How Plan Sponsors Define Retirement Plan Success

For plan sponsors, retirement plan success is usually measured in three ways: by plan participation, by overall savings behavior, and by retirement outcomes. But our recent survey of defined contribution plan fiduciaries shows they often define success differently.

The survey gathered responses from more than 470 plan fiduciaries across small (<$50 million), midsize ($50 million â?? $500 million), and large (>$500 million) plans.

What Success Looks Like Depends on Plan Size

When asked, â??How do you best measure your retirement planâ??s success?â?• plan sponsors most often identify either participation rates or participant retirement readiness. The importance placed on each measure varies by plan size.

For small and midsize plans, participation rates were the top signal of a planâ??s success.

- 66 percent of small plan sponsors identified participation as their primary measure.
- 54 percent of midsize plan sponsors did the same.

For many plan fiduciaries, participation rates answer a simple question: Are employees accessing and using their retirement plan benefits? However, that answer does not indicate whether employees are saving enough.

Large-plan sponsors were more likely to prioritize retirement readiness, which can be an indicator of whether employees are saving enough and moving toward a realistic retirement outcome. Among large-plan fiduciaries:

- 53 percent chose readiness.
- 42 percent chose participation.

For other plan fiduciaries, retirement readiness can help answer another valuable question: Are the planâ??s benefits aligned with employee needs? However, this does not necessarily indicate whether employees are invested appropriately.

Participation rates often provide a clear, easy-to-track measure of engagement, while readiness offers a broader view. Sponsors focused on long-term participant results may naturally lean more on readiness.

Other surveyed measures, such as employee feedback and cost savings, ranked well below participation and readiness across all groups.

Using More Than One Metric

Survey results do not suggest that one measure is universally better than another. Instead, they suggest that sponsors choose metrics based on their planâ??s objectives. If the top challenge is getting employees into the plan, then participation may be the right lead measure. If the goal is to improve long-term outcomes, then readiness may be more useful.

In practice, many sponsors likely need both. Participation shows who is engaging. Readiness helps show whether engagement is translating into meaningful progress.

Retirement Education Still Leads

The survey also asked, â??Which resource do you believe is the most engaging, or utilized, by your employees?â?•

Across all plan sizes, retirement planning resources topped the list. About 40 percent of sponsors in each cohort (small, medium, and large plans) chose tools focused on topics such as Social Security and withdrawal planning.

One important difference did emerge: Large plan sponsors were more likely to point to total benefits education. In that group, 34.5 percent said broader benefits education was the most engaging resource, versus about 25 percent of small and midsize sponsors. This difference likely reflects a more complex benefits environment in which employees need help connecting retirement decisions to health, wellness, and other benefits choices.

The Takeaway for Plan Sponsors

There is no one-size-fits-all formula for retirement plan success. Some sponsors are still working to improve participation; others are looking deeper at whether employees are truly on track for retirement. Both approaches are valid, and many organizations will need to track both over time. Improving these measures may require different approaches, such as targeted employee

communications to non-enrolled lower-income workers who may benefit from the governmentâ??s Saverâ??s Match or offering a financial wellness counselor to educate employees on the drawbacks of taking distributions from a retirement plan. The practical value of this survey is to show how plan sponsors define success and how they focus their efforts to improve their plans. This can help sponsors decide which metrics matter most now and which ones may matter next.

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