



The TIAA Retirement Insights Survey

A Survey of Plan Participants
and Plan Sponsors

Executive Summary 2.0
February 2021

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1

Despite the volatile year, 3 in 10 participants increased their plan contribution. Retirement income calculators/projections were the most common motivators.

Of those who were motivated to increase their contribution, 48% credit an income calculator/projection for the motivation. In addition, among those who saw a projection, 61% considered it extremely/very helpful. Further, 80 percent of employees who have guaranteed lifetime income in retirement say they feel confident about their progress toward their long-term savings goals.

2

Sponsors are 3X as likely to say the main purpose of their plan is to provide secure income throughout retirement vs. just considering them vehicles for accumulation.

In addition, half consider both of these purposes to be equally important. Sponsors are also most likely to see “enabling adequate income replacement” as the single biggest influence on overall plan design.

3

86% of sponsors who offer in-plan GLI options consider them to be highly valuable for employees and 71% think the average employee would be highly interested.

Participants aren't quite this enthusiastic, but a full 51% of all participants do say they would be extremely/very interested in an in-plan GLI annuity.

4

7 in 10 of both participants and sponsors would consider a program that offered ways of obtaining guaranteed income to be extremely/very valuable.

Sponsors also see a great deal of value in guidance on how much to save, pre-retirement planning programs, and educational resources regarding personal finance. Nearly three-quarters of participants say they'd like more information about their plan or retirement savings in general.

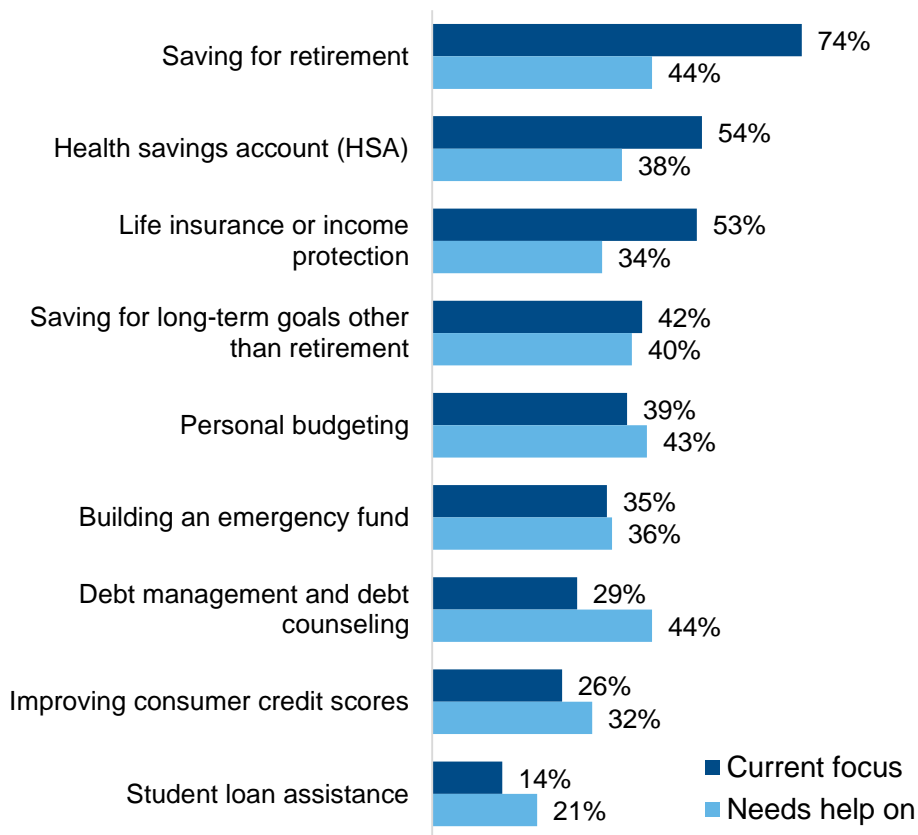


Executive Summary: Detailed Findings

Amidst the pandemic, 3 in 4 sponsors are actively working to help employees improve their retirement savings.



Sponsor Areas of Focus vs. Areas of Needed Assistance



- Retirement savings is by far the most common area that companies are working on to help employees address. Three-quarters (74%) name this as a focus, followed by HSAs (54%), life insurance/income protection (53%), and saving for other long-term goals (42%).
 - 401(k) sponsors (78%) are more likely than 403(b) sponsors (60%) to be currently working to help employees address retirement savings.
- Despite retirement savings being a common area of focus, it is also tied for first in terms of areas employers could use the most assistance with helping employees improve their financial wellness.
- Debt management/debt counseling and personal budgeting are also high up in terms of areas of needed help, despite them being less common areas of attention currently.

Q12. Which of the following are areas that your company is currently working to help employees address? (Sponsors, n=502)

Q13. Which of the following are areas that your company could use the most assistance with in order to better help employees improve their financial wellness? (Sponsors, n=502)

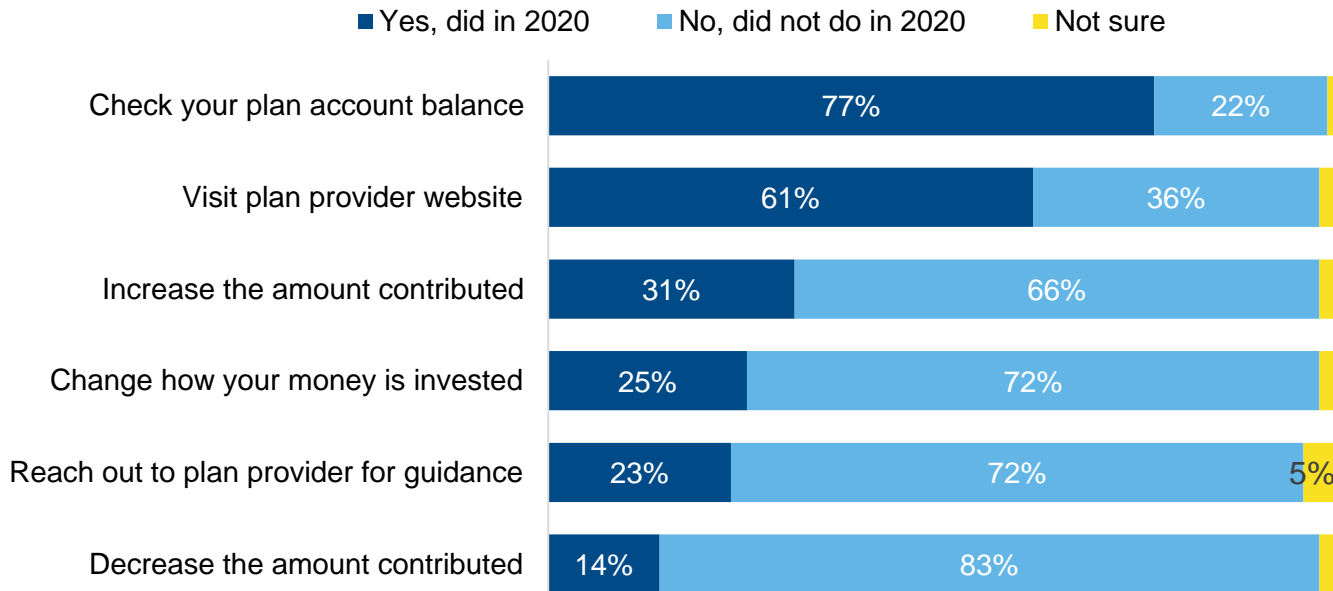
Likely driven by the year's volatility, employees are checking their retirement accounts more often and increasing their contributions.



Participant Survey

- More than 3 in 4 participants have checked on their account balance this year and 6 in 10 have visited a provider website, highlighting engagement likely driven by the dramatic volatility of the year. Fewer have taken more concrete actions regarding their plan, but 3 in 10 did increase their contribution and 1 in 4 changed their allocation.

Retirement Plan Engagement: Actions Taken in 2020



Did not do in 2020

| Did Prior | Never Done |
|-----------|------------|
| 13% | 8% |
| 19% | 16% |
| 34% | 31% |
| 23% | 47% |
| 20% | 50% |
| 18% | 64% |

401(k) participants are more likely than those with a 403(b) plan to have changed how their money is invested in the plan (27% vs. 16%).

**Response text abridged*

Q19. Have you done any of the following in regards to your retirement plan so far this year (2020)? (Participants, n=1,005)

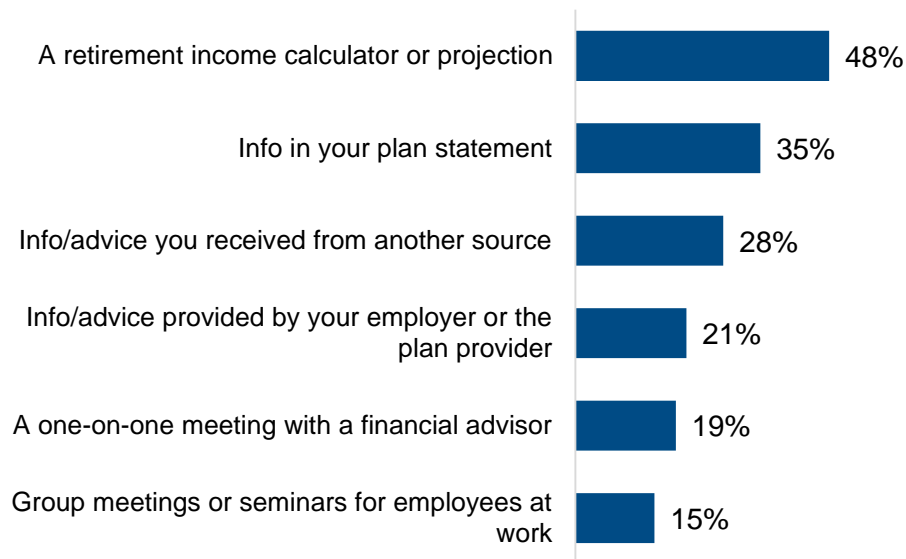
Q22. Have you ever done any of the following in regards to your retirement plan prior to 2020? (Among participants who did not do the following in 2020, rebased to n=1,005)

The most common motivator to increasing contributions is a retirement income calculator or projection.



- **Of those who were motivated by something other than habit to increase their contribution, the most common motivator is a retirement income calculator or projection.** One-on-one meetings are always less common than technology tools, but that is likely to especially be the case this year.
- Two-thirds actually report having received an income projection previously (and half say they received it from their retirement plan). Of those who did receive it, 61% considered it extremely/very helpful. Of those who have not received one, 66% think that type of resource would be extremely/very helpful.

Top Motivators for Increasing Contribution*



*Among those who increased their contribution and who said something motivated them to do it

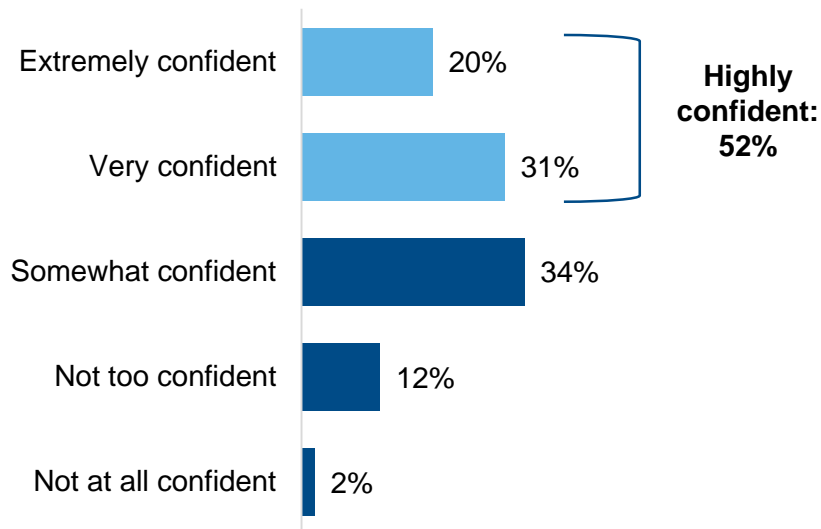
Q19. Have you done any of the following in regards to your retirement plan so far this year (2020)? (Participants, n=1,005)

Q21. What motivated you to increase your contribution this year? Please select all that apply. (Among Participants who were motivated to increase contribution, n=217)

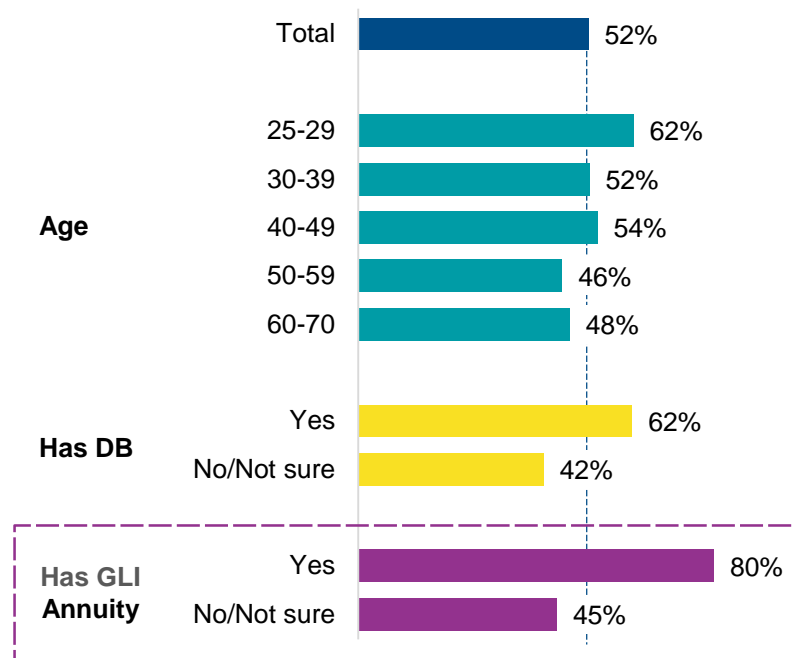
Half of participants are highly confident about their progress towards long-term financial goals. Having a source of lifetime income boosts this confidence.



Confidence in Progress on Long-Term Financial Goals



% Highly Confident



Q7. How confident are you that your household is taking the steps needed to achieve your long-term financial goals (e.g., buying a home, helping pay for education, saving for retirement, paying off debt)? (Participants, n=1,005)

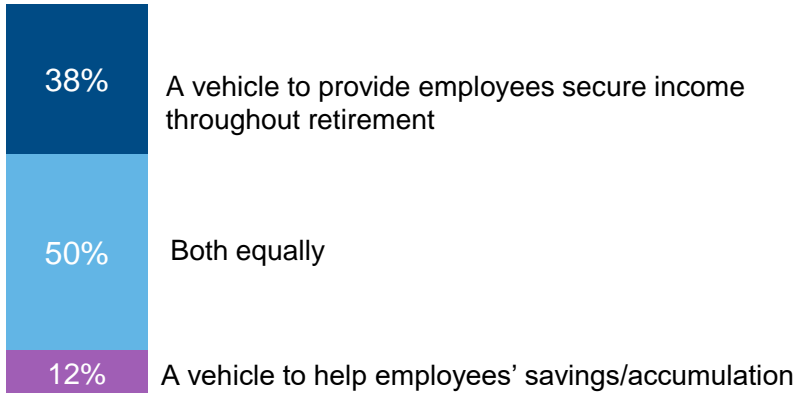


Detailed Findings: Plan Sponsor Retirement Plan Design

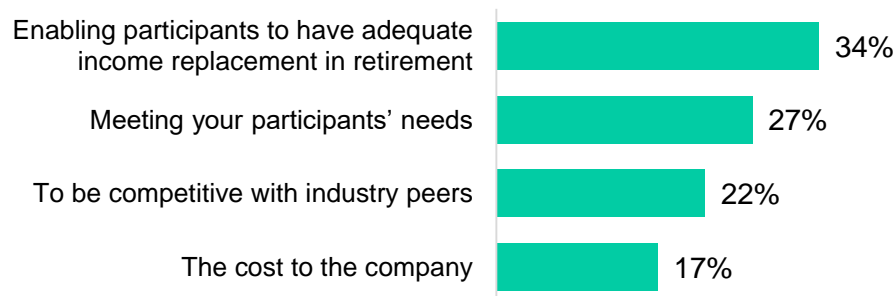
Sponsors see retirement income as the central purpose for offering a plan and ensuring this income is pivotal to plan design decisions.



Main Purpose of Retirement Plan



Biggest Influence on Plan Design



- While retirement savings plans can be thought of simply as vehicles for accumulation, very few sponsors see it as such. In fact, three times as many sponsors describe it instead as a vehicle to provide employees secure income throughout retirement (38%) and half of sponsors said it is both for accumulation and secure retirement income equally.
- Sponsors are also most likely to see “enabling adequate income replacement” as the single biggest influence on overall plan design.
 - **403(b) sponsors are way more likely than 401(k) sponsors to view income replacement as the biggest influence (46% vs. 30%).**
- Offering the plan in the first place is still driven more by a desire to attract and retain employees, although a significant portion of sponsors still rank ensuring sufficient retirement income as a top reason.
 - **Again, 403(b) sponsors are more likely to consider retirement income as a top reason (53% vs. 35%).**

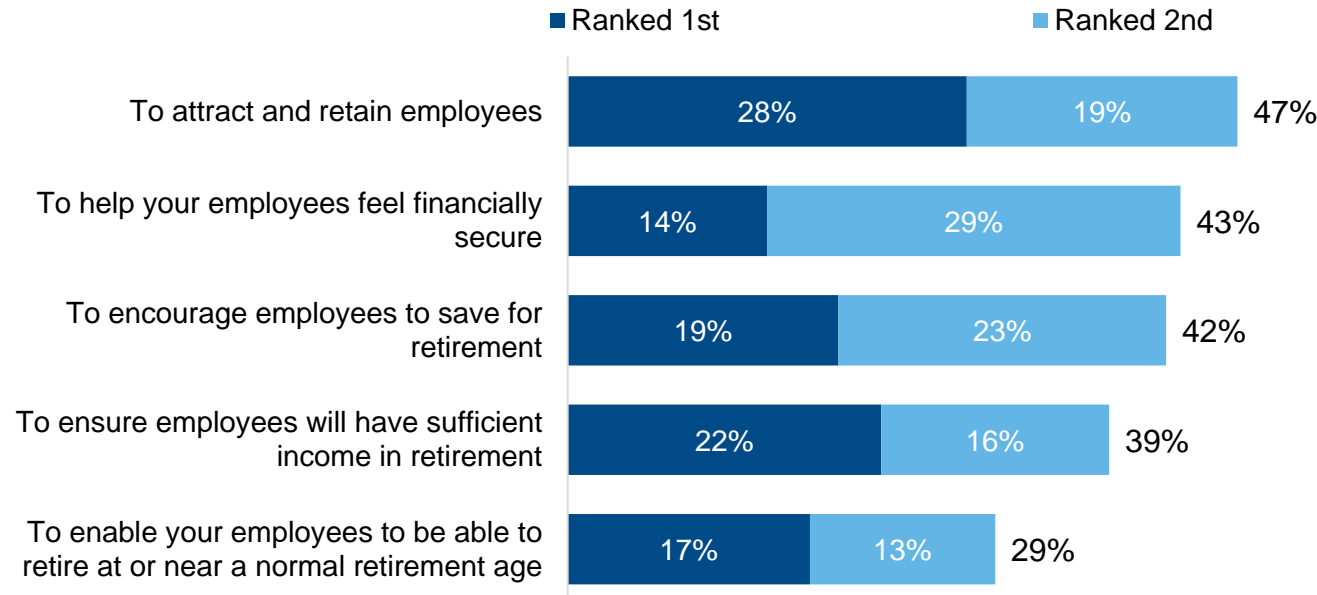
Q17. Which one of the following best describes what most influences decisions about the design of your [401(k)/403(b)] plan? (Sponsors, n=502)

Q18. In your view, which of the following describes the main purpose of [401(k)/403(b)] plans? (Sponsors, n=502)

Sponsors are most likely to offer a 401(k) or 403(b) plan in order to attract/retain employees, help employees feel financially secure or encourage retirement savings.



Top Reasons For Offering a 401(k) or 403(b) Plan



401(k) sponsors (51%) are more likely than 403(b) sponsors (32%) to list attracting and retaining employees as a top 2 reason.

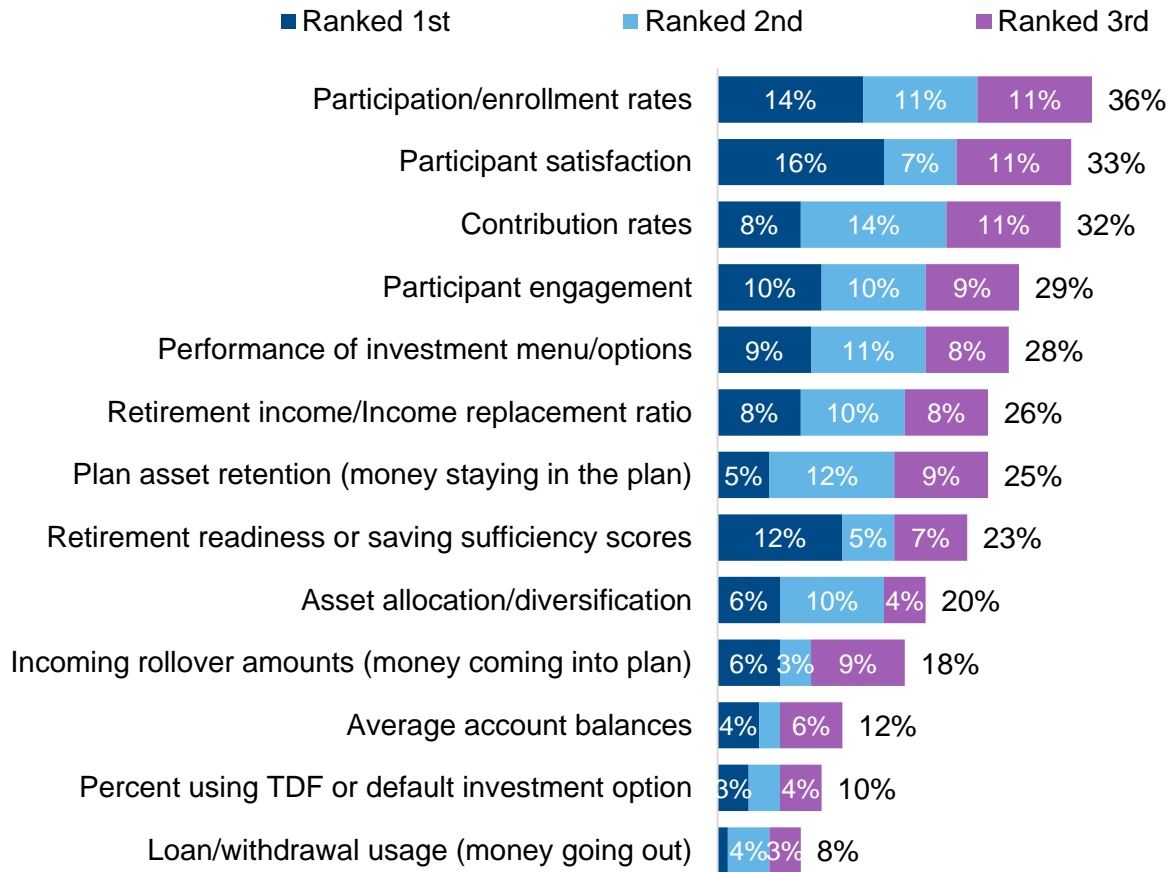
403(b) sponsors are more likely to consider ensuring employees will have sufficient income in retirement as a top reason (53% vs. 35%).

Q16. Please rank what you consider to be the top two reasons why your company offers a [401(k)/403(b)] plan? (Sponsors, n=502)

Enrollment rates, participant satisfaction and contribution rates are the most common metrics used for plan sponsors to measure their plan's success.



Top Metrics to Track Retirement Plan Success



401(k) sponsors are more likely than 403(b) sponsors to consider the following to be top metrics:

- Participation rates (41% vs. 18%)
- Contribution rates (37% vs. 19%)

403(b) sponsors are more likely to consider the following to be top metrics:

- Retirement income/replacement ratio (41% vs. 21%)
- Retirement readiness (37% vs. 19%)

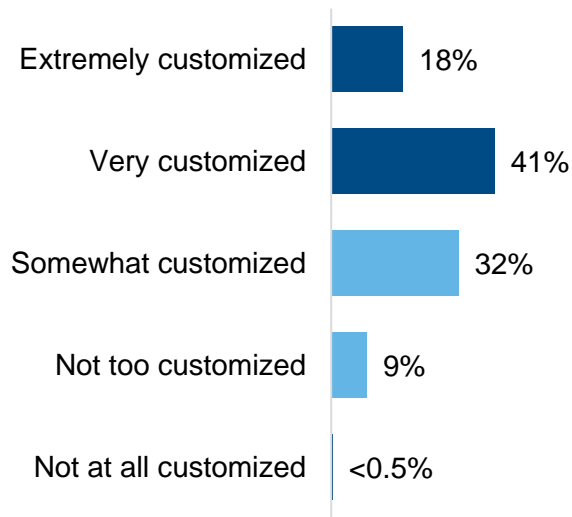
*Response text abridged

Q19. What are the top three metrics you use to track the success of your retirement plan? (Sponsors, n=502)

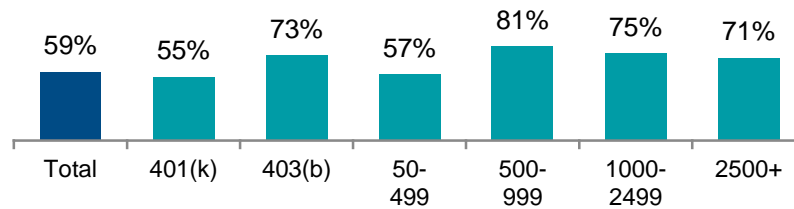
6 in 10 sponsors consider their plan to be highly customized to the specific demographics of their employees and overall retirement offering.



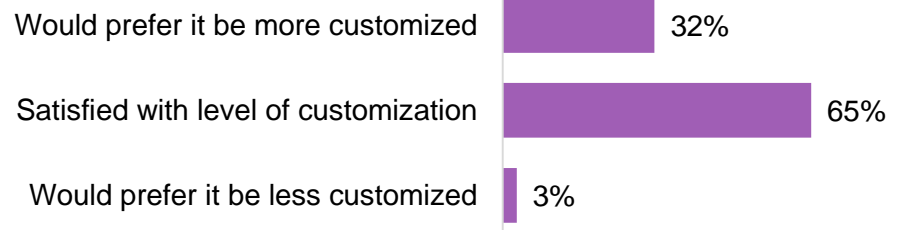
Degree of Retirement Plan Customization



Highly Customized by Plan Type and Company Size



Customization Preference



403(b) sponsors are more likely 401(k) sponsors to say their plan is extremely/very customized (73% vs. 55%).

Q28. To what degree is the design of your retirement plan customized to account for the specific demographics of your employees and overall retirement offering? (Sponsors, n=502)
 Q29. Would you like your retirement plan to be more or less customized? (Sponsors, n=502)



Detailed Findings: Guaranteed Lifetime Income*

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* Any guarantees are backed by the claims-paying ability of the issuing company.

Sponsors who offer in-plan GLI consider it highly valuable and employee interest in it is considerable according to both sponsors and participants.



Sponsor Survey
Participant Survey

- **Nearly 9 in 10 sponsors who offer in-plan guaranteed lifetime income options consider them to be extremely/very valuable for employees.**
- Of sponsors who do not offer lifetime income, interest in doing so is more muted: only a third are highly interested. However, 9 in 10 are at least somewhat interested. **77% would also be highly interested in a new TDF geared towards allocating to lifetime income.**
- In general, sponsors strongly believe the average participant would be highly interested in a GLI annuity: 71% say participants would be extremely/very interested. 403(b) sponsors are especially likely to say this is the case (82% vs. 67% of 401(k) sponsors).
- Half of participants are either highly interested in GLI annuities or already claim to own one. Looking specifically at those who do not own GLI, a third are extremely/very interested.
- Lastly, the appeal of GLI annuities definitely increases when offered in-plan: half of all participants are highly interested and 44% of those without GLI say the same.

Sponsor Interest in GLI Annuities

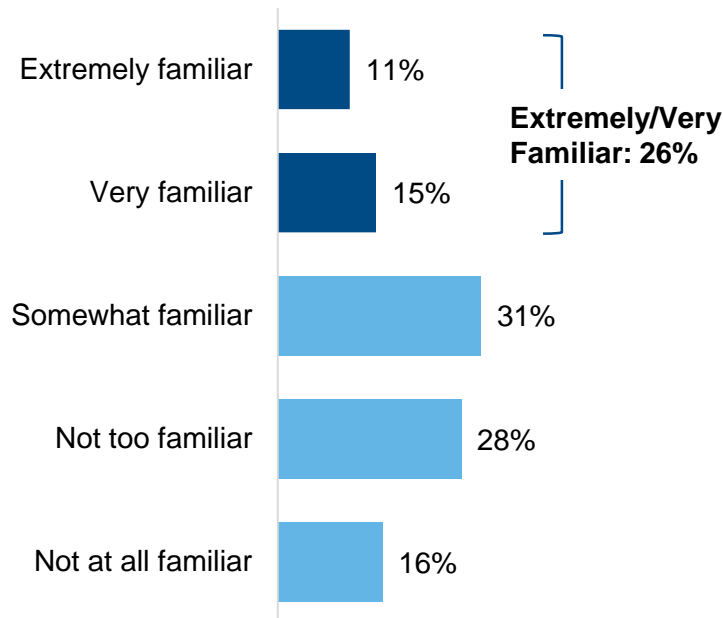
- 86%** Who offer GLI annuities in-plan say they are highly valuable for employees
- 35%** Who do not offer GLI annuities in-plan would be highly interested in doing so
- 71%** Of sponsors think the average participant would be highly interested

Participant Interest in GLI Annuities

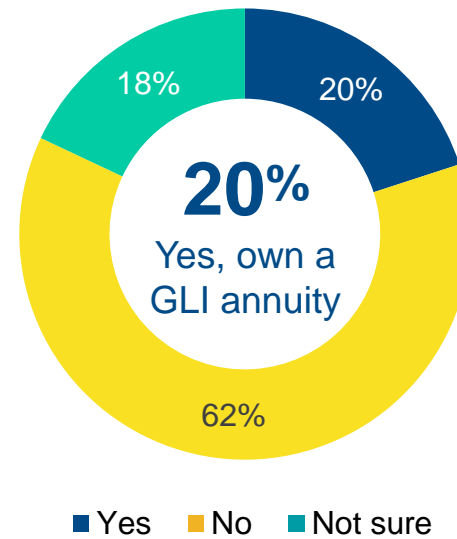
- 51%** Of participants would be highly interested OR already own one
- 35%** Of participants who do not own a GLI annuity would be highly interested
- 51%** Of all participants would be highly interested in an in-plan GLI annuity

1 in 4 are familiar with annuities that provide guaranteed lifetime income and 1 in 5 say they own one.

Familiarity with Guaranteed Lifetime Income Annuities



Own a Guaranteed Lifetime Income Annuity?



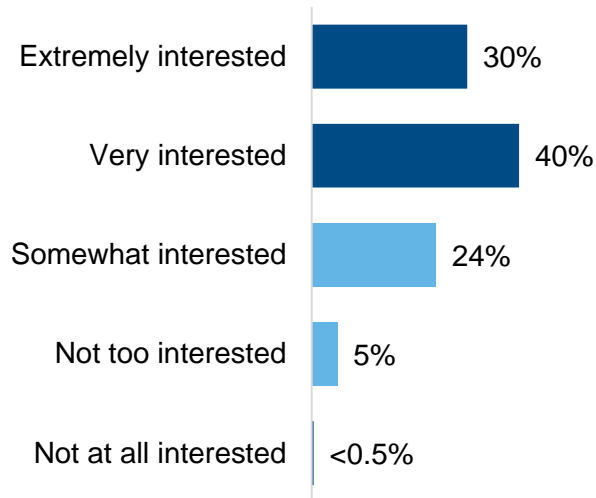
Q38. How familiar are you with annuities that provide guaranteed lifetime income? (Participants, n=1,005)

Q39. Do you (or your spouse/partner) currently own an annuity that provides or will provide guaranteed lifetime income? (Participants, n=1,005)

7 in 10 sponsors believe participants would be highly interested in GLI annuities. About half of participants appear to actually be this interested.



Perceived Plan Participant Interest in GLI Annuities



71% Of sponsors think the average participant would be extremely/very interested

VS.

51% Of participants would be extremely/very interested OR already own one

35% Of participants who do not own a GLI annuity would be extremely/very interested

51% Of all participants would be extremely/very interested in an in-plan GLI annuity

403(b) sponsors (82%) are more likely than 401(k) sponsors (67%) to believe their participants are extremely/very interested in GLI annuities.

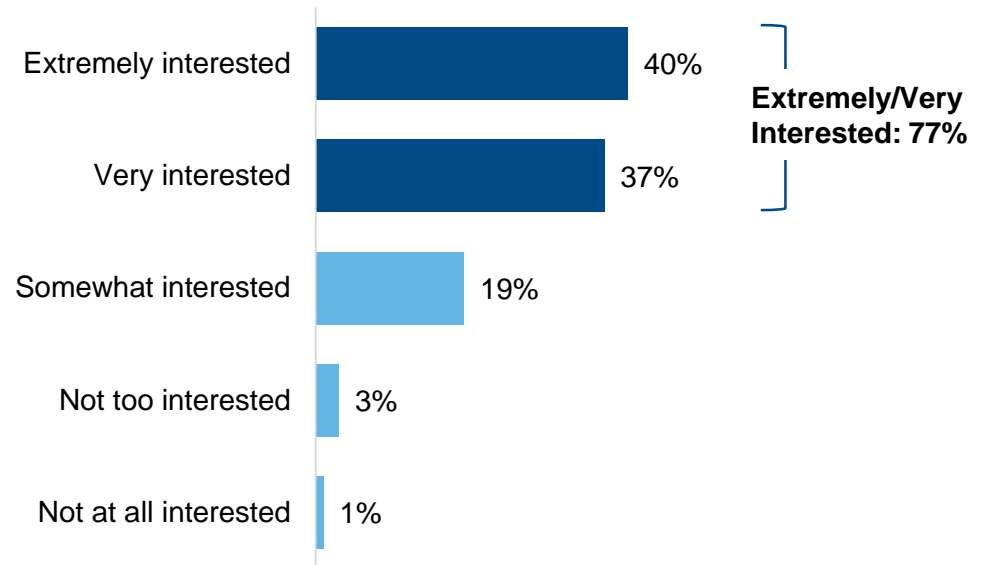
Q53. If you had to guess, how interested do you think your average plan participant [is/would be] in investing in an annuity that provides guaranteed lifetime income in retirement? (Plan sponsors, n=502; Plan participants, n=1,005)

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.





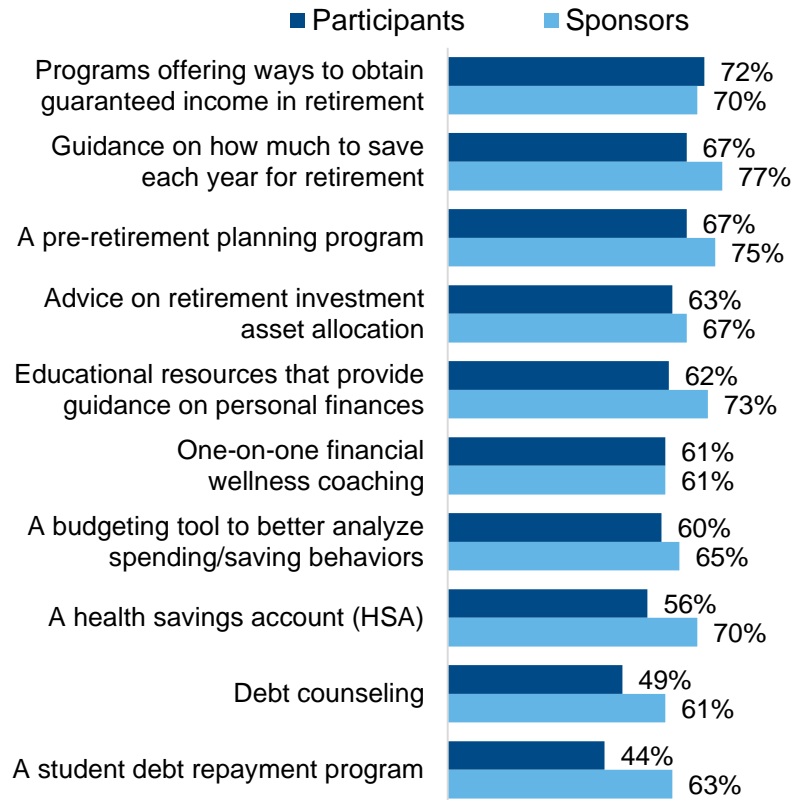
Detailed Findings: Interest in Resources

While participants are interested in resources and education broadly, a program that would offer ways to obtain guaranteed income would be highly valued.



Sponsor Survey
Participant Survey

Resources That Would Be Highly Valuable to Employees*



- Participants are generally very interested in almost all types of education or resources that might be offered in the workplace. In fact, nearly three-quarters say they'd like more information about their plan or retirement savings in general.
 - There's also a desire for more personalization in education, info, and advice received with at least half of all participants.
- In terms of resources that would be highly valuable to employees, participants see the greatest value in programs that would offer ways to obtain guaranteed income in retirement. 7 in 10 (72%) would consider this highly valuable. The same proportion (70%) of sponsors agree that this would be highly valuable for employees.
- Sponsors also see a great deal of value in guidance on how much to save, pre-retirement planning programs, and educational resources regarding personal finance.

*% extremely/very valuable; response text has been abridged

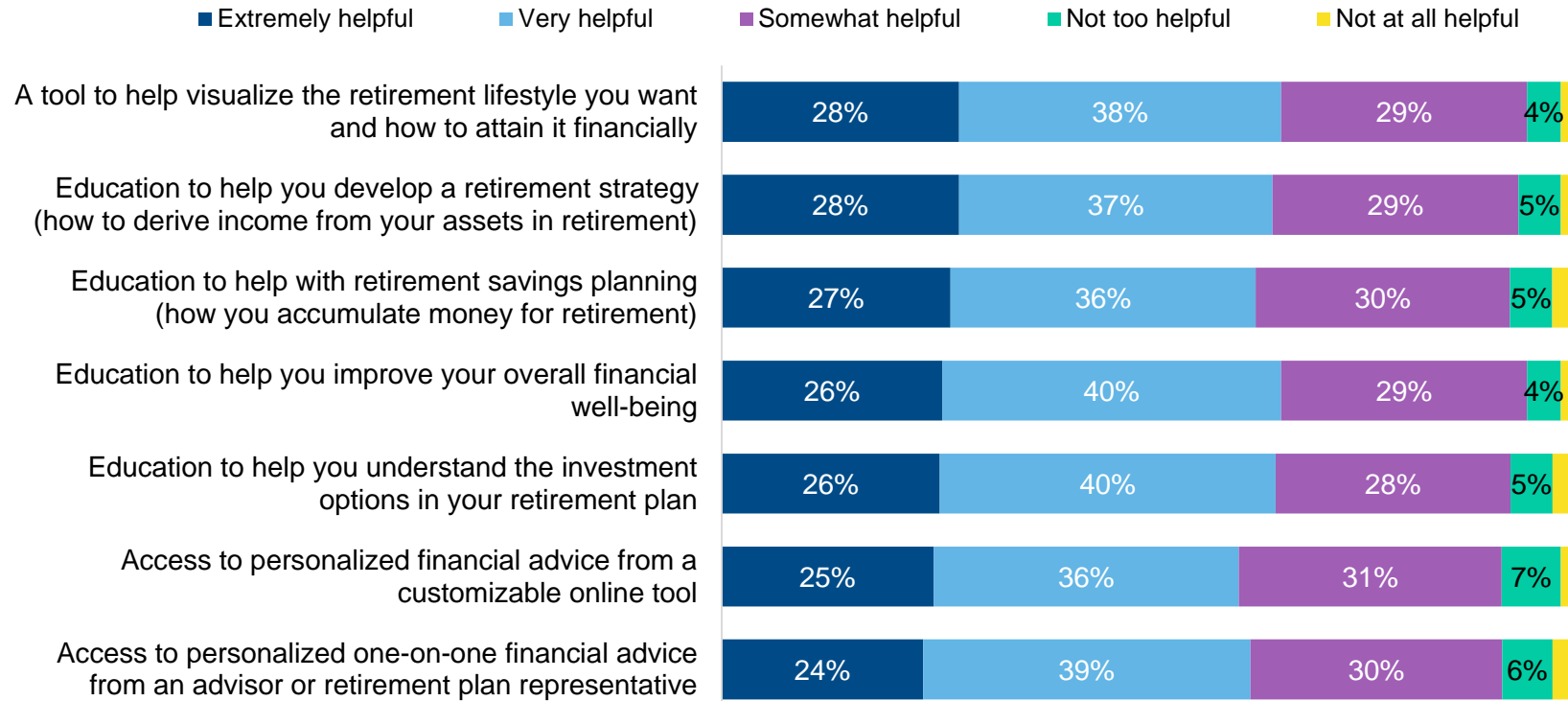
Q36. How valuable would you find each of the following educational programs, accounts, or tools if they were available through your employer or the financial company that provides your retirement plan? (Participants, n=1,005)

Q38. How valuable do you think your employees would find each of the following? (Sponsors, n=502)

Most participants would find any type of retirement or financial resource extremely or very helpful. Participants in their 30s are especially interested.



Helpfulness of Retirement and Financial Resources



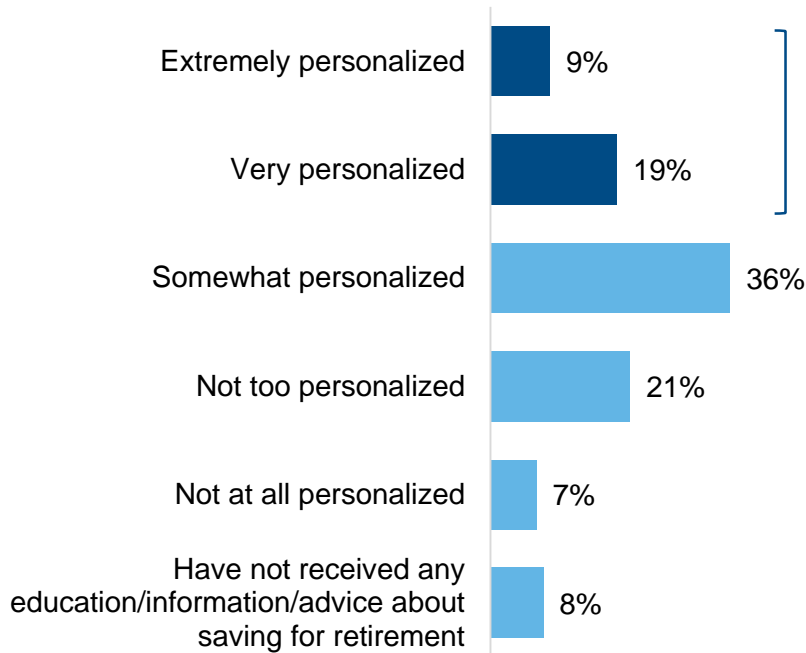
Q23. How helpful do you think each of the following resources would be? (Participants, n=1,005)

Just 3 in 10 say they receive highly personalized retirement-related info from their employer or plan provider and half would prefer it be more personalized.

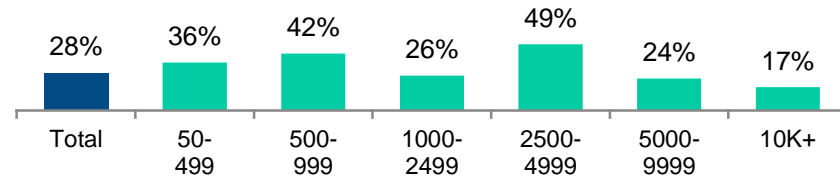


Participant Survey

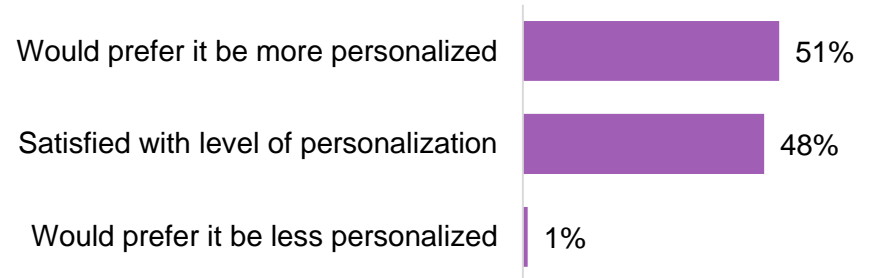
Degree of Personalization of Retirement Info Received



Highly Personalized by Company Size



Personalization Preference



Q24. How personalized is the education/information/advice you receive from your employer (or the financial institution that provides your retirement plan) about saving for retirement? (Participants, n=1,005)

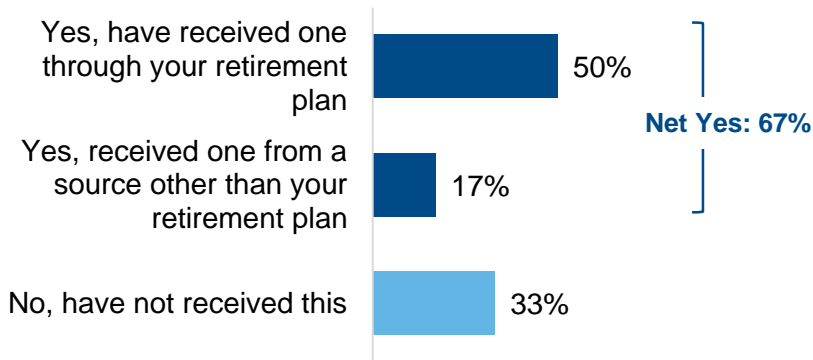
Q25. Would you like the education/information/advice you receive to be more or less personalized? (Participants, n=1,005)

2 in 3 have received a retirement income projection. Of those who received one, 6 in 10 found it extremely/very helpful.

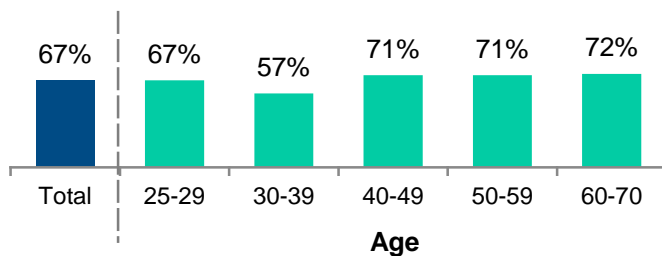


Participant Survey

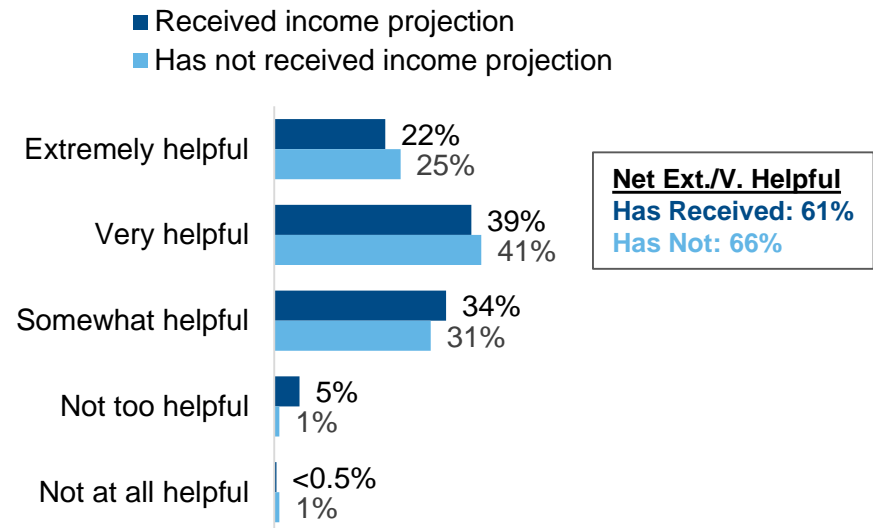
Received Retirement Income Projection



Received Retirement Income Projection



Helpfulness (or Perceived Helpfulness) of Income Projection



Of those who haven't received a projection, **403(b) participants** are more likely than those with a 401(k) to think it would be extremely/very helpful to have (81% vs. 62%).

Of those who have received one, there is no difference.

Q28. Have you ever received a retirement income projection that illustrated how much retirement income you are on track to receive based on your current savings, how much you are contributing to retirement, and how many years you have until you retire? (Participants, n=1,005)

Q29. How helpful was this retirement income projection? (Participants who have received projection, n=742)

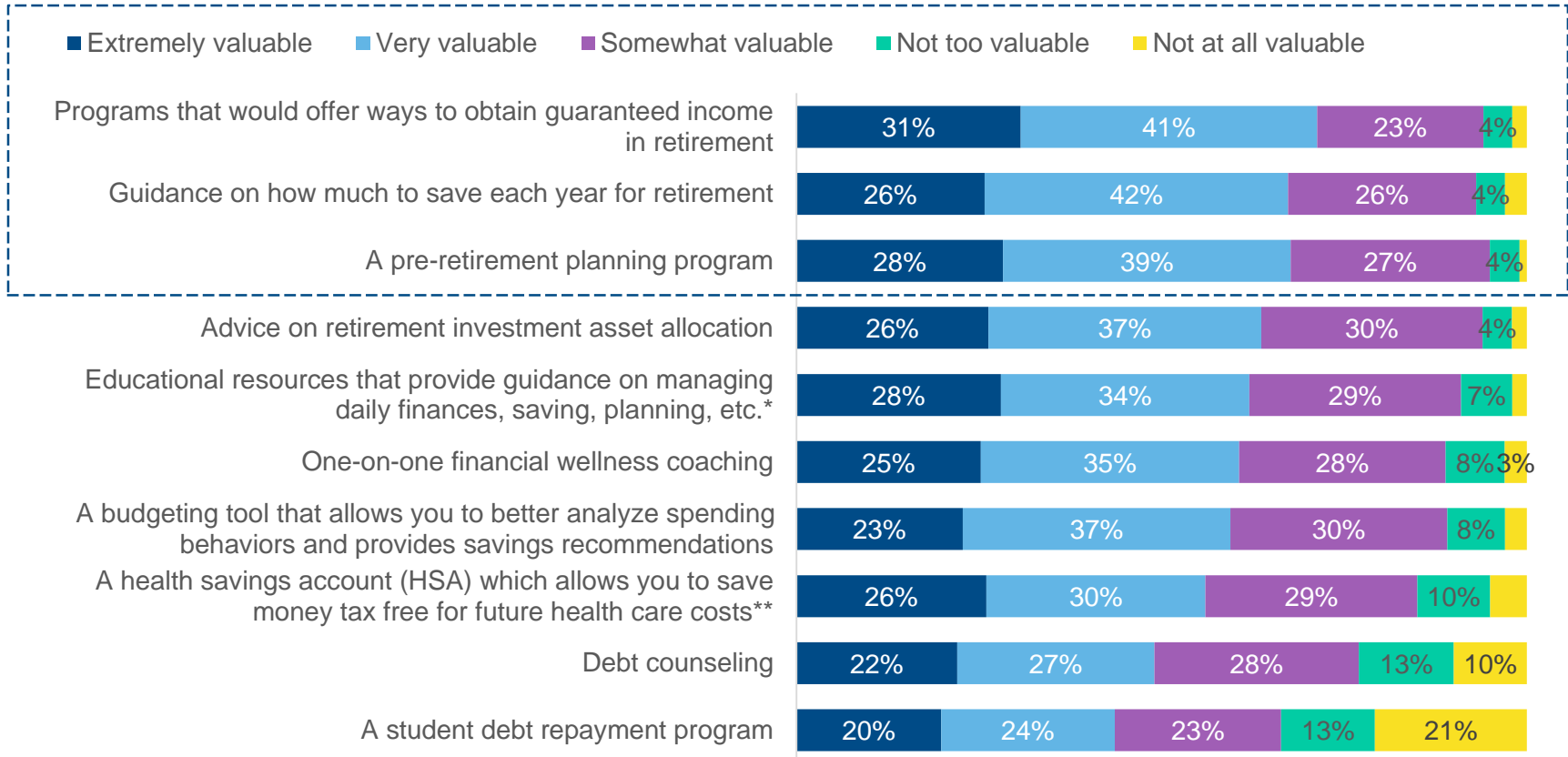
Q30. How helpful do you think it would be to see a retirement income projection like this? (Participants who did not receive projection, n=263)

A program that would offer ways to obtain guaranteed income in retirement is seen as the most valuable potential resource.



Participant Survey

Perceived Value of Resources for Employees



*Response text abridged

**Asked only of those without an HSA

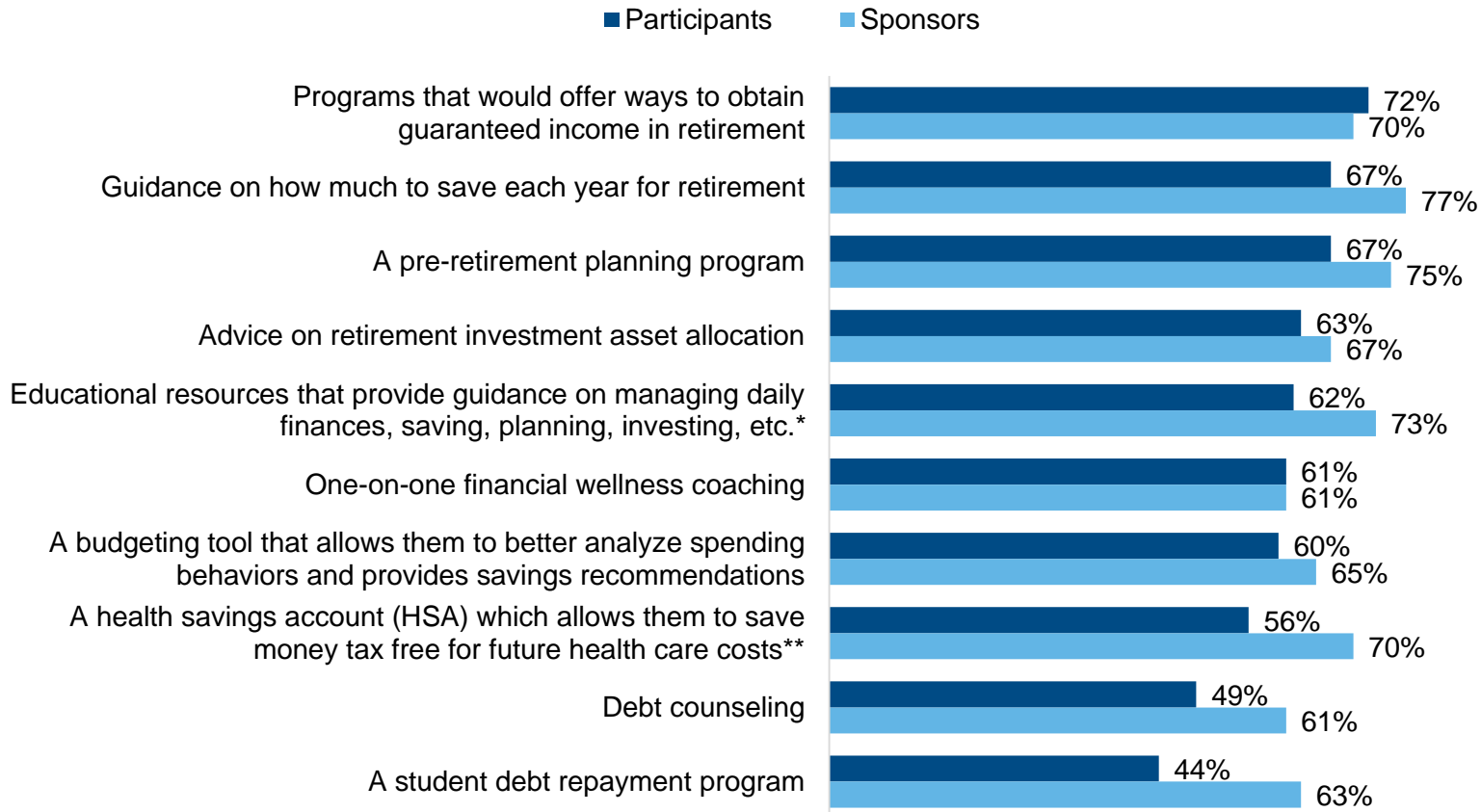
Q36. How valuable would you find each of the following educational programs, accounts, or tools if they were available through your employer or the financial company that provides your retirement plan? (Participants, n=1,005)

Sponsors are in agreement with participants about the value of a program related to guaranteed income.



Participant Survey
Sponsor Survey

% Extremely/Highly Valuable: Participants vs. Sponsors



Q36. How valuable would you find each of the following educational programs, accounts, or tools if they were available through your employer or the financial company that provides your retirement plan? (Participants, n=1,005)

Q38. How valuable do you think your employees would find each of the following? (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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