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## Vanguard reports on its services for small 401(k) plans

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By Editorial Staff      Thu, Jun 30, 2016

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Vanguard has issued the third annual “[How America Saves: Small business edition](#),” a report detailing the plan design and participant savings trends of the small business 401(k) plans served by Vanguard Retirement Plan Access (VRPA).

VRPA was launched in 2011 to provide cost-effective 401(k) plans for small business owners with plans with up to about \$20 million in assets. As of year-end 2015, VRPA served 4,500 plans and 200,000 participants, up from 445 plans and 16,000 participants at year-end 2012. Small businesses represent 99.7% of American employers.

One-sixth of VRPA plans have adopted automatic enrollment. “In VRPA plans with automatic enrollment, researchers reported participation rates that were nearly 50% higher than voluntary enrollment plans,” said a Vanguard release. More than one-third of these plans have instituted automatic annual escalation of contributions.

As of year-end 2015, average deferral and median deferral rates were reported at 6.7% and 5.0%, respectively. Twelve percent of VRPA participants saved to the maximum of \$18,000 (\$24,000 for participants age 50+). Nearly one in five participants saved 10% or more of their annual income.

As of year-end, 75% of participants used a target-date fund when offered. In aggregate, more than 6 in 10 VRPA participants were invested in a professionally managed allocation—most of them in a single target-date option.

Vanguard manages more than \$800 billion in defined contribution plan assets as of March 31, 2016. It record-keeps for more than 5,900 plan sponsors and 4.1 million participants, including the 4,500 plans and nearly 200,000 participants served by VRPA (as of December 31, 2015).

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