

Five Trends for Retirement Plan Sponsors in 2018

Michael A. Webb, CEBS
Vice President, Cammack Retirement Group

With the holiday season upon us and the New Year fast approaching, it is time to consider what 2018 will bring for retirement plan sponsors. Below are five trends that we predict will be popular with plan sponsors in the New Year:

1. NEXT GENERATION AUTO-ENROLLMENT TECHNIQUES

While many plans utilize auto-enrollment for new hires (even some that do not require employee contributions), others have not implemented it for existing employees, nor have they implemented auto-escalation (where employees' deferral percentages increase by a certain number of percentage points each year until a maximum deferral percentage is reached). Recently, however, we have witnessed an uptick in the use of these features. As was the case when auto-enrollment first began to take hold, we predict a surge in existing employee auto-enrollment and auto-escalation in 2018.

2. LOCATING "MISSING" PARTICIPANTS

Due to the recent Department of Labor (DOL) crackdown in this area, participants with bad addresses will be high on the radar screens of plan sponsors. And, thanks to the magic of the Internet, we predict that many "missing" participants will be located in 2018.

3. LARGE PLAN SPONSORS PUSHING THE ENVELOPE ON 403(B) INVESTMENT OFFERINGS

By regulation and history, 403(b) plans have only two types of investments: annuities and mutual funds. But the University of California [recently added Collective Investment Trusts \(CITs\)](#) to its 403(b) investment array. We believe this development will encourage other large plan sponsors to test the waters with CITs, ETFs and the like.

4. FIXED-DOLLAR RECORDKEEPING FEES

Many retirement plans, particularly 403(b) plans, are charged a percentage of their plan assets as recordkeeping fees, an expense that grows in terms of dollars as their plan assets grow. However, we have been asking recordkeepers to provide fixed-dollar pricing (a fixed-dollar fee per participant that does not grow as assets grow) and they have increasingly responded with competitive pricing. We believe that it is only a matter of time before fixed-fee pricing becomes the norm rather than the exception, even in 403(b) plans.

5. MILLENNIALS SAVING AS MUCH AS EVERYONE ELSE - OR EVEN MORE

While many plan sponsors believe that millennials are more interested in binge

watching their favorite TV shows than saving for retirement, several studies have revealed this to be a myth. In fact, millennials are increasingly among the most robust savers in a number of our clients' retirement plans. There is even a movement known as FIRE (Financial Independence, Retire Early) for millennials who choose a path of savings. The movement is growing, and we believe it will lead to even more robust retirement savings rates for this demographic in 2018.

CONCLUSION

What do you predict will be the most significant retirement trend for 2018? We would love to hear from you at info@cammackretirement.com!

From all of us at Cammack Retirement Group, we wish you a happy and healthy holiday season and a wonderful New Year!

ABOUT CAMMACK RETIREMENT GROUP

Cammack Retirement Group has been helping retirement plan sponsors meet their goals for half a century. Solely focused on serving retirement plan sponsors, we provide a tailored approach to investment advisory and consulting services. We work with some of the nation's leading academic and research institutions, healthcare providers, corporations, non-profit organizations and public sector employers to help them manage fiduciary risk.

For more information on our services, please contact **Mike Volo**, Senior Partner, at **781.997.1426** or **mvolo@cammackretirement.com**.

***Note:** This feature is to provide general information only, does not constitute legal advice, and cannot be used or substituted for legal or tax advice.*

Investment products available through Cammack LaRhette Brokerage, Inc. Investment advisory services available through Cammack LaRhette Advisors, LLC, 100 William Street, Suite 215, Wellesley, MA 02481 | p 781-237-2291