Voya Perspectives

Connecting higher education workplace benefits

New expectations and new ideas

Higher education institutions are pivoting to address ongoing staffing challenges and shifting the benefits dialogue to meet employee expectations.

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Higher education institutions are pivoting to address ongoing staffing challenges and shifting the benefits dialogue to meet employee expectations.

Employers in all sectors are grappling with an unusually competitive job market. And the issue is particularly acute for higher education institutions.

80% of respondents in Voya's bi-yearly survey of higher education retirement plan sponsors agree that attracting and retaining employees—administrators, faculty and support staff—is the greatest challenge they face today.

"People have so many options and they reprioritized their lives during the pandemic. We've also experienced more retirements than ever."

– SVP of Admin.

Staffing issues -- which go beyond recruitment and retainment challenges to include mental health concerns, burnout and early retirements-- are at least partially the result of people reevaluating workplace priorities as they search for better work/life balance. In addition, higher education is still jumping the hurdles of lower salary benchmarks and less flexibility in work locations and working hours as compared to other industries.

Expanding workplace benefits programs helps level the playing field.

Since January 2021, more than half of survey respondents have expanded benefit programs for all employees. Specifically for highly compensated employees, plan sponsors have raised salaries (55%) increased work flexibility (56%), added remote options (52%) or offered additional executive benefits employees (53%).

"We ask recruiters to present offers from a total rewards perspective. Not just salary to salary, but looking at the all-in package."

– Head of Total Rewards

Retirement plans considered most important benefit

The defined contribution retirement plan was considered the number one benefit for attracting top talent. During in-depth interviews, some plan sponsors confirmed that all employment offers include a description of the retirement plan.

90% agree "Your organization's defined contribution retirement plan helps **attract** high quality employees"

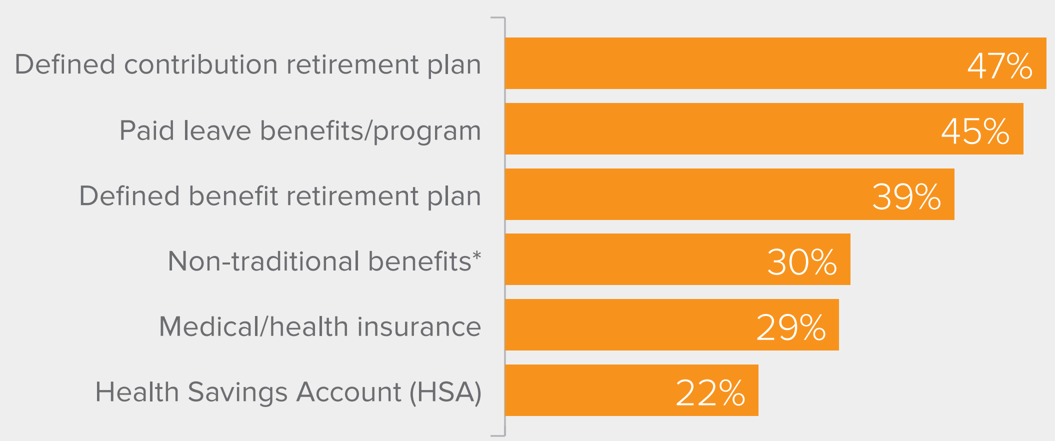
87% agree "Your organization's defined contribution retirement plan helps **retain** high quality employees"

Half of respondents reported that they either started or increased their retirement plan match since January 2021. The most common match is 5%, with larger institutions more likely to offer this match level (43% of those with 1,000+ participants match up to 5% vs. 25% of those with fewer than 500 participants).

Vesting can be part of the retirement plan value proposition, particularly for retention. In-depth interviews conducted as part of the survey suggested that the carrot of attaining full vesting can help keep employees on the job.

> *"We have the standard package of benefits around health, dental, life, and long-term disability. But it is our retirement plan contribution that gives employees the sense that we really care about them."*
>
> *– Manager of HR*

Most important benefits for attracting top talent



A diverse workforce requires diverse and flexible benefit options.

Many employers find themselves managing an employee population that spans four distinct generations. Recognizing a need to provide more value in the job market and appeal to a wider range of prospective employees, higher education sponsors are reassessing the importance benefits in relation to organizational goals, such as increasing student enrollments.

Since the start of the pandemic, well over three-quarters of survey respondents rated these four practices as “much more important” or “somewhat more important,” including:

- Adopting strong socially responsible business practices across ESG areas.
- Offering student loan payoff assistance by matching payments with a contribution into their retirement account.
- Developing or expanding a DEI hiring strategy to attract/retain diverse talent.
- Addressing mental health issues to better support employees.

Action steps to address staffing challenges

Based on findings from the higher education sponsor survey and other Voya research, consider the following actions:

- **Amplify your defined contribution (DC) plan**
  The DC plan is a primary benefit selling point, so you'll want to make sure job candidates understand the value of your Plan. Consider increasing the match (or start a match if you don't yet have one) and play it up as a savings accelerator when talking to prospective and existing employees. Design an attainable vesting schedule that encourages employees to remain on the job.
- **Review your total benefits package**
  Determine if you can add relevant non-traditional benefits, such as student loan repayment programs, to expand options for the whole employee population.
- **Prioritize mental health support**
  Providing mental health support as part of a wellness program can help people manage stress and showcase your culture.
- **Offer support to caregivers**
  Approximately one in five American employees serve as an unpaid caregiver for a loved one and close to one-third of them have voluntarily left a job because of caregiving responsibilities.[1]
- **Expand executive benefits to highly compensated staff**
  A non-qualified retirement plan can help to close savings gaps for executives who are limited by defined contribution plan rules.
- **Consider DEI when planning benefits education**
  Ensure you are supporting underserved populations (women, Black, Indigenous, and people of color) through targeted financial wellness initiatives.

[1]Source: Invisible Overtime: What employers need to know about caregivers; Rosalynn Carter Institute for Caregivers; February 28, 2022; https://www.rosalynncarter.org/new-white-paper-reveals-why-one-in-five-employees-are-at-risk-of-leaving-the-workforce-and-what-employers-can-do-to-help/

Plan sponsor goals include running plans more efficiently and staying focused on employee financial wellness.

Employers also have new expectations for their programs --- and reducing plan administrative burdens over the next two years is deemed important by 91% of sponsors.

Sponsors are looking to their plan provider to:

- Provide effective day-to-day plan administration support
- Offer financial education resources to participants
- Ensure plan compliance with new legislative and regulatory requirements
- Support plan reporting
- Offer thought leadership on trends, innovations and best practices

Top three sponsor priorities

Higher ed sponsors have a long list of priorities that they consider important or very important, encompassing participant support/guidance, DEI/health and welfare, plan design/fees, and plan administration/compliance.

The top three are:

1. Increase employee savings rates
2. Ensure benefit programs are consistent with the organization's ESG principals
3. Help employees maximize savings dollars across retirement, health and voluntary benefits

Leveraging technology to support employees drives benefits appreciation and can enable them to maximize their benefits.

Learn more about Voya's digital workplace experience by visiting **voya.com/future-of-benefits**.

What can sponsors do to help boost retirement outcomes?

The plan design features that can improve the employee experience, generate better retirement outcomes and help employees retire on time are:

- **Auto features** — Automating the basic functions of the plan—enrolling, re-enrolling, escalating contributions—can help overcome employee complacency and set a foundation for greater plan success.
- **In-plan retirement income options** — The survey found that 81% of sponsors prefer that participants keep their account balances in the retirement plan after they retire. In-plan income options are seen as an effective way to do this, with 87% of sponsors believing it's important to offer or enhance an in-plan retirement income solution over the next two years.
- **Managed accounts/advice** — Voya's research has shown that participants of all ages who use advisory services and professionally- managed accounts are significantly more prepared for a range of financial decisions, including estimating retirement expenses, calculating monthly retirement income needs, adjusting asset allocation as retirement nears and managing lifestyle changes, compared to people who go it alone.

"We have gone to auto enrollment and auto escalation because when we relied on opt-in, our enrollment numbers were very low." – Director of HR

Helping employees make holistic benefit decisions

Confusion around benefits decisions is partly driven by competing financial priorities. Employees are saving for retirement, building emergency savings, fulfilling caregiving roles and paying monthly bills.

The survey found that 86% of sponsors agree that more can be done to help employees optimize their benefit dollars across health benefits such as medical insurance and voluntary benefits, as well as wealth benefits, such as retirement savings, HSAs and emergency savings.

"People are shown a lot of benefit options, like multiple health plans. They need a decision tool to help them make choices that meet their needs." – Director of HR

Boosting retirement readiness

Retirement readiness remains a key metric in measuring the success of the retirement plan. And supporting retirement readiness among underserved populations (caregivers, women, BIPOC) through Diversity, Equity and Inclusion (DEI) initiatives is an important priority over the next two years for 91% of sponsors.

While 88% of sponsors are confident their retirement plan will help employees reach their retirement goals, just 66% describe their plan participants as “very prepared” for retirement. This may be why over a third of survey respondents reported that the two greatest challenges in managing the retirement plan are helping employees understand how to maximize plan benefits value and helping faculty retire on time.

“We look at our DEI efforts across the total reward offerings—both compensation and benefits—to ensure our offerings meet the needs of our diverse employee population.”

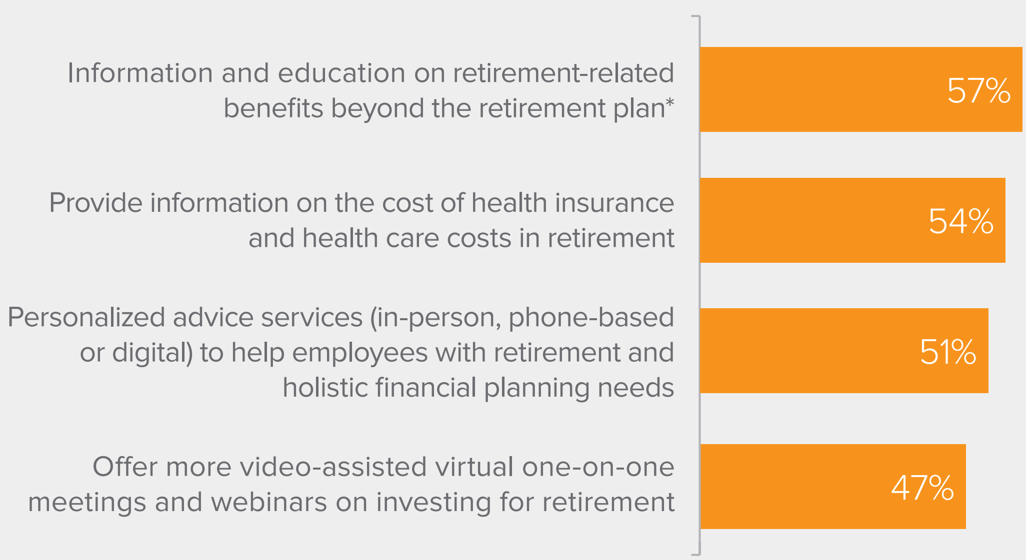
– Head of Total Rewards

Additionally, sponsors also report that guidance tools and financial education are the most important plan attributes for participants. Around half of survey respondents are looking to their plan provider to offer educational resources on topics such as retirement-related benefits outside of the plan (think HSAs), health care costs in retirement, and investing for retirement, to help employees become more prepared.

“Education is so important. People are not always focused on their retirement plan. They sort of set it and forget it. If they had better information, they might be able to make more informed decisions.”

– Manager of HR

Information/tools utilized to better prepare employees for retirement



Connecting health and wealth in financial wellness programs

Support, guidance, tools and educational resources generally fall under an overarching financial wellness program. The survey found that 77% of higher ed institutions currently offer a financial wellness program. Among the group that offers financial wellness programs, about half plan to expand their wellness offerings to include assistance for caregivers and student loan payers along with support for college expense planning.

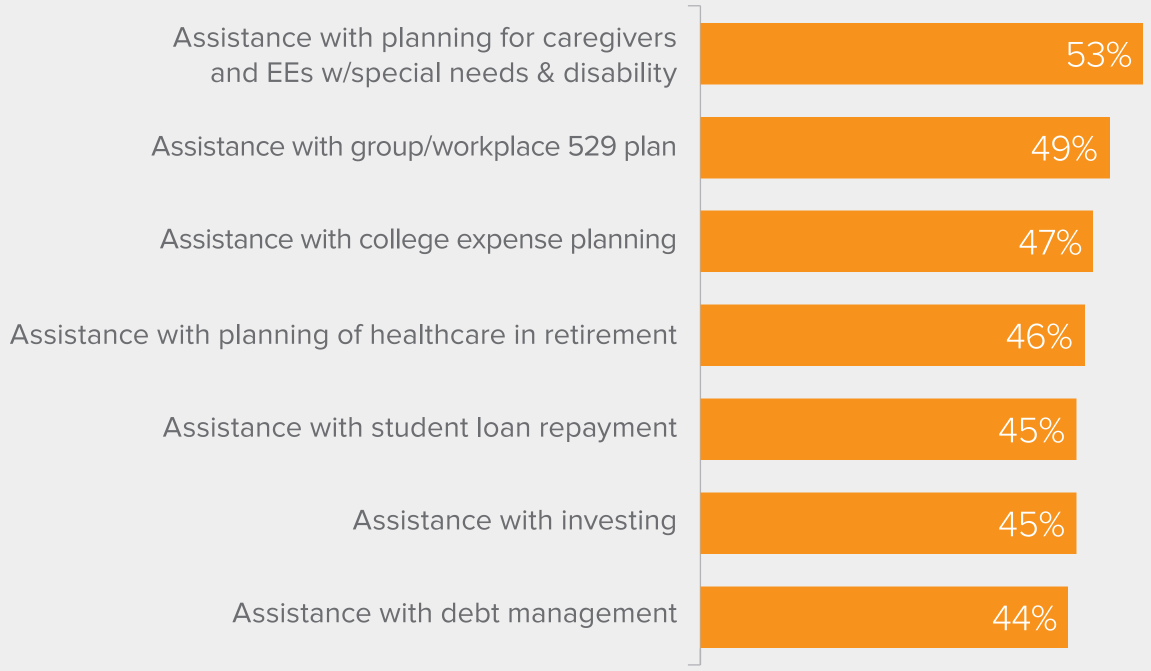
Supporting retirement savings challenges

There is widespread agreement among higher ed sponsors that there are three big challenges directly affecting employees' ability to save for retirement.

- **Caregiving responsibilities** – 42% of institutions offer financial planning assistance for caregivers and employees with special needs and disabilities.
- **Student loan debt** – 49% of institutions offer assistance with student loan repayment through their financial wellness program.
- **Inflation** – The cumulative effects of assistance in other areas can help to offset inflationary pressures.

Financial wellness components plan to offer in the next 12 months

(Among plan sponsors currently offering a financial wellness program)



What's next?

While each higher education institution is progressing their benefit program uniquely, the momentum forward includes creative approaches about the health and wealth benefits mix that is appropriate for employee segments. It also includes a focus on the core and ensuring a solid DC plan with financial wellness programs that meet employees where they are now.

"Benefits can play a pivotal role for many organizations to help attract and retain talent today, so it's encouraging to see the DC plan considered to be a core tool that plan sponsors are using to help address the current environment for higher education."

– Brodie Wood, SVP, National Practice Leader, Education

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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About the higher education study

This research is Voya's biennial survey on retirement plan management in the higher education sector. The report presents results from the survey administered by Greenwald Research on behalf of Voya. The study included an online survey conducted June 29, 2022 – July 19, 2022, among 301 retirement plan decision-makers from higher ed organizations that offer a defined contribution retirement plan, along with in-depth interviews among a select group of decision-makers conducted August 2022.