



## HR Perspectives

A Survey of Larger 401(k) Plans

T. Rowe Price's latest research, **HR Perspectives: A Survey of Larger 401(k) Plans**, offers a unique view of the challenges Human Resources (HR) and benefits professionals face when assessing how well their plans are helping participants prepare for retirement.

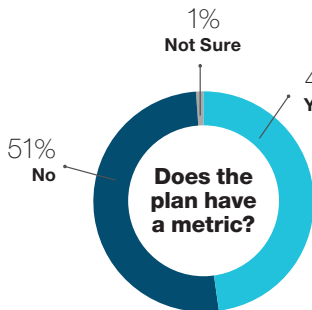
## First Finding 1 of 3

# Retirement Preparedness

Can we achieve what we don't measure?

One important finding from our research indicates that plans that set specific goals around the retirement preparedness of their 401(k) plan participants—and *have metrics in place to measure participant progress*—are more likely to achieve their goals.

## Measuring for Success



Of the 48% of plan sponsors who have a metric, 66% feel somewhat/much better about the retirement preparedness of their 401(k) participants today compared with two years ago. When compared with the group without a gauge, plan sponsors who employ a metric are more likely to achieve their retirement preparedness goals.

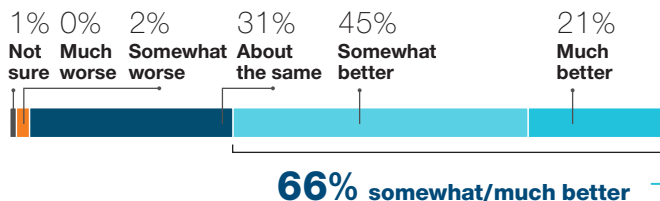
## Measure Your Efforts

Plan tools may offer analytics that can help you:

- Gain insights into how well your participants are prepared for retirement and learn about their level of engagement.
- Determine if you are taking advantage of plan design best practices that align with your objectives.
- Review plan data, including savings behavior and auto-solutions or possibly explore your plan's unique metrics.

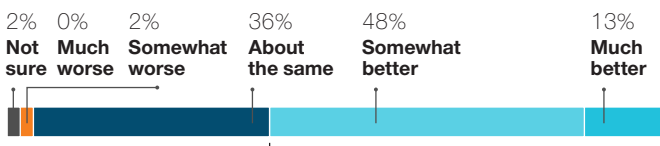
## How do plan sponsors feel about participant retirement preparedness?

### WITH METRIC



**66% somewhat/much better**

### WITHOUT A METRIC



**61% somewhat/much better**

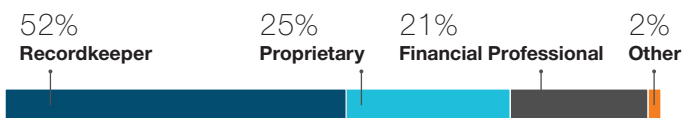
**While this 5% difference may seem slight, impacting retirement preparedness is a multifaceted process. Having a metric or set of metrics certainly helps maintain the discipline needed to stay with your preparedness strategy.**

## Plan Analytics

Overall, almost half (48%) of all Human Resources professionals surveyed are measuring their progress toward achieving employee retirement preparedness. Measuring employee retirement preparedness may be a bit tricky, though. After all, employer plans may constitute just part of an employee's full financial picture. A complete household balance sheet would incorporate foundational aspects like personal retirement accounts, debts, medical, and long-term care insurance. Absent this full picture, how might a plan set a preparedness metric?

### Who Determines a Plan's Metrics?

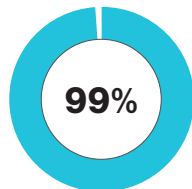
Of those plans with a metric, 25% created their own proprietary metric. **Significantly, our survey found that plan recordkeepers supplied the metric for 52% of plans.** While for 21% of plans, a financial professional or consultant supplied the appropriate measure.



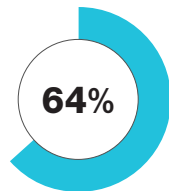
**Take Note:** Even the most well-designed metric must be evaluated periodically. Available tools, economic factors, and plan demographics change—as does the need for constantly evolving metrics.

## Survey Says: Plans take their participants' saving success to heart

When questioned, Human Resources took a paternalistic view of employee retirement preparedness, with 99% answering that they “agree” that they do have a duty to prepare employees for retirement (a great deal/somewhat).



Even better news: 64% of plan sponsors feel employee retirement preparedness is much better or somewhat better than the last two years.



## 67% of plan sponsors say they feel a great deal of responsibility to help employees prepare for retirement.

## Plan Preparedness Goals

“One of the primary vehicles that workers use to save for retirement is an employer-sponsored retirement savings plan, such as a 401(k). Indeed...more than eight in 10 (85%) eligible employees (45% of all workers) say they contribute money to their employer's plan.”<sup>1</sup>

According to the T. Rowe Price Pulse survey, a separate study conducted in 2016, 42% of plan sponsors consider improvements in preparedness metrics (a great deal) as an indicator of success for their financial wellness initiative.<sup>2</sup>

## Encouraging Saving

Per the Employee Benefit Research Institute's (EBRI) Retirement Confidence Survey 2016, “Workers who have any retirement plan are more likely than those who do not have such a plan to report having personally saved for retirement (88% vs. 21%).”

### Next Steps to Help You Achieve Your Retirement Preparedness Goals



Set specific plan goals around retirement preparedness



Consider encouraging employee saving using available plan tools.



Establish and use plan analytics to track progress

<sup>1</sup>EBRI Retirement Confidence Survey 2016.

<sup>2</sup>T. Rowe Price/Brightwork Partners, LLC, Plan Sponsor Pulse Survey, April 2016. Survey of 155 401(k) plan sponsors with assets of \$100 million or more, conducted online, March 22–April 1, 2016.

HR Perspectives, Conducted by Brightwork Partners for T. Rowe Price from September through November of 2016. Executives in Human Resources, Employee Benefits, and Plan Administration were surveyed for 401(k) plans with assets over \$100 million, including plans over \$1 billion. A total of 269 plan sponsors were surveyed either by phone or online.