American Century Investments®

Start Your Engines

Employees Want Plan Features That Accelerate Retirement Savings

2017 | 5TH ANNUAL NATIONAL SURVEY OF DEFINED CONTRIBUTION PLAN PARTICIPANTS

Employees want plan features that accelerate savings

In its fifth annual national survey of defined contribution (DC) plan participants, American Century Investments® finds that employees continue to look to their employers for guidance in saving and investing for retirement. This sentiment has been expressed in past surveys, and this year, the support for automatic features to help boost employee retirement savings is increasingly evident.

Employees acknowledge they would be in far worse shape without access to an employer-sponsored plan. As participants consider their current circumstances and expectations for the future, nearly all express regret about their personal savings habits, a consistent theme in previous studies and across age groups.

As a result, employers have abundant opportunities to structure plans that drive more effective and efficient retirement preparations for their employees. Automatic features can help employees begin sooner and provide more power to help them cross the retirement finish line. These features can rally employees to “Start Your Engines” when it comes to saving for a more secure retirement.

Key Findings

Regret continues to be the prevailing sentiment that employees express about their retirement savings habits.

> More than half feel not saving enough is one of the greatest mistakes of their lives.

Retirement plans continue to be highly regarded by participants.

> An overwhelming majority of participants consider their employers plan one of their most valuable benefits. They also prefer their employers plan to a state-run plan.

Reliance on employers to help participants start early and save more continues to be a theme among participants.

> A large majority of participants support automatic features to give them the nudge they want from employers. They want employers to help accelerate their retirement savings.

7/10 Pre-Retirees and
8/10 Younger Participants
expect their standard of living in retirement to be on par with or better than today.

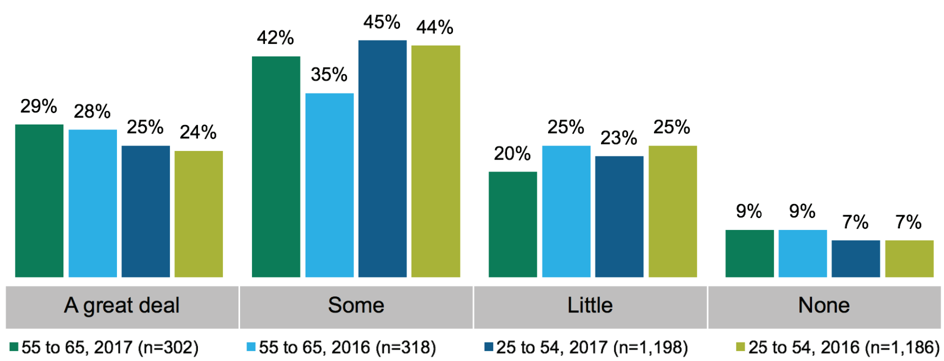
More than 4/10
see retirement as their biggest financial goal

Savings regret still nags participants

Nine in 10 participants express at least a little regret about not doing a better job at saving for retirement. Pre-retirees who report having a great deal of regret has risen five percent in the past two years.

Even with these regrets, participants expect their standard of living to be about the same, and some believe it will be slightly higher. Few have expectations of a better lifestyle, seemingly concentrating more on financial independence over affluence.

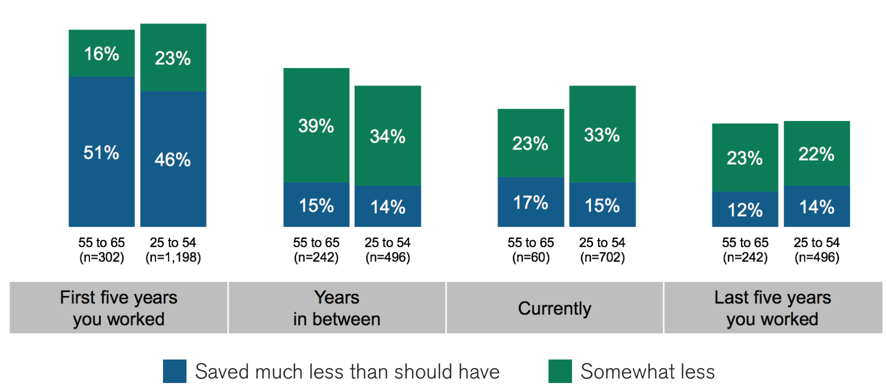
Q *Thinking about the job you have done in saving money for retirement, how much regret do you have about not doing better?*



Participants identified not saving more for retirement as their biggest personal regret. For pre-retirees that number grew by 10 percent to 44. For both groups, lack of saving ranked higher than regrets over personal relationships, careers and even not being a better person.

The first five years matter most

Q *In each of the following periods, how would you evaluate your level of retirement savings at the time?*



Savings barriers are consistent

The top reasons participants cite as barriers to saving have remained consistent between ages groups and in past experiences of the survey.

Ages 55-65 (n=302)		Ages 25-54 (n=1,198)
71%	Not earning enough	78%
71%	Debt	79%
69%	Unexpected expenses	78%

Participants grade themselves a "C"

Q *Thinking about <u>all of</u> your years of employment, how would you grade the job you did in* **putting money away for retirement** *given your resources and circumstances?*

	A	B	C	D	F
55 to 65 (n=302)	10%	26%	37%	17%	7%
25 to 54 (n=1,198)	8%	28%	40%	16%	2%
		C Average			

Employers get a "B-" from employees

Q *How would you grade the job that your employer has done providing a retirement plan that offers you the opportunity to save, invest, and accumulate retirement savings?*

	A	B	C	D	F
55 to 65 (n=302)	27%	41%	20%	5%	3%
25 to 54 (n=1,198)	25%	40%	24%	5%	2%
		B- Average			

Given the regret all participants seem to feel and their self-assessment for saving, we asked if it would be valuable to go back in time and advise their younger selves to save more.

More than

90%

participants suggest it would be at least **somewhat important** to advise their earlier selves to save more.

However, about

75%

say their early career self would only be **somewhat or very likely** to listen to that advice.

4/10 Participants credit their employer with playing a critical role in getting them to save for retirement.

2/3 of participants
feel positive about a company that offers auto enrollment, automatic increases and target-date funds.

4/10 of participants
would choose a retirement plan over a higher salary

Employer match preferred over salary increase

Q *Suppose your company offered you the option of receiving EITHER a **100% match on 3% of your retirement plan contributions** OR a 3% higher salary. Which would you choose?*

77% of pre-retirees
would take the match over the higher salary

75% of participants
25-54 would take the match

When asked if they had the option of EITHER a 100% match on 6% contributions or a higher salary, 78 percent of pre-retirees and 69 percent of younger participants chose the match.

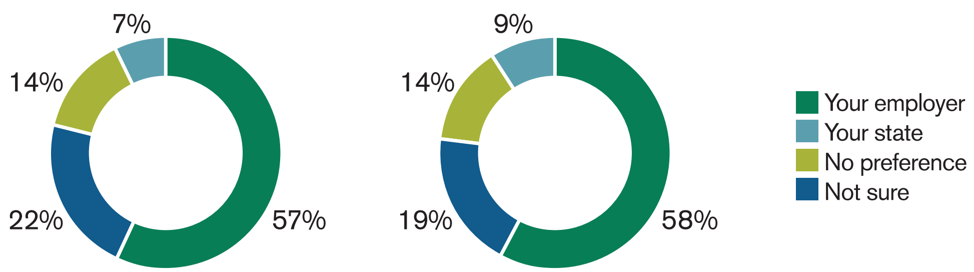
Retirement benefits are highly valued

More than 80% believe that the DC plan is one of the MOST IMPORTANT benefits.

Employer plans preferred over state plans

With several states introducing state-run retirement plans where employers automatically enroll employees if they do not offer a plan of their own, we asked participants their views on this idea. Their answers may have important implications on policy.

Q *Who do you prefer run your plan?*

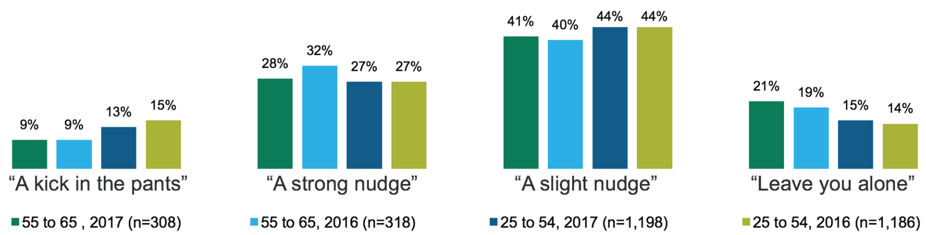


55 to 65, 2017 (n=303)

25 to 54, 2017 (n=1,198)

8 in 10 participants want a nudge from employers

Q *Which best describes what you would like your employer to do for you when it comes to encouraging you to save more for retirement?*



Participants overwhelmingly support automatic features

When asked if the company they worked for SHOULD offer automatic features, the vast majority said yes to all.

75%
YES to automatic enrollment at 6%

80%
YES to automatic increases

80%
YES to Qualified Default Investment Alternative (QDIA) re-enrollment

60%
YES to retroactive automatic enrollment

Most participants said they would have somewhat to a great deal more if their employer had done everything the employees felt were important to do to accelerate their retirement savings.

For more information, contact your American Century Investments representative at: 800-345-6488

Summary

Most American workers believe retirement is one of their most important savings goals and their employer-sponsored DC plan is their primary source of retirement income. However, as in years past, they have not fully embraced the fortitude to manage the benefit. Although participants are aware of the risks of not saving enough, they continue to experience regret about past savings habits, especially during their first five years of working.

Likewise, participants continue to highly value their workplace retirement plans, as well as to look to their employers to help them save for a secure retirement. And automatic retirement plan features seem to be the key they believe can ignite good savings habits and get them across the finish line.

Employers and their providers have a great opportunity to influence employees' ability to retire and that begins with plan design that initiates the process. Academic research and practical application have shown the effectiveness of progressive defaults on saving. Now we can back it up with the participants' desire for intervention.

Employers really can rally their employees to "Start Your Engines" when it comes to getting started early and accelerating retirement savings through effective plan design.

Managing Money, Making An Impact

American Century Investments® is a leading asset manager focused on delivering investment results and building long-term client relationships while supporting research that can improve human health and save lives. It's how we and our clients together Prosper With Purpose.™

Every day people are increasingly focused on investing to make the world a better place for themselves, their families, their organizations and the world at large. It is possible to live a more meaningful and impactful life and give back something that's more valuable than money.

When you invest with us, you can also invest in the future of others and have the potential to impact the lives of millions. That's possible because of the distinct relationship with the Stowers Institute for Medical Research, which owns more than 40% of American Century. Our dividend payments provide ongoing financial support for the Institute's work of uncovering the causes, treatments and prevention of life-threatening diseases, like cancer.

Together we can become a powerful force for good.

Survey Methodology:
The survey was conducted between July 27 and August 3, 2017. Respondents included full-time workers between 25 and 65, currently participating in their employer's retirement plan, intending to retire at some point and not working for the government. A total of 1,500 respondents completed the survey. The data was weighted to reflect the makeup of key demographics (gender, income, and education) among all American private sector plan participants between the ages of 25 and 65 (according to estimates from the 2012 U.S. Consumer Population Survey). Percentages in the tables and charts may not total to 100 due to rounding and/or missing categories. Data collection and analysis were completed by Mathew Greenwald and Associates of Washington, D.C.

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