



The TIAA Retirement Insights Survey

A Survey of Plan Participants
and Plan Sponsors

Executive Summary 3.0
May 2021

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1

Nearly half (45 percent) of all plan sponsors, and 55 percent of 403b providers, say the passage of the SECURE Act of 2019 increased their interest in offering in-plan guaranteed lifetime income options. Among plan sponsors who say they are familiar with the SECURE Act, many are still unfamiliar with specific provisions of the bill that can improve access to in-plan lifetime income solutions, including safe harbor protections (56 %), annual lifetime income disclosure requirements (54%), and the provision that allows for the portability of annuities for participants (53%).

2

While 8 in 10 plan sponsors say they are satisfied with their current default investment option, but 52 percent said they were “satisfied, but open to new options to replace it.” Plan sponsors should think about the default and auto features that can fight inertia and help participants clearly understand the implications for their savings, which can improve retirement outcomes.

3

77% of plan sponsors would be extremely or very interested in a product if there was a new type of Target Date Fund that as the target date gets closer would start allocating assets into an investment that provides plan participants with the option to receive guaranteed lifetime income anytime—typically at retirement.

4

A large majority (87 percent) of plan sponsors believe an annual lifetime income disclosure is a good idea, and 77 percent believe that it will increase employee interest in acquiring in-plan guaranteed lifetime income. Enabling participants to have adequate income in retirement is the biggest influence on plan design (34 percent).



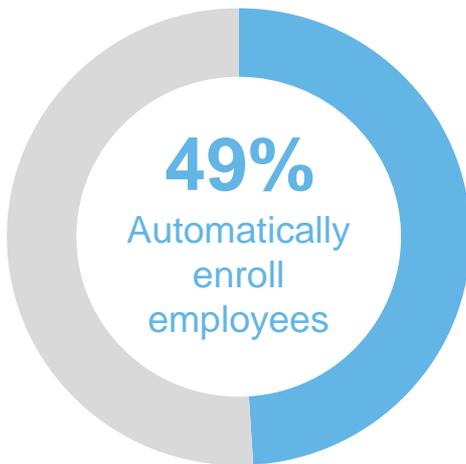
Detailed Findings: Target Date Funds

Half of sponsors say they auto-enroll their employees and over 4 in 10 auto-escalate their employees.

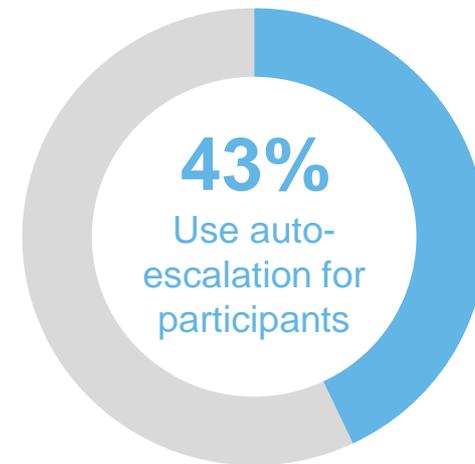


Sponsor Survey

Auto-Enrollment



Auto-Escalation



403(b) sponsors (67%) are more likely than 401(k) sponsors (36%) to use auto-escalation of employee contribution.

Q41. Does your company offer automatic enrollment of new employees into your retirement plan as a default option? (Sponsors, n=502)

Q43. Does your company offer automatic escalation of employee contribution levels into their retirement plan? (Sponsors, n=502)

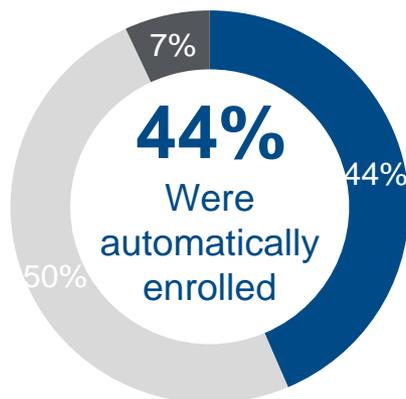
Over 4 in 10 say they were auto-enrolled into their current retirement plan and 3 in 10 are auto-escalated.



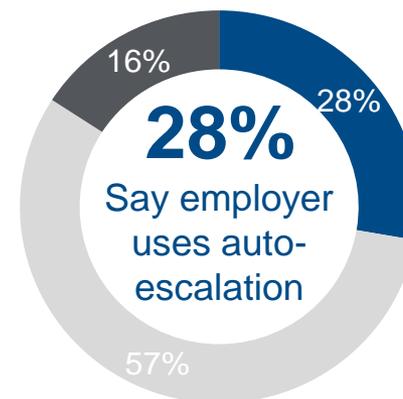
Participant Survey

Participant Awareness of Auto-Features

Auto-Enrollment



Auto-Escalation



- Yes
- No
- Not sure

401(k) participants are more likely than those with a 403(b) plan to have contributions automatically increased each year (30% vs. 17%).

Q13. Some employers automatically enroll new employees in the retirement plan. Were you automatically enrolled in your current retirement plan? (Participants, n=1,005)

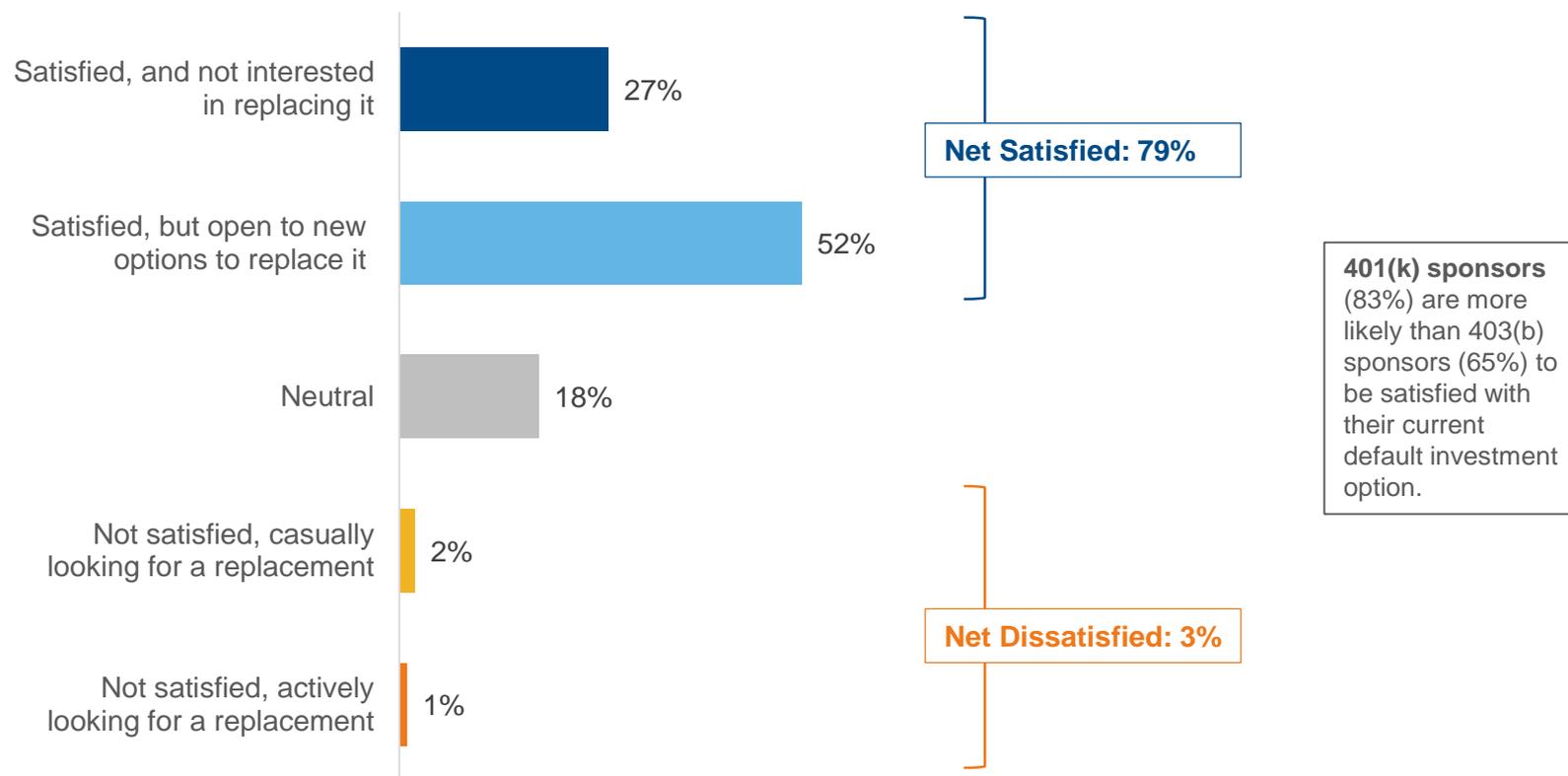
Q14. Does your current employer automatically increase the amount you contribute to the retirement savings plan each year (or after a certain number of years)? (Participants, n=1,005)

8 in 10 are satisfied with their company plan's default investment option.



Sponsor Survey

Satisfaction with Current Default Investment Option



Six in ten offer a Target Date Fund in their retirement plan – nearly all are at least somewhat satisfied with the TDF that is offered.

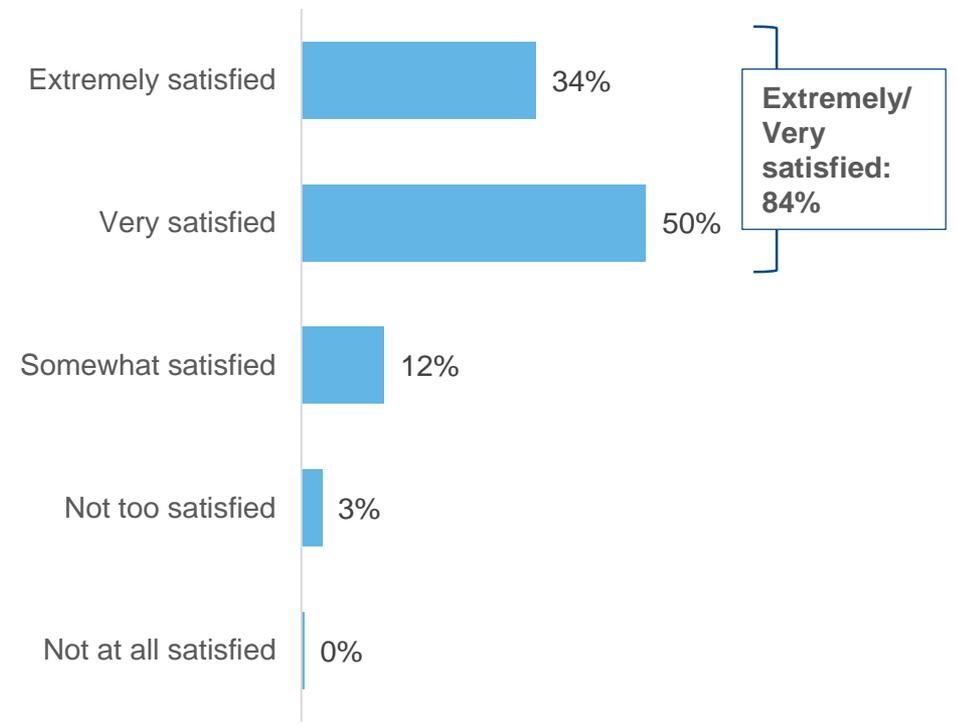


Sponsor Survey

Offer TDFs



Satisfaction of TDFs Offered in Plan *Among those who offer TDFs*



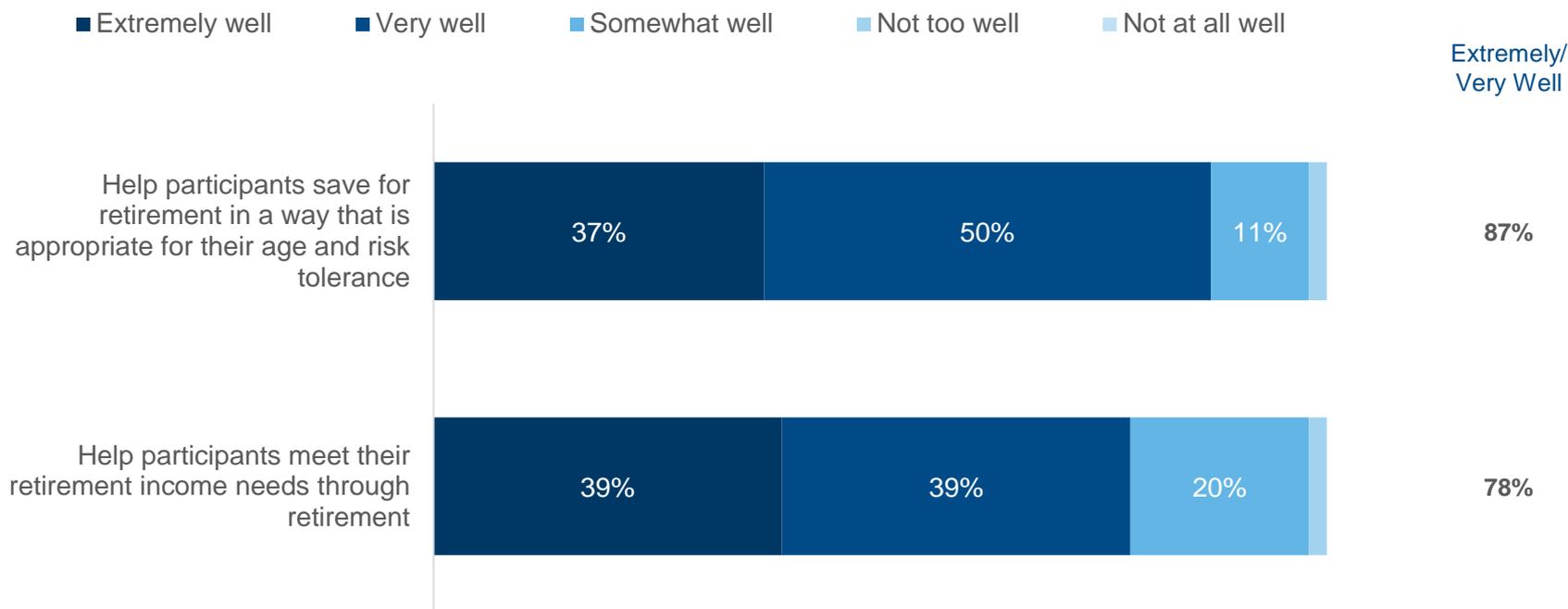
Q44. Does your company offer a Target Date Fund in your retirement plan? (Sponsors, n=502)

Q45. How satisfied are you with the Target Date Fund in your retirement plan? (Sponsors who offer TDFs, n=347)

The vast majority of sponsors believe the TDFs in their plan both help participants save in an appropriate way and help meet their needs through retirement.



Evaluation of TDFs in Plan (Among those that offer TDFs)



401(k) sponsors (92%) are more likely than 403(b) sponsors (76%) to find that the Target Date Fund helps participants save for retirement appropriately extremely/ very well.

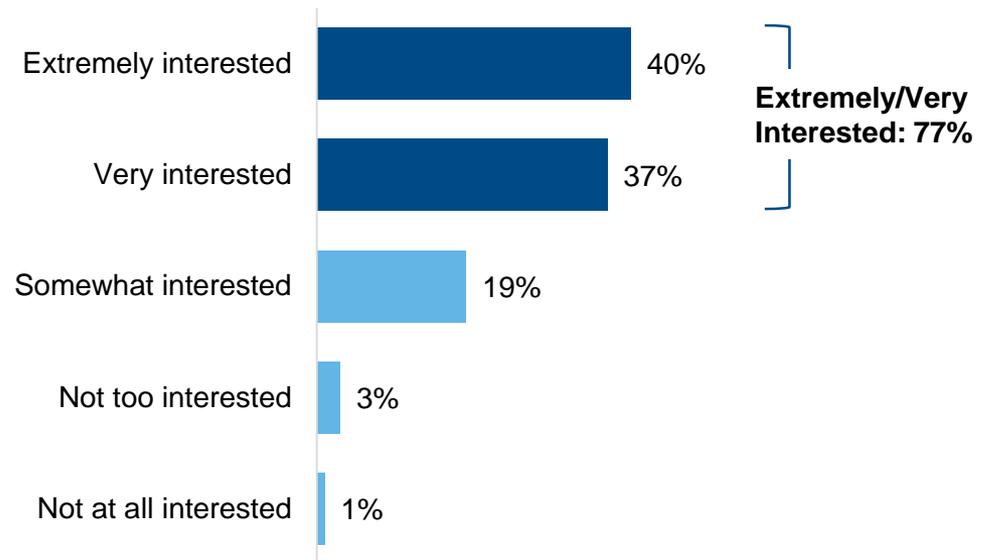
3 in 4 plan sponsors are extremely/very interested in a TDF that allocates a portion to lifetime income.



Interest in TDF with Guaranteed Lifetime Income Feature

Would you be interested in a product if there was a new type of Target Date Fund that as the target date gets closer would start allocating assets into an investment that provides plan participants with the option to receive guaranteed lifetime income anytime—typically at retirement.

By the target date, about 20% of the money can be in this investment that offers guaranteed income for life, and plan participants can also choose to move another 20% of their money to generate more income.





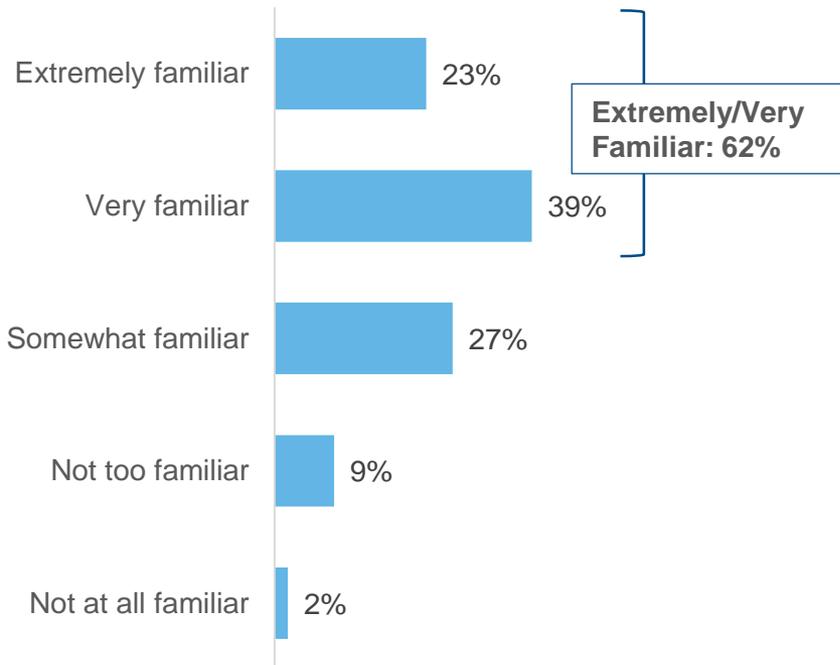
Detailed Findings: SECURE Act

6 in 10 plan sponsors say they are highly familiar with in-plan GLI annuities and about half say they understand the differences vs. retail annuities.

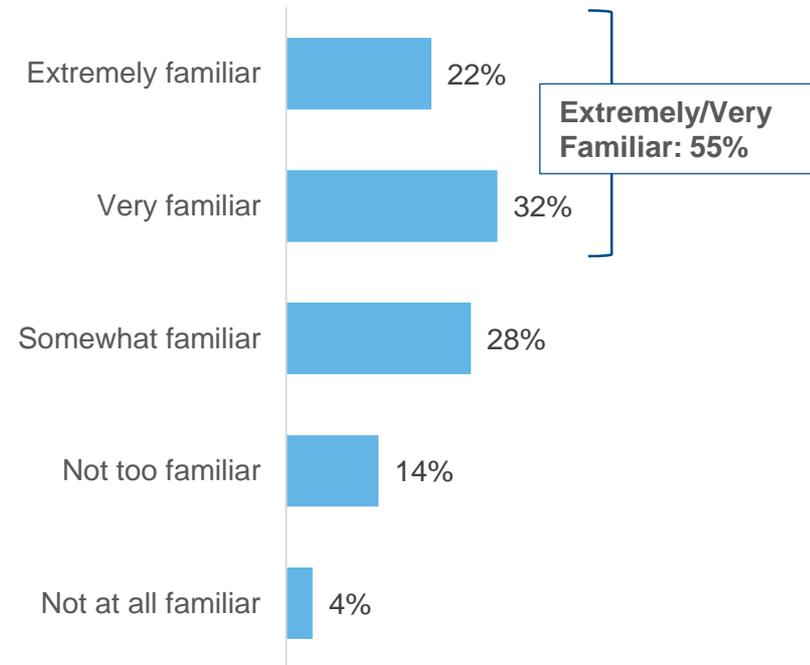


Sponsor Survey

Familiarity with In-Plan GLI Annuities



Familiarity with Difference Between In-Plan and Retail Annuities (Among those with any familiarity with GLI annuities)



Q48. How familiar are you with annuities that provide guaranteed lifetime income in retirement as a retirement plan menu option? (Sponsors, n=502)

Q49. How familiar are you with the differences between in-plan institutionally priced annuities versus retail annuities sold outside retirement plans? (Among sponsors familiar with GLI annuities, n=497)

Just over half offer in-plan GLI annuities – all who offer them say they are at least somewhat valuable for their employees.

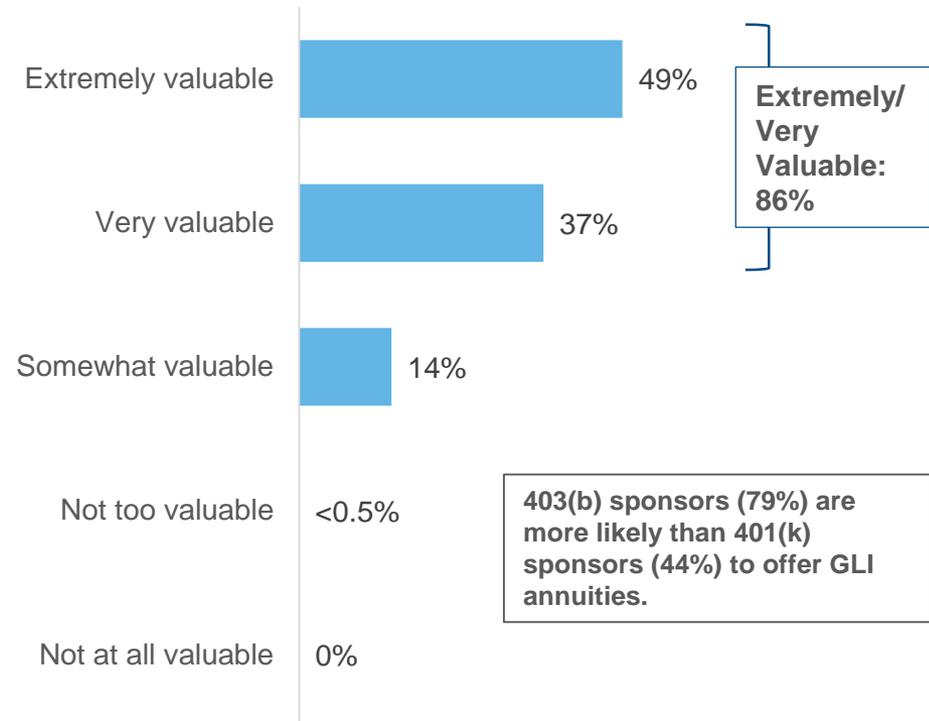


Sponsor Survey

Offer In-Plan GLI Annuities



Value of GLI Annuities for Employees *Among those who offer GLI annuities in-plan*



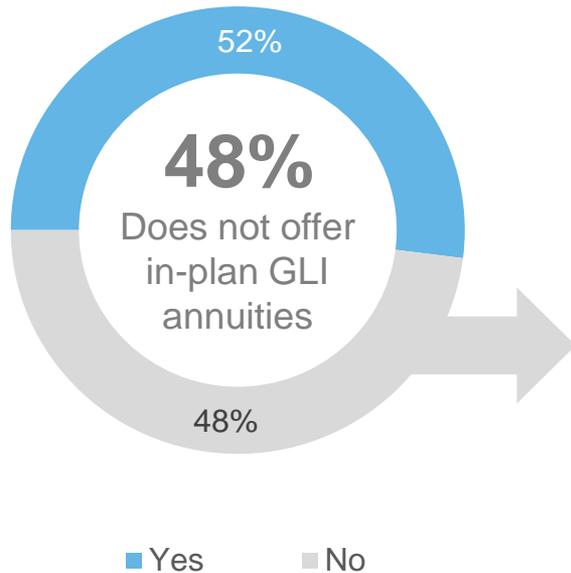
Q50. In your company's retirement plan menu, do you offer annuities that provide guaranteed lifetime income in retirement? (Sponsors, n=502)
 Q51. How valuable are these in-plan guaranteed lifetime income annuities for your employees? (Among sponsors who offer GLI in-plan, n=345)

Nearly nine in ten who do not offer GLI annuities in-plan are at least somewhat interested in them.

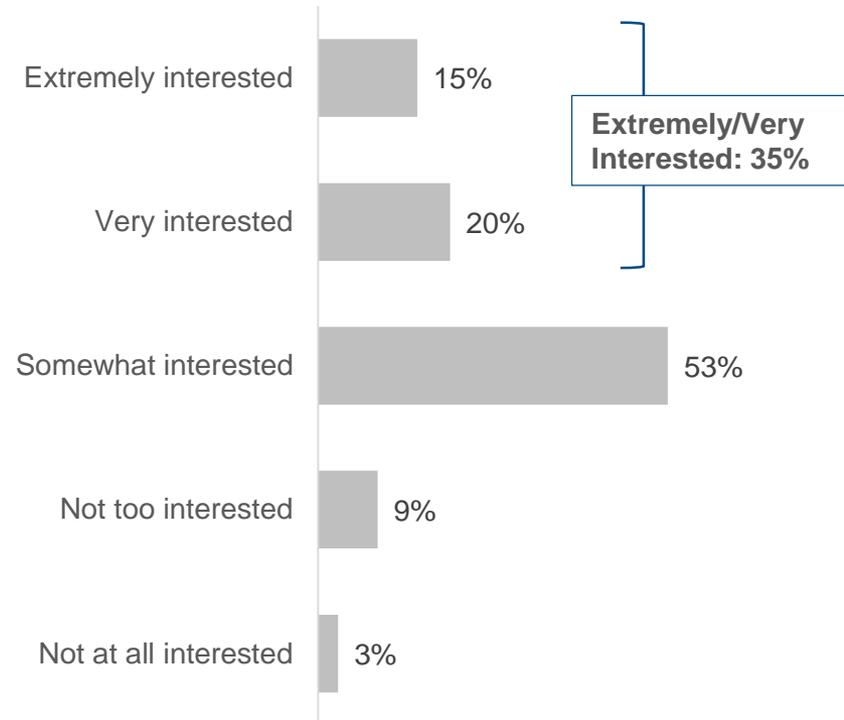


Sponsor Survey

Offer In-Plan GLI Annuities



Interest in Offering GLI Annuities In-Plan *Among those who do not offer GLI annuities in-plan*



Q50. In your company's retirement plan menu, do you offer annuities that provide guaranteed lifetime income in retirement? (Sponsors, n=502)

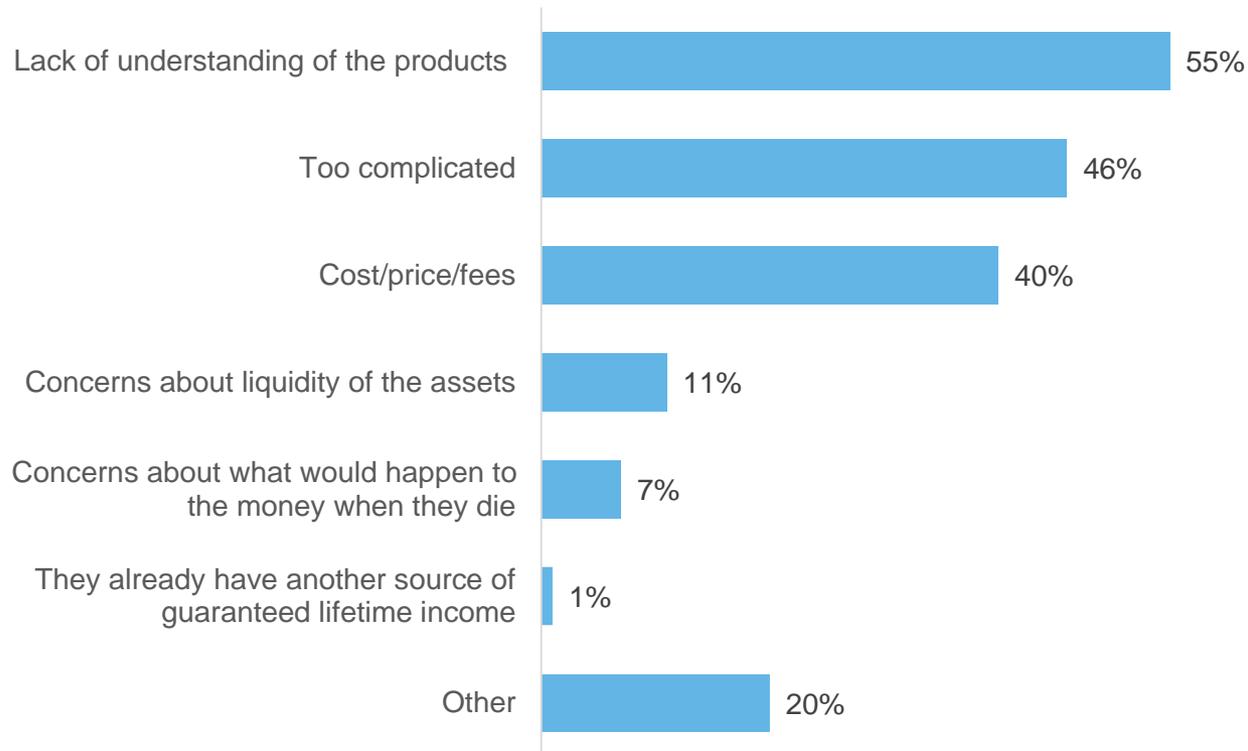
Q52. How interested are you in offering guaranteed lifetime income annuities in your company's retirement plan menu? (Among sponsors who do not offer GLI in-plan, n=157)

Among the small share who do not believe participants would be interested in a GLI annuity, most blame it on lack of understanding the product.



Sponsor Survey

Reasons Participants Not Interested in GLI Annuities* *Among those who believe average participant is not interested in GLI annuity*



*Warning: small sample size

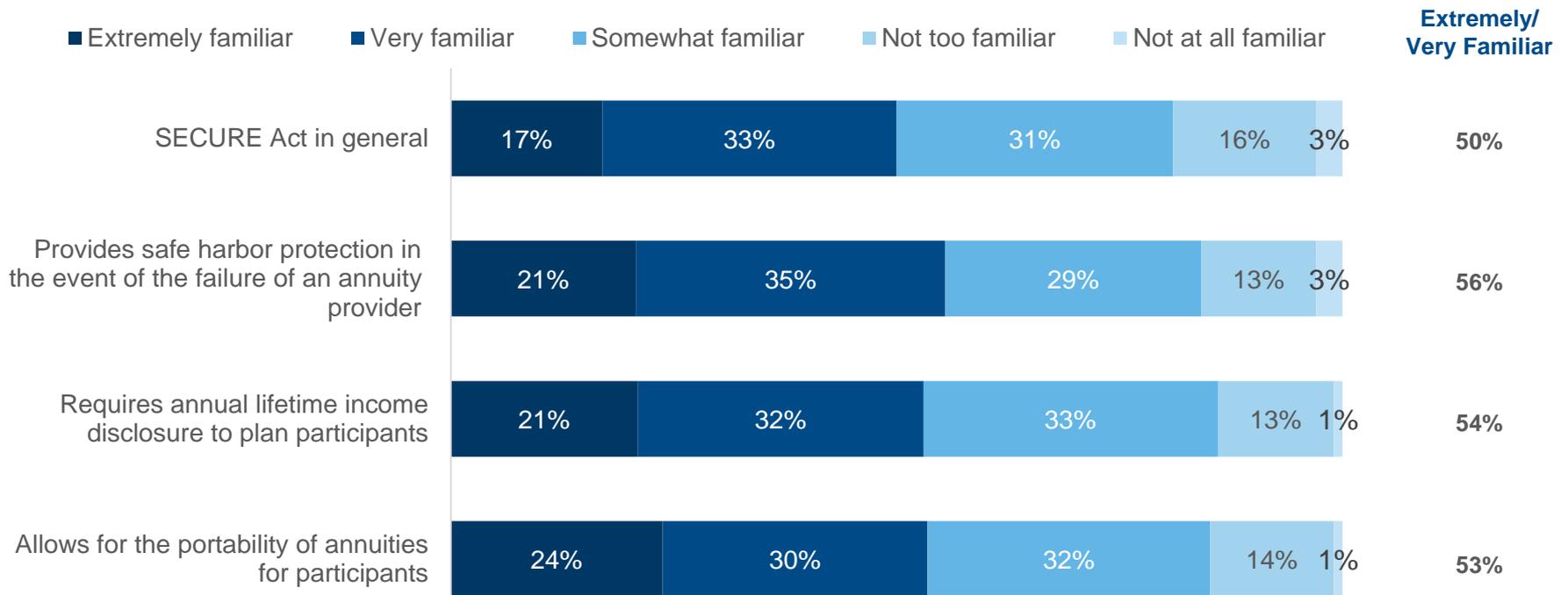
Q54. Which of the following are reasons why your average plan participant would not be interested? (Sponsors who think participants not interested in GLI annuity, n=15)

Half of plan sponsors are familiar with the SECURE Act and with several specific provisions of the Act.



Sponsor Survey

Familiarity with SECURE Act



403(b) sponsors are more likely than 401(k) sponsors to be extremely/very familiar with the SECURE Act in general (66% vs 45%), how it requires income disclosure to participants (72% vs 48%), how it provides safe harbor protection (67% vs. 52%), and how it allows for the portability of annuities for participants (70% vs 48%).

Q55. How familiar are you with the SECURE Act? (Sponsors, n=502)

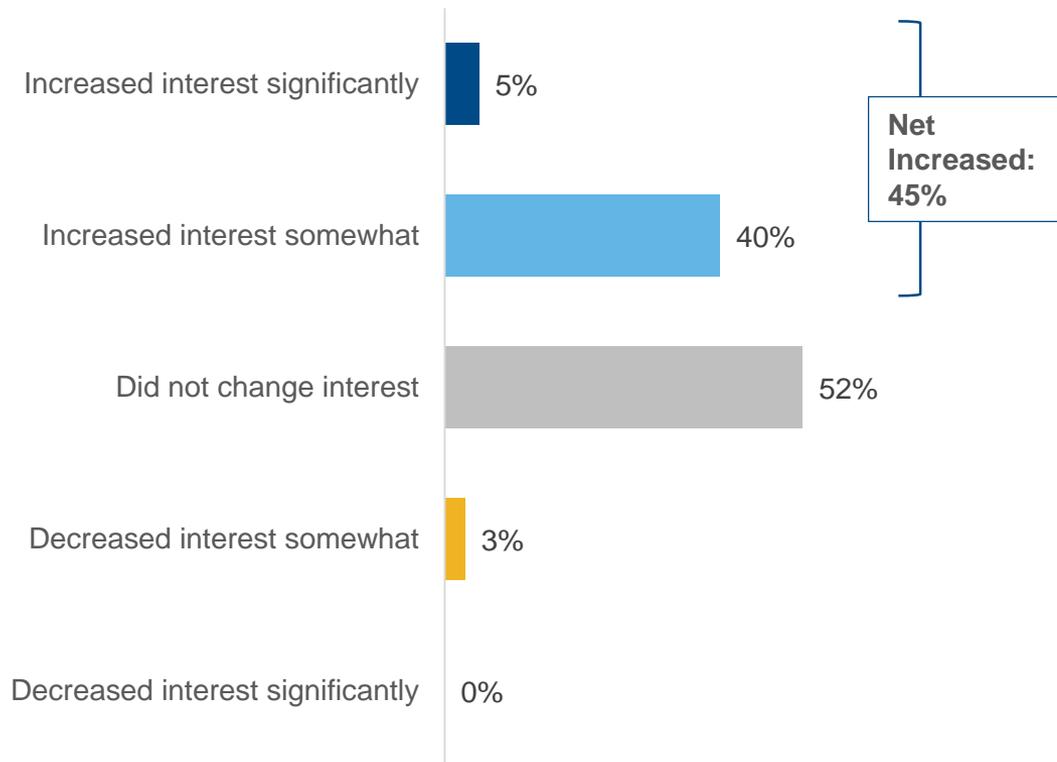
Q56. How familiar are you with the following provisions of the SECURE Act? (Sponsors, n=502)

Nearly half who do not offer GLI annuities say the SECURE Act increased interest in offering them.



Sponsor Survey

Impact of SECURE Act on Company Interest in Offering GLI Annuities in Plan *(Among those who do not offer GLI annuities)*

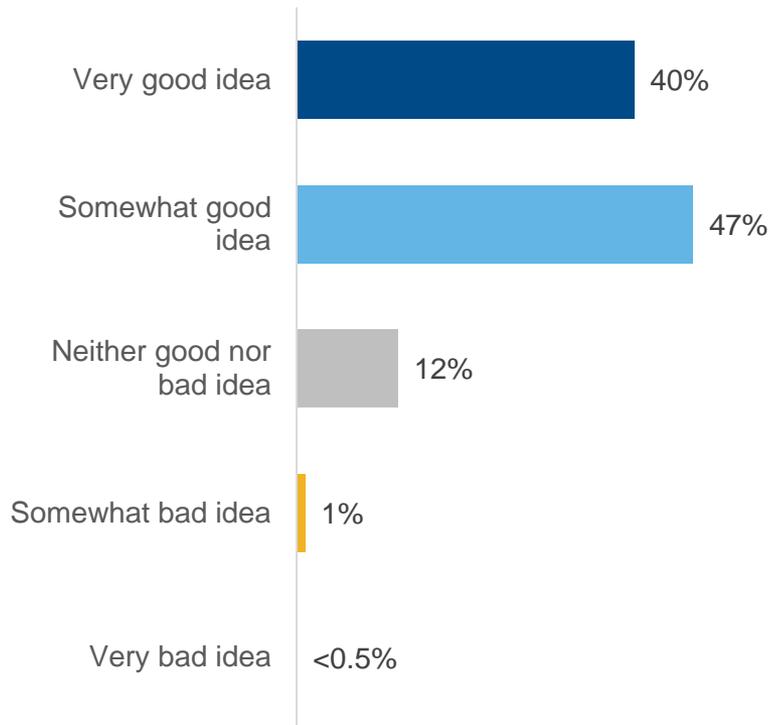


Q57. What impact, if any, has the SECURE Act had on your company's interest in offering annuities that guarantee lifetime income in your plan? (Sponsors who do not offer GLI annuities, n=157)

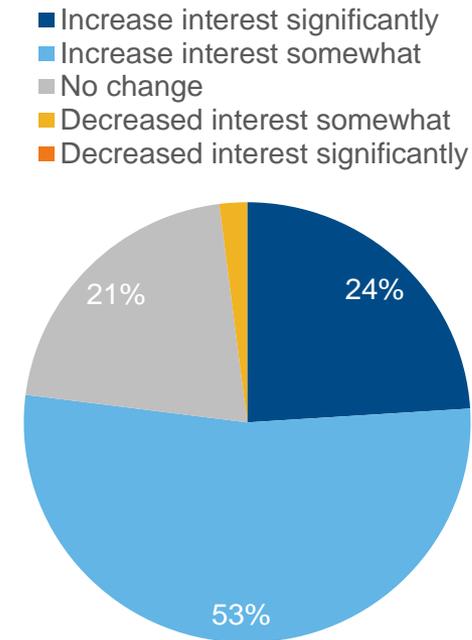
A large majority of plan sponsors believe an annual lifetime income disclosure is a good idea and that it will increase employee interest of acquiring in-plan GLI.



Sentiment around Annual Lifetime Income Disclosure



Impact of Annual Lifetime Income Disclosure on Employee Interest in GLI through Plan



Q58. One of the provisions of the SECURE Act is that it requires an annual lifetime income disclosure to plan participants (calculations of what participants' lump sum balances would generate if converted into an annuity). To what extent do you think this is a good or bad idea for participants? (Sponsors, n=502)

Q59. What impact, if any, do you think this annual lifetime income disclosure will have on your employees' interest in acquiring guaranteed lifetime income through your plan? (Sponsors, n=502)



This report presents the results of the **TIAA Retirement Insights Survey**, an online survey of:

- 1,005 plan participants, between the ages of 25 to 70, employed full-time at a company that has at least 50 employees, and currently contributing to a 401(k) or 403(b) plan. The survey included 204 403(b) participants and 801 401(k) participants.
- 502 plan sponsors who are employed full-time at a company that has at least 50 employees and offers a 401(k) or 403(b) plan. The survey included 251 403(b) plan sponsors and 251 401(k) plan sponsors.

The survey was conducted by Greenwald Research on behalf of TIAA.

The participant survey was fielded from October 26 to November 2, 2020. These results are weighted by gender, age, personal income, education, company size, race/ethnicity, and 401(k)/403(b) plan type to reflect the distribution of American plan participants in this segment.

The sponsor survey was fielded from October 26 to November 5, 2020. These results are weighted by company size and 401(k)/403(b) plan type.

Note that percentages in the tables and charts may not total to 100% due to rounding and/or missing categories.



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