



**FOR IMMEDIATE RELEASE**

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***Transamerica Retirement Solutions Report on Retirement Plans 2013:  
Plan Sponsors Heed Call to Ignite Retirement Readiness***

*Federal regulations, health care costs and employee motivation  
are top three challenges for corporate retirement plan sponsors*

Transamerica Retirement Solutions today announced the release of its **Report on Retirement Plans 2013: The Road to Retirement Readiness**, a study on the trends that influence the defined contribution and defined benefit plans of U.S. corporations with at least 1,000 employees. Designed to provide corporate plan sponsors and advisors with comprehensive benchmarking data, the report explores how the retirement plan landscape is evolving.

The 2013 survey results reveal significant shifts in the way plan sponsors think about their retirement plans. While participation rates are still one of the most commonly used measures of plan success, there has been a marked increase in the number of plan sponsors whose primary focus is on improving the retirement readiness of their participants. Forty-one percent of survey respondents said helping employees accumulate retirement income is the primary goal of their plan, up from 35 percent in 2012. This notable figure suggests a growing awareness among plan sponsors and advisors that the primary goal of any plan should be retirement readiness versus recruiting and/or retaining employees.

“Keeping up with regulatory changes” was indicated as a primary challenge by 60 percent of plan sponsors. Participant retirement readiness challenges were the also frequently cited, with sponsors indicating that “motivating employees to save adequately” (55 percent) and “helping participants invest wisely” (46 percent) were primary challenges. While it is an industry best practice to encourage employees to save at least 10 percent of their annual income for retirement, the study found that 90 percent of plans reported average contribution rates below this target. In fact, 46 percent of sponsors reported an average contribution rate of four percent or less.

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Additionally, survey respondents acknowledged that health care costs have complicated their attempts to address retirement security.

“While it’s promising to see plan sponsors moving toward encouraging a retirement ready workforce, there are still many obstacles to overcome,” said Laura Gaynor, vice president and corporate plans practice leader of Transamerica Retirement Solutions. “As we strive to address the challenges of health care hurdles, federal regulations and engaging employees, sponsors and the industry as a whole should ensure that participants meet their retirement goals by increasing the initial default contribution rate to at least six percent. Automatic contribution increases can go a long way toward helping them reach that savings goal.”

Taking concrete steps to ensure that participants achieve a secure retirement has been challenging for some sponsors, but there is evidence that sponsors are responding to those challenges by using plan design and technology to help improve retirement outcomes for employees.

Examples of those measures include:

- **Offering automatic features.** Nearly half (48 percent) of the 401(k) plan sponsors surveyed have implemented automatic enrollment, and nearly one-third (31 percent) have adopted automatic contribution increases. These automatic features still allow employees to opt out, while making it easier for employees to take action, increasing the likelihood that they will begin saving for retirement. Survey results indicate that, once enrolled, only 10 percent of employees choose to opt out of their retirement plan.
- **Streamlining investment options.** On average, the number of 401(k) plans offering more than 15 investment options has declined by four percentage points to 32 percent. Streamlining investment options is another way that plan sponsors can simplify the process of saving for retirement.
- **Utilizing online resources.** Sponsors reported that providing easily accessible saving and investing guidance on their websites has had a positive effect, leading more participants to increase their savings levels and update their investment allocations.

Transamerica also announced that it will host a webinar for financial advisors to reveal further findings of the study. During the webinar, financial advisors will hear more about the survey results and discuss trends and opportunities with retirement plans. The webinar will be held Oct. 29 at 2:00 p.m. EST.

To request a copy of the *Report on Retirement Plans 2013: The Road to Retirement Readiness*, email [marketinsights@transamerica.com](mailto:marketinsights@transamerica.com). Financial advisors can register for the webinar by calling 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 the Study**

The ***Report on Retirement Plans 2013: The Road to Retirement Readiness*** survey was completed in the second quarter 2013 by more than 250 individuals responsible for the administration of retirement benefits in a company with at least 1,000 employees. Of these plan sponsors, all currently offer defined contribution plans (most commonly a 401(k) plan) and 79 percent offer an active defined benefit plan.

## **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](http://trsretire.com).

\* As of December 31, 2012.

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