

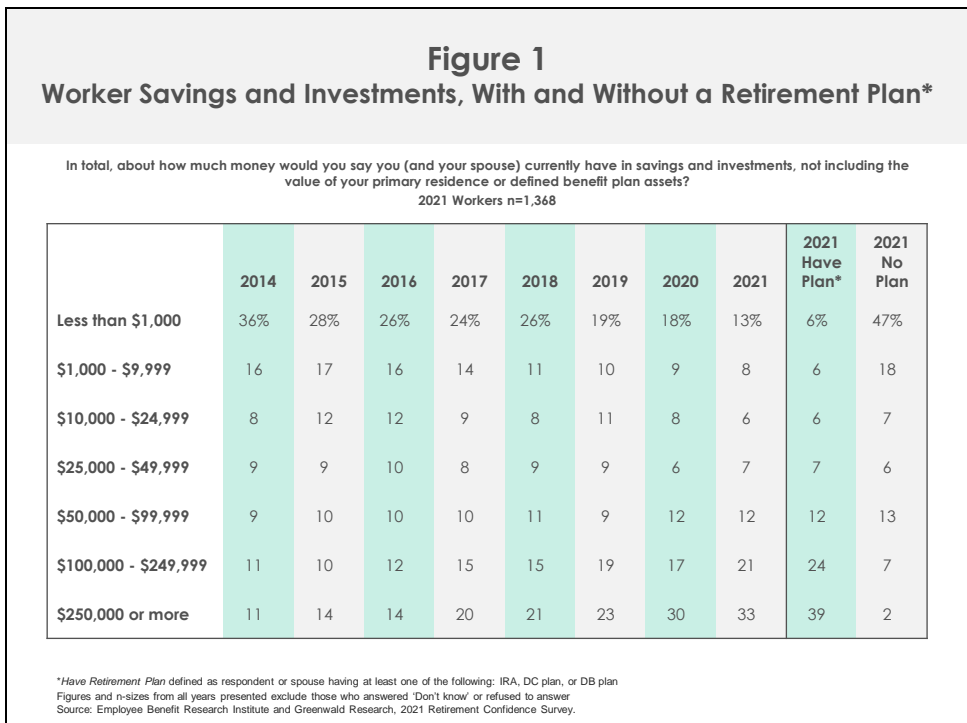
2021 RCS FACT SHEET #6

**Workplace Retirement Savings Plans
Impact on Assets and Satisfaction**

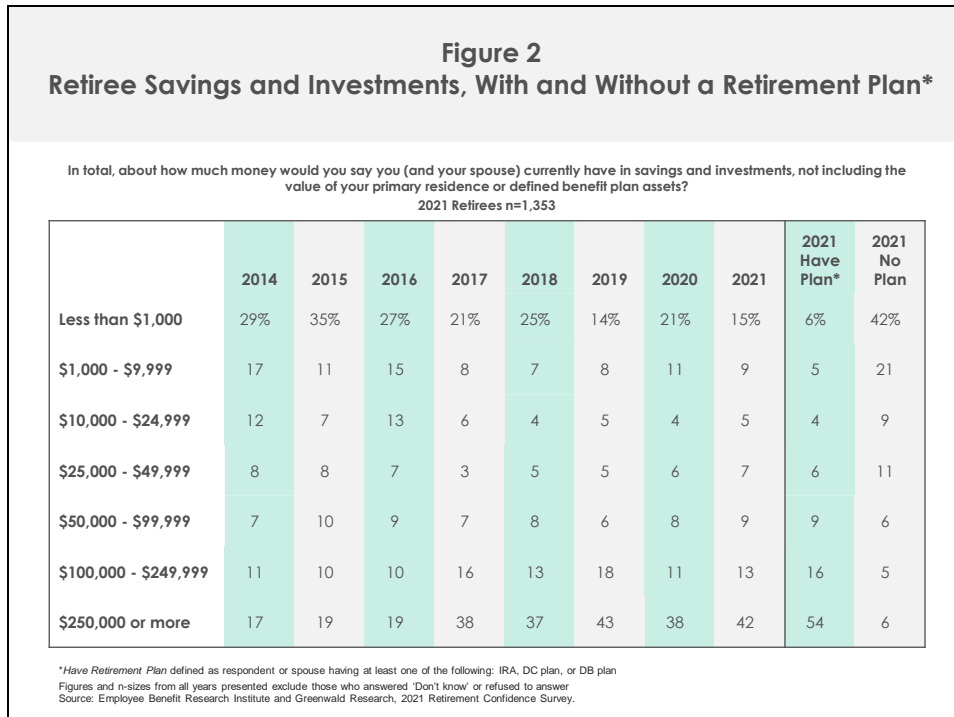
Are the levels of assets held by households having retirement plans larger than those without a plan? How satisfied are workers with workplace retirement savings plans? What do workplace retirement savings plan participants think would best improve the plans?

Savings and Investments With and Without a Retirement Plan

Among workers who provided the value of their savings and investments outside of the value of their home and any defined benefit plan assets, 33 percent report that they have \$250,000 or more in assets and 21 percent have less than \$10,000 (Figure 1). However, the savings and investments between those with and without a retirement plan (defined contribution plan, individual retirement account (IRA), or defined benefit plan) are starkly different. For those with a retirement plan, only 12 percent report less than \$10,000 in savings and investments and 39 percent have \$250,000 or more. In contrast, 65 percent of those without a retirement plan have less than \$10,000 in savings and investments, and only 2 percent have \$250,000 or more.

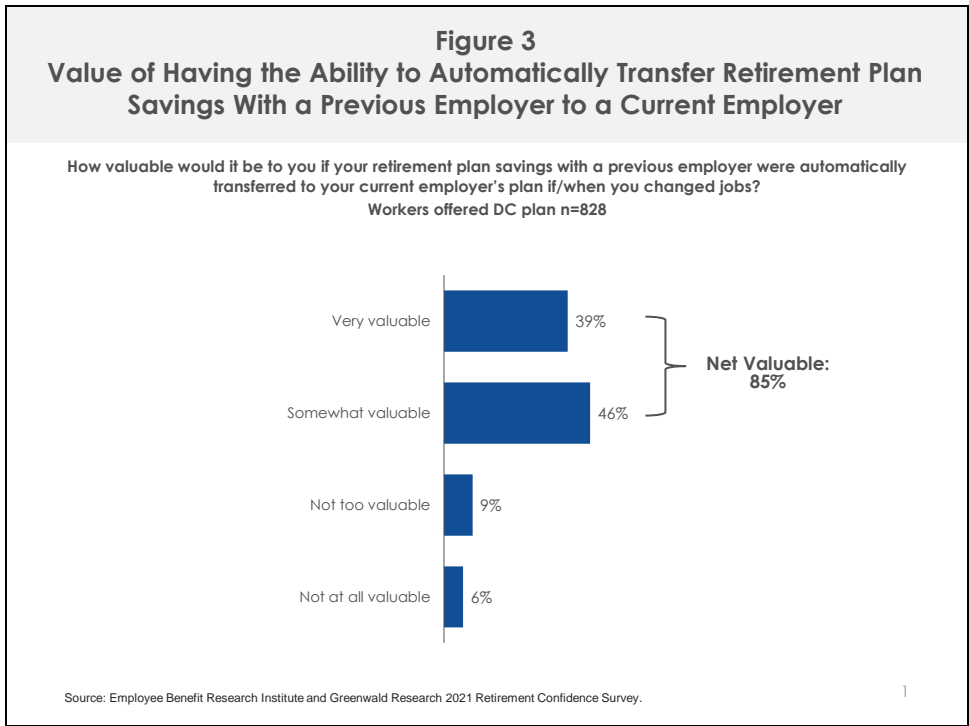


The difference between savings and investments of retirees with and without a retirement plan is just as glaring. Over half (54 percent) of retirees with a retirement plan report having \$250,000 or more in savings and investments, while only 11 percent have less than \$10,000. Retirees without a retirement plan were much more likely to have less than \$10,000 in savings and investments — 62 percent. Only 5 percent of retirees without a retirement plan have \$250,000 or more in savings and investments (Figure 2).



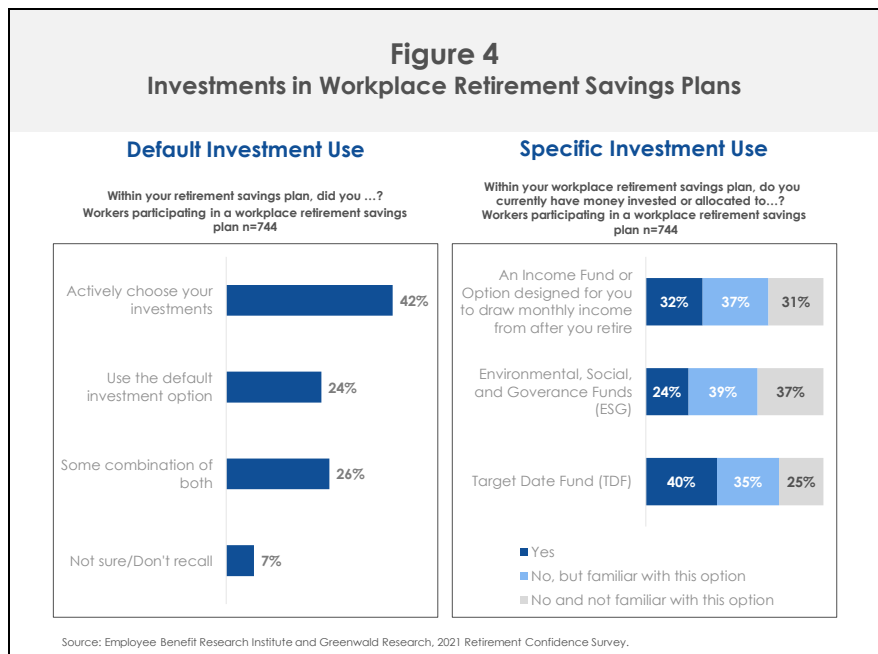
Value of Automatically Transferring Funds to a Current Employer

Nearly 9 in 10 workers who are offered a workplace retirement savings plan say that having the ability to automatically transfer retirement plan savings with a previous employer to a current employer when changing jobs would be either very or somewhat valuable (Figure 3). These workers with the lowest household incomes (less than \$35,000) and savings and investments (less than \$10,000) were even more likely to find this valuable, where 94 percent each found the automatic transfer to be valuable. Furthermore, workers who are offered the savings plan and who are younger than age 45 (95 percent) or consider debt to be a major problem (91 percent) also are more likely to find the automatic transfer valuable.



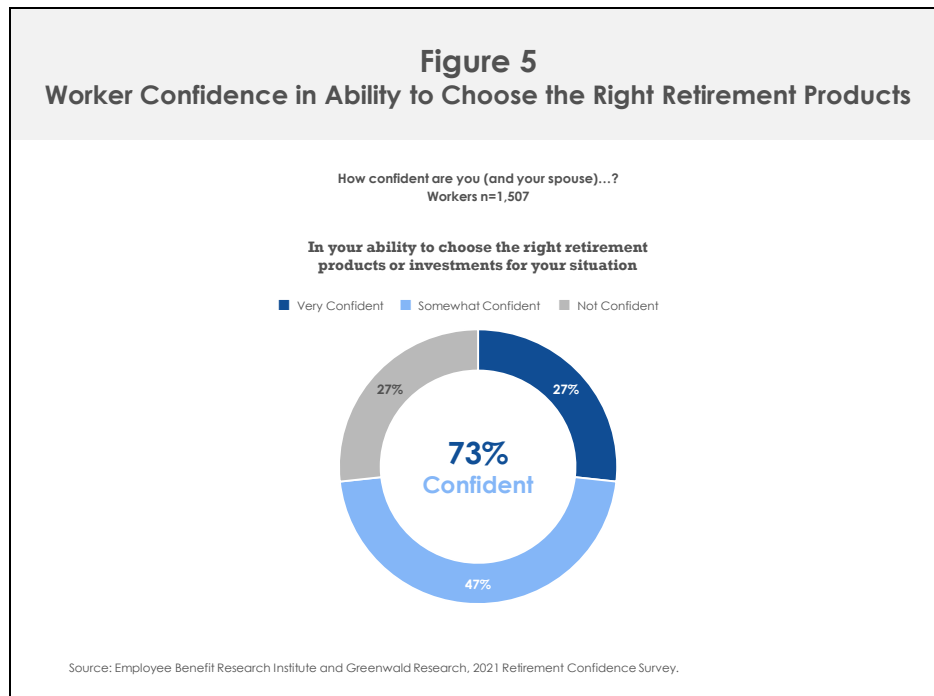
Investments in Retirement Savings Plans

Of workers currently participating in a workplace retirement savings plan, 42 percent actively choose their investments compared with 24 percent who only use the default investment option and 26 percent who use some combination of both (Figure 4). Furthermore, 40 percent are invested in a target date fund (TDF), but 25 percent are *not* familiar with TDFs.



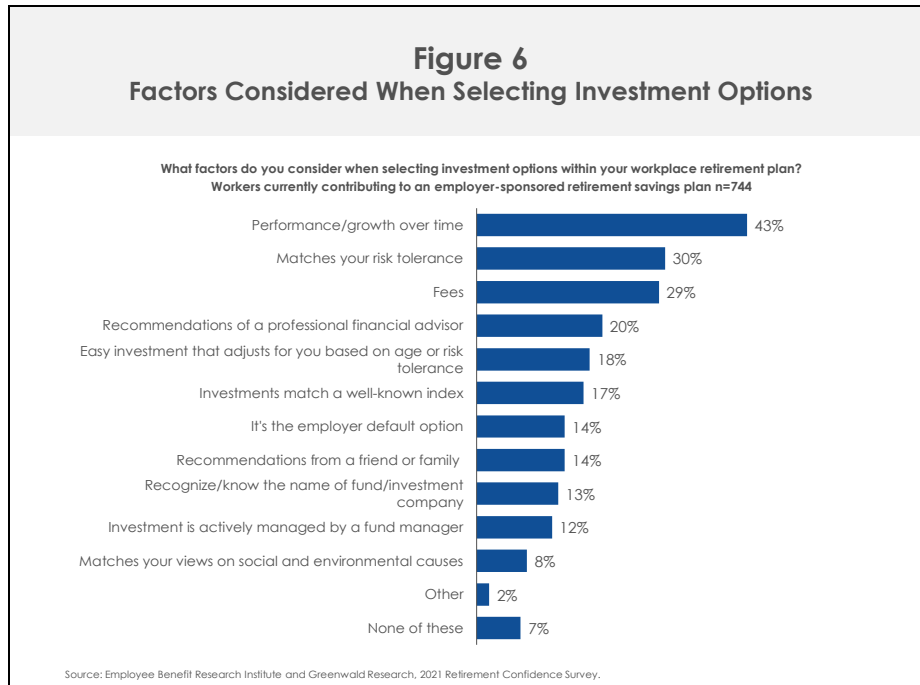
Confidence in Choosing the Right Retirement Products

Almost three-quarters (73 percent) of workers are very or somewhat confident in their ability to choose the right retirement products or investments for their situation. However, only 27 percent are very confident (Figure 5). There are no significant differences by the age of the workers, as approximately three-quarters of workers in each age group are very or somewhat confident in their ability to choose the right retirement products. Consequently, older workers have not grown more confident in their choices of retirement products.



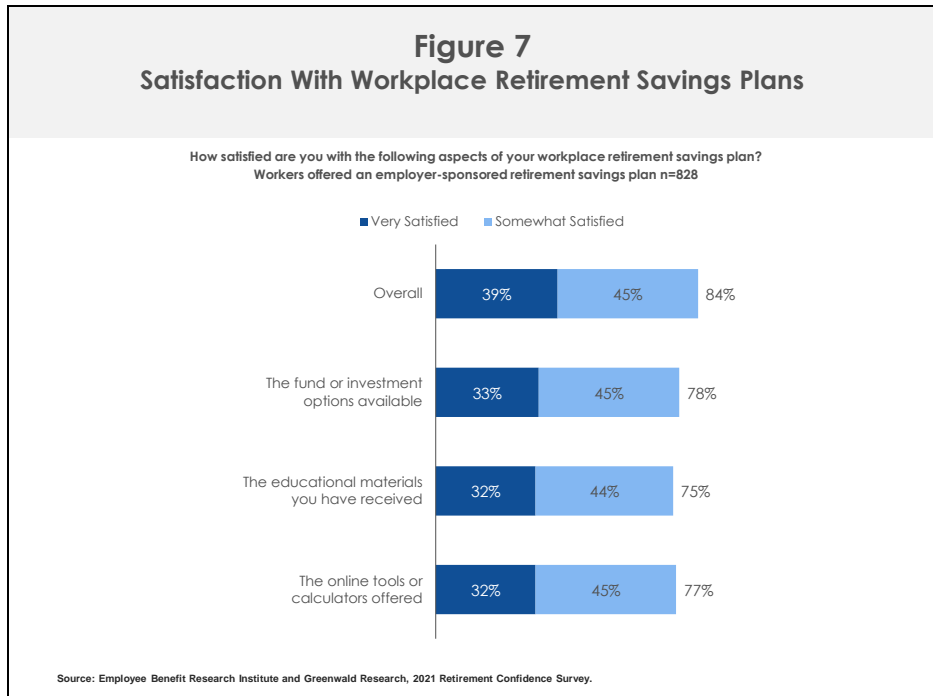
Factors Considered When Selecting Investment Options

When choosing investments, the factor most often cited by workers currently contributing to an employer-sponsored retirement savings plan is the performance/growth over time of the investment (43 percent). After that, the most cited factors are whether the investment matches their risk tolerance (30 percent) and fees (29 percent). Recommendations of a financial advisor are mentioned by 20 percent of these workers, reflective of the relative low use of financial advisors, particularly among those who are younger and having lower incomes (Figure 6).



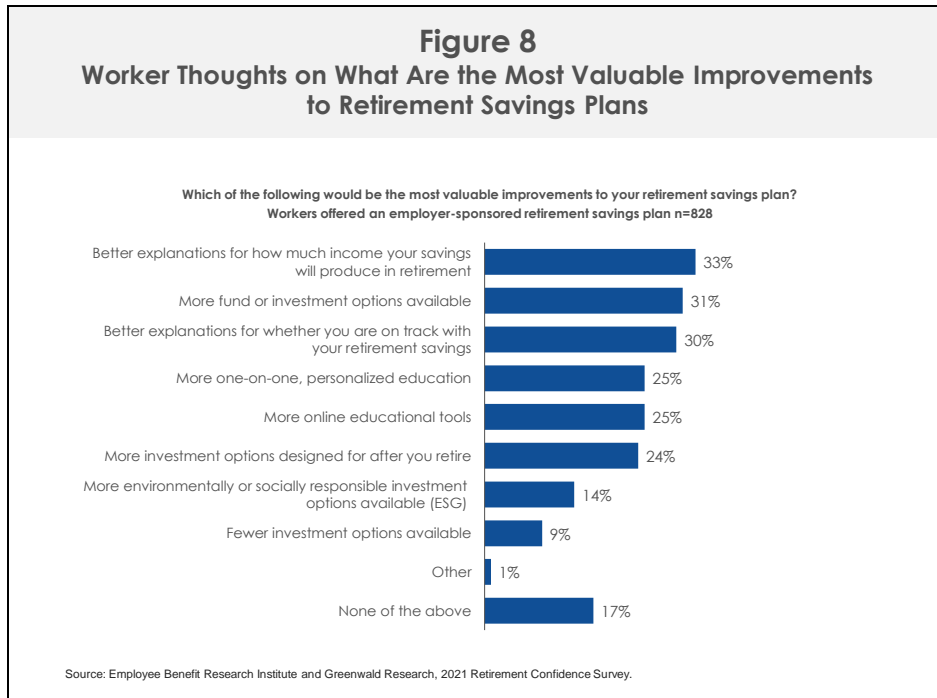
Satisfaction With Workplace Retirement Savings Plans

Eight in ten workers (84 percent) are very or somewhat satisfied with their workplace retirement savings plan (Figure 7). Furthermore, a similar but slightly lower percentage of workers are very or somewhat satisfied with the investment options in their plan at 78 percent. The shares of workers satisfied with the educational materials they receive for the plan (75 percent) and the online tools or calculators offered (77 percent) match that of the investment options. Differences in the worker satisfaction in these aspects of retirement savings plans by the age of the worker are concentrated among the youngest workers (ages 25–34). These workers are less satisfied with the investment options available and the online tools or calculators offered (26 percent of those ages 25–34 were either not too or not at all satisfied in each of these aspects vs. 11–16 percent of those ages 35 or older).



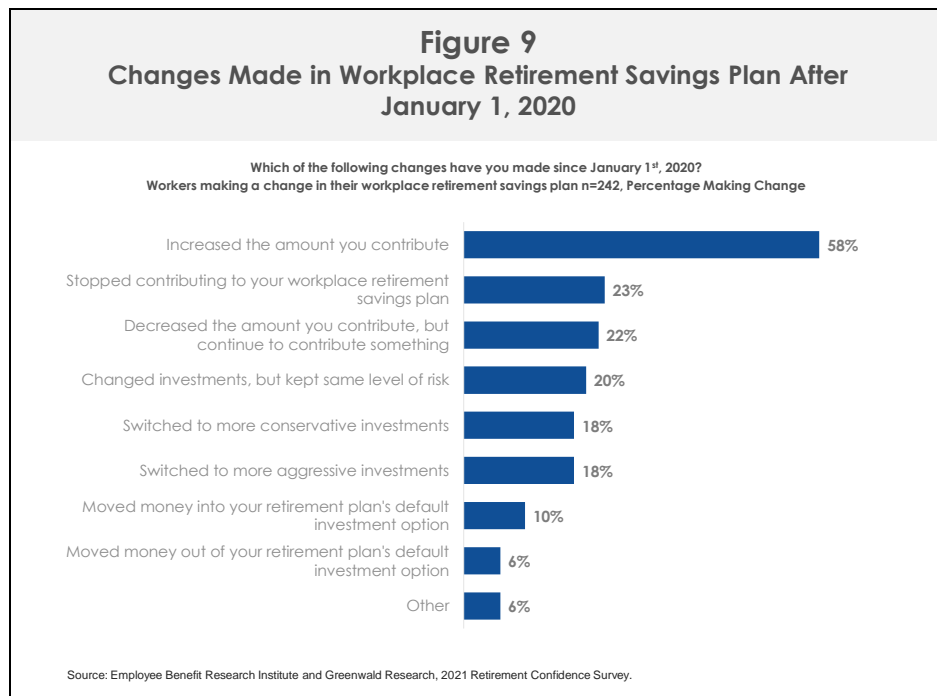
Improvements to Retirement Savings Plans

When workers who are offered a workplace retirement savings plans are asked what the most valuable improvements to their workplace retirement savings plan are, the most cited improvement is better explanations for how much income their savings will produce in retirement (33 percent). Thirty-one percent say more fund or investment options and 30 percent say better explanations for whether they are on track with their retirement savings would be the most valuable improvement. About 1 in 4 of these workers also cite more one-on-one, personalized education (25 percent), more online educational tools (25 percent), and more investment options designed for after retirement (24 percent). More environmentally or socially responsible (ESG) investment options available (14 percent) and fewer investment options (9 percent) were the least often cited improvements, but 17 percent of these workers say none of the choices (Figure 8).



Changes Made in Workplace Savings Plans Since January 1, 2020

Thirty-one percent of workers who were offered a workplace retirement savings plan report having made changes to either their contributions or the way their savings are invested since January 1, 2020. The most common change was increased contributions (58 percent of those making a change) (Figure 9).



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