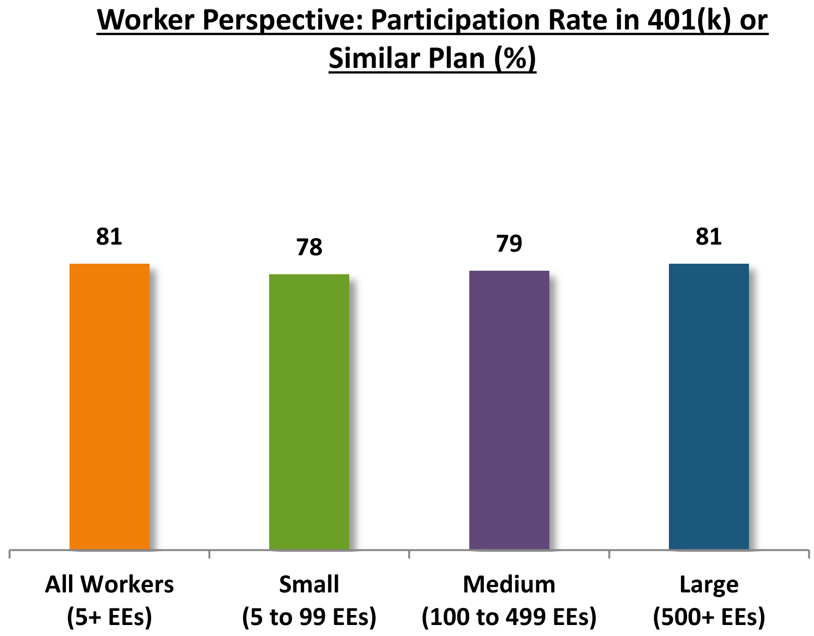
Workers are more likely to save for retirement when they have access to a 401(k) or similar plan by their employer, a finding that is consistent across company size. Among those who do not have access to such plans from their employer, less than half of workers are saving for retirement.

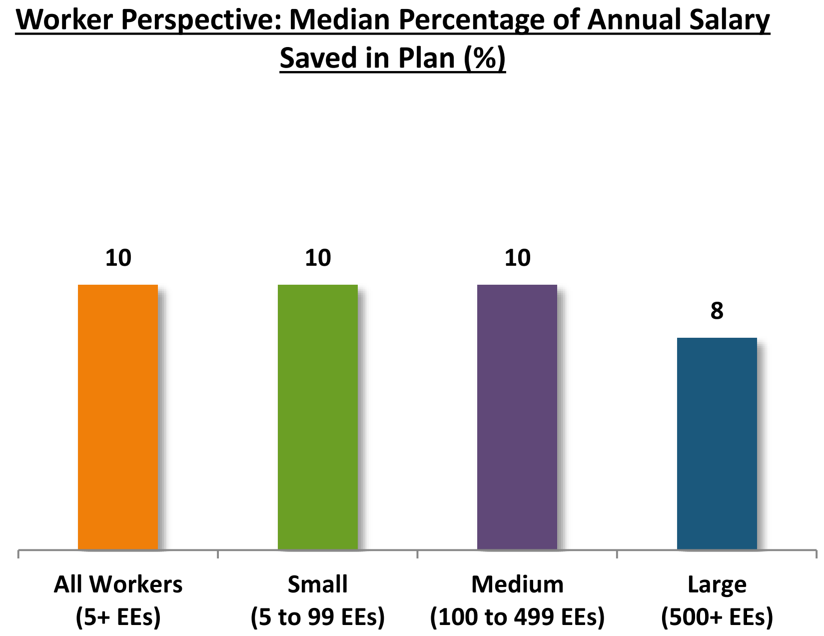


WORKER BASE: CURRENTLY OFFERED QUALIFIED PLAN/ NOT CURRENTLY OFERED QUALIFIED PLAN
Q1190. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?
Q740. Are you currently saving for retirement outside of work, such as in an IRA, mutual funds, bank account, etc.?

Plan Participation and Salary Deferral Rates

Eighty-one percent of workers who are offered a 401(k) or similar plan participate in that plan, a rate that is similar across company sizes. Among participants, median annual deferral rates are highest among workers of small and medium companies (both 10 percent) and lowest among workers of large companies (8 percent).

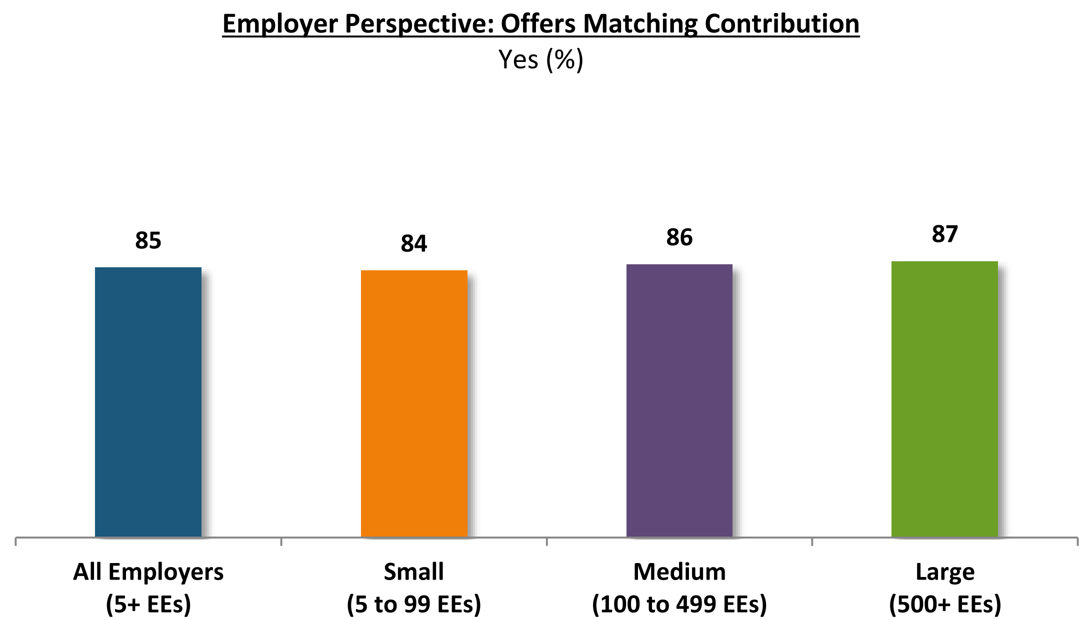




WORKER BASE: CURRENTLY OFFERED QUALIFIED PLAN
Q1190. Do you currently participate in, or have money invested in your company's employee-funded retirement savings plan?
WORKER BASE: CURRENTLY OFFERED QUALIFIED PLAN; CURRENTLY PARTICIPATING IN THEIR QUALIFIED PLAN
Q601. What percentage of your salary are 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 87 percent of large companies, 86 percent of medium companies, and 84 percent of small companies. The employer's matching contribution is 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.



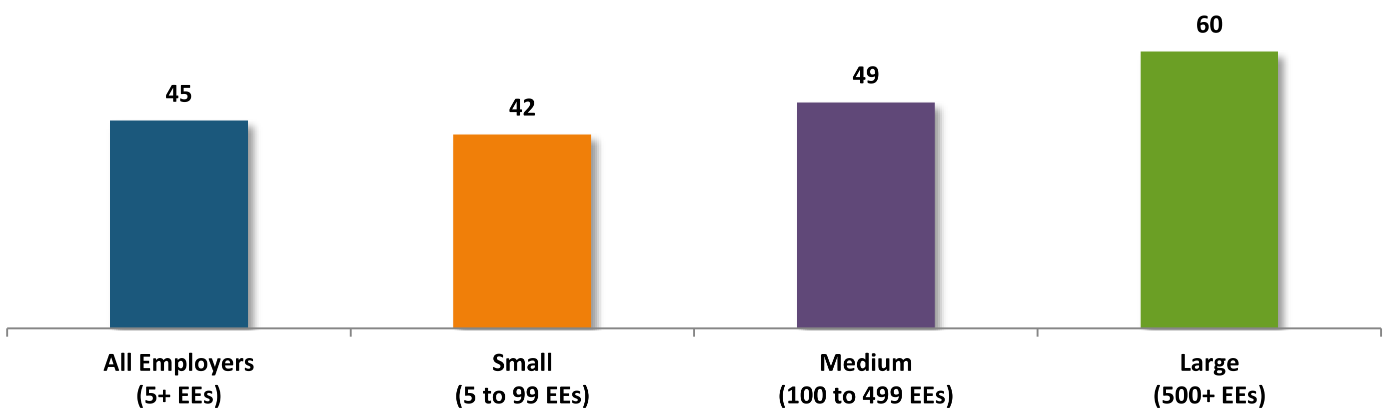
EMPLOYER BASE: OFFERS 401(K) PLAN OR OTHER SELF-FUNDED PLAN

Q640. Does your company offer a matching contribution as part of its 401(k) or other company-sponsored retirement plan?

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 is 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. Forty-five percent of plan sponsors offer the Roth 401(k) option. Large companies (60 percent) are more likely to offer this feature than medium (49 percent) and small companies (42 percent).

Employer Perspective: Offers Roth 401(k) Option
Yes (%)



EMPLOYER BASE: OFFERS 401(K) PLAN
Q540. Has your company adopted a Roth 401(k) option?

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-two percent of plan sponsors have adopted automatic enrollment, including 28 percent of both large and medium companies, and 17 percent of small companies.

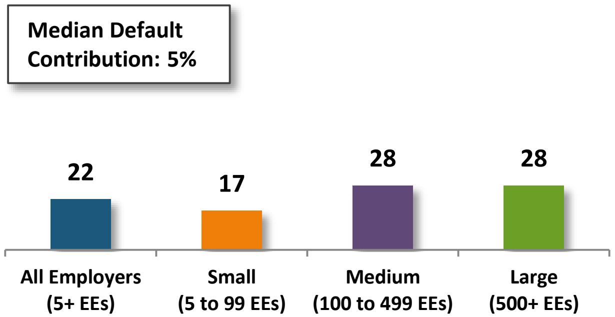
Plan sponsors that offer automatic enrollment do so with a default contribution rate of 5 percent (median) of an employee's pay.

Forty-two percent of plan sponsors have adopted automatic escalation, a feature that automatically increases participants' contribution rates annually. Automatic escalation is more common at large companies (60 percent) than medium (48 percent) and small companies (37 percent).

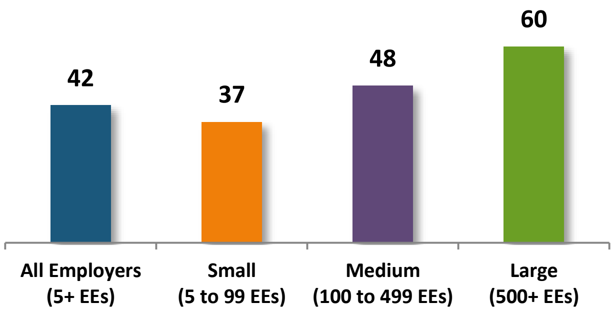
Among plan sponsors that do not offer automatic enrollment, only 23 percent plan to do so in the future. Thirty-seven percent do not plan to offer it and 40 percent say they are "not sure."

Among those not planning to offer it, the three most frequently cited reasons are concerns about employee resistance (46 percent), participation rates already being high (27 percent), and concerns about cost (24 percent).

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



Employer Perspective: 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)?
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.

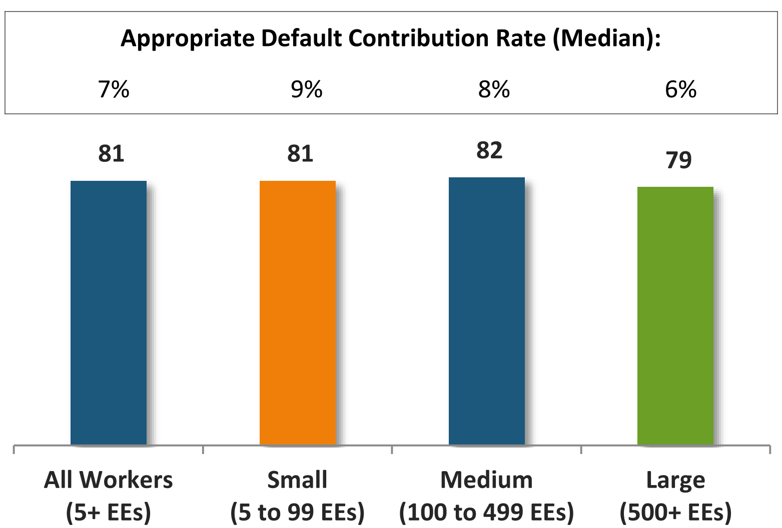
TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

Automatic Features Have Strong Appeal Among Workers

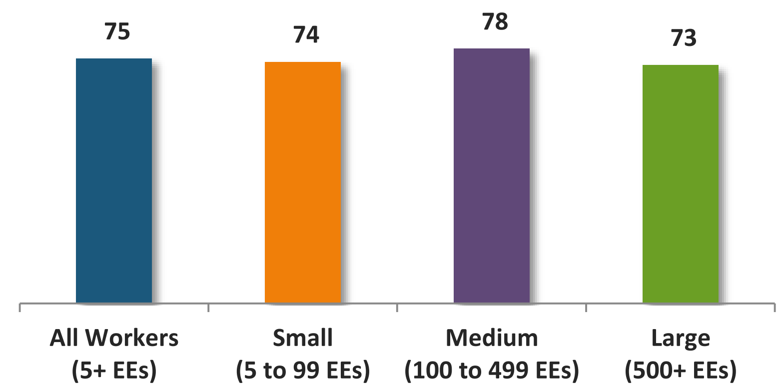
Eighty-one percent of workers find automatic enrollment to a 401(k) or similar retirement plan to be appealing, a finding that is consistent by company size. Workers indicate that the appropriate default contribution rate would be 7 percent (median).

Seventy-five percent of workers agree that they would be likely utilize automatic escalation, a feature that would automatically increase their retirement contributions by 1 percent each year, until they decide to discontinue the increases. More workers of medium companies (78 percent) would be likely to use this feature than workers of small (74 percent) and large companies (73 percent).

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 (%)

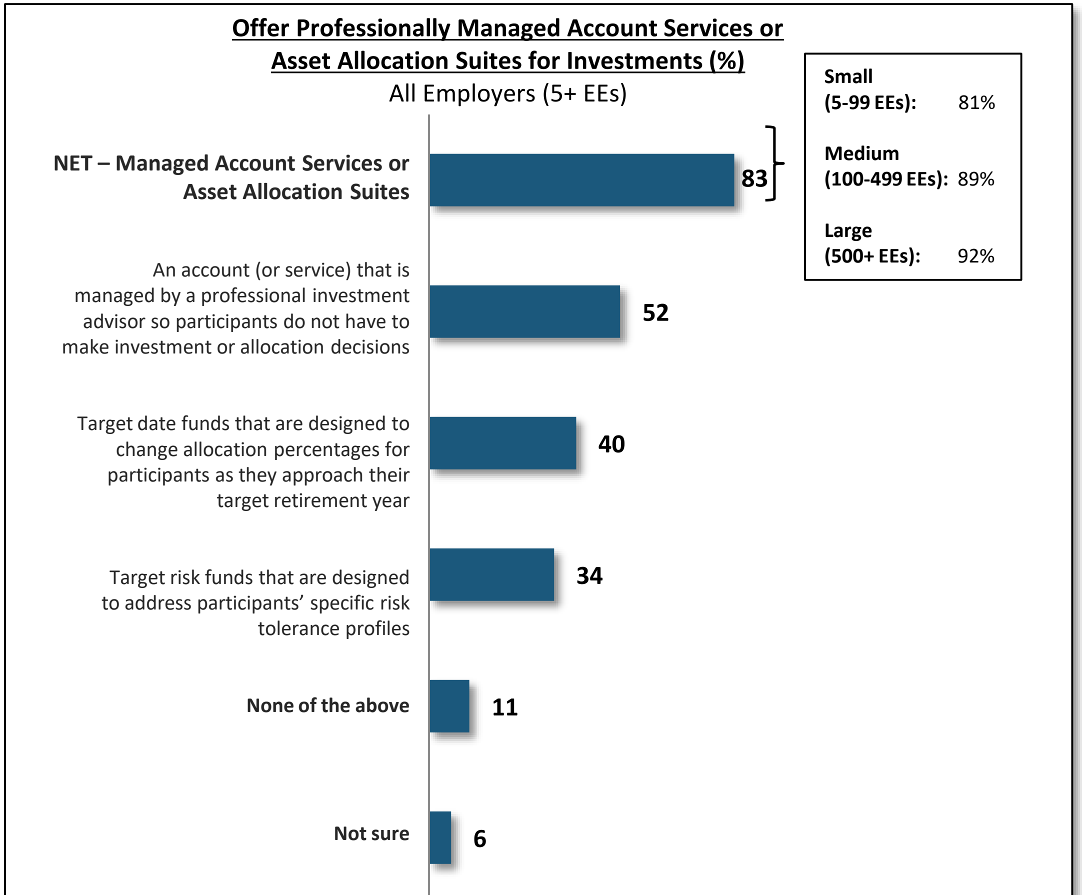


WORKER BASE: ALL QUALIFIED RESPONDENTS
Q635. Imagine that your current employer automatically enrolled you into a 401(k), 403(b) or similar retirement plan, deducting a percentage of each paycheck, and investing it for your future retirement. How appealing would this seem to you?
Q636. Imagine that your 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?

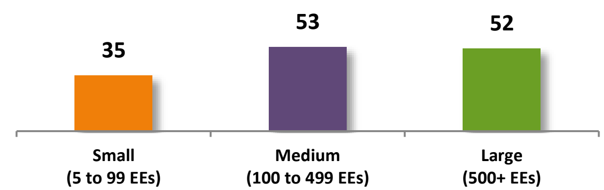
TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

Professionally Managed Services / Asset Allocation Suites

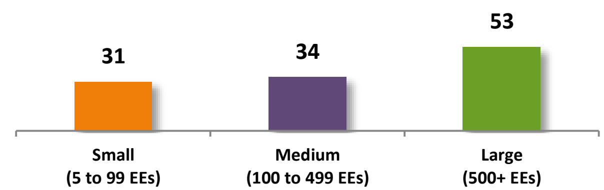
Professionally managed services such as managed accounts and asset allocation suites, including target date and target risk funds, have become ubiquitous options in 401(k) or similar plans, with 83 percent of all employers offering them. Such offerings enable plan participants to invest in professionally 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.



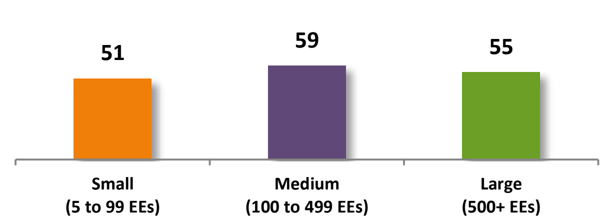
Target Date Funds (%)



Target Risk Funds (%)



Managed Account / Service (%)

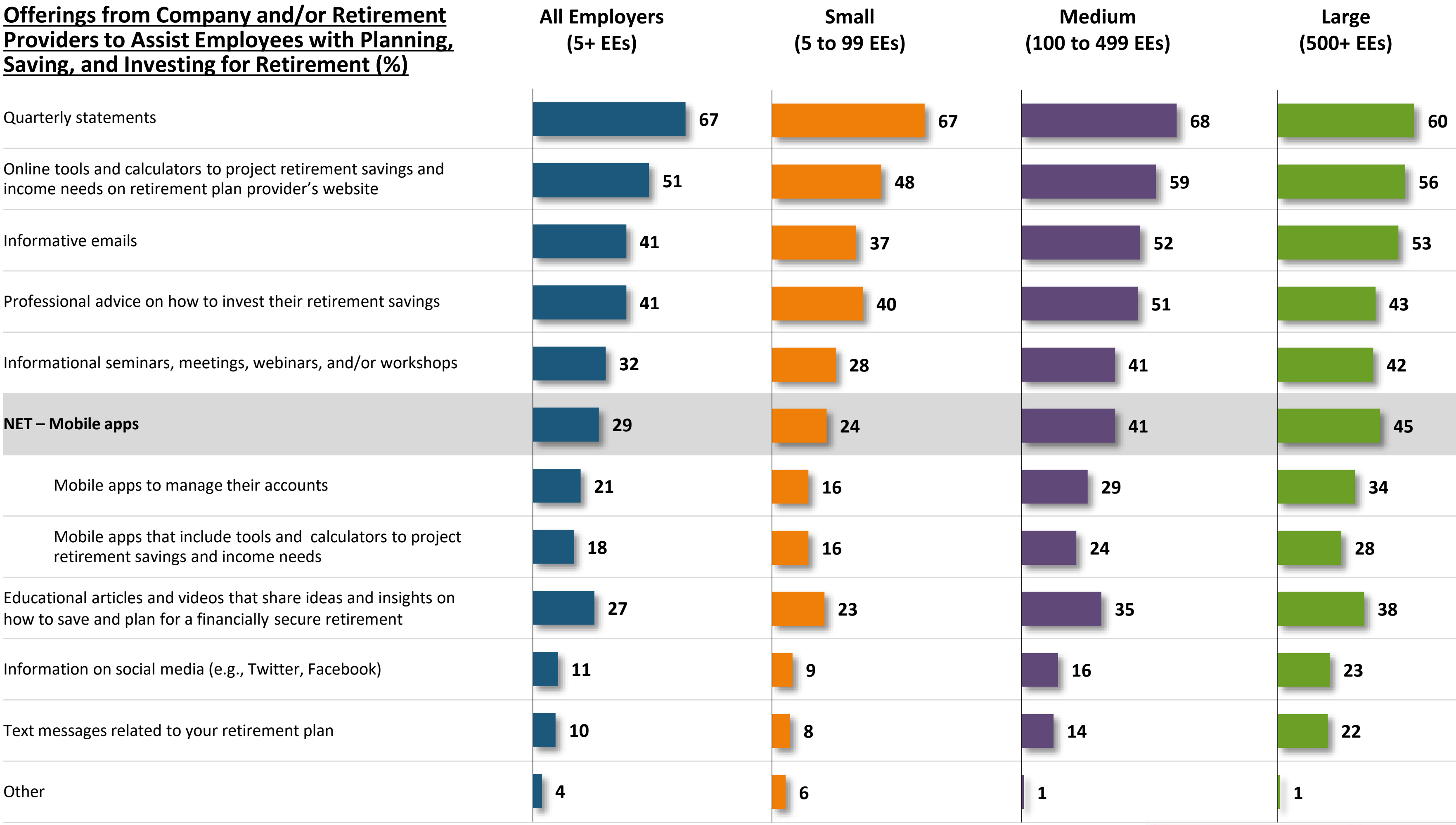


EMPLOYER BASE: OFFERS 401(K) OR SIMILAR PLAN

Q3591. Which of the following professionally managed services or asset allocation suites does your plan's investments include? Select all that apply.

Small Companies' Plans Have Fewer Educational Offerings

Among those that offer a 401(k) or similar plan, plan sponsors offer online tools and resources, professional advice, seminars/meetings/webinars/workshops, informative emails, and mobile apps, in addition to standard quarterly statements.

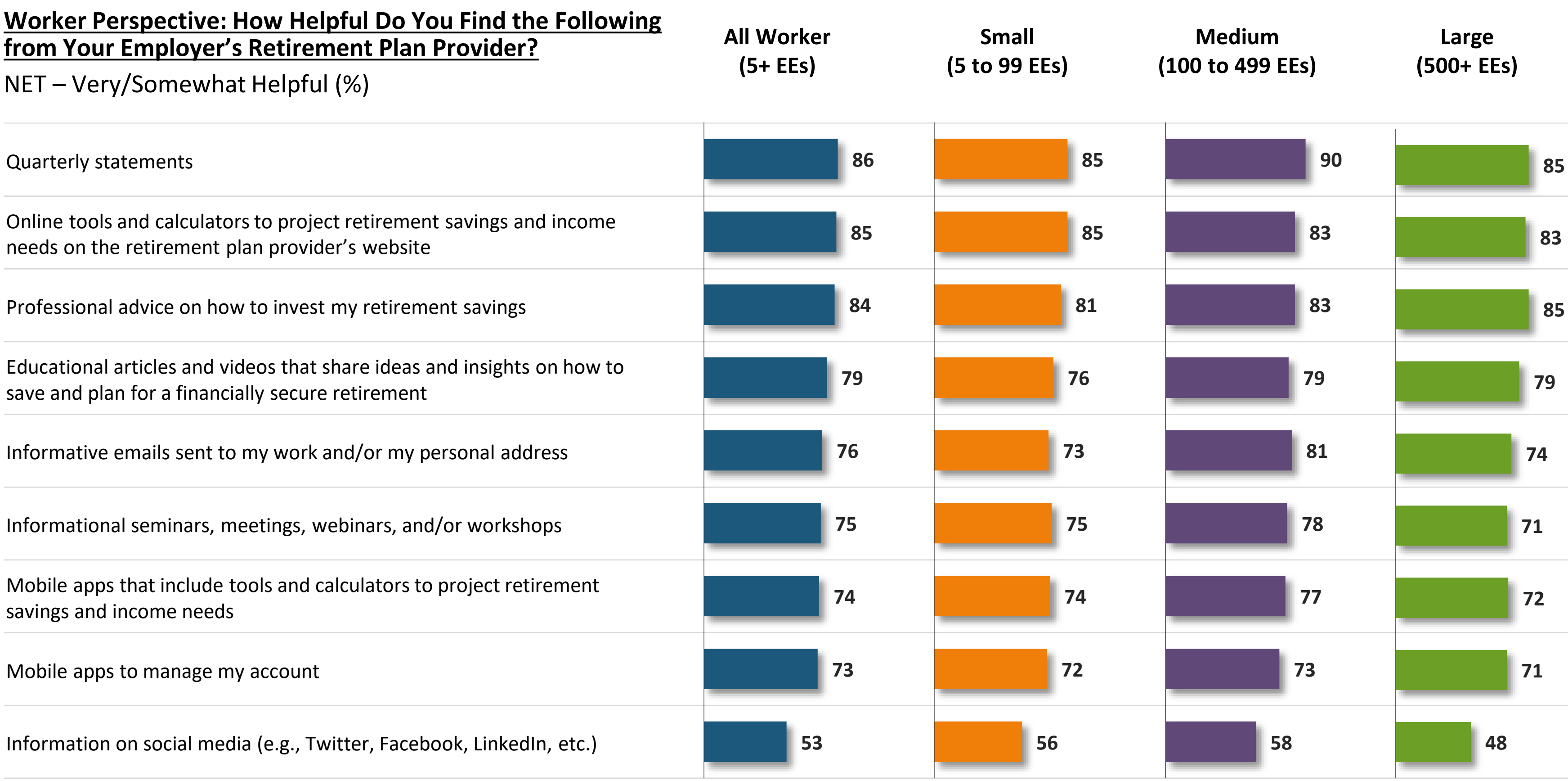


EMPLOYER BASE: OFFERS 401(K) PLAN OR SIMILAR PLAN
Q3605. Which of the following does your company and/or retirement provider offer to your employees to assist them with planning, saving, and investing for retirement? Select all.

TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

Helpfulness of Employer Offerings

Retirement plan providers offer a variety of resources and tools to assist their workers to plan, save, and invest for retirement that a strong majority of workers find helpful. Across company sizes, the most helpful resource for workers has been quarterly statements (86 percent), followed by professional advice on how to invest their retirement savings (85 percent), and online calculators and tools to project savings and income (84 percent). Mobile apps that project retirement savings and income needs (74 percent) and that manage accounts (73 percent) have gained popularity in recent years, as well as helpfulness of information on social media platforms (53 percent).

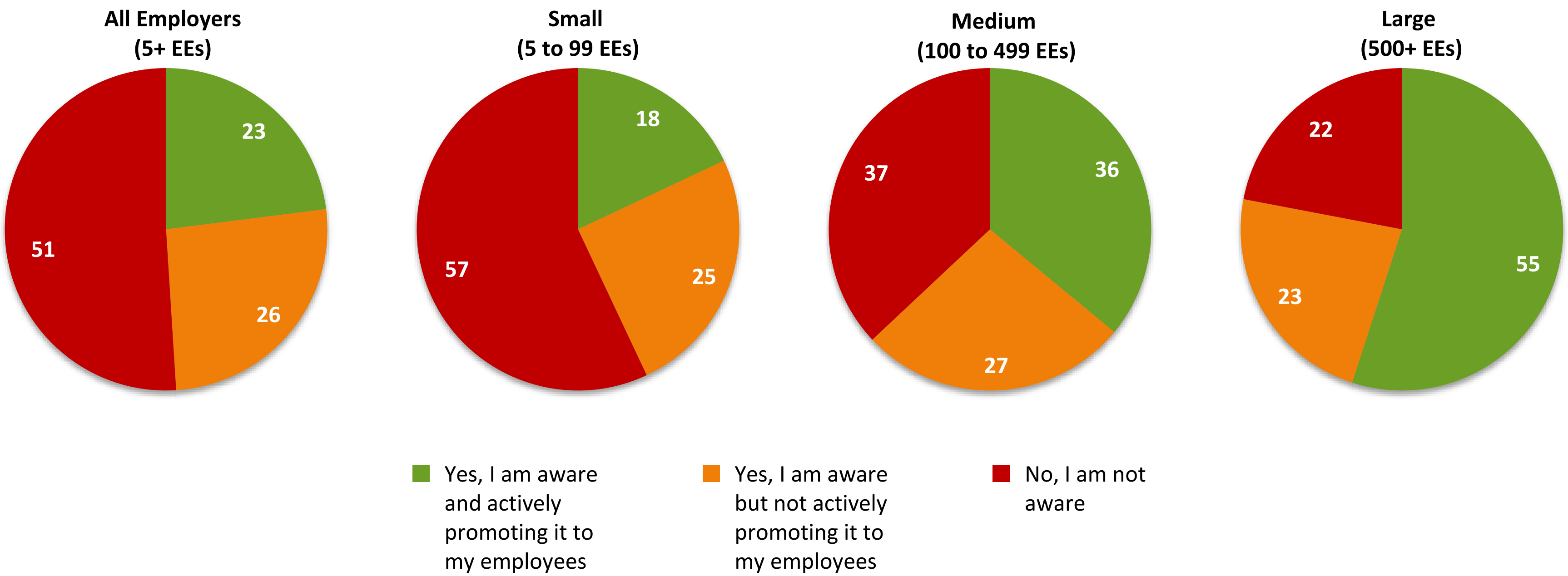


WORKER BASE: OFFERED A RETIREMENT PLAN
Q2035. How helpful do you find the following from your employer's retirement plan provider in assisting you to plan, save, and invest for retirement?

Many Employers Are Aware of the Saver's Credit but Few Promote It

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 23 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 companies (55 percent) and medium companies (36 percent) are the most likely to be aware of the tax credit and actively promoting it, while small companies are the least likely (18 percent). Fifty-one 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?

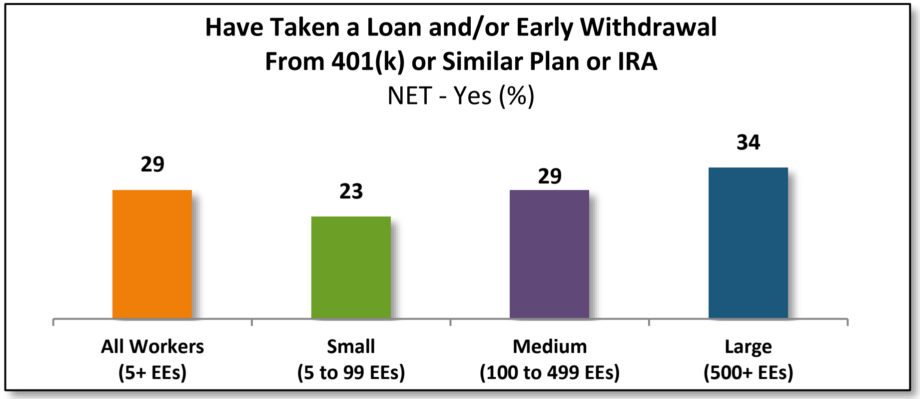
Retirement Plan Leakage: Loans and Withdrawals

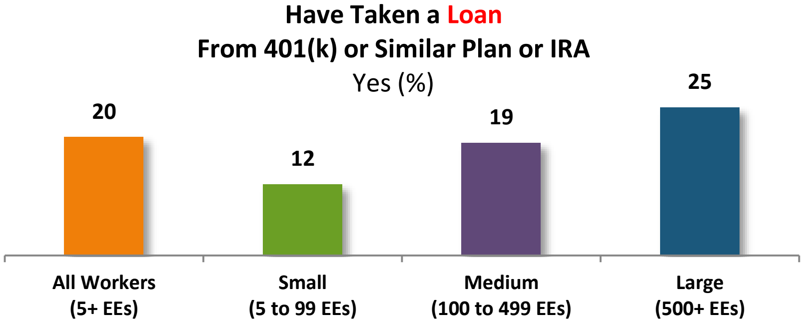
Leakage from retirement plans, through loans or withdrawals, can severely inhibit the growth of participants' long-term retirement savings.

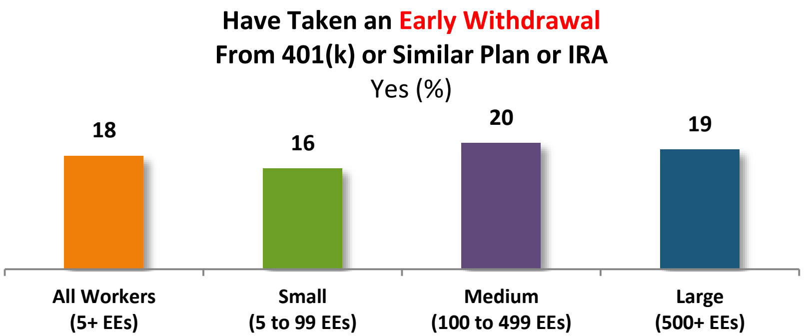
Twenty-nine percent of workers have taken some form of loan and/or early withdrawal from a 401(k) or similar plan or IRA. Workers of large companies (34 percent) are most likely to have done so, followed by medium (29 percent) and small companies (23 percent).

The proportion of workers taking loans (20 percent) is slightly higher than those of taking early withdrawals (18 percent).

Worker Perspective







WORKER BASE: ALL QUALIFIED RESPONDENTS
Q754. Have you ever taken any form of loan or early withdrawal from a qualified retirement account such as a 401(k) or similar plan or IRA? Select all.

TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

Reasons for Taking Plan Loans

Among workers who have taken a loan from their 401(k) or similar plan, the most frequently cited reasons is pay off debt (35 percent NET). Financial emergencies (24 percent) and medical bills (23 percent) were also cited as reasons to take out loans.

Worker Perspective: Reasons for Taking Loan From Retirement Plan (%)

	All Workers (5+ EEs)	Small (5 to 99 EEs)	Medium (100 to 499 EEs)	Large (500+ EEs)
NET – Pay Off Debt	35	30	31	37
Pay off credit card debt	24	21	24	26
Pay off other debt	20	16	14	22
A financial emergency	24	18	29	24
Medical bills	23	21	20	22
Unplanned major expenses (e.g. home or car repair, etc.)	21	16	23	22
Home improvements	19	16	28	17
Everyday expenses	19	13	20	20
Purchase of primary residence	17	13	16	19
Purchase of a vehicle	14	12	13	14
College tuition	10	9	11	10
Avoid eviction	10	5	10	10
Burial or funeral expense	8	7	13	7
Some other purpose	10	9	9	11

WORKER BASE: THOSE WHO HAVE TAKEN A LOAN

Q659. For what purpose(s) did you take out a loan(s)? Select all.

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 payments to prevent eviction from their principal residence. Other commonly given answers for doing so were to pay for certain medical expenses (17 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.	All Workers (5+ EEs)	Small (5 to 99 EEs) *	Medium (100 to 499 EEs) *	Large (500+ EEs)
Payments to prevent your eviction from your principal residence	23	15	32	27
Pay for certain medical expenses	17	20	19	17
Cover the costs related to the purchase of a principal residence	15	13	17	17
Payment of tuition and related educational fees for the next twelve months of post-secondary education	14	15	8	14
Expenses for repairs of damage to your principal residence that would qualify for the casualty deduction under Internal Revenue Code section 165	9	3	8	8
Burial or funeral expenses for your deceased parent, spouse, children or dependents (as defined in Internal Revenue Code section 152)	7	17	10	2
Other	15	17	6	15

Note: Base sizes are small with less than 100 respondents

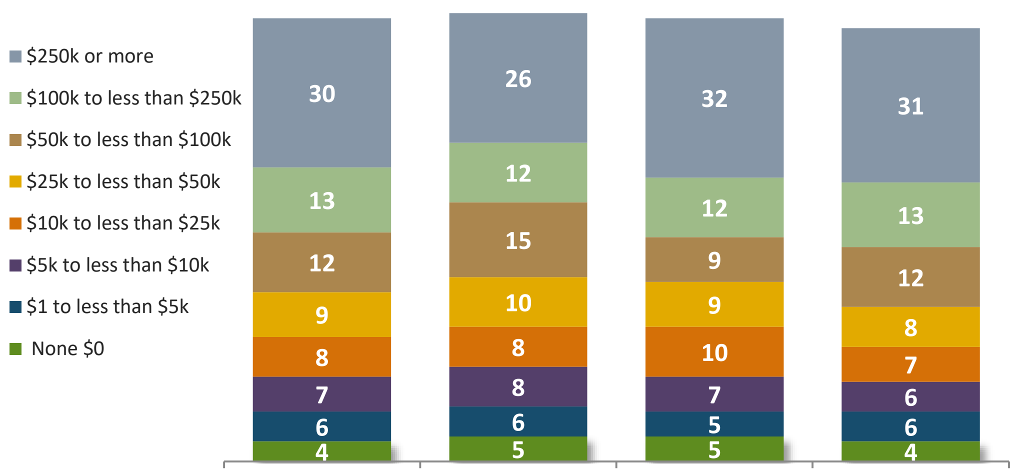
WORKER BASE: THOSE WHO HAVE TAKEN A HARDSHIP WITHDRAWAL (NOTE: SMALL BASE FOR SMALL AND MEDIUM COMPANIES)

Q1465. What is the primary reason you have taken a hardship withdrawal from your employee-funded retirement savings plan?

Workers' Savings Vary by Company Size

Total household savings is one of the strongest indicators of a worker's retirement outlook. Over the past five years, the estimated median total household retirement savings for workers has increased from $53,000 in 2013 to $71,000 in 2017, more than a 22 percent increase. However, a retirement savings gap appears when savings is examined by company size. Workers of small companies have a median retirement savings of $57,000, compared to $73,000 among workers of medium and $78,000 among those of large companies.

Worker Perspective: Total Household Retirement Savings (%)



Not sure	7	7	7	9
Decline to answer	4	3	4	4

Estimated Median	$71,000	$57,000	$73,000	$78,000

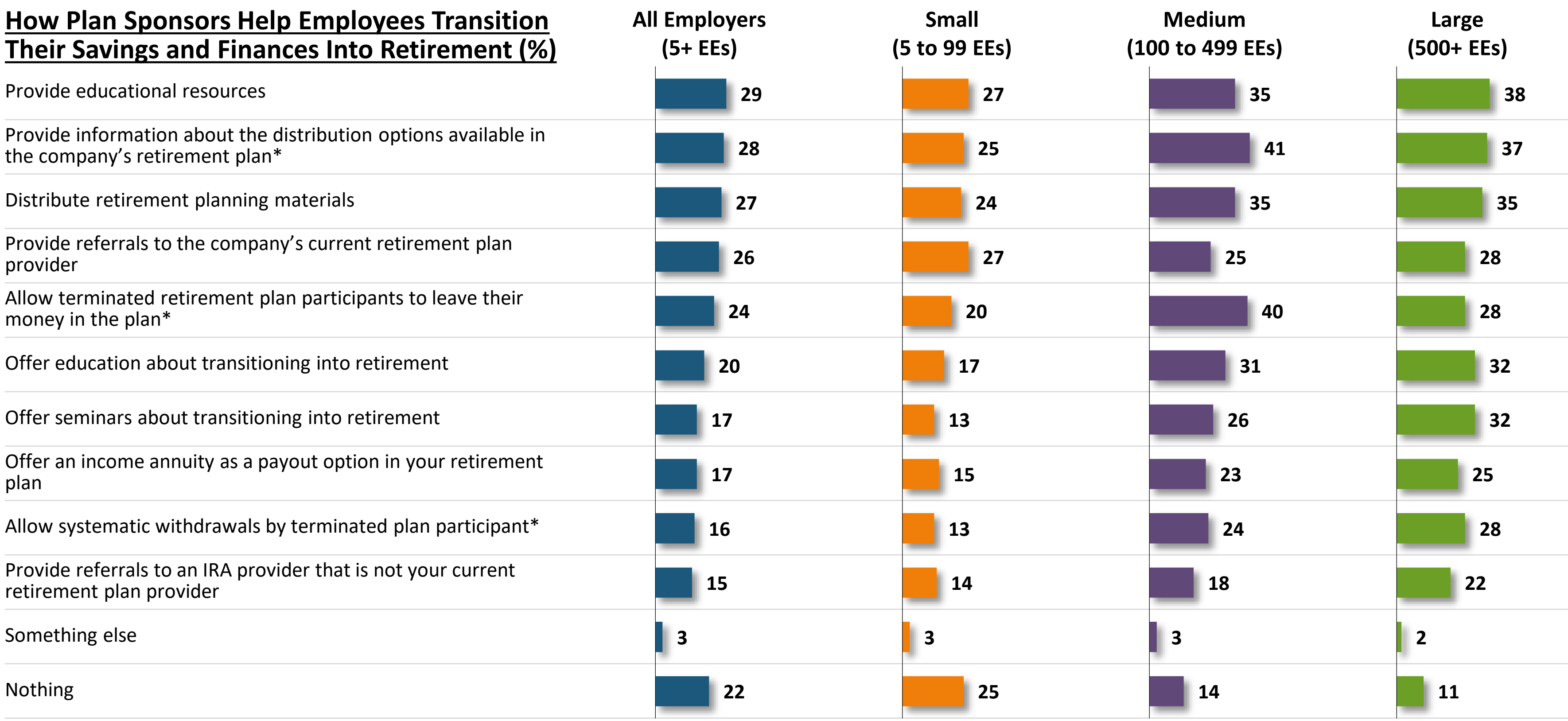
Note: The median is estimated based on the approximate midpoint of the range of each response category. Non-responses are excluded from the estimate.

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 age can feel overwhelmed by the multitude of difficult decisions they need to make related to transitioning into retirement. Among those offering a 401(k) or similar plan, employers have a huge opportunity to work with their retirement plan providers to supply their participants with resources. Despite this, plan sponsors are not doing a lot to help employees transition their savings and finances into retirement, and 22 percent do "nothing." Fewer than two in five provide assistance in the form of educational resources, info about distribution options, retirement planning materials, ability to make systematic withdrawals, referrals, or offer an annuity as a payout option.

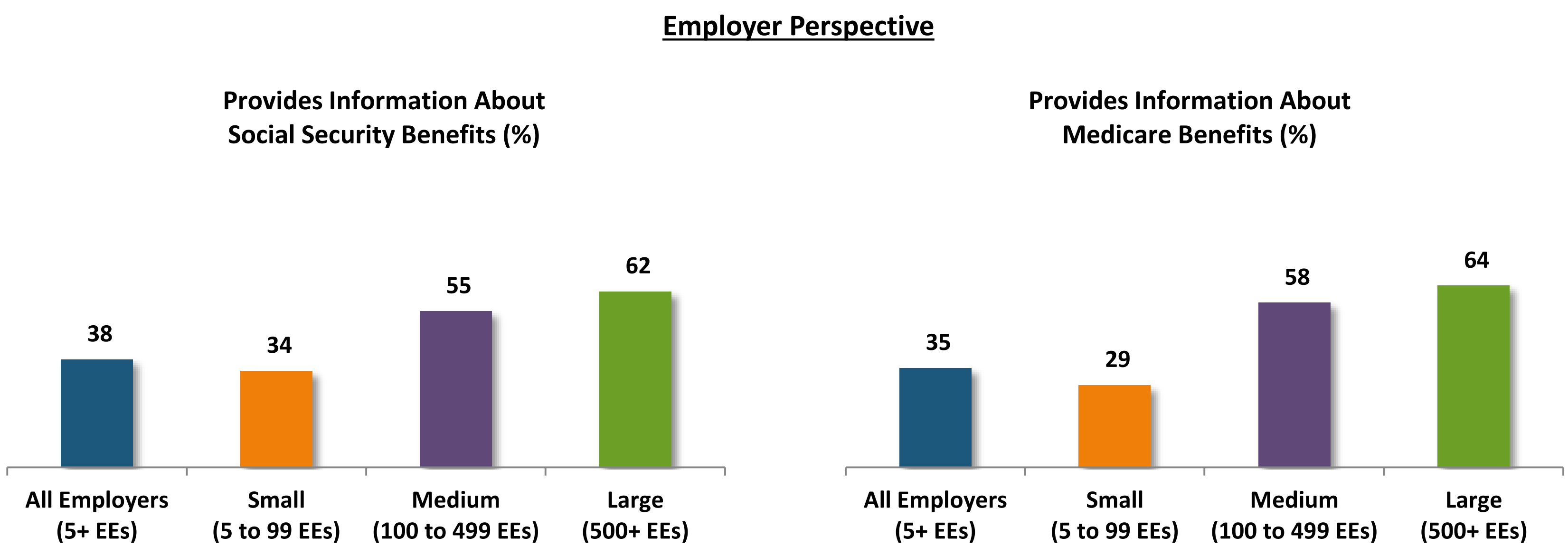


*While regulations concerning terminated participants may require that companies perform these actions, these statistics only reflect companies' responses to the survey.
EMPLOYER BASE: OFFERS 401(K) PLAN OR SIMILAR PLAN
Q770. Does your company and/or its retirement plan provider do any of the following to help its employees transition their savings and finances into retirement? Select all that apply.

TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

Some Offer Information About Social Security and Medicare

As part of the retirement planning-related educational offerings, more than a third of employers provide information about Social Security (38 percent) and Medicare (35 percent) benefits. Small companies are much less likely to provide such information about government benefits than medium and large companies.



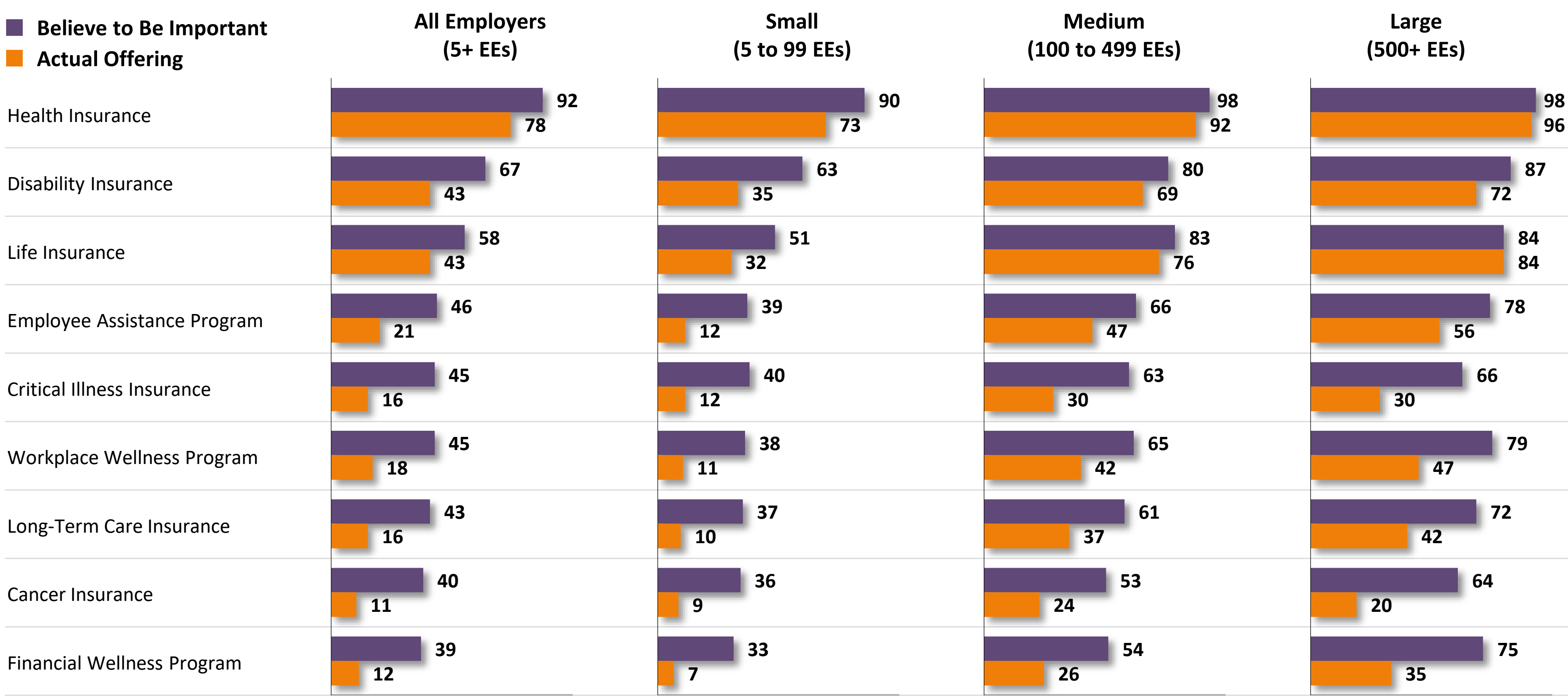
EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q3610. Does your company currently provide information to employees about Social Security and Medicare as part of retirement planning education?

Other Health and Welfare 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 persistent 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.

Employers' 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.

TRANSAMERICA CENTER FOR RETIREMENT STUDIES®

Few Employers Offer Support for Caregiving Employees

With increasing longevity and rising costs of assisted living and long-term care, many Americans find at some point throughout their working life that they need to take on the role of unpaid family caregiver for an aging parent or loved one. These caregiving responsibilities can have ramifications, such as reducing work hours or taking time out of the workforce, that can negatively affect caregivers' own future retirement in terms of income, ability to save, and accruing of pension benefits. The survey findings show that employers can do a lot more to support their caregiving employees, beginning with compliance with the Family and Medical Leave Act (FMLA) and offering more support and resources.

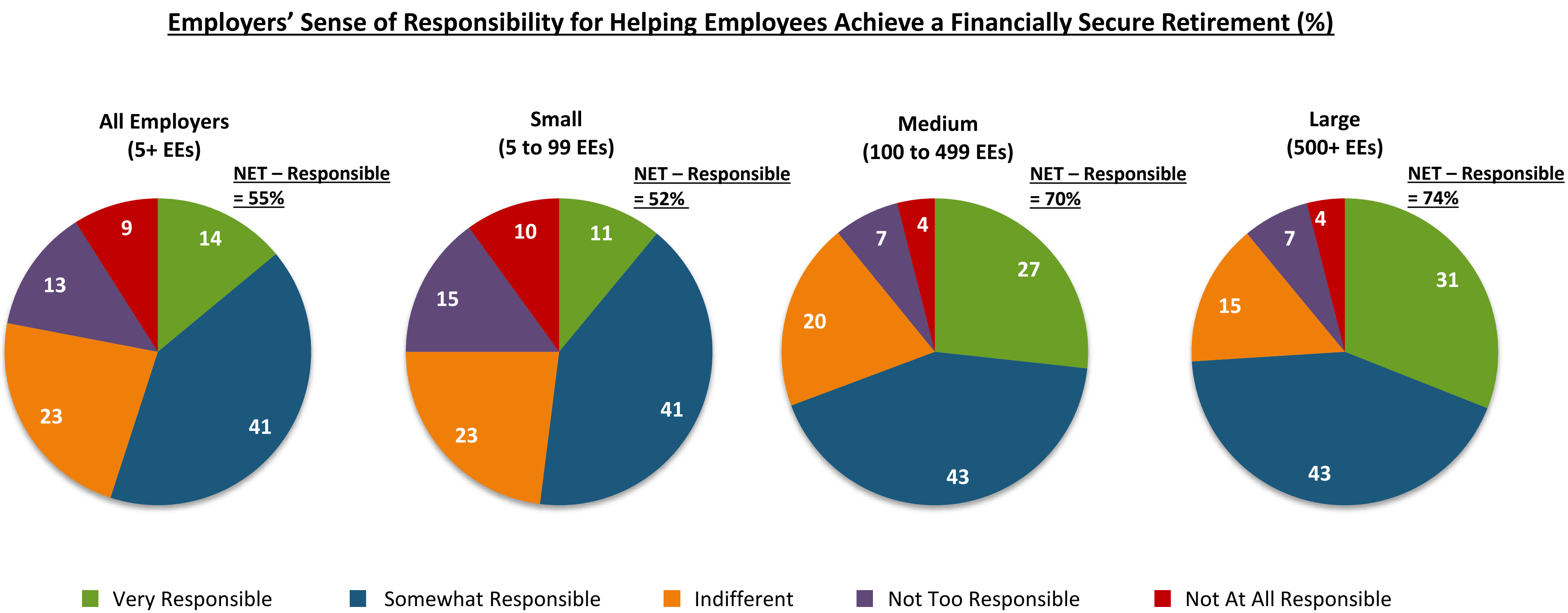
Programs Offered to Help Employees Balance Caregiving Obligations (%)	**All Employers (5+ EEs)**	**Small (5 to 99 EEs)**	**Medium (100 to 499 EEs)**	**Large (500+ EEs)**
Flexible work schedule	49	51	42	50
The ability to shift from full-time to part-time with the opportunity to resume full-time work when possible	32	32	32	32
The ability to take unpaid leave of absence *covered* by FMLA (Family and Medical Leave Act)	28	22	49	47
Flexible working arrangements including telecommuting	25	24	22	33
The ability to take unpaid leave of absence *not covered* by FMLA (Family and Medical Leave Act)	23	22	29	27
An employee assistance program that offers counseling and referral services	12	6	27	32
A benefit that offers referrals to backup care (e.g., a caregiver, in-home care, adult day care)	11	8	19	19
Training for managers to learn how to handle situations with caregiving employees	10	9	13	16
Financial planning sessions or workshops on eldercare issues	9	6	12	23
Online resources and/or tools to support caregivers	8	5	15	24
A benefit that offers discounts or subsidies for backup care (e.g., a caregiver, in-home care, adult day care)	6	5	10	18
Employee-based caregiver support group(s)	6	4	12	20
A formal caregiving policy statement	5	3	9	20
Other	1	1	1	1
None	22	25	11	6

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.

A Big Reality Check: Some Feel More Responsible Than Others

Many employers (55 percent) feel responsible for helping their employees achieve a financially secure retirement, including 14 percent that feel "very responsible" and 41 percent that feel "somewhat responsible." However, their sense of responsibility increases with company size: large (31 percent) and medium companies (27 percent) are considerably more likely than small companies (11 percent) to feel "very responsible."



EMPLOYER BASE: ALL QUALIFIED RESPONDENTS

Q3650. To what extent does your company feel responsible for helping its employees achieve a financially secure retirement?

TRANSAMERICA CENTER
FOR RETIREMENT STUDIES®