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**Transamerica Survey Reveals Higher Education Institutions
Are Evolving Toward Corporate Models for Retirement Plan Benefits**

Transamerica today revealed the latest annual survey findings of retirement plan trends for Higher Education institutions. Among the many findings, the survey revealed Higher Education institutions are beginning to adopt the retirement plan features shown to be popular by the corporate sector.

Again, this year's survey of 249 plan sponsors shows a decline of 403(b) plans offered by Higher Education institutions, and a dramatic swing in the popularity of 401(k) plans. The trend reflects the pressure on Higher Education institutions to offer the same competitive benefits as corporate businesses if they hope to compete for talent, allowing for a wider choice of retirement plan vendors.

The survey revealed that Higher Education institutions have achieved notable improvements in plan eligibility, showing that in 2016, many Higher Education institutions extended eligibility for their retirement plan to more employees, including full-time faculty and staff, part-time or adjunct faculty, and part-time staff. Part-time or adjunct faculty eligible to enroll grew to 26% in 2016, up 14 percentage points from 2014.

Higher Education institutions also made a marked increase in the adoption of automatic enrollment (67%) and automatic deferral rate increases (36%) for participants. These were significant spikes when compared to the previous two years, which stagnated at 44% for automatic enrollment, and 24% for automatic deferral rate increases, signifying participants are responding positively to plan features that automatically enroll them and increase their savings percentages.

In light of a stronger focus on fiduciary responsibilities, more than three-fourths (76%) of survey respondents said they have implemented an investment policy statement, compared to 60% in 2015. Regarding investment choices within the plan, 27% of respondents offer fewer than ten investment options, which 31% offer 11 to 15 options. Just 12% of Higher Education plans offer between 16 and 20 investment options, generally considered to be the ideal number for accommodating – but not overwhelming – participants with choice.

In a desire to overcome retirement savings inertia among their participants, an impressive 95% of Higher Education institutions now offer an employer contribution of some sort to employees. The percentage offering a fixed contribution is up five percentage points from 2015 to 71%. The percentage offering a discretionary contribution is down four percentage points to 24%.

Employee contribution levels, however, are on the wane. The percentage of participants contributing \$5,000 or more to their retirement account slid from 40% in 2015 to 35% in 2016. Correspondingly, the



percentage contributing \$5,000 or less rose from 60% in 2015 to 65% in 2016, with most of that increase occurring in the \$1,000 - \$2,000 contribution range. This is not good news for institutions hoping to make their plan participants retirement ready.

The number of Higher Education institutions enlisting the services of retirement plan advisors and consultants jumped dramatically in 2016, moving to 41% of plans compared to just 17% in 2015. Another 24% of institutions say they plan to hire an advisor within the next 12 months. Survey responses suggest institutions of Higher Education are increasingly relying on plan advisors as project consultants. The most common role for advisors when working with retirement plans at Higher Education institutions is to meet with employees to provide retirement plan education. For Higher Education institutions that use an advisor, more than half (51%) rely on their advisor for this function.

Based upon the advice of consultants and advisors, many institutions have begun to see the benefit of outsourcing certain administrative functions related to their retirement plan. Currently, between 40% and 50% of institutions outsource services such as required minimum distributions, beneficiary designations, loan approvals, loan default monitoring, rollover verification, participant fee disclosures, and calculation of the employer match.

Because they face increased competition for top talent, Higher Education plan sponsors, more than employers of other sectors, strive to enhance their retirement plans. Over the past 24 months, many have added investment options, added or enhanced employee education, cut back on the number of retirement plan providers, and changed advisors. Many institutions are considering such changes in the next 12 months.

In 2015, 39% of Higher Education institutions reported that a participant educator from their plan visited with participants on campus. In 2016, that number more than doubled to 80%, indicating a stronger commitment to provide education to participants.

Retirement readiness has become the plan sponsor's measure of choice over the past few years, and Higher Education institutions have taken note. In 2016, 55% of Higher Education institutions said they monitor retirement readiness, a 12% improvement over the 43% saying so in 2015.

"2016 represented another year of significant change for the Higher Education retirement plan market. Higher Education institutions are rapidly evolving their approach to retirement plans as part of a strategy to offer competitive compensation and benefits," said Brodie Wood, senior vice president of retirement at Transamerica. "While many have already made changes and added features, they are still working to improve their retirement plans by consolidating provider relationships, adding services and investment options, providing better participant education, and leaning on advisors to help put faculty and staff on the path to retirement readiness."

The entire survey is available for download from Transamerica at:

<https://www.transamerica.com/marketing/higher-education-trends-report/>.



About The 2017 Retirement Plan Trends for Institutions of Higher Education

This report presents results of a survey of 249 plan sponsors at institutions of Higher Education conducted in May 2016. The sample is slightly smaller than the size for the prior edition (276 institutions), but close enough in size that we are able to clearly show year-over-year trends and to analyze data by segments. The 2016 sample consists of 67% public institutions and 33% private institutions. Seventy-seven percent (77%) of this sample is made up of four-year colleges and universities. Not-for-profit institutions account for 60% of the survey sample, and 36% of for-profit institutions. Sixty-seven percent (67%) of institutions in the sample have plan assets of less than \$100 million. The remaining 33% have plan assets over \$100 million, and 6% have assets over \$500 million. Differences in sample composition can impact year-over-year comparisons.

About Transamerica

With a history that dates back more than 100 years, Transamerica is recognized as a leading provider of life insurance, retirement and investment solutions, serving millions of customers throughout the United States. Recognizing the necessity of health and wellness during peak working life, Transamerica's dedicated professionals work to help people take the steps necessary to live better today so they can worry less about tomorrow. Transamerica serves nearly every customer segment, providing a broad range of quality life insurance and investment products, individual and group pension plans, as well as asset management services. In 2016, Transamerica fulfilled its promises to customers, paying more than \$7.2 billion in insurance and annuity benefits, including return of annuity premiums paid by the customer. Transamerica's corporate headquarters is located in Baltimore, Maryland, with other major operations in Cedar Rapids, Iowa. Transamerica is part of the Aegon group of companies. Based in the Netherlands, Aegon is one of the world's largest providers of life insurance, pension solutions and asset management products, operating in more than 20 markets worldwide. For the full year of 2016, Aegon managed \$784 billion in revenue generating investments. For more information, please visit www.transamerica.com.

Media inquiries

Julie Quinlan
Phone: 213-742-5134
Email: julie.quinlan@transamerica.com

Jim Van Someren
Phone: 720-529-6886
Email: jim.vansomeren@transamerica.com

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