

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

Eight out of ten (80%) of full-time workers have access to an employer-sponsored retirement plan, yet only 65% participate.¹

➔ AIM FOR 90% PARTICIPATION RATE

Boost participation with automatic enrollment

- The auto-enroll feature increases participation rates from 57% to 92%²
- Three out of four participants say **YES** to automatic enrollment at 6%³

Low deferral rates

Deferral rates are climbing; the average deferral rate = 6%.⁴

➔ AIM FOR 10% + DEFERRAL RATE

Boost deferral rates with automatic escalation

- Seventy-one percent of employees enrolled in automatic annual increase programs choose to remain in them⁵
- Eighty percent of participants say **YES** to automatic increases³

Boost deferral rates with enhanced match formulas

- Seventy-five percent of employees prefer a 3% match over a 3% raise in pay³

Shortsighted investment decisions

Nine out of ten participants express regret about not doing a better job at saving for retirement.⁶

➔ AIM FOR 90% OF INVESTMENTS TO BE MANAGED OR USE QDIA

Enhance investment glide paths with QDIA

- Eighty percent of participants say **YES** to (QDIA) re-enrollment³

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

- Sixty percent of participants say **YES** to retroactive automatic enrollment³

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

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

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

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

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

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

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