

# In-Plan Guarantees

## MISPERCEPTIONS



### Addressing Plan Sponsor Concerns About In-Plan Guarantees

A Nationwide Retirement Institute® study found Plan Sponsors still hold key misperceptions as they consider adding in-plan guaranteed lifetime income solutions to their investment line-ups. This may be standing in the way of a smart solution for their participants.

#### Misperception vs. Truth

**26%** of Plan Sponsors are worried that fees associated with in-plan guarantee solutions passed on to employees are too high

**TRUTH:** The overall cost is typically lower than similar investment options offered outside the plan. That's because they're offered within a group retirement plan where the participant benefits from reduced expenses.

**23%** of Plan Sponsors are concerned that in-plan guarantee solutions are too complex

**TRUTH:** Many of these solutions are structured as a target date fund held within a collective investment trust. This offers a simplified experience that can provide access to growth potential while offering guaranteed lifetime income.

**32%** of Plan Sponsors are concerned that administrative costs associated with in-plan guarantees are too high

**TRUTH:** While there is some additional work applying existing fiduciary standards in the evaluation and adoption of these solutions, generally there is no explicit cost for Plan Sponsors.

**29%** of Plan Sponsors are concerned about increased fiduciary responsibility associated with in-plan guarantees

**TRUTH:** The SECURE Act of 2020 provides new safe harbor guidelines which helps protect Plan Sponsors from fiduciary liability related to the selection of guaranteed lifetime income, when followed. [Learn more here](#)

**15%** of Plan Sponsors believe their employees are not interested in guaranteed lifetime income investment options

**TRUTH:** According to the survey, 46% of participants are interested in a guaranteed lifetime income investment option and 8 in 10 are at least somewhat likely to rollover a portion of their current retirement savings into one.



Survey Methodology: Edelman Data and Intelligence (DxI) conducted the online survey on behalf of Nationwide July 19-August 4, 2021. Respondents included: 500 company plan sponsors, including business executives, business owners, human resources professionals, and financial management professionals who are full-time workers at U.S. businesses with at least 10 full-time employees who are decision-makers for company retirement plans including 401(k), 403(b), or 457(b) plans; 1,000 plan participants 45+ years of age who work full-time and have access to a 401(k), 403(b), or 457(b) plan through their employer.

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PNM-19559AO (6/3)