



Key Levers for improving participant outcomes

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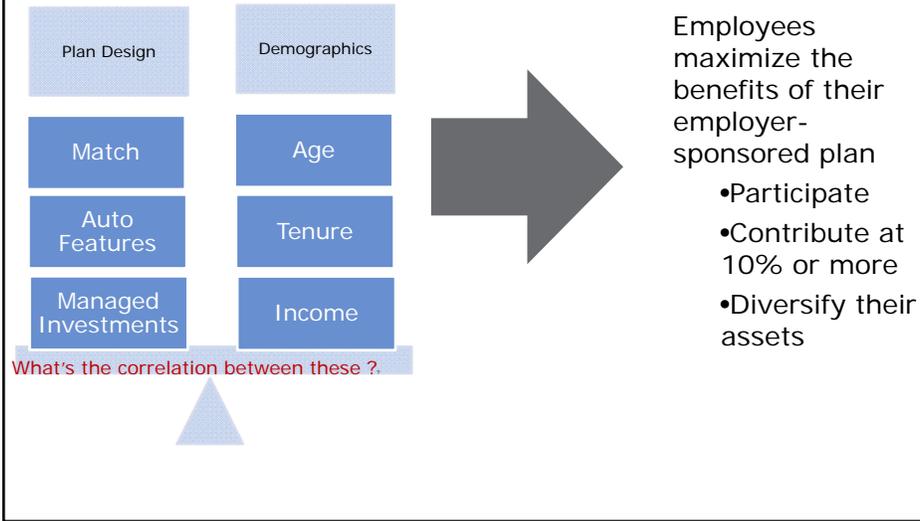
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Levers for improving participant outcome

	Key Lever	Strategy
Being in the plan	1. Participation	• Auto-enroll, retro auto-enroll
	2. Leakage	• Discourage loans and withdrawals • Encourage rollovers or keeping balances in the plan vs. cashouts
Contributing enough	3. Contribution rate	• Encourage a rate above 10% • Leverage auto increase • Encourage participants to maximize matching contribution
	4. Diversification / appropriate asset allocation	• QDIA: target date funds, managed portfolios • Advice: make it accessible and low cost
Net investment returns	5. Lower cost/fees	• Promote institutional vehicles such as institutional mutual funds, collective trust funds & custom portfolios • Passive options can also lower fees

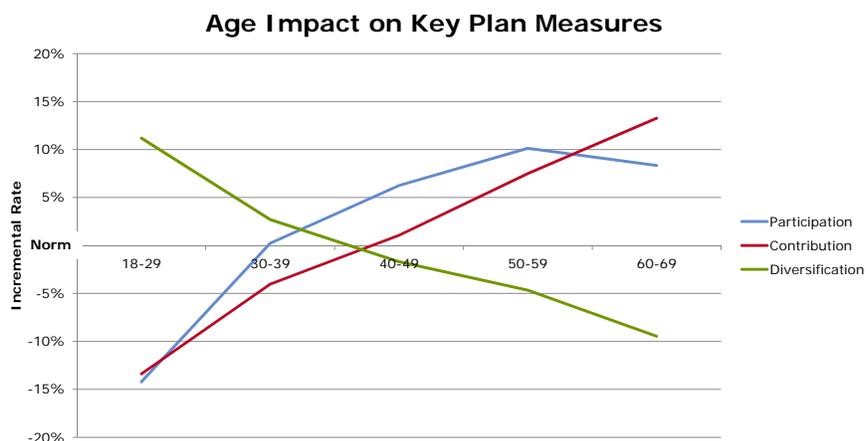
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Plan design and participant demographics influence outcomes



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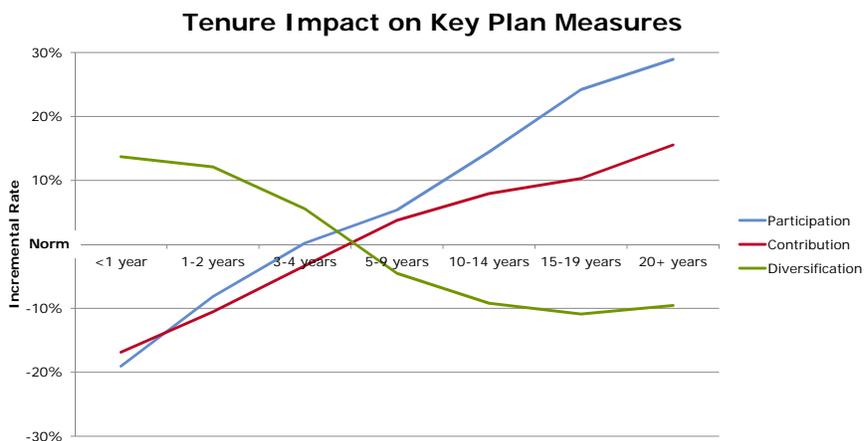
Plan measures by age



Notes:
 Contribution: percent of participants with at least 10% total contribution rate
 Diversification: percent of participants invested in managed fund or 3 or more asset classes

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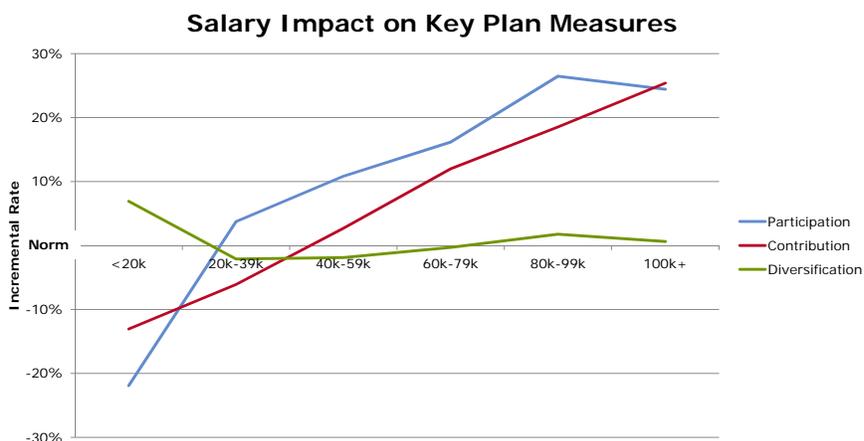
Plan measures by tenure



Notes:
 Contribution: percent of participants with at least 10% total contribution rate
 Diversification: percent of participants invested in managed fund or 3 or more asset classes

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Plan measures by income



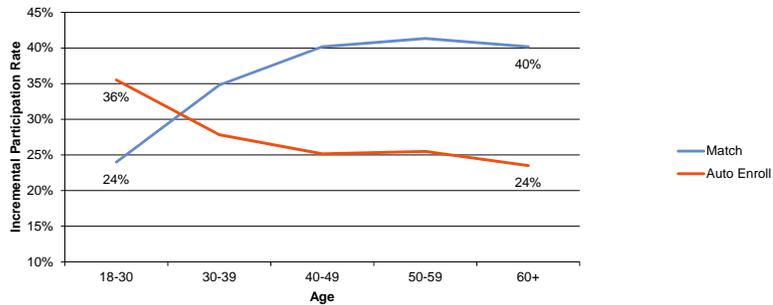
Notes:
 Contribution: percent of participants with at least 10% total contribution rate
 Diversification: percent of participants invested in managed fund or 3 or more asset classes

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Plan design and demographics

Plan match has a bigger influence on driving participation of older/longer tenured participants; while auto-enroll has a bigger influence on younger/less tenured participants.

Incremental Participation Rates by Age vs. plans not offering match/auto-enroll

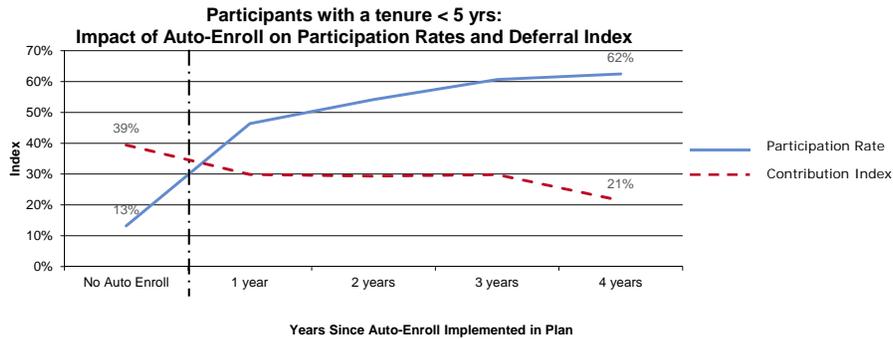


Note: Incremental impact relative to plans that don't offer a match / auto-enroll

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Plan design and demographics

Auto-enroll has a continually positive effect on participation rates the longer it is implemented; however, it has a drag on deferral rates

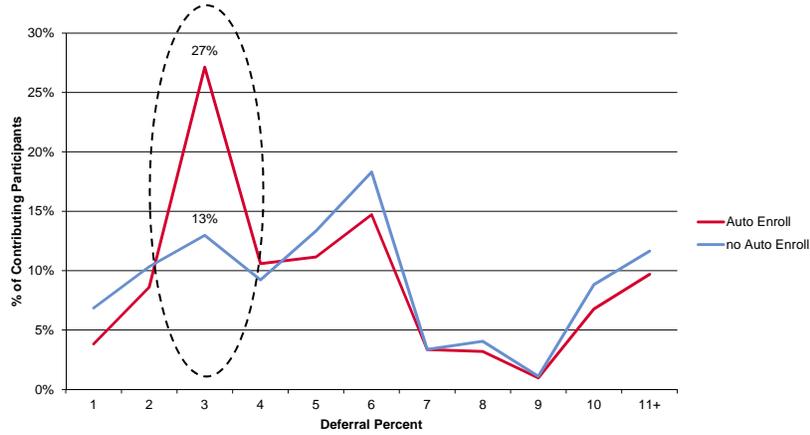


Contribution Index: Percent of participants contributing at least 10%

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Plan design and demographics

The typical default deferral rate for auto-enroll plans is 3%; data suggest a swell of participants in auto-enroll plans that stay at the default rate

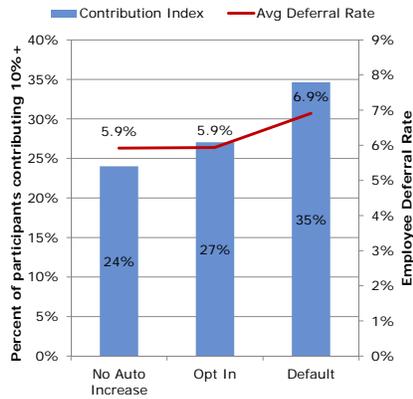


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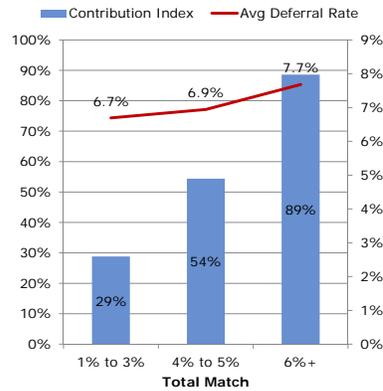
Plan design and demographics

Plan design can influence higher deferral rates: Auto-increase must be set up as a default rather than opt-in and higher match influences participants to save a larger percentage of income.

Impact of **auto-increase** (auto-enroll plans)



Impact of **match formula**

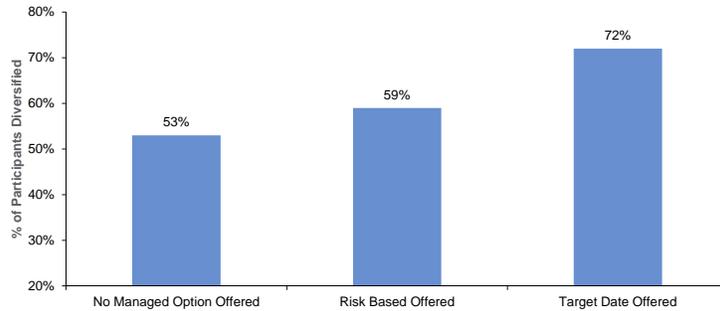


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Plan design and demographics

Offering managed investment options has a significant impact on participants having an appropriate level of diversification

Participant Diversification based on Investment Options Offered in the Plan

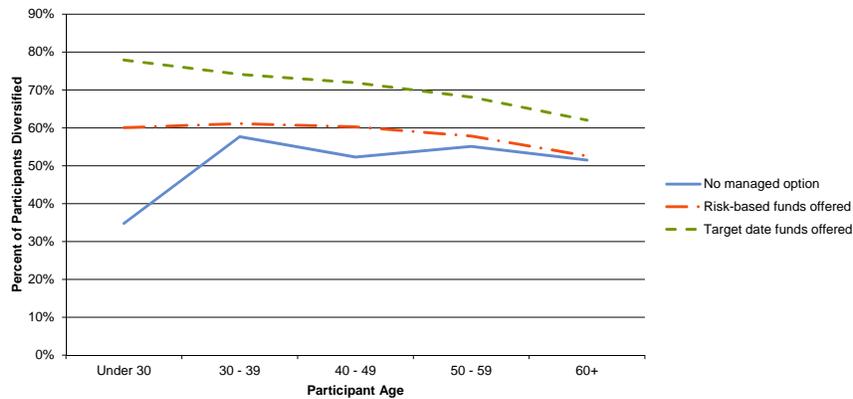


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Plan design and demographics

Younger participants benefit the greatest from plans offering managed investment options, which are often used as default investment options

Diversification by Age



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Plan design and demographics

Optimal plan design must account for participant demographics

Plan measure/Feature	Younger/ lower tenured plans	Older/higher tenured plans
Participation:		
Match		<input checked="" type="checkbox"/>
Auto-enroll	<input checked="" type="checkbox"/>	
Deferral:		
Match Cap		<input checked="" type="checkbox"/>
Auto-deferral increase:		
Default	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Opt-in		
Diversification:		
Managed investments	<input checked="" type="checkbox"/>	

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