

# 90 – 10 – 90 RULE

If you, your plan or your participants suffer from poor participation, low deferral rates or shortsighted investment decisions, you are not alone. Here are three major obstacles that sponsors need to overcome to help produce better retirement plan outcomes!

## POOR PARTICIPATION

Of the 8 out of 10 full time workers having access to an employer-sponsored retirement plan, **only 65%** participate.<sup>1</sup>

## LOW DEFERRAL RATES

Deferral rates are climbing; the **new average deferral rate = 6%**<sup>4</sup>

## SHORTSIGHTED INVESTMENT DECISIONS

**9 in 10** participants express **regret** about not doing a better job at saving for retirement.<sup>6</sup>

## USE THE 90 – 10 – 90 RULE

### AIM FOR **90%** PARTICIPATION RATE

**Boost Participation with Automatic enrollment!**

The auto-enroll feature increases participation rates from **57% to 92%**.<sup>2</sup>

**3 in 4** participants say **YES** to automatic enrollment at 6%<sup>3</sup>

### AIM FOR **10% +** DEFERRAL RATE

**Boost Deferral rates with Automatic escalation.**

**71%** of employees enrolled in automatic annual increase programs choose to remain in them.<sup>5</sup>

**4 in 5** participants say **YES** to automatic increases<sup>3</sup>.

**Boost Deferral rates with enhanced match formulas.**

**3 out of 4** employees prefer a 3% match over a 3% raise in pay.<sup>3</sup>

### AIM FOR **90%** INVESTMENTS TO BE MANAGED OR USE QDIA

**Enhance investment glidepaths with QDIA.**

**4 in 5** participants say **YES** to (QDIA) re-enrollment<sup>3</sup>

**Reach out to employees who may have previously opted out of saving with re-enrollment.**

**60%** of participants say **YES** to retroactive automatic enrollment.<sup>3</sup>

To review your company's plan information and learn how applying the 90-10-90 Rule might help improve your organization's retirement plan, **contact us today.**



<sup>1</sup> Acosta, Alexander R. and William J. Wiatrowski. "National Compensation Survey: Employee Benefits in the United States." www.bls.gov. Mar. 2017.

<sup>2</sup> King, Martha. "How America Saves 2018: Telling the Retirement Story with Data." June 2018.

<sup>3</sup> American Century Investments. "5th Annual National Survey of DC Plan Participants." Dec 2017.

<sup>4</sup> T. Rowe Price. "Average 401(k) Deferral Rate Reaches All-Time High." PR Newswire. 02, July 2018.

<sup>5</sup> Clark, Jeffrey W. and Jean A. Young. "Automatic enrollment: The power of the default." Vanguard Research. February 2018.

<sup>6</sup> Charles Schwab. "American workers are proactive about reaching retirement goals but could benefit from professional financial help." 2018.

This information was developed as a general guide to educate plan sponsors and is not intended as authoritative guidance or tax/legal advice. Each plan has unique requirements and you should consult your attorney or tax advisor for guidance on your specific situation.

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