

FOR IMMEDIATE RELEASE

BALTIMORE – December 12, 2023

Small Businesses, Big Opportunities: Transamerica's Prescience 2026 Report Reveals Optimism Amid Challenges

- *Access to retirement plans is expected to increase*
- *Automatic enrollment is a growing trend*
- *Employers must decide how to meet state retirement mandates where applicable*
- *Pooled plan arrangements offer alternatives*
- *Improvements in participant savings behaviors*

Transamerica's latest installment in the "Prescience 2026" report series reveals optimism among industry experts related to employees of small businesses. Despite ongoing workforce challenges, experts in the retirement industry are confident that more small companies will offer a workplace retirement plan and more employees will participate.

The Prescience series is a multi-year initiative by Transamerica to uncover trends and opportunities in the employee benefits landscape. The Prescience 2026 Council comprises industry experts, thought leaders, and visionaries who work collaboratively to analyze market trends and provide actionable insights. Each survey in the series asks council participants to forecast expectations on a different aspect of employee benefits. The new report, "Small Business Benefits Trends," is the fourth entry in the current series.

"Small companies are not just surviving; they are thriving, contributing significantly to the economy, and demonstrating resilience and adaptability in a fast-changing landscape. The experts on the Prescience 2026 Council see a sunny future for small businesses. In today's marketplace, smaller businesses have more options than ever to realize cost efficiencies and ease the administrative burden of offering a retirement plan," said Wendy Daniels, head of marketing and customer experience for Workplace Solutions at Transamerica.

Pathways to Retirement

The report shows that panelists are overwhelmingly optimistic that the number of small business employees with access to a defined contribution plan will have increased by the end of 2026. However, their survey responses and subsequent discussions reveal a need for more agreement about how that milestone might be reached.

Pooled Plan Arrangements

Pooled arrangements, such as pooled employer plans (PEPs), multiple employer plans (MEPs) and groups of plans (GoPs), provide an efficient, cost-effective alternative to a single-employer plan for businesses of all sizes. Yet, Prescience panelists do not expect to see the percentage of small businesses offering pooled arrangements to exceed 50% by the end of 2026.

State-Mandated Plans

Panelists foresee the number of states enacting mandatory workplace retirement plan coverage to increase only slightly above current levels. But as more states mandate coverage for employees of even the smallest employers, the decision about joining the state's arrangement or providing a company-sponsored plan becomes more urgent.

Responses were mixed when panelists were asked what type of plan small employers might choose when facing a new state mandate; 45% predicted they would select a single-employer plan, and 40% a pooled arrangement. The results were equal at 47% each when the question was expanded to include small employers offering a plan for the first time in *any* state.

Participation and Engagement

Two-thirds of respondents foresee 80% of employees who have access to a workplace retirement plan participating by the end of 2026. However, panelist responses suggest that most believe automatic enrollment is primarily responsible for the anticipated increase.

Small business owners are encouraged to review their employee benefit options and consult financial experts for personalized advice to make the most of the opportunities available. To access the full report, please visit www.transamerica.com/prescience.

About Transamerica

With a history that dates back more than 100 years, Transamerica is a leading provider of life insurance, retirement, and investment solutions, serving millions of customers throughout the United States. Transamerica's dedicated professionals focus on helping people live their best lives through saving, investing, and protecting their loved ones. Transamerica is dedicated to building America's leading middle market life insurance and retirement company, with unique access to the large and growing middle market consumer via World Financial Group and US retirement recordkeeping. Transamerica provides a broad range of quality individual life insurance policies, workplace supplemental insurance benefits, workplace retirement plans, individual retirement accounts, and investment products including mutual funds, annuities, stable value solutions, as well as investment management services.

In 2022, Transamerica fulfilled its promises to customers, paying more than \$46 billion in insurance, retirement, and annuity claims and benefits, including return of annuity premiums paid by the customer. Transamerica's head office is in Baltimore, Maryland, with other major operations in Cedar Rapids, Iowa, and Denver, Colorado. Transamerica is part of the Aegon group of companies. Each Aegon company is solely responsible for its own financial conditions and contractual obligations. Based in the Netherlands, Aegon is an international financial services holding company.

For more information, visit www.transamerica.com.

About Transamerica Prescience 2026

Transamerica Prescience 2026 is the seventh installment of a modified Delphi Study conducted over a 12-months period in 2022 and 2023. Prescience develops a vision of the future by December 31, 2026, for the financial well-being business based on a consensus of industry specialists. The purpose of the study is to present executives with insights on the industry's future so they can develop and evaluate their organizations' benefits plans and strategies. It is an iterative process based on a series of 10 polls and three discussion sessions on a range of retirement, employee benefits, and well-being topics. This initial report in the series examines trends in employee financial well-being. Thirty-six benefits industry specialists from across the nation answered the 47-question survey. Panelists represent trade groups, research organizations, consulting firms, academic institutions, advisory firms, investment management firms, service providers, and trade media. Transamerica chose panelists based on their positions as thought leaders and experienced professionals in the retirement plan, employee benefits, and financial well-being business. Because of their involvement with major industry players, members of this panel are well-suited to foretelling high level trends that will determine the road ahead for the business. Upcoming polls in the Prescience series will explore trends for retirement plans, employees benefits and the financial well-being sector in regulations, technology, workforce dynamics, human capital management, investments, plan design, participant education and communication.

Media inquiries:

Email: Media.Relations@transamerica.com

Hank Williams
(319) 355-7789

Erin Yang
(303) 383-5295