



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 and benefits professionals face when assessing how well their plans are helping participants prepare for retirement.

First Finding 3 of 3

Beyond Enrollment

How do plan sponsors help participants keep retirement savings invested until retirement?

Employee retirement preparedness remains a major strategic goal for organizations who participated in our most recent study. With all the financial challenges facing employees, plan sponsors look to myriad financial wellness tools to bolster 401(k) participant outcomes.

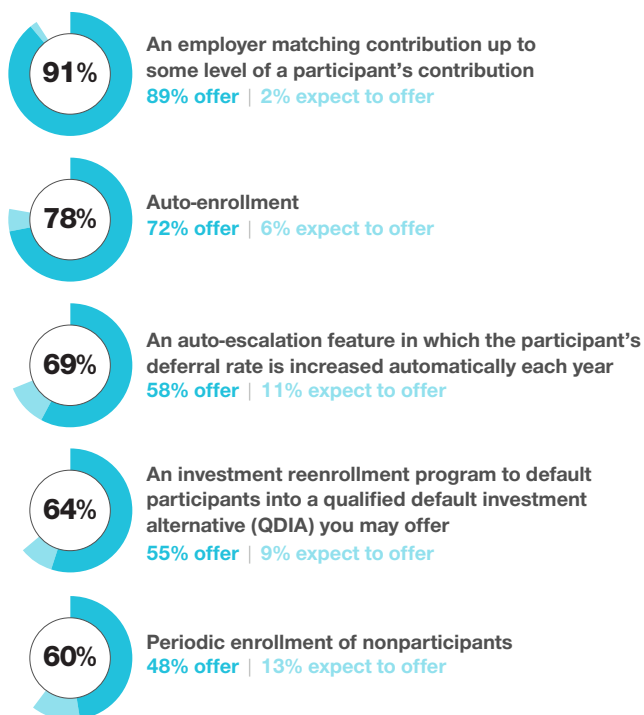
How Plans Are Guiding Better Outcomes

Encouraging employees to save is an ongoing process with no single solution. But offering a 401(k) matching feature represents a valuable benefit to employees that certainly improves saving behavior. Fortunately, 89% of the plans surveyed offer a matching contribution and another 2% expect to add a match over the next two years.

85% of plan sponsors responded that helping employees save for a financially secure retirement is a "major" plan goal. Thus, it's no surprise that plan sponsors are forging ahead with solutions, even when employees have chosen not to participate in the plan. Our survey revealed that 48% will periodically reenroll participants, and another 13% expect to start a regular reenrollment process.

Take note: Plans that use a metric to measure retirement preparedness are even more likely (55%) to reenroll nonparticipants than plans without a formal metric (41%). And those with a metric feel better about overall retirement preparedness, as highlighted in the "Retirement Preparedness First Finding."

401(k) PLAN FEATURES OFFERED/EXPECT TO OFFER

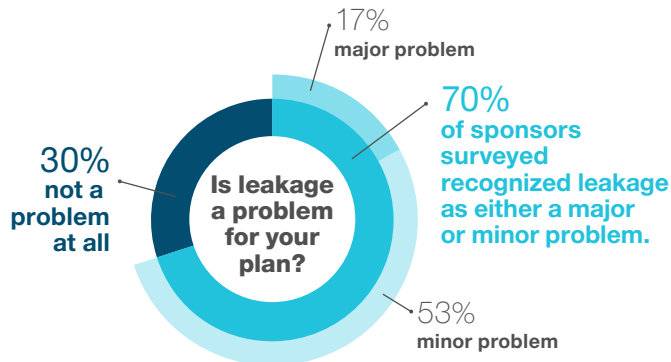


Note: percentages may not add to 100% due to rounding.

Why Participants Can Still Fall Behind

As much as plan sponsors encourage employees to save in the plan, they also recognize the potential adverse effects that loans, hardship withdrawals, and cash-outs may have on employee account balances and preparedness. Fully 70% of sponsors surveyed recognized leakage as either a major or minor problem.

TO WHAT EXTENT IS LEAKAGE A PROBLEM FOR YOUR ORGANIZATION'S PLAN?

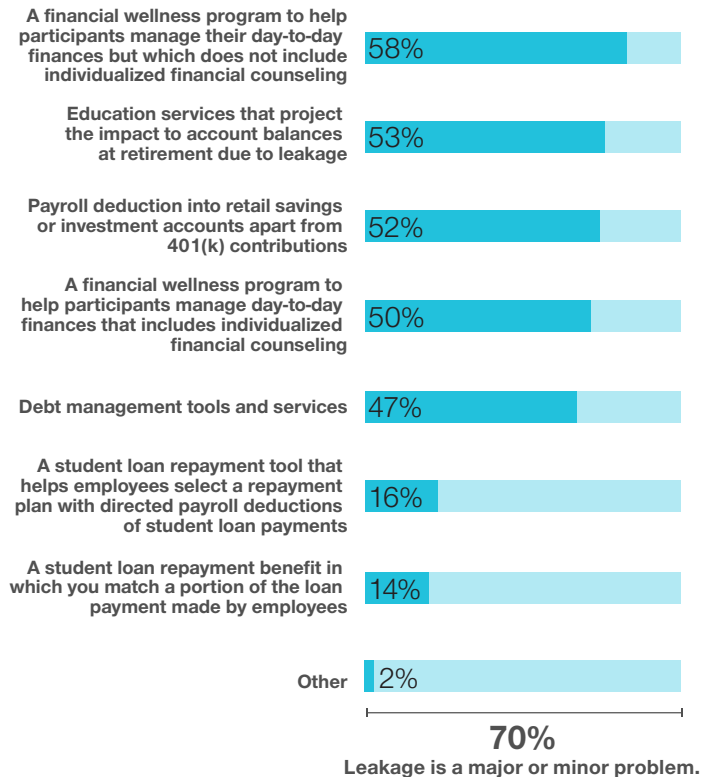


While we didn't survey every component of a successful financial wellness program, plan sponsors show a willingness to offer a variety of programs to help employees improve outcomes. Not surprisingly, among plan sponsors who offer or plan to offer a financial wellness program, 42% stated that seeing an improvement in retirement preparedness among participants would represent "a great deal" of success.¹

Planning for Success

Recognizing the threat of leakage to retirement preparedness, we found that plan sponsors employed several strategies, either alone or in combination.

TO ADDRESS THIS LEAKAGE, DO YOU OFFER?



Next Steps To Help You Encourage Employee Saving



Consider stretching the match beyond a 3% employee contribution rate



Determine whether to reenroll nonparticipants periodically



Review financial wellness components (like those specified above) to align with plan goals and employee needs

¹T. 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.