2017 Trends & Experience in Defined Contribution Plans

Defined contribution plans are no doubt a success—participation levels are at an all-time high,[1] plan balances continue to climb[2] and over three-quarters of American workers are satisfied with their employer's retirement plan.[3] Yet, despite these successes, employers are finding ways to hone, improve and enhance their plans.

Alight Solutions' *2017 Trends & Experience in Defined Contribution Plans* report is the latest in our long line of research on defined contribution plan provisions. Our 2017 version is based on the responses from 333 plan sponsors that employ nearly 10 million workers.

By comparing their answers to our previous reports, we find three common ways employers are enhancing their DC plans in 2017:

Simplifying the savings process

Making diversification easier

Minimizing leakage

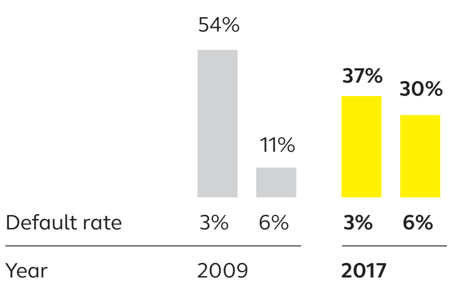
1 Alight Solutions' *2017 Universe Benchmarks*.
2 Ibid.
3 Alight Solutions' *2016 Financial Mindset® Study*.

Simplifying the savings process

More employers are offering automatic enrollment

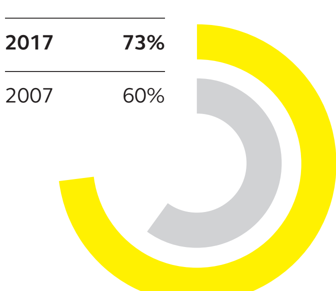
After plateauing for several years, the percentage of employers that offer automatic enrollment has grown. We now find that 68% of employers have automatic enrollment—up from 58% in 2015.

Default automatic enrollment contribution rates are going up



Automatic enrollment defaults have also improved. For many years the most common default rate was 3%, but now 6% is nearly as common.

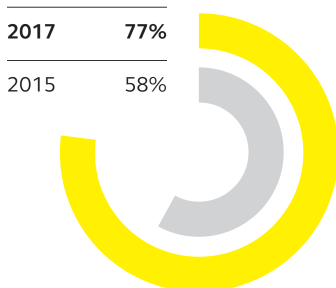
Employers increasingly allow employees to save immediately



Almost three-quarters of employers allow workers to start saving immediately upon hire. A decade ago, this percentage stood at 60%.

Making diversification easier

More employers allow for Roth contributions

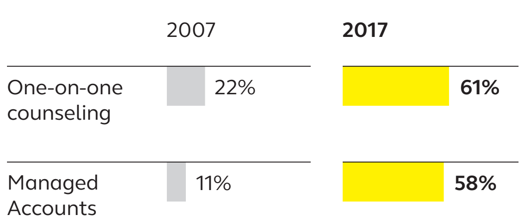


Tax diversification is now possible for many plan participants. More than three-quarters of employers allow for Roth contributions in the DC plan—up from 58% in 2015. Additionally, 43% of employers offer in-plan Roth conversions.

One in three employers offer white-labeled funds

One-third of employers have white-labeled funds in their plans. These can provide participants with diversifying asset classes that may not be available as stand-alone options within the plan.

Personalized products and services are more common



There is growth in personalized help—products and services that go beyond target date funds to incorporate more variables than just age into investment portfolios. Managed accounts are now offered by nearly 60% of plan sponsors; 10 years ago, the percentage stood at 11%. Additionally, one-on-one financial counseling is now offered by 61% of employers, up from 22% in 2007.

Minimizing leakage

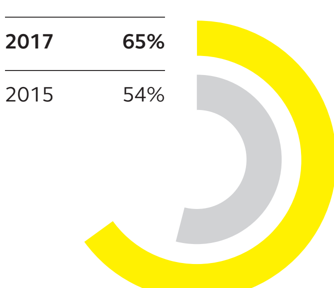
Three out of every 10 employers have a loan waiting period

Thirty-one percent of employers have a loan waiting period—a requirement that workers wait a minimum period of time between paying off one loan and initiating another. Just over one-quarter of these employers have a waiting period of 30 days and 15% of them have a waiting period of more than 30 days.

More plans allow for partial distributions of the retirement account

Nearly 70% of plans allow for partial distributions of the retirement account—up from 41% a decade ago. This feature enables participants to keep their money in the employer-sponsored plan and reap benefits such as fiduciary protection and institutional investments that may not be possible in retail IRAs.

Terminated participants may repay outstanding loans



Employers are also making it easier for terminated participants to repay any outstanding loans they have. Nearly two-thirds of employers allow for loan repayments from participants who are not actively employed. In 2015, this percentage was 54%.

About the survey

Survey has been **conducted every two years since 1991**

Responses came from **333 plan sponsors**

Combined total of nearly **10 million employees**

11,000 median and **29,881 average** number of employees

Plans contain combined total of **$775 billion in assets**

$1.4 billion median and **$3.0 billion average** plan size

About Alight Solutions

As the leading provider of benefits administration and cloud-based HR and financial solutions, we enhance work and life through our service, technology and data. Our 22,000 colleagues across 14 global centers deliver an unrivaled consumer experience for our clients and their people.

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NOTE: As of 2018, all email contacts will be updated to @alight.com