
28% of plan sponsors offer in-plan retirement income solutions: Aon Hewitt

By Editor Test *Thu, Jan 17, 2013*

A survey by the HR consulting firm showed that 31% of employers recently changed their DC plan fund lineup to reduce costs and 52% of the remaining companies may do so in 2013.

American workers will need 11 times their final pay to meet their financial needs in retirement, but the average U.S. worker falls short of that by about 2.2 times pay, according to a new survey from Aon Hewitt, the global human resources business of Aon plc. The firm surveyed over 425 U.S. employers with 11 million employees.

The survey shows that:

- 80% of employers are making financial wellness a top priority in 2013.
- 61% are looking beyond current participation and savings rates and are helping workers evaluate their retirement readiness, up from 50% a year ago.
- 86% of companies plan to focus communications initiatives on helping workers evaluate and understand how much they need to save for retirement.
- 76% currently offer target-date funds as a way to provide workers with a simple and straightforward approach to investing.
- Of employers who do not offer target-date funds, 35% will likely add this option in 2013.
- Managed accounts and online third-party investment advisory services continue to gain popularity (64%), up from 40% a year ago.
- 28% of companies offer in-plan retirement income solutions—including professionally managed accounts with a drawdown feature, managed payout funds, or insurance or annuity products that are part of the fund line-up, up from 16% a year ago.
- Of those employers that do not currently have these options, 30% said they are likely to add them in 2013.
- 52% of companies will use podcasts and 42% will use text messages to communicate and educate their workers on their retirement benefits in 2013.
- The percentage of plan sponsors that plan to use social media channels to communicate with workers has tripled from 6% last year to 18% in 2013.
- 37% of employers have recently reviewed the total DC plan costs (fund, recordkeeping, and trustee fees). Among those who have not, 95% are likely to do so in 2013.
- 35% of employers completed a review of DC fund operations, including fund expenses and revenue sharing; 87% plan to do so this year.
- 31% of employers recently changed their DC plan fund lineup to reduce costs. More than half (52%) of the remaining companies may do so in 2013.