

Missed Opportunities: Four Ways Employers Can Promote Retirement Security

TCRS Survey Illuminates Employers' Perspectives, Offerings, and Business Practices for Employee Benefits

LOS ANGELES – August 4, 2017 – Sixty-nine percent of employers believe that most of their employees could work to age 65 and still not save enough to meet their retirement needs, a disturbing finding given the vital societal role that employers play in helping workers save, plan, and prepare for retirement, according to a study released today by nonprofit Transamerica Center for Retirement Studies® (TCRS), ***All About Retirement: An Employer Survey***.

As part of its 17th Annual Retirement Survey, TCRS interviewed more than 1,800 for-profit employers with five or more employees to understand their views on their employees' future retirement. They were asked when and how they believe their employees envision retiring, the extent to which they have business practices to support them, and the current state of retirement benefits offered.

The survey findings reveal four opportunities in which employers can help improve retirement security among workers:

#1. Be an Aging-Friendly Employer

"With Generation Z's coming of age, we will soon have five generations in the workforce, an exciting and extraordinary opportunity to foster innovation through inter-generational collaborations with exchanges of knowledge, experience, and ideas," said Catherine Collinson, president of TCRS.

Most employers (71 percent) consider themselves to be "aging-friendly" by offering opportunities, work arrangements, and training and tools for employees of all ages to be successful. However, the survey findings show that some employers may not be as aging-friendly as they think they are.

The survey examined employers' perceptions of the most common reasons why employees recently retired. It's not surprising that employers' most frequently cited reasons include age (47 percent), financial ability (35 percent), health issues (32 percent) and family responsibilities (22 percent). However, a noteworthy 27 percent of employers say their employees retired as a result of one or more employment-related reasons, including organizational changes (15 percent), were laid off or terminated (12 percent), and/or took a retirement buyout/incentive (11 percent). Note: these findings vary dramatically by company size, with large companies of 500 or more employees (46 percent) and medium-sized companies with 100 to 499 employees (35 percent) being more likely than small companies with 5 to 99 employees (23 percent) to cite employment-related reasons.

"Employers can affirm their aging-friendliness by adopting inclusive practices, programs and benefits that recognize age with other demographic factors," said Collinson.

#2. Enable Workers to Work Past Age 65

"People are living longer than in any other time in history, which is putting strain on Social Security and intensifying shortfalls in personal retirement savings. Therefore, many workers envision working past traditional

retirement age. However, their ability to do so is highly dependent on the support of their employers,” said Collinson. The survey finds:

- Nearly three-quarters of employers believe that many of their employees expect to work past age 65 or do not plan to retire (72 percent);
- Seventy-seven percent of employers feel that many of their employees plan to continue working either full-time or part-time after they retire; and,
- Four out of five employers say they are supportive of their employees working past 65 (81 percent).

“As much as employers may believe they are supportive of their employees working past age 65, actions speak louder than words. According to the Bureau of Labor Statistics, only one in four Americans age 65 to 74 was employed in 2016,¹” said Collinson.

#3. Adopt a Flexible Retirement Program

“Flexible retirement can be a win-win solution for workers and employers. Today’s workers need the ability to transition into retirement and have the flexibility to continue earning income until they are ready to fully retire. These types of phased retirement programs can help employers optimize workforce management and succession planning - while also generating good will among employees,” said Collinson.

Despite the potential benefits, relatively few employers have programs in place for employees seeking to transition into retirement. Just 39 percent of employers offer pre-retirees flexible schedules. Even fewer enable pre-retirees to shift from full-time to part-time (31 percent) or to take on positions that are less stressful or demanding (24 percent). Only 27 percent encourage pre-retirees to participate in succession planning, training, and mentoring.

#4. Enhance Retirement and Employee Benefit Offerings

“Employer-sponsored retirement benefits are proven to be one of the most effective ways, if not the most effective way, to help workers save, invest and prepare for retirement,” said Collinson. Two-thirds of employers offer such benefits (66 percent), specifically, a 401(k) or similar employee-funded retirement plan, including 90 percent of large companies, 88 percent of medium-sized companies, and 60 percent of small companies.

Nevertheless, among employers currently offering retirement benefits, fewer than half extend eligibility to their part-time employees (47 percent) and 52 percent offer the Roth 401(k) option. Only one in five plan sponsors (21 percent) have adopted automatic enrollment, including 19 percent of small, 20 percent of medium, and 31 percent of large companies. And despite plan sponsors’ emphasis on helping their employees’ save for retirement, strikingly few offer assistance to pre-retirees with regard to how they can manage their savings when they are getting ready to retire.

Employers know that employees place importance on non-retirement employee benefits that could help improve or protect their financial security (e.g., health insurance, disability insurance, life insurance, employee assistance programs, workplace wellness and financial wellness programs, long-term care insurance and others). However, the survey finds the level of perceived importance exceeds employers’ actual offering of such benefits.

“Employers play a vital role in promoting retirement security among American workers, yet it’s important to keep in perspective that their primary focus is running a business. Therefore, it is imperative that policymakers and the retirement industry work together to make it as easy, affordable and worry-free as possible for employers to offer retirement plans along with other employee benefits and flexible retirement options to their employees,” said Collinson.

¹ [United States Bureau of Labor Statistics, Employment Status of the Civilian Noninstitutional Population by Age, Sex, and Race, 2016.](#)

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About Transamerica Center for Retirement Studies

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About the 17th Annual Retirement Survey

The analysis contained in *All About Retirement: An Employer Survey* was prepared internally by the research team at Transamerica Center for Retirement Studies® (TCRS). The surveys were conducted within the United States by Harris Poll on behalf of TCRS. Potential respondents were targeted based on company size. The 21-minute employer survey was online between November 20 and December 20, 2016 among a nationally representative sample of 1,802 business executives under specific titles who make decisions about employee benefits at his or her company, and in a for-profit company that employs five or more employees across all locations. The survey included 901 small companies (5 to 99 employees), 301 medium-sized companies (100 to 499 employees), and 600 large companies (500+ employees).

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