Employers Not Responsible for Retiree Income, Most Plan Advisers Say

By Editor Test *Wed, Jul 8, 2009*

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Only 30% of advisers to employer-sponsored retirement plans believe that plan sponsors should manage retirement income distributions for retired participants, according to a survey of PlanAdviser magazine readers conducted in April and May.

But about two-thirds of respondents recommend offering retirement income investments within the plan, and over 70% of those polled said they currently manage retirement plan distributions for plan participants.

The survey also found:

- "A mutual funds/fixed annuity combination" and "variable annuities with a guaranteed minimum withdrawal benefit" were the "most attractive" types of investment options for use in retirement income planning/distribution.
- "Fixed income/stable value" funds and "dividend-paying mutual funds" were the next most attractive.
- The least attractive options, payout mutual funds and absolute return funds, were also the options with which advisers were least familiar.
- The most common tactics observed among plan participants for making up a savings shortfall were "changing/delaying retirement age" and "increasing savings rate."
- Almost half of those polled said that less than 50% of their clients were "on track to reach their retirement savings."
- About 81% said that a person needed from 80% to 100% of their current gross income "to live comfortably in retirement."

Of the 135 advisers who responded to a survey sent to 4,700 advisers in the magazine's database and posted in e-newsletters, about two-thirds said they had five or more years' experience as plan advisers, about 43% specialized in advising retirement plans, 45% had 41 or more plan clients, about 55% were affiliated with either an independent broker-dealers or national full-service wirehouse, and about 70% focused their practice on plans with assets of $2 million to $75 million.