

Financial Success Drivers of DC Plans

Abstract

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Introduction

This study presents the aggregate results of plan characteristics that drive employee behaviors with respect to participation and contributions made by participants. The study includes contributions made by employers to the extent that these influence participation and contribution. Similarly, investment results are evaluated only on the ability to increase participation and contributions.

Methodology

A survey was conducted of 708 randomly selected employees. These respondents were presented with a list of plan characteristics and asked how much each affects their decision to participate in a defined contribution retirement plan and the effect of others on the level of contributions to that plan.

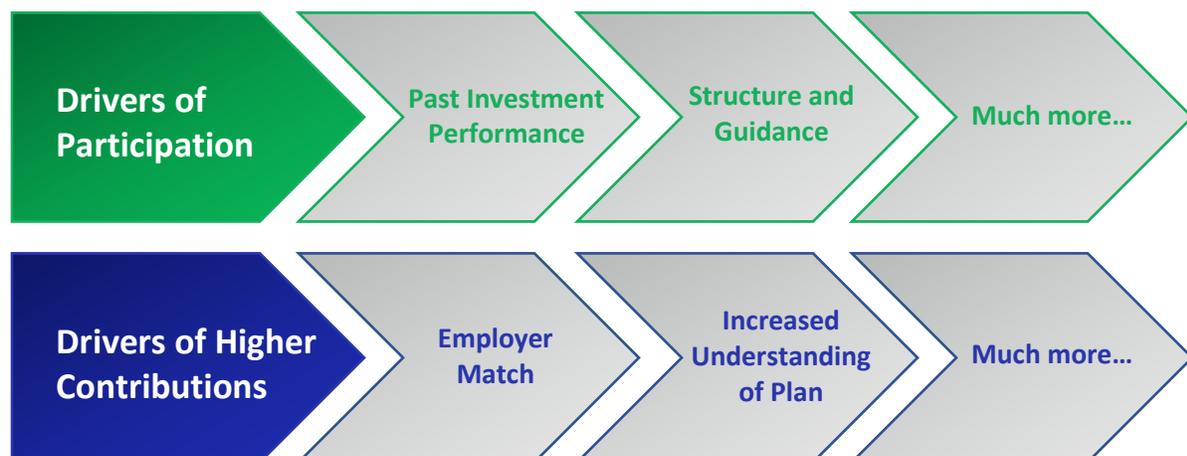
Respondents had five choices in describing if they would participate or increase contributions based on each plan characteristic:

- Highly Likely
- Likely
- Unlikely
- Highly Unlikely
- No Response

The estimated margin of error is 3%.

Findings

The study found the most important drivers of participation and contributions in a retirement plan.



Implementation

The study concludes with guidance on implementation. Each factor is individually analyzed based on:

- ✓ Fiduciary or settlor decision
- ✓ Employer or plan cost
- ✓ Implementation steps

Drivers of Contributions (In order of favorability)	Overall Favorability	Settlor Decision	Fiduciary Decision	Employer Cost	Plan Cost
The plan matches the contribution that I make.	87.57%	<input checked="" type="checkbox"/>		High	
I had a better understanding of what the plan has to offer.	86.27%	<input checked="" type="checkbox"/>		Moderate	

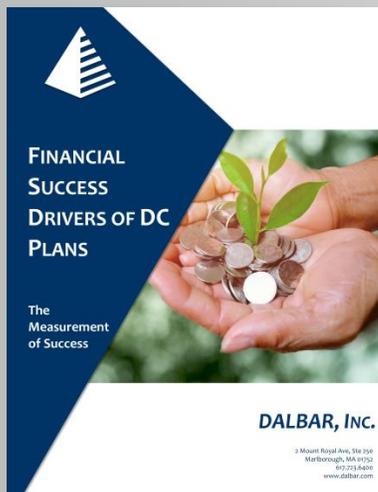
Characteristic (In order of favorability)	Overall Favorability	Implementation Steps
The plan matches the contribution that I make.	87.57%	<ol style="list-style-type: none"> 1. Budget for a match 2. Add match feature to the plan 3. Announce the match
I had a better understanding of what the plan has to offer.	86.27%	<ol style="list-style-type: none"> 1. Review enrollment and education materials to determine if they can be improved to enhance employees understanding of the value of the plan 2. Redesign and prepare improved materials for paper and electronic use 3. Introduce improved materials 4. Conduct meeting to explain the new materials

Survey Respondents

Age		
20-30	29.52	183
31-45	38.87	241
46-59	23.22	144
60-65	8.39	52
TOTAL		620

Currently Participate		
Yes	53.87%	334
No	46.13%	286
TOTAL		620

Plan Type		
(sum is greater than 100% due to respondents who participate in 2 or more types of plans)		
401(k)	82.33%	
403(b)	23.35%	
Profit Sharing	10.79%	
SEP	9.28%	
TOTAL		334



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