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Transamerica Retirement Solutions Study Finds Higher Education Institutions Consolidating Retirement Plans and Features to Manage Costs

Higher Education institutions also streamlining investment choices to ease selection burden of faculty and staff

Transamerica Retirement Solutions found Higher Education institutions are trending toward streamlining their retirement plans. According to Transamerica's report, "Retirement Plans for Institutions of Higher Education," these institutions are making big changes to ease administrative burden and reduce costs.

The report focuses on institutions that offer a 403(b) or Roth 403(b) retirement plan, which represents the vast majority (96 percent) of Higher Education institutions, and provides an in-depth view across plans and providers, offering a level of detailed plan benchmarking that is not otherwise available.

Five to 10 years ago, Higher Education institutions largely relied on multiple providers for their retirement plans. Today, a significant change has taken place: Higher Education institutions are almost evenly split among those using a single (52 percent) versus multiple providers.

"Like most companies and organizations, institutions of Higher Education are challenged with the task of reducing costs and creating efficiencies without experiencing loss in service. Historically, institutions of Higher Education had multiple retirement plans administered by different retirement plan providers," said Brodie Wood, vice president and national practice leader, not-for-profit for Transamerica Retirement Solutions. "The survey indicates the growing trend is these institutions are actively seeking retirement plan providers that can administer all their retirement plans to achieve administrative efficiencies and cost reduction."

Plan contracts are shifting to a consolidated structure, with many Higher Education institutions moving from individual to group contracts. According to the report, less than one third of Higher Education institutions offer only individual contracts (31 percent), and almost as many have completely abandoned individual contracts (28 percent).

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Higher Education institutions are also reducing plan investment options. Historically, institutions have offered nearly unlimited options, which left employees the challenging task of evaluating hundreds of choices. Today, staff and faculty can access 21 investment options, on average. This narrowing of investment options has been driven, in part, by Internal Revenue Service regulations that established an oversight requirement for ERISA 403(b) plans in 2009.

"This consolidation helps Higher Education institutions streamline costs and eliminate account fees for all plan participants," said Wood.

To request a copy of **"Retirement Plans for Institutions of Higher Education,"** email marketinsights@transamerica.com, or call Transamerica at 888-401-5826 and selecting option one, Monday – Friday, 9:00 a.m. – 7:00 p.m. EST.

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About Transamerica Retirement Solutions

Transamerica Retirement Solutions (Transamerica) is a leading provider of customized retirement plan solutions for small to large organizations.

Transamerica partners with financial advisors, third party administrators, and consultants to cover the entire spectrum of defined benefit and defined contribution plans, including: 401(k) and 403(b) (Traditional and Roth); 457; profit sharing; money purchase; cash balance; Taft-Hartley; multiple employer plans; nonqualified deferred compensation; and rollover and Roth IRAs.

Transamerica helps more than three million retirement plan participants save and invest wisely to secure their retirement dreams.* For more information about Transamerica Retirement Solutions Corporation, please visit trsretire.com.

About the "Retirement Plans for Institutions of Higher Education" Study

The Retirement Plans for Institutions of Higher Education study was fielded by Transamerica Retirement Solutions in December, 2012. Data were collected in December 2012 and the sample consisted of 58 public and 32 private institutions – the majority of which are four-year colleges or universities (83 percent of the sample). Most of these institutions (53) have fewer than 5,000 eligible employees – 82 percent of those with 5,000 or more employees are public. The sample is split almost evenly between those with a single provider (47) and those with multiple providers (43). Respondents have either sole decision-making (48 percent) or are members of a committee or board responsible for making retirement plan decisions. Of the 90 respondents, 38 partner with a retirement plan advisor or consultant.

* As of December 31, 2012.