



HR Perspectives

A Survey of Larger 401(k) Plans

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

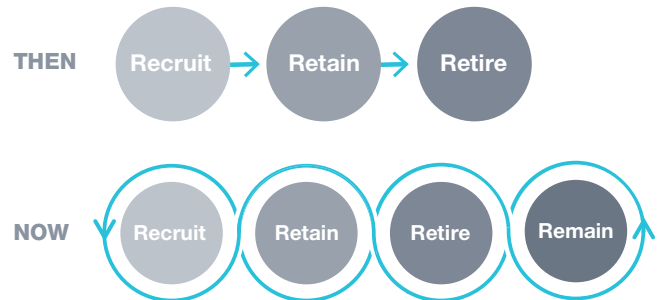
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Retirement Ready?

Implications of the Evolving Workforce

Traditionally, for 401(k) plans, HR's interaction with employees often ended once employees retired and removed their savings from the plan. This was once a linear process.

Today, HR is called upon to continue servicing the needs of former employees who are living in either full or partial retirement. The process has evolved into a continuum of service: HR recruits new employees to fill the roles of retirees and continues to reward and retain existing employees while still servicing retiree 401(k) accounts.



Goals of the 401(k) Retirement Plan Benefit

Is each item a major strategic goal of your organization's 401(k) retirement plan benefit?

Helping employees save for a financially secure retirement



Retaining talent



Enabling employees to retire at their preferred retirement date



Recruiting new employees



Helping retired employees manage the income from their 401(k)s



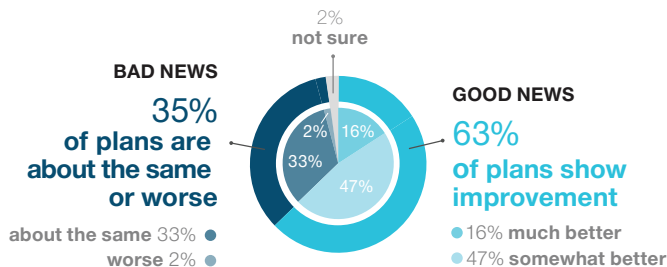
Plans either encourage or are amenable to participants leaving their assets in the plan at retirement. This is consistent with findings from the 2016 T. Rowe Price Plan Sponsor PULSE survey: Nearly two-thirds (61%) of larger plans indicate that they prefer that—or don't have a preference whether—retirees stay in the plan.

Over 80% of plans view helping retired employees manage their 401(k) income as a major (41%) or minor (40%) goal.

Retirement no longer means an end to the employer-employee relationship.

PARTICIPANTS' PREPAREDNESS FOR RETIREMENT

In general, how do you feel about the preparedness of your organization's 401(k) participants today compared with two years ago?



NOTE: Percentages may not add to 100% due to rounding.

Sponsors expressed concerns about employee saving, retirement capability, and even income management in retirement. In the PULSE Survey from 2016, we looked at financial wellness programs as one way to equip employees for success:

Evaluating Success of Financial Wellness Initiatives

To what extent would you evaluate the success of this initiative in terms of each item?*

A generally favorable response from employees



Demonstrated success in helping retain employees



Demonstrated success in helping recruit employees



Improvements in retirement preparedness metrics



High utilization of the financial wellness features



*This group indicated "a great deal."

While they are not the sole factor impacting the Recruit, Retain, Retire continuum, financial wellness programs play a significant role. Plan sponsors are evaluating whether their financial wellness programs demonstrate clear results.

We believe a financial wellness program supports all key plan goals, whether it's to:

- **Recruit**—an added benefit to attract new employees who need that foundational support,
- **Retain**—a method to help existing employees manage their complex lives,
- **Retire**—information and education for employees to navigate the decision-making process, or
- **Remain**—options for creating income streams and managing trade-offs while staying invested in the plan.

Many plans enable retirees to remain in the plan via plan design: 52% of plan sponsors offer a periodic withdrawal plan for terminated participants.

Improving employee understanding of basic financial concepts should improve budgeting and saving habits—and lead to 401(k) savers prepared for retirement, whether they stay in the plan or not.

Next Steps to Consider When Your Participants Are Choosing to "Remain"



Evaluate plan distribution availability, including whether periodic options meet plan goals.



Review available investment solutions to align with plan goals



Assess your fiduciary responsibility regularly

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 Brightworks 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.