A plan sponsor checklist

Helping drive positive retirement outcomes

The real purpose of a retirement plan is to make sure your employees won't outlive their savings. Learn how assessing your plan based on four key drivers can lead to better outcomes and help better prepare your employees for retirement.

1. Plan design that builds a strong foundation for the plan's structure and services	
Monitoring your plan to ensure that it is still meeting its goals in the face of employee demographic, business and legislative changes	✓
Offering an employer match that motivates employees to participate in the plan and save more	✓
Limiting the number of loans allowed to protect employee retirement assets from early depletion	✓

Fast facts

- Individuals should generally plan to replace between 70 percent and 100 percent of their total preretirement income.
- To get there, they may want to consider saving 10 percent to 15 percent of their income every year, including employer contributions.
- Even modest changes to a matching formula can encourage participants to save more, as the majority of employees choose to save up to the maximum match offered by the plan.[1]

2. Investment solutions that can improve diversification, simplify decision-making for employees and deliver lifetime income

Offering a tiered investment menu that has lifetime income options as the foundation and serves all employees' needs	✓
Limiting the number of investment options to keep participants from being overwhelmed by choice	✓
Considering including in-plan annuities to ensure employees have access to guaranteed retirement income[2]	✓

Fast facts

- 20 percent of employees feel overwhelmed by too many plan investment choices.[3]
- 84 percent of Americans said that receiving a guaranteed monthly income check in retirement is important to them, but 44 percent are uncertain whether their retirement plan offers that option.[4]
- 50 percent of Americans invested in a target-date fund expect that it will guarantee a monthly income check for the length of their retirement.[5]
- When employees contribute to an annuity over time, they can receive 20 percent or more income in retirement than if they purchased it with one lump sum at the end of their employment.[6]

3. Employee engagement with a focus on outcomes-based education and advice

Providing targeted, action-oriented communications to increase engagement	✓
Focusing advice and education on both accumulating savings and generating income	✓
Using technology to enhance the employee experience and participation	✓
Working with a provider that will take on the fiduciary responsibility for advice, rather than provide education, and that is committed to helping employees pursue retirement readiness	✓

Fast facts

- 71 percent of those receiving TIAA's personalized advice chose to save more, adjust their portfolio allocation or rebalance.[7]
- 53 percent of employees who used TIAA's online advice tool chose to save more, adjust their portfolio allocation or rebalance.[8]

4. Plan management that helps you manage fiduciary risk, drive efficiency and improve value	
Following fiduciary best practices to manage your plan in the best interest of your participants, and seeking the support of a trusted provider and/or consultant to guide and evaluate your efforts	✓
Controlling costs through improved operational efficiency in partnership with your provider	✓
Considering appropriate plan consolidation and moving toward a sole recordkeeping model for lowest cost and highest value	✓
Assessing the "reasonableness" of your plan fees relative to the value, and consider benchmarking an "all-in" fee for more informed decision-making and comparison	✓

Fast facts

- 49 percent of 403(b) plan sponsors don't have or are unsure if they have an investment policy statement.[9]
- 73 percent of plan sponsors consider reducing plan risk and potential fiduciary responsibility as very or quite important.[10]

Focusing on these plan drivers and key elements can help you help your employees prepare for retirement and plan for income that will last a lifetime.

To learn more about what you can do to help employees get to and through retirement click here for our paper Managing your plan to deliver lifetime income for your employees.

1. Improving DC Plan Investment Governance: A Call to Action, Hewitt EnnisKnupp, An Aon Company, 2013.
2. Guaranteed income from annuities is subject to the issuing insurance company's claims-paying ability.
3. The TIAA 2015 Investment Options Survey was conducted by KRC Research by phone among a national random sample of 1,000 adults, age 18 years and older, from Jan. 7–13, 2015, using a combination of landline and cell phone interviews. The margin of error for the entire sample is plus or minus 3.1 percentage points.
4. The TIAA 2015 Lifetime Income Survey was conducted by KRC Research by phone among a national random sample of 1,000 adults, age 18 years and older, from Jan. 7–13, 2015, using a combination of landline and cell phone interviews. The margin of error for the entire sample is plus or minus 3.1 percentage points.
5. The TIAA 2015 Investment Options Survey was conducted by KRC Research by phone among a national random sample of 1,000 adults, age 18 years and older, from Jan. 7–13, 2015, using a combination of landline and cell phone interviews. The margin of error for the entire sample is plus or minus 3.1 percentage points.
6. TIAA Actuarial, as of 1/1/16, someone who was in TIAA Traditional for 30 years and amassed $100,000 through level monthly contributions would receive annual income of $7802 (Age 65, Single Life Annuity with 10 years guaranteed), which is 27 percent more than someone transferring $100,000 to TIAA Traditional the day before retirement. Past performance is not a guarantee of future results. Based upon TIAA proprietary research.
7. Based on TIAA Advice analysis of 71,583 TIAA participants who received retirement plan advice or guidance and took action in the 12 months ending 12/31/2015. The overall action rate of 71% includes 22% who chose to save more and 63% who chose to change their future allocations and/or rebalance their portfolio.
8. Based on TIAA Advice analysis of 17,547 TIAA participants who used the TIAA Retirement Advisor online advice tool and took action in the 12 months ending 12/31/2015. The overall action rate of 53% includes 16% who chose to save moreand 46% who chose to change their future allocations and/or rebalance their portfolio.
9. 403(b) Plan Survey: PSCA's 6th Benchmarking Survey of 403(b) Plans, Plan Sponsor Council of America, 2014.
10. Annual Defined Contribution Benchmarking Survey: Stronger economy provides the building blocks for positive trends in DC plans, Deloitte, IFEBP and ISCEBS, 2014.

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You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877-518-9161 for current product and fund prospectuses that contain this and other information. Please read the prospectuses carefully before investing.

Please note guaranteed lifetime income is subject to the claims-paying ability of the issuing insurance company. Diversification is a technique to help reduce risk. There is no guarantee that diversification will protect against loss.

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