

Income options in DC plans still rare: PSCA

By Editorial Staff Thu, Dec 4, 2014

The Plan Sponsor Council of America has released its 57th Annual Survey of Profit-Sharing and 401(k) Plans, with data on 613 plans with eight million participants and \$832 billion in assets.

Fewer than 10% of the 613 profit-sharing and 401(k) plans surveyed by the Plan Sponsor Council of America (formerly the Profit-Sharing Council of America) offer a lifetime income option to their participants, according to the [**PSCA's 57th Annual Survey of Profit Sharing and 401\(k\) Plans**](#).

Regarding the use of target-date funds, the report showed that about two-thirds of the plans offered TDFs and that 16.7% of the assets in those plans was invested in those funds. The approximately eight million participants in PSCA plans held about \$832 billion of the [**estimated \\$6.6 trillion**](#) in defined contribution plans in the U.S. in the second quarter of 2014.

Key findings in the PSCA's latest report includes data in four areas:

Participant Contributions

- 21.8 % of companies suggest a rate to employees.
- 18.8% suggest 6% and 46.5% suggest a rate higher than 6%.
- Account balances increased by 18.2%.
- 88.6% of eligible participants have an account balance.
- 80.3% of eligible participants contributed to the plan.
- 60% of plans offer a Roth 401(k) option to participants, up from 53.8% in 2012.

Company Contributions

- Companies contributed an average of 4.7% of pay to the plan in 2013 (up from 4.5% in 2012 and 4.1% five years ago).
- 80% of plans make a match on employee contributions and 98 % of those plans made the match in 2013.

Investments

- Plans offer an average of 19 funds, the same as in 2011 and 2012.
- 66% of plans offer a target-date fund (TDF) to employees with an average of 16.7% of assets invested in them.

- 37.2% of plans offer an emerging markets fund.
- Fewer than 10% of plans offer a lifetime income option to participants.

Automatic Enrollment

- 50.2% of all plans have an automatic enrollment feature (up from 47.2% in 2012) and 44% of all plans have an auto-escalation feature.
- 40% of plans that don't offer auto-enrollment state that they are satisfied with their participation rates and a third (32.5%) cite "corporate philosophy" as the reason they don't use it.
- Plans with an auto-enroll feature have participation rates 10 percentage points higher than plans that do not.

Education

- 16.7% of plans offer a comprehensive financial wellness program.
- 80% of plans evaluate whether their plan is successful.
- One-third of plans made changes to their plan in 2013 - including almost half of large plans.