# Lessons learned on the management of higher education retirement plans during challenging times

A study on higher education retirement plans

PLAN | INVEST | PROTECT

## Table of contents

# About the higher education study

This report on higher education retirement plans presents key findings and implications from a survey of 297 key retirement plan decision makers in higher education. The online survey was conducted July 22 through September 11 of 2020 in collaboration with Greenwald Research. Respondents included decision makers from public (44%) and private (56%) higher education institutions that offer a retirement plan, such as a 401(k), 403(b), 457 or defined benefit plan across plan sizes: small (500 or fewer plan participants), mid-sized (500-4,999 plan participants) and large (5,000 or more plan participants).

Higher education institutions face unique challenges when it comes to the management of their retirement plans, including increasingly complex plan administration that may involve overseeing multiple providers, understanding complicated and ever-changing compliance and testing requirements, selecting investment options for plan participants, and if the plan is subject to ERISA, juggling fiduciary responsibilities—all while helping faculty and staff plan for the future they envision.

Additional insights from other proprietary Voya research initiatives are included throughout to provide higher education plan sponsors with best practices and viewpoints on trends in retirement plan design and management.

This report delivers insights on the current challenges that higher education institutions face with the structure and management of their defined contribution retirement plans, as well as benchmarking data higher education institutions can use to evaluate their retirement programs. It also explores the key issues, including the impact of the COVID-19 pandemic, in motivating employees to save for retirement and constructing an overall financial wellness program that guides employees to and through retirement. The survey unveils emerging trends that can help key retirement plan decision makers and human resources professionals of higher education institutions, as well as advisors, consultants and plan providers.

# Notable study findings and benchmarks

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|---|---|---|
| **39%** think their employees are "**very prepared**" for retirement | **87%** think the COVID-19 pandemic will have a **significant impact** on their employees' retirement readiness | **41%** have either **reduced or stopped the employer contribution** as a result of COVID-19 |
| **19%** report an **average contribution rate** of more than 6% | **40%** offer **automatic enrollment** | **45%** believe facilitating **retirement planning for caregivers** and employees with special needs and disabilities is very important |
| **51%** want **more help from providers** with "improving the overall financial wellness of employee population" | **88%** rely on the services of a **plan advisor/consultant** | **46%** say "**keeping up with regulatory changes**" is a top challenge |

# Five key lessons from the study

## 1 COVID-19 is having a widespread impact across higher education

The COVID-19 pandemic has had a widespread impact on both higher education plan sponsors and their employees. Needs and priorities are evolving faster than ever, and advisors, plan sponsors and their participants are looking for support to guide and inform decisions.

As a result of the pandemic, 41% of higher education institutions have already reduced or stopped the employer matching contribution. The majority (87%) of higher education institutions expect the COVID-19 pandemic to have a significant impact on their employees' retirement readiness, and more than half (53%) want providers to offer more help getting employees ready for retirement.

Because of COVID-19, higher education plan sponsors expect a greater focus on managing costs and improved financial wellness for their employees. A majority of survey respondents said the COVID-19 crisis has had a major impact on their plans to increase remote learning. Over half of the sponsors expect participants to have increased interest in digital and virtual service offerings, including one-on-one support using virtual meeting technology, online group meetings, assistance with planning for caregivers and employees with special needs or disabilities, and assistance with budgeting and financial management.

## 2 Expanding financial wellness offerings is a top priority.

The majority (74%) of higher education institutions offer financial wellness programs with robust features on planning for retirement, investing and budgeting. Still, over half (51%) are looking for support and want help from providers with improving the overall financial wellness of their employees. In the next 12 months, many plan sponsors intend to expand their financial wellness programs to include, for example: assistance with debt management (40%); advisory support through one-on-one counseling (40%); online tools and calculators (38%); assistance with planning for caregivers and employees with special needs and disabilities (35%); and assistance with health savings accounts (32%).

Among those offering financial wellness programs (74%), there is general agreement that the programs are expected to achieve a broad range of goals, including helping employees improve their financial security and making more informed decisions. Plan sponsors recognize that for participants the most important goals, when it comes to financial wellness programs, are to help them improve their financial future and feel more in control of their finances.

Half of higher education survey respondents cited program complexity—too much information for participants to digest—as the biggest challenge in designing an effective financial wellness offering.

### 3 Opportunities exist to improve plan health through the support offered by plan providers, consultants and advisors.

The survey found that a majority (80%) of higher education retirement plans have an exclusive relationship with a single plan provider. Respondents with more than $50 million in plan assets were more likely to have a relationship with more than one plan provider. About six in ten plans with multiple providers say it's “very likely” or “somewhat likely” they will reduce the number of providers in the near future, continuing the trend toward provider consolidation.

With continued consolidation expected among those higher education institutions using multiple plan providers, there is opportunity to lean on plan providers, consultants and advisors to help improve plan health. About six in ten (59%) plans with multiple providers say it is "very likely" or "somewhat likely" they will reduce the number of providers in the near future, continuing the trend toward provider consolidation.

Plan success is achieved through strong partnership with retirement plan providers, and results show that more than eight in ten higher education sponsors are satisfied with plan provider effectiveness in helping their organization achieve retirement plan goals. Satisfaction is lowest among larger institutions (5,000 or more employees). While most higher education plan sponsors are satisfied with their provider, they do want more help from them in preparing their employees for retirement and improving their overall financial wellness.

About half of the higher education plan sponsors that rely on a plan advisor/consultant engage them to provide plan provider selection, transition and plan design support, and holistic financial planning and education to participants.

Among those not using a plan advisor/consultant, many show interest in using them for cost and fee assessment, help with fiduciary responsibilities and plan compliance.

### 4 Fees, regulatory and fiduciary responsibilities are top concerns for higher education plan sponsors.

46% of higher education plan sponsors say keeping up with regulatory changes is the top challenge in managing their retirement plan. For private institutions, 42% say meeting fiduciary responsibilities is one of their primary challenges. As a result, nearly half (47%) of respondents rely on a plan advisor or consultant to help with fiduciary responsibilities. When it comes to fees, 47% of higher education institutions say it's “very important” to prioritize reducing plan fees and expenses over the next two years.

When asked about the greatest challenges in managing their retirement plans, private institutions and larger institutions listed meeting fiduciary responsibilities, while smaller institutions are more challenged by responding to regulation and/or compliance requirements.

### 5 Employee retirement readiness is a top measure of plan success.

While participation rate has traditionally been the primary measure of plan health, retirement readiness of the employee population is generally the preferred plan success measurement used by higher education plan sponsors, especially for small and larger plans. As a result, about four in ten of higher education sponsors say motivating employees to save adequately and invest wisely are top challenges to helping prepare their employees for retirement. To help, approximately four in ten higher education sponsors plan to add a guaranteed income option or an auto-enroll feature to their retirement plan.

Higher education sponsors are balancing participant needs and managing plan costs. 43% of higher education sponsors say motivating employees to save adequately and invest wisely are top challenges, with 47% prioritizing reducing plan fees and expenses.

# Plan design and metrics

## The trend continues to shift to plan provider consolidation

Offering multiple plan providers is designed to give plan sponsors and employees plenty of options, and there can be some anxiety around removing choice. Yet, a multi-vendor situation can complicate plan administration and fiduciary responsibilities for plan sponsors, with added complexity and required monitoring based on the number of providers. Multiple investment providers can also make it challenging for plan participants to navigate often overwhelming choices and manage their retirement accounts.

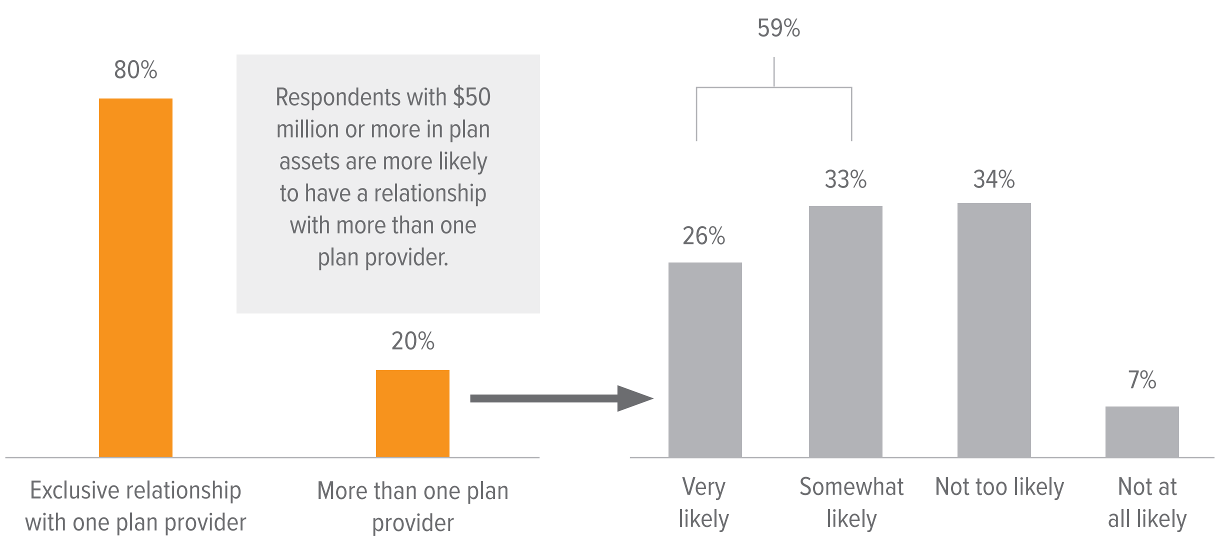
Consolidating to a few or a single plan provider can simplify plan administration, streamline processes, and potentially reduce fees and costs. A single provider and open-architecture, best-in-class investment menu can provide greater transparency and investment oversight, simplify and streamline the enrollment process, achieve choice without overwhelming, and give participants a centralized financial wellness experience.

A majority (80%) of higher education plan sponsors report that their plan has an exclusive relationship with one plan provider. Those with $50 million or more in plan assets are more likely to have a relationship with multiple providers.

Continued consolation in higher education is expected. Among those currently using more than one provider, 59% are likely or somewhat likely to reduce the number of providers in the near future.

**Does your organization have an exclusive relationship with one plan provider, or does more than one plan provider or vendor have access to your plan participants?**

**If you have multiple plan providers, how likely is it that you will reduce the number of plan providers you use in the near future?**

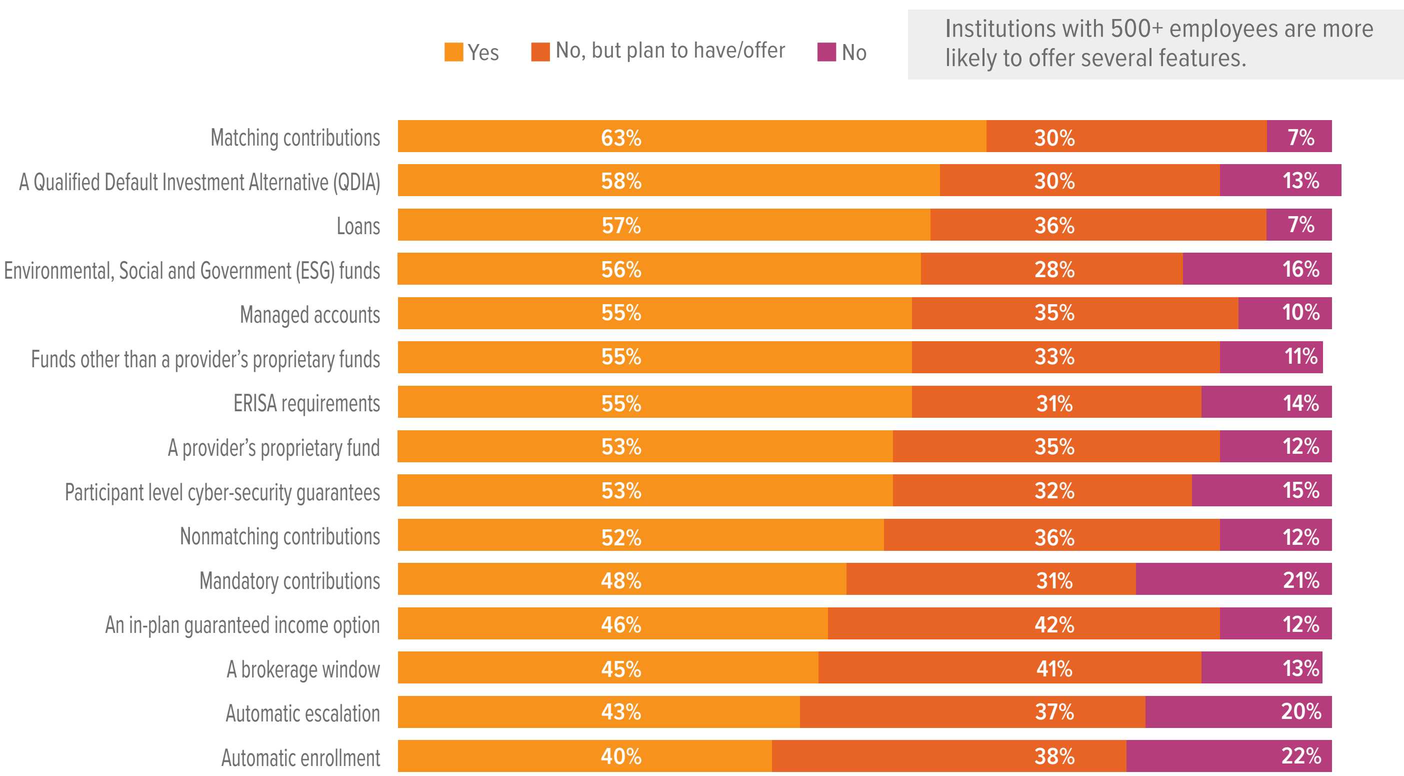


## Plan features

A majority of higher education institution plans offer a wide range of features, with 63% offering matching contributions, 57% offering loans, and 56% including Environmental, Social and Governance (ESG) funds in their investment menus. Other features in a majority of plans include managed accounts (55%), cybersecurity guarantees (53%), and non-matching contributions (52%). The top features sponsors plan to add include in-plan guaranteed income options (42%) and a brokerage window (41%).

Though most plan sponsors currently have robust plans and offer a wide range of features, about four in ten plan to add a guaranteed income option, a brokerage option and auto features.

### What does your plan have or offer?




## Interest in auto features is increasing to help improve retirement outcomes

Key plan design best practices such as automatic enrollment, automatic deferral escalation, "stretch the match," and annual re-enrollment can help drive better participant outcomes. Many plan sponsors want their service providers to drive financial wellness initiatives through plan design, with 47% of higher education sponsors saying that "adding or changing plan features or benefits such as enhancing or implementing auto features" is a priority in the next two years. Our survey found that 40% of higher education sponsors offer an automatic enrollment plan feature and 38% plan to offer one.

Going a step beyond enrolling new hires, auto re-enrollment initiatives can encourage longer-term employees who have opted out of the plan or stopped saving to get back on the savings track. A recurring re-enrollment process applied across the entire workforce can help to ensure that employees who may have stopped saving because of pandemic-related hardships get back onto a retirement savings path sooner.

Enrolling employees is a crucial first step to retirement readiness. But sponsors must also ensure participants are saving enough. Unfortunately, nearly 40% of auto-enrolled employees go into a plan at a default savings rate of 3% or less.[1] That's well below what most employees will need to achieve financial security in retirement.[2] Sponsors can be proactive in this area by considering two plan design changes: boosting auto-enrollment default deferral rates and implementing auto-escalation programs with higher caps.

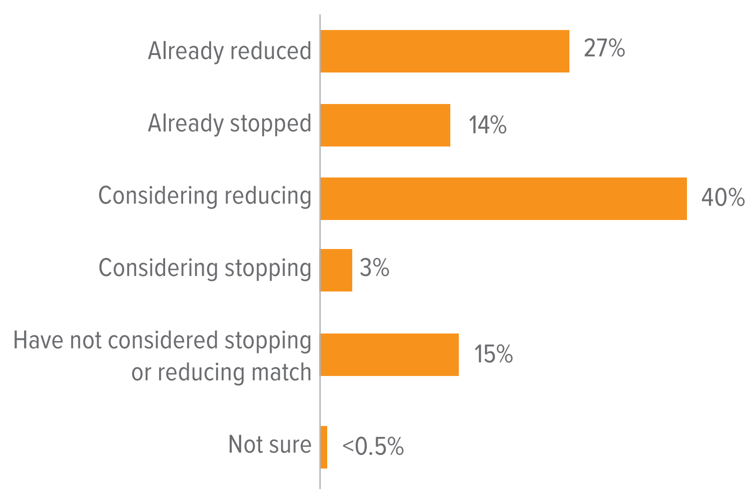
Researchers at Harvard, UCLA, the Wharton School and City University of London, in collaboration with The Voya Behavioral Finance Institute for Innovation, found that it's possible to significantly increase default savings rates—to 7%—without increasing plan opt outs. The higher rate led to improved retirement outcomes, boosting the retirement income of workers in the study by nearly 10%.[3]

Auto-escalation programs, which help employees save more over time by gradually increasing contribution rates on a schedule set by the employee, have proven to be effective at encouraging higher savings rates among plan participants. Just 43% of the higher education institutions surveyed offer auto escalation and 37% plan to offer it. Recent regulatory changes in the SECURE Act encourage sponsors to raise the escalation cap from 10% to 15%, so workers can save at a higher level for better retirement outcomes.

## COVID-19 has had a striking impact on matching contributions

A majority (63%) of higher education plans offer matching contributions and 45% of plans have a match rate of 8% or more. However, due to COVID-19 repercussions, 41% have already reduced or stopped their employer contributions and another 43% are considering reducing or stopping contributions. Institutions with defined benefit plans and those with more than $50 million in plan assets, are more likely to have stopped or reduced employer contributions.

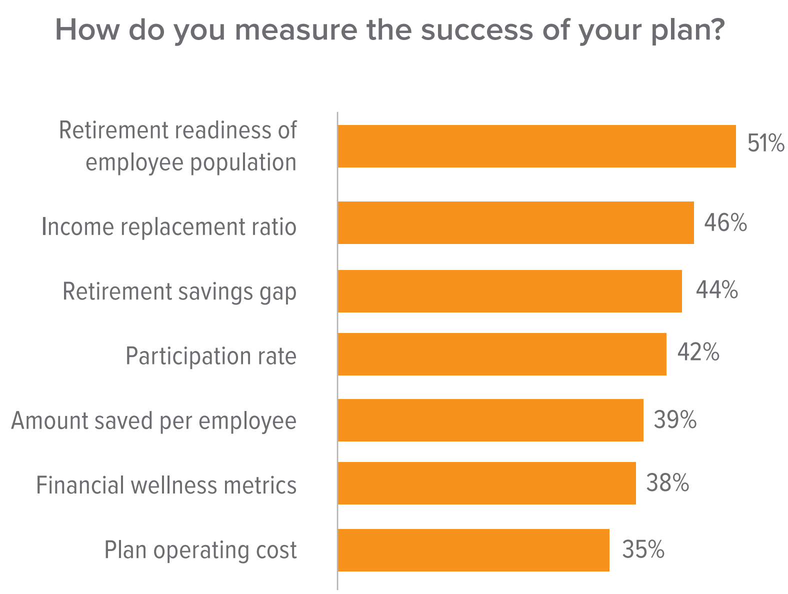
### As a result of the COVID-19 pandemic have you, or are you considering, reducing or stopping the employer contribution?




[1] Plan Sponsor Council of America. 62nd Annual Survey, 2019.
[2] Benartzi, Shlomo. Save More Tomorrow. Penguin, 2012.
[3] Beshears, John, Shlomo Benartzi, Richard T. Mason, and Katherine L. Milkman. "How Do Consumers Respond When Default Options Push the Envelope?"

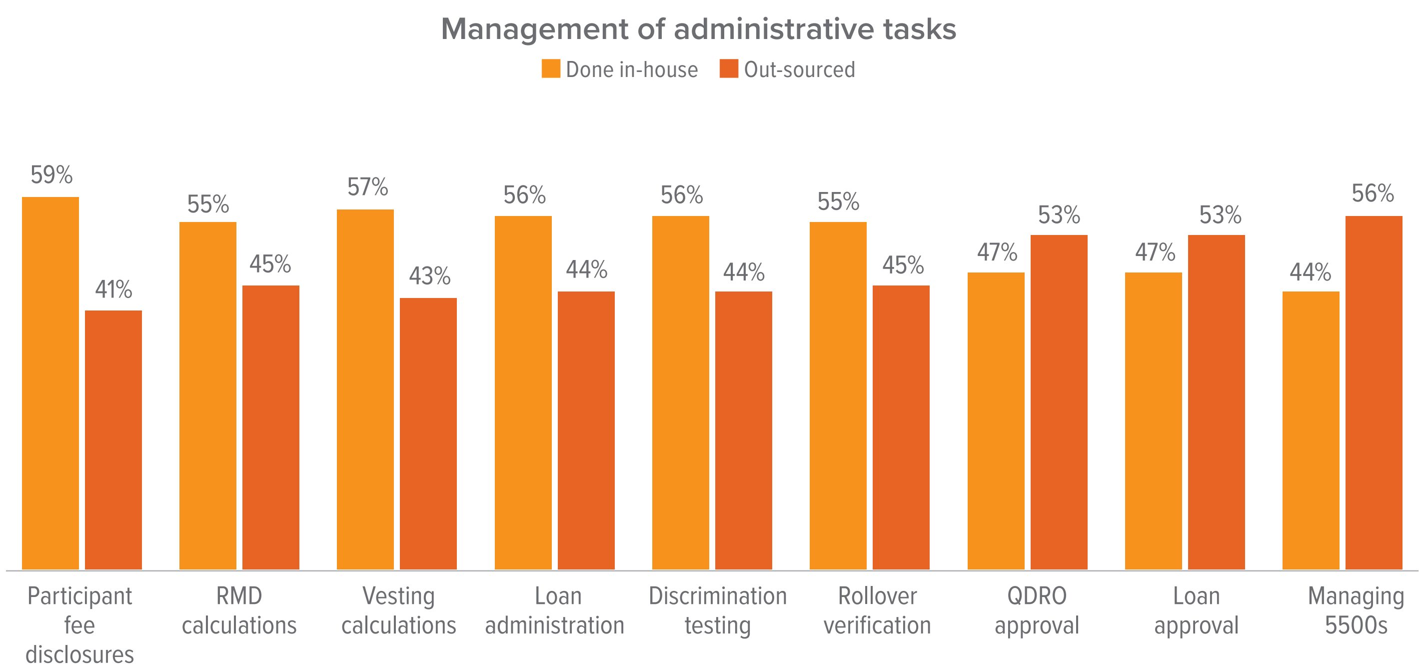
# Plan administration and sponsor priorities

Close to two-thirds of small and large higher education retirement plans measure plan success by the retirement readiness of employees. A little over half (54%) of the mid-sized plans favor income replacement ratio as their success measurement. Overall, 84% are satisfied with their plan provider's effectiveness in helping to achieve plan success. Interestingly, more than half wish their provider offered employees more help with retirement readiness and overall financial wellness. Sponsors who are "very satisfied" with their provider's effectiveness were more likely to want additional provider assistance.




## Retirement plan administration

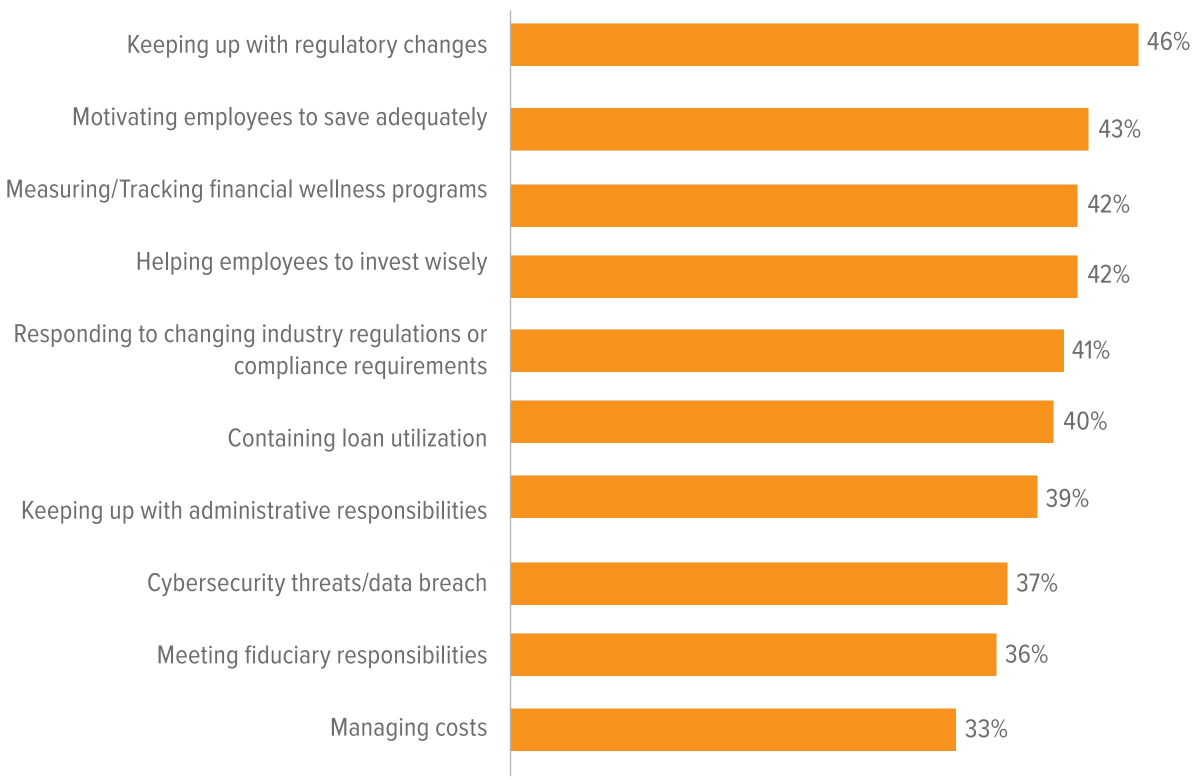
Retirement plan administrative tasks, such as participant fee disclosures, required minimum distributions (RMD), vesting calculations, discrimination testing and loan administration are more often managed in-house versus outsourced to the plan provider or third party. Overall, close to half (46%) of sponsors cited keeping up with regulatory changes as the greatest challenge in managing a plan, followed by motivating employees to save and invest wisely.



Managing costs is considered a challenge by only a third of sponsors, although 47% say it's "very important" to prioritize "managing plan fees and expenses" over the next two years. Coupled with the impact of COVID-19 on retirement plan matches and a general desire to add plan features and services (see "Plan priorities" on page 11), sponsors may need to address how to reduce plan expenses while being able to offer richer plan benefits. Finding a better balance between handling administrative tasks in-house versus outsourcing may help.

Plan management challenges can vary by plan size. Small plans generally are more challenged by regulatory and compliance requirements, while private institutions and large plans put meeting fiduciary responsibilities at the top of the list.

## Greatest plan management challenges

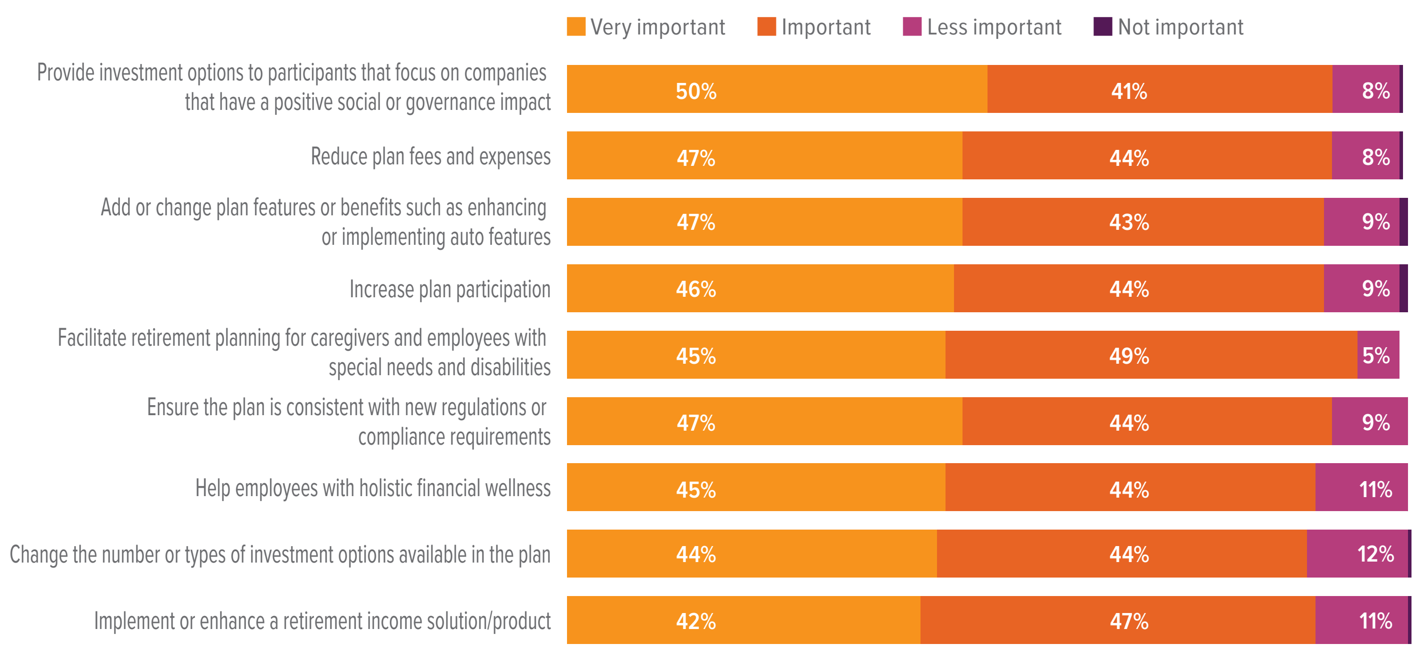


## Retirement plan priorities

The survey asked sponsors about specific plan priorities over the next two years. While higher education plan sponsors have many priorities when it comes to the management of their retirement plan, those related to environmental, social and governance (ESG) investing, managing costs (e.g., fees/expenses), regulatory/compliance and plan design (e.g., auto features) top the list.

There is industry-wide movement towards including more ESG fund options in retirement plans. Interestingly, 50% of higher education sponsors say it is "very important" to "provide investment options to participants that focus on companies that have a positive social or governance impact over the next two years." Other notable priorities include reducing fees and expenses (not listed as a challenge by most but listed as a priority), adding auto features, providing planning assistance for caregivers and employees with special needs, and helping employees achieve higher levels of financial wellness.

### Plan priorities over the next two years



# Retirement readiness and financial wellness

The growing importance of financial wellness initiatives in higher education is a key takeaway from the survey. Voya believes financial wellness is the healthy balance of living for today, preparing for tomorrow and feeling confident about the future. Unfortunately, confidence among American workers is in short supply. Financial stress, caused by financial unwellness, is overwhelming workers. In fact, financial stress (59%) is the leading stressor in the workplace—more than all of the other stressors combined. It negatively affects the mental and physical well-being of employees and their productivity.[4]

> "More than ever, institutions of higher education are looking for help understanding how to better assist their faculty and staff achieve retirement readiness."

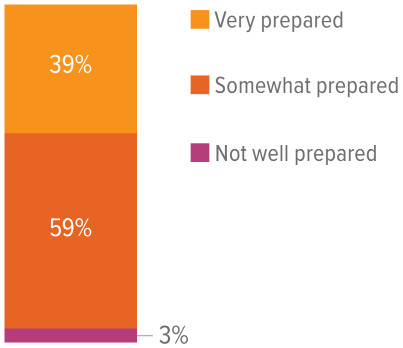
Brodie Wood, National Practice Leader, Education Markets, Voya Financial
Registered representative of Voya Financial Advisors, Inc. (member SIPC).

Close to two-thirds of higher education sponsors use retirement readiness as a measure of plan success. However, just 39% of sponsors characterize their plan participants as "very prepared" for retirement, with 59% saying participants are only "somewhat prepared." And this picture may get even blurrier as the vast majority (87%) of higher education plan sponsors expect the pandemic to have a critical or major impact on the retirement readiness of their employees.

> Voya research on how COVID-19 has affected retirement readiness found that 13% of workers plan to delay retirement and 40% are unsure about their future retirement plans.[5]

This may be one reason why half of the higher education survey respondents want their plan provider to help employees become more retirement ready by providing services that go beyond the retirement plan. Sponsors should ask their plan provider to take the lead on implementing these programs, which will take on even greater importance as the economic effects of the pandemic begin to abate and people attempt to get their financial lives back on solid ground.

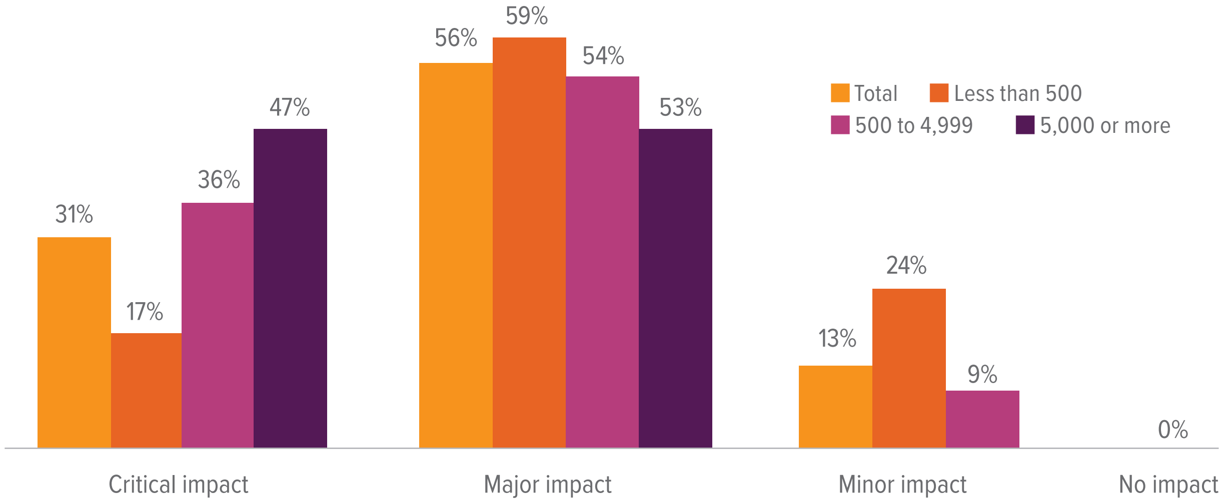
**How prepared are your plan participants for retirement?**



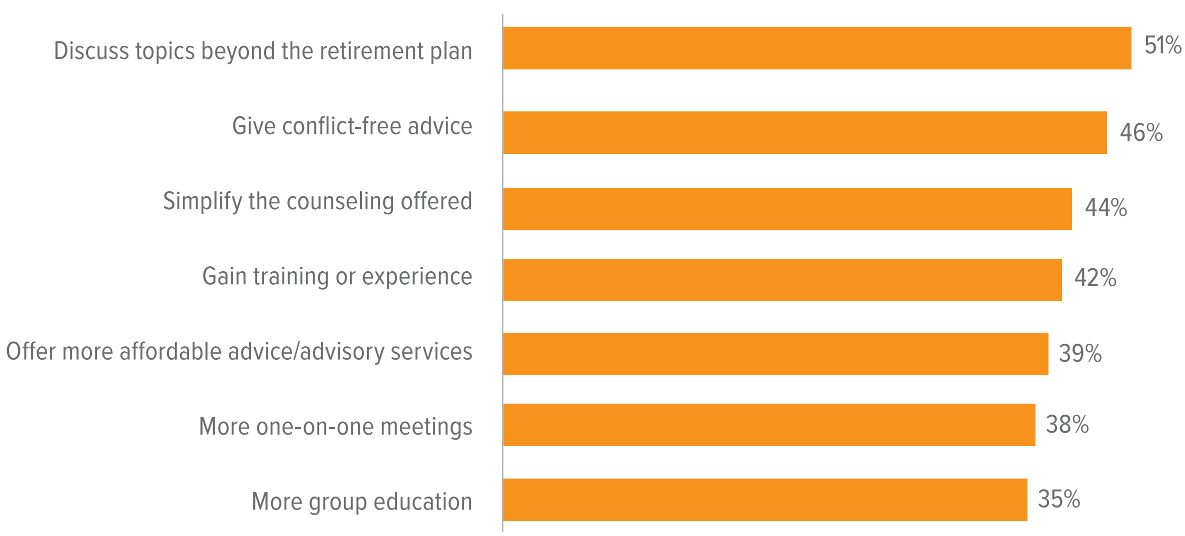

[4] PWC Employee Financial Wellness Survey, 2018

[5] Voya Financial survey conducted through Engine Insights on the CARAVAN omnibus online platform among 1,005 working adults who are benefits eligible, aged 18+ in the U.S. Research was conducted June 29-June 30, 2020.

### How much of an impact do you expect the COVID-19 crisis to have on your employees' retirement readiness?



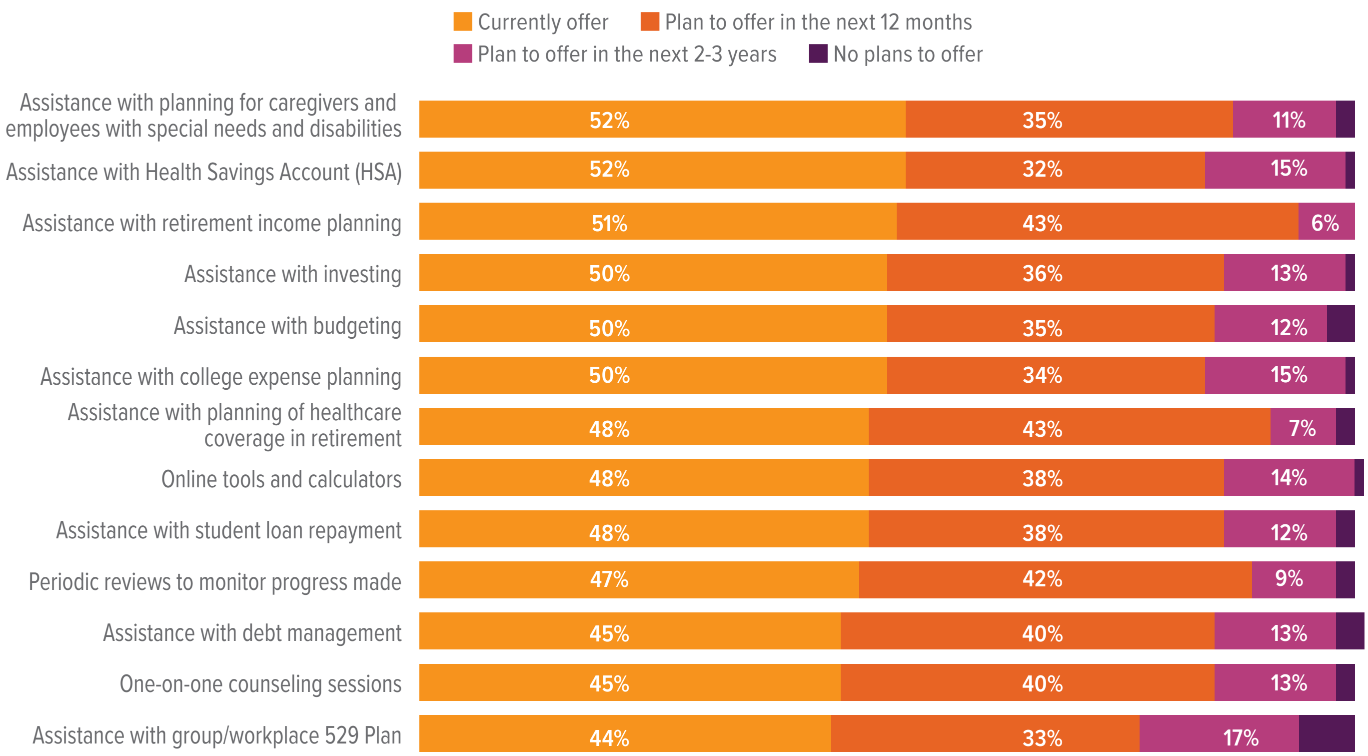

### In what ways can your provider better help your employees be more retirement ready?



## Financial wellness programs

Most institutions (74%) offer a financial wellness program, with half including components on savings, investing or budgeting. Those offering financial wellness initiatives expect the programs to achieve a broad range of goals and outcomes for participants, from improving financial security and setting priorities to making more informed decisions. A financial wellness summary score is used most by respondents to measure the success of their wellness programs, while employee utilization is used least. Assistance with retirement income planning, retirement healthcare coverage planning, debt management, one-on-one counseling and online tools/calculators are among the offerings most likely to be added to financial wellness programs in the next 12 months.

### What components of a financial wellness program do you currently offer or plan to offer in the next two years through your plan provider or a third party?



## Rethinking the employer match

Employer contributions are an effective way to improve employee retirement readiness. Overall, 63% of higher education survey respondents offer matching contributions, with 45% offering a match rate of 8% or more. However, the COVID-19 pandemic has created such unusual financial hardships for higher education institutions that 41% have already reduced or stopped their employer contributions while another 43% are considering this action. Those with a defined benefit plan are more likely to have stopped contributions. In light of these reductions, it becomes more challenging to encourage employees to increase plan contributions.

> Institutions may want to consider a stretch match or fixed dollar match design to make the most of their match dollars.

To help employers improve the effectiveness and efficiency of their matching dollars, and potentially reduce short-term costs, it's important to consider match alternatives that reflect the latest behavioral science. In his recent white paper: *Plan design during challenging times: 7 Actionable Insights from Behavioral Finance*, Shlomo Benartzi, *Professor Emeritus*, UCLA Anderson School of Management and Senior Academic Advisor at Voya Financial, a relevant "stretch match" option is considered. In a typical stretch match, a company reduces their match rate while increasing their match cap. For example, instead of offering 50 cents on the dollar up to 6% of pay, employers could offer 25 cents up to 10% or 15% of pay. Although the stretch match is not a new idea, it's a timely solution as it enables employers to shift a portion of their matching costs into the future, allowing more time for the economy—and the institution's budget—to recover. In addition, the stretch match can encourage higher savings rates among workers, which in turn can increase their retirement readiness. And that can positively impact plan success measurements. In addition to raising the saving rates of workers, the stretch match is likely to save companies money in the short term, as not all workers will immediately adjust their savings rate to the new cap.

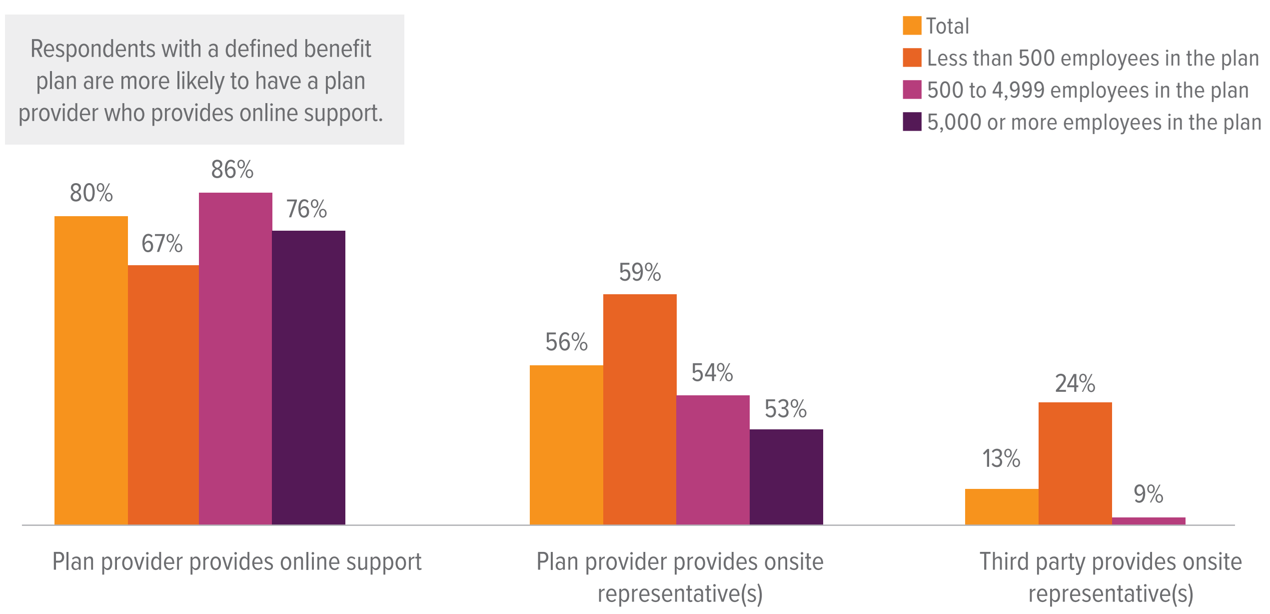
One potential issue with the stretch match is that a high match cap could discourage workers who may feel like putting 10% or 15% of their salary toward retirement is out of reach, especially in the midst of a recession. This is why it's important for organizations to encourage participation by using savings escalators, which automatically increase savings rates by, for example, 2% each year until workers reach a recommended level. It's much easier for many workers to start low and incrementally save more over time than start at a high savings rate.

# Participant education

Participant education, delivered in the right way by the right people, can inspire higher savings rates and help improve overall plan health. A holistic participant education offering financial wellness can help participants see the value of their retirement plan, encourage action and inspire them to commit to a long-term retirement savings plan.

As a result of COVID-19, many higher education plan sponsors expect more participant interest in digital and virtual educational offerings. This coincides with higher education survey findings indicating that retirement education support for employees is most likely to be delivered online by a plan provider rather than by onsite representatives. Smaller institutions report higher rates of onsite representatives—either through their plan provider or a third party.

### Who provides retirement education support for your employees?



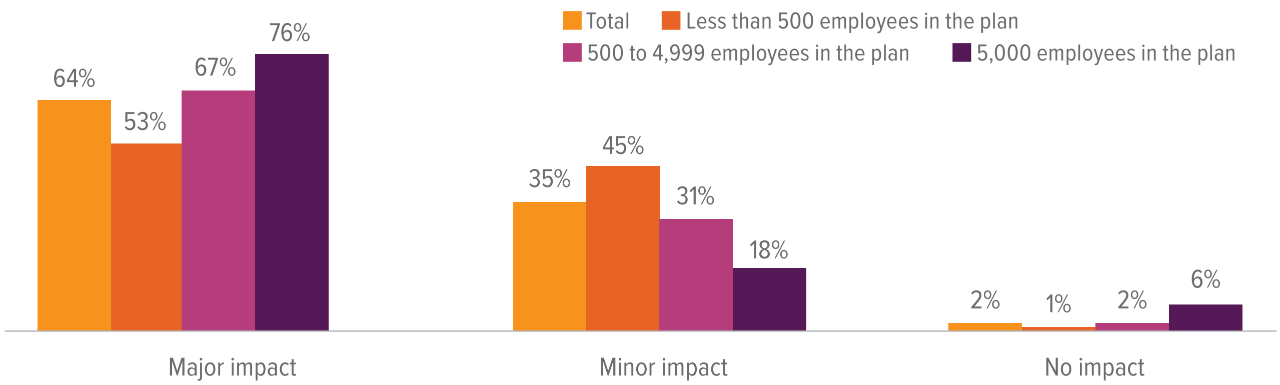

A majority (64%) of respondents said the COVID-19 crisis has had a major impact on their plans to increase remote learning through video-assisted teleconference meetings. Amid the challenges of COVID-19, Voya seamlessly pivoted to help keep participants on track for retirement.


## Voya Learn™
## Live and on-demand education

Voya Learn is a comprehensive education platform that offers live and on-demand sessions on a variety of topics, including saving for emergencies, market volatility, retirement investing, debt management and more. Individuals are presented with actionable steps, as well as additional tools and resources to help them achieve the future they envision.

### What impact has COVID-19 had on plans to increase remote learning initiatives?

Those more likely to say the COVID-19 pandemic had a major impact on their plans to increase remote learning:
- Have a highest match rate of 8% or greater
- Primary plan is 401(k)
- Do not have a defined benefit plan

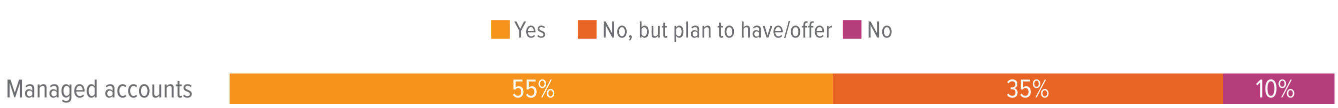



## Managed accounts

Higher education sponsors want to provide their employees with guidance in making investment and retirement decisions. In fact, 42% of higher education sponsors say "helping employees to invest wisely" is a challenge. Nearly half (49%), say a provider can offer "conflict-free advice" and 44% say more affordable advice/advisory services in order to help participants be more retirement ready. Employees want—and need—guidance in making investment and retirement planning decisions. But educating employees on the importance of saving and investing for the long haul, and how this responsibility will impact the rest of their lives, is a complex, nuanced and very personal endeavor. Individualized factors like risk tolerance, short- and medium-term non-retirement financial needs, and the sometimes counterproductive emotional reactions to the ups and downs of the financial markets must be part of the equation. This is where managed accounts can be helpful. These holistic accounts are custom-built from an individual's complete financial picture. Research shows that individuals who receive personalized advice feel significantly more prepared and have better retirement outcomes.[6]

The higher education survey shows that institutions recognize the value of managed accounts, as 55% currently offer them and 35% plan to add them. Giving participants access to personalized advice is particularly important during uncertain times like we're facing with COVID-19. A separate Voya survey found that from May to June 2020, participants in personalized managed accounts were more optimistic and confident. They were significantly more likely to take a long-term view in spite of the ups and downs of the financial markets, with 94% identifying "staying the course" on investment strategy as extremely important.[7]

### Does your plan have or offer managed account services?




[6] Results are based on findings from an online CARAVAN® survey commissioned by Voya Financial and conducted by Engine (formerly ORC International) of 1,004 adults in the U.S. ages 18 and older. Responses were collected between August 20-22, 2018.

[7] Results of a Voya Financial survey conducted through Ipsos on the Ipsos eNation omnibus online platform among 1,005 adults aged 18+ in the U.S. Research was conducted in five waves in 2020: March 25-26; April 22-23; May 29-June 1; June 29-30; and July 30-31.

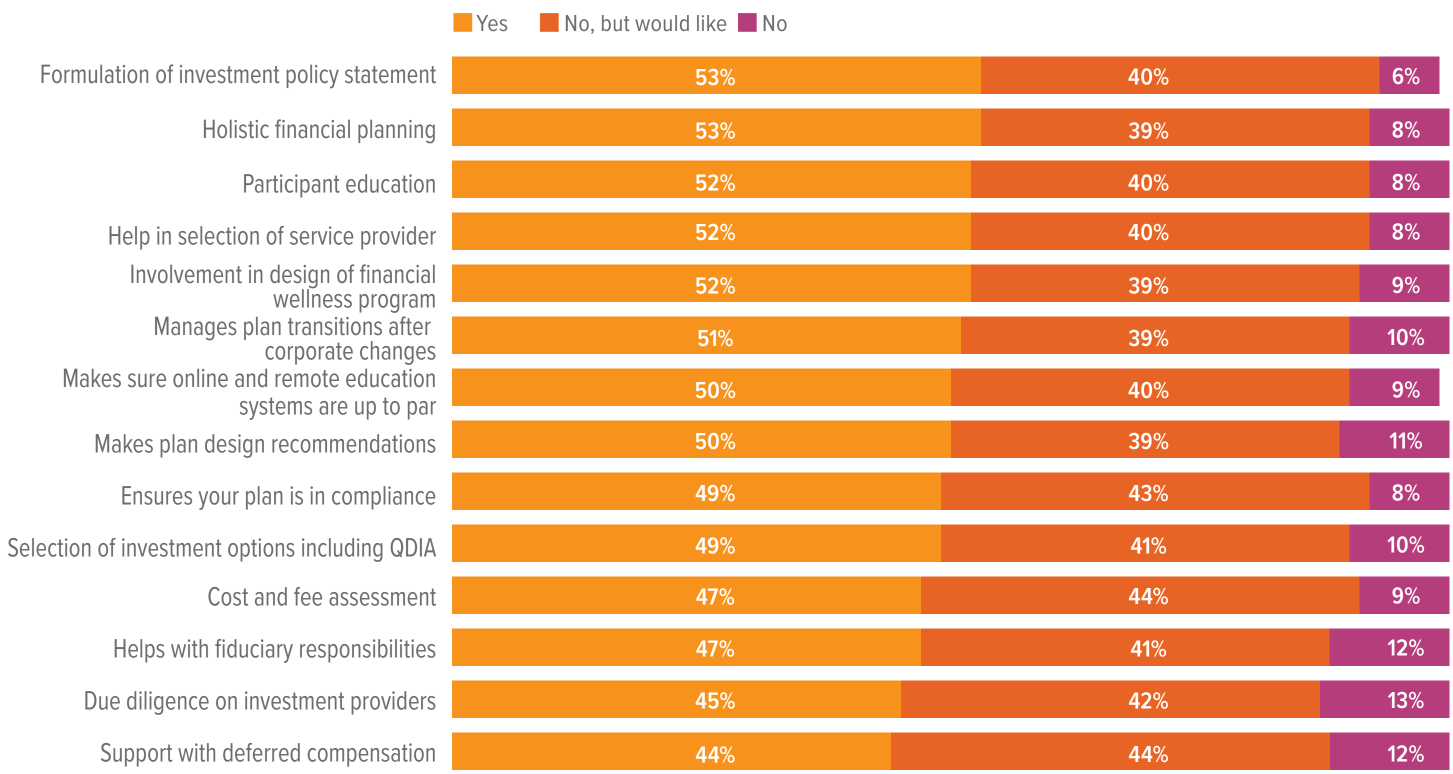
# Role of plan advisors and consultants

Nine in ten higher education institutions use the services of a plan advisor/consultant. Roughly half of these sponsors rely on their advisor/consultant to perform various tasks, including formulating investment policy statements, providing holistic financial planning and participant education, helping select service providers and making plan design recommendations.

Almost all (96%) higher education plan sponsors said their plan advisor/consultant is a fiduciary to the plan.

Understanding and assigning fiduciary responsibilities is another area where sponsors can benefit by collaborating with their plan provider. Providers can help retirement plan committees minimize legal liabilities by ensuring better retirement outcomes for participants.

**Does your retirement plan advisor/consultant have the following responsibilities, and if not, would you like him or her to have them?**



# Market trends and impact of COVID-19

## COVID-19 accelerates some trends in higher education

Voya believes the impact of the COVID-19 pandemic on higher education has been significant and will reshape almost every aspect of how these institutions are managed. As a result, there is an opportunity for providers—now more than ever—to help higher education plan sponsors better understand how to assist their faculty, administrators and staff to help them get ready to retire better.

For starters, the growing importance of financial wellness initiatives in higher education is a key takeaway from the survey—especially as many sponsors plan to expand their offerings to participants in the next 12 months. Plus, with many facing increased budgetary constraints due to the pandemic, rethinking how they design their retirement programs is critical. For example, key plan design best practices such as automatic enrollment, automatic deferral escalation, "stretching the match" and annual re-enrollment can help drive better participant outcomes.

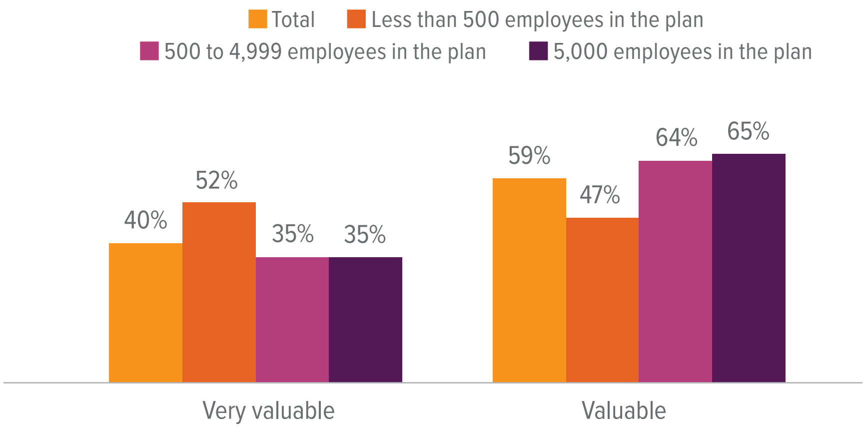
The survey also reveals that higher education institutions are focused on providing their employees with guidance to help make informed investment and retirement decisions. Many recognize the value of managed accounts, as 55% currently offer them and 35% plan to add them. Also, higher education sponsors are increasingly interested in providing environmental, social and governance (ESG) fund options in retirement plans. Interestingly, half (50%) indicated it was "very important" to—over the next two years—provide investment options to participants that focus on companies that have a positive social or governance impact.

And finally, with the shift to virtual work and learning during the COVID-19 pandemic, this study reinforces the value of delivering education to participants how, when and where they need it. At Voya, we quickly pivoted to conduct virtual education meetings in 2020. We also expanded our offerings on Voya Learn™, a comprehensive education platform that offers live and on-demand education sessions on a variety of topics, including saving for emergencies, market volatility, retirement investing, debt management and more.

## Supporting caregivers and those with special needs

The higher education survey found that 94% of higher education plan sponsors believe facilitating retirement planning for caregivers and employees with special needs is important or very important. Almost all respondents (99%) said they would find a program, like Voya Cares®, that offers special resources and planning services for employers and their family members who are living with disabilities or special needs, as well as their caregivers to be valuable or very valuable. This level of acceptance and agreement is unprecedented in a survey such as this, and speaks to the universal value of initiatives that address this demographic. Sponsors who are more likely to find the program "very valuable" are those who are "very satisfied" with their plan provider's effectiveness as well as those from private institutions. Through programs like Voya Cares®, plan sponsors and participants can gain support, resources and education geared to the special needs community to make a meaningful impact.

### How valuable would a program like Voya Cares be to your institution?




Another emerging trend in the financial wellness arena is the interest in providing financial planning assistance to caregivers and people with special needs. A recent Voya survey found that almost two-thirds of caregivers are concerned about retirement security and their ability to save for the future. Many do not have access to the retirement planning tools they need and 59% say they are unable to save as much as they would like for retirement or do not have the time to adequately plan. Caregivers under age 49 generally cite even higher concerns regarding retirement planning.[8]

[8] Voya Financial survey conducted through Engine Insights on the CARAVAN omnibus online platform among 1,005 working adults who are benefits eligible, aged 18+ in the U.S. Research was conducted September 24-25, 2020

## Comparisons between private and public higher education institutions

The higher education study revealed some notable differences in the way public and private institutions approach retirement plan design and benefits.

- Private institutions are most likely to **expect COVID-19 to have a critical impact on retirement readiness**.
- **47% of private institutions** want their plan provider to lead more group education meetings on topics that reach beyond the retirement plan, while **36% of public institutions** list this as a need.
- **Automatic enrollment** and **automatic escalation** are generally more common at private institutions.
- **60% of private institutions** offer a flat percent match compared to **40% of public institutions**.
- **55% of private institutions** offer a mandatory contribution feature, while just **39% of public institutions** include this in their plan design.
- While almost all survey respondents said they would find value in a program that offers support to employees and their family members with disabilities or special needs along with their caregivers—such as Voya Cares—**45% of private institutions** view the program as "very valuable" versus **34% of public institutions**.
- **42% of private institutions** cite meeting fiduciary responsibilities as a major plan management challenge compared to **just over one-quarter (27%) of public institutions**.

### Public institution versus private institution

| Question | Public | Private |
|---|---|---|
| Offers Defined Benefit plan | **59%** | 44% |
| Offers life insurance | 80% | **91%** |
| Offers 403(b) plan | **58%** | 24% |
| 403(b) primary | **48%** | 17% |
| Plan does not offer: automatic enrollment | **28%** | 18% |
| Plan does not offer: automatic escalation | **27%** | 15% |
| Plan offers: Mandatory contribution | 39% | **55%** |
| Plan offers: flat percent match | 40% | **60%** |
| Expects COVID-19 to have "critical impact" on employee retirement readiness | 25% | **36%** |
| Ways provider can help employees be more retirement ready: more group education | 36% | **47%** |
| Thinks program like Voya Cares is "very valuable" | 34% | **45%** |
| Program like Voya Cares has "strong impact" on provider selection | 23% | **37%** |
| Meeting fiduciary responsibilities is challenge in managing plan | 27% | **42%** |

*Bolded data indicates percentage is significantly higher than comparison group.*

# Next steps

The impact of the COVID-19 pandemic on higher education is significant and will reshape almost every aspect of how these institutions are managed. In these uncertain and challenging times, it's important that higher education plan sponsors help their faculty, administration and staff remain focused on retirement savings and overall financial wellness.

## Here are some strategies to consider for your plan:

- Identify potential areas of risk exposure, as well as priorities that will lead to a strategy to optimize your retirement plan.
- With budget reductions facing many higher education institutions, understand better ways to manage plan administrative costs.
- Learn ways to evolve your retirement plan to produce desired results, such as adding auto features.
- Consider streamlining your approach to plan administration, such as reducing investment providers or outsourcing administrative tasks.
- Understand what steps to take to get employees back on track with a focus on financial wellness programs, digital tools and resources, as well as serving a diverse employee base, including caregivers.
- Gain a competitive advantage by helping employees better manage emergency savings, health care costs, debt and other pressing financial needs through products and services.

## Methodology

This Voya survey was conducted by Greenwald Research and fielded online from July 22 to September 11, 2020 among 297 higher education plan sponsor retirement plan decision makers.

**Type of institution**
56% Private
44% Public

**Type of retirement plan**
16% 401(a)
57% 401(k)
39% 403(b)
12% 457(b)
6% 457(f)
45% Defined Benefit (Active)
15% Defined Benefit (Frozen)

**Number of employees in plan**
< 500
500-4,999
5,000 or more

**Plan assets**
7% <$25 million
29% $25-$50 million
43% $50-$100 million
19% $100-$500 million
2% >$500 million

**Average employee contribution**
31% 4% or less
31% 5%
20% 6%
19% More than 6%

## Contact us

If you would like to review the results of the study and learn more about how to benchmark your plan practices, contact your local Voya representative or reach out to:

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