

Withdrawals from Defined Contribution Plans: Participant Education Needs

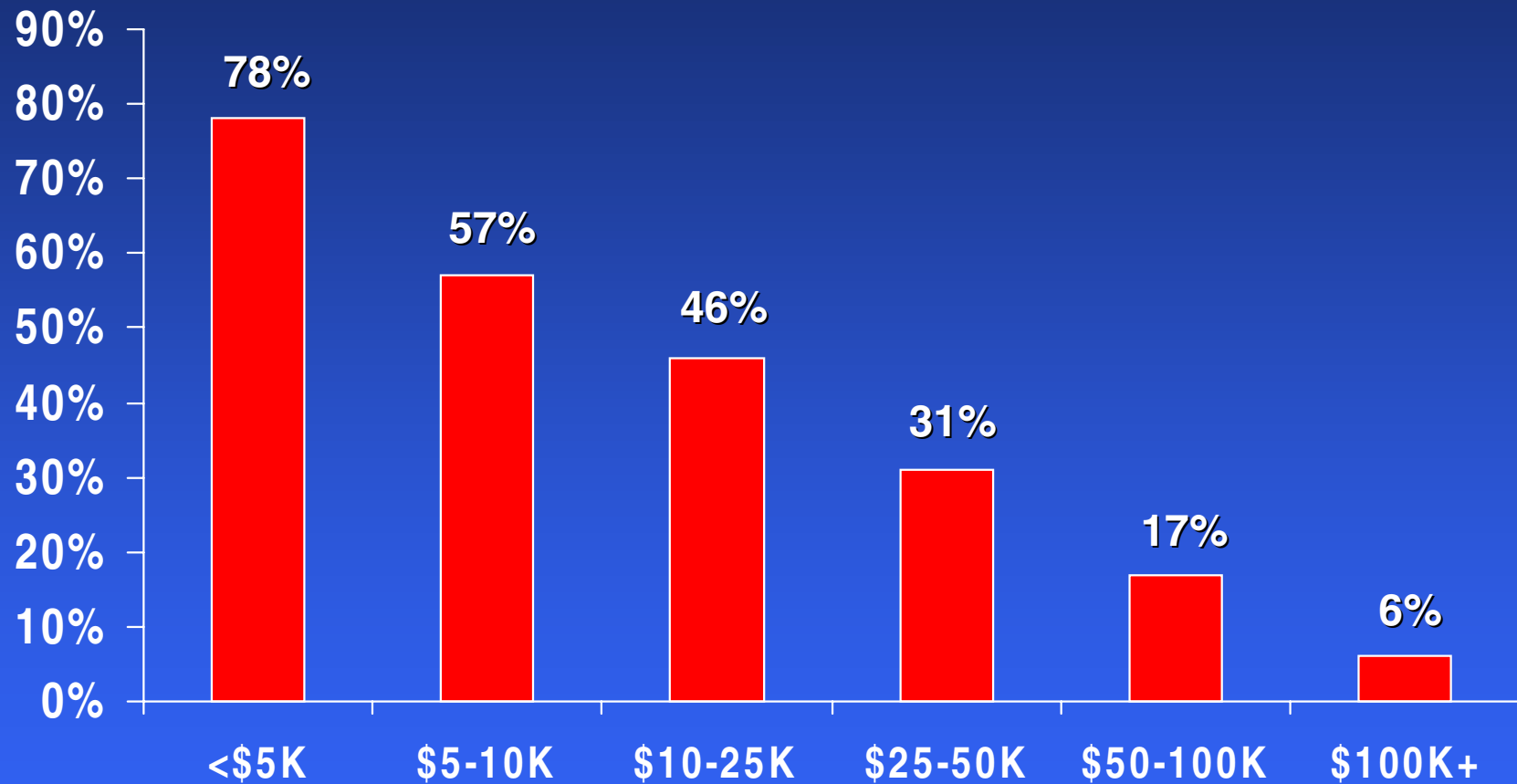
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Distribution Options for Terminated Participants

- Leave Assets in Plan
- Roll Assets Over
 - Rollover IRA
 - Annuity
- Move Assets to New Plan
- Take Cash Distribution

401K Rollover Cash Distribution Payments



Terminated Participants Need More Information

- **35% report receiving no information on distribution options/tax implications from the employer they left**
- **15% did not know they could leave assets in previous employer's plan**
- **69% sought advice or information from another source**

Differing Information Needs

- **Job Changers**
 - Make distribution decisions 6-18 months post-termination
 - More likely to take cash
 - Not always aware of options
- **Retirees**
 - Begin planning 5-10 years before retirement
 - Make distribution decisions at or before termination
 - Looking for information and guidance

Pre-Retiree/Retiree Program

Lifecycle
of Participant:



- STAGES magazine versioned for pre-retirees/retirees
- Annual Retirement Assessment Guide
- Telephone Retirement Specialists
- On-site workshops
- One-on-one consultations
- NetBenefits income planning tools and content

- “Congratulations” retirement kit
- NetBenefits retirement content
- Retirement income consultation by phone or face-to-face
- Custom termination kits

- “Retirement Check-Up”
- Retirement income consultation by phone or face-to-face

When
Offered:

Age 50

At retirement

8 months post-retirement

Programs for Job Changers

- “Deciding what to do with you retirement plan savings” (workshop and webcast)
- Customized mailings
- Outbound telephone calls

Education Produces Results

- **Positive participant feedback**
 - Satisfaction with phone retirement specialists rated 8.8 out of 10
 - 98% of attendees would recommend workshops
- **Sponsor endorsement**
- **Improved savings behavior**
 - More assets stay in the plan
 - Lower cash distribution % than the industry

Summary

- **Assets eligible for distribution from Defined Contribution plans are increasing**
- **Participants are not always aware of their options**
- **Increased information and education from employers and plan providers is desired**
- **Education and information improves participant satisfaction and behavior**

Possible Discussion Topics

- **What can plan sponsors and providers do to better meet the information needs of**
 - **Job Changers?**
 - **Retirees?**
- **What is the role of the employer in providing this type of education? Of the industry? Of government?**
- **What concerns/issues do you have with providing more information/guidance in this area?**