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Key Findings of “Prescience” Survey Point to Increases in Auto Enroll, Default Contribution Rates and Use of Mobile Technology by Retirement Providers

Sponsors will focus on plan design changes to drive participant-level retirement outcomes, according to latest Transamerica Retirement Solutions report

HARRISON, N.Y. — The latest study conducted by Transamerica Retirement Solutions examining trends in retirement plans with \$25 million to \$1 billion in assets reveals a sea change for the retirement industry: an increasing number of retirement plan sponsors will automatically enroll participants at higher default contribution rates over the next few years to help them better prepare for retirement.

Moreover, they will rely more and more on mobile applications to communicate with participants, especially as the workplace becomes increasingly fragmented due to a rise in people who work at home, in remote locations or for themselves.

Key findings of [“Prescience 2019: Expert Opinions on the Future of Retirement Plans,”](#) which were announced today by Transamerica Retirement Solutions, support the increasing importance of retirement solutions provided at the workplace in facilitating retirement readiness. However, plan sponsors will concentrate more on plan design and less on participant education to increase participation and raise deferral levels. Results indicated:

- 95 percent of experts who participated in the survey anticipate that 55 percent of plan sponsors will be using automatic enrollment by 2019.
- 74 percent say that 45 percent of plan sponsors will default participants into their plans at a contribution rate of 6 percent or higher. In the past, many plans were defaulting participants in at lower rates (from 2 to 4 percent) – rates insufficient to support a successful retirement.
- 79 percent say that nearly all retirement plan providers will send participants alerts about their state of retirement readiness.
- 92 percent anticipate that most retirement plan providers will offer a service that shows whether participants are on course to reach a funded retirement.

The survey measures perspectives from more than 60 industry experts, including trade groups, research organizations, consulting firms, academic institutions, financial professionals, investment management firms, service providers and trade media. Transamerica Retirement



Solutions is a leading provider of customized retirement plan solutions for U.S. organizations and sponsor of the report.

“While plan sponsors are still focused on increasing participation in retirement plans by their employees, they are also looking for ways to increase contribution rates participants need to achieve a successful retirement,” said Wendy Daniels, senior vice president of retirement marketing for Transamerica Retirement Solutions. “And an expanded and more sophisticated use of mobile applications will help overcome communications challenges brought on by an increasingly dispersed workplace and also help participants manage their retirement funds more effectively.”

Mobile Technology Will Help Overcome Communication Challenges

While plan sponsors ramp up efforts to increase enrollment and deferral levels, they will face the challenges of America’s increasingly dispersed workplace. The number of home-based and mobile employees is expected to rise about 20 percent to 18 million by 2019, according to the majority (86 percent) of experts. One in 10 workers will be self-employed, and there will be a surge in independent contractors as well, the experts predicted. Retirement plan providers will continue to struggle with the stagnation and even decline of traditional employment, forcing them to reach workers through new channels other than traditional in-office employee meetings.

One of the most promising channels is mobile technology, one of a variety of technologies that will be used to keep participants aware of the level of their retirement readiness. Nearly all plan sponsors will send participants mobile alerts about the state of their retirement readiness, most of the respondents agreed.

In addition, a variety of forces will prompt providers to make their web sites more accessible by handheld devices, developing applications that will allow participants to access their retirement accounts through any mobile device. By 2019, nearly all retirement plan providers will offer apps and increased functionality for mobile devices, according to 86 percent of the respondents.

Retirement Assets Expected to Grow 40 Percent to \$35 Trillion

Over the next few years, assets invested in retirement plans could grow to \$35 trillion, up 40 percent. This is due, in part, to anticipated system and product improvements, as well as increased participation. For instance, more than 75 percent of small private employers (50-100



employees) will have defined contribution coverage, up 12 percent from current levels, according to the survey.

About the Survey

Transamerica Retirement Solutions' "Prescience 2019" is the sixth iteration of a modified Delphi Study conducted in the second quarter of 2015. The study examines trends in retirement plans with \$25 million to \$1 billion in assets.

Sixty-two retirement plan experts from 58 organizations across the nation answered the 110-question survey. Transamerica Retirement Solutions chose survey participants based on their positions as thought leaders and experienced professionals in the retirement plan business. Because of their involvement with major industry players, members of this panel are well-suited to discuss high-level trends that will determine the road ahead for the retirement industry. Panel participants represent trade groups, research organizations, consulting firms, academic institutions, financial professionals, investment management firms, service providers and trade media. The survey participants possess a deep understanding of the retirement plan business and a working knowledge of major markets and providers.

The purpose of the study is to present those responsible for retirement plan management with insights on the industry's future so they can develop and evaluate their organizations' plans and strategies. Prescience explores upcoming trends in regulations, technology, investments, plan design, participant education and communication for the corporate, not-for-profit healthcare, higher education and Taft-Hartley markets.

About Transamerica Retirement Solutions

Transamerica Retirement Solutions LLC (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 close to four million retirement plan participants save and invest wisely to live the life they want. For more information about Transamerica, please visit transamerica.com.

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