The PPA, 10 Years In.

A RETIREMENT REVOLUTION READY FOR EVOLUTION.

Enacted in 2006, the Pension Protection Act (PPA) is one of the most significant legislative developments in the modern age of retirement policy. The PPA has dramatically increased plan participation rates and put millions of American workers on a path to better retirement outcomes.

GAINS SINCE PPA

Positive movement in a number of areas is encouraging, yet there are still many opportunities to help drive better employee retirement outcomes.

Plan Sponsor Perspectives

67% believe the PPA was beneficial to defined contribution plans, while 71% cite the desire to help participants convert defined contribution plan balances to lifetime income.

LOOKING FORWARD

Room for Growth

We believe this is the right time to explore plan design improvements and:

- Auto enroll at higher deferral rates.
- Set auto-increase to opt out.
- Consider a one-time QDIA reset.
- Expand participation through reenrollment.
- Continue to explore solutions for retirement income.

DEFAULT RATES

38%

ROTH

8 consecutive years

Participants making Roth contributions have increased for the eighth consecutive year.

TARGET DATE

24%

70%

Participants 100% invested in target date investments have increased 27 percentage points since 2011.

AUTO-SERVICES

88% vs. 48%

The participation rate in plans that offer auto-enrollment is 88% versus 48% in plans that do not.

Of millennials (aged 20–29), 70% use target date investments.

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