



Defined Contribution  
Institutional Investment Association

Dedicated to Enhancing Retirement Security

# Steps for Adding a Retirement Tier to a DC Plan

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The 401(k) system is beginning to evolve from one focused on accumulating assets to one that includes strategies for preserving and consuming those assets for retirement. DCIIA believes that retirement income adequacy should be one of the primary goals for defined contribution (DC) plans today, given that participants increasingly rely — or will need to rely — on their accumulated DC (including IRA) assets to provide them with a source of income in retirement. Plan sponsors' decisions about their plans' distribution policies can play a critical role in their participants' retirement outcomes. To support this transition, DCIIA has developed this series, which highlights a retirement tier's potential components, explores its benefits and challenges for plan sponsors, and provides a roadmap for implementation.

## ► SERIES CONTENTS

### WHAT IS IT? | PAPER #2

Readers can learn how even just one addition to a DC plan may help plan participants navigate their (potentially) 30+ years in retirement. “**Retirement tier**” is a broad term; for the purposes of this series, DCIIA has defined it as a range of products, solutions, tools and services, all of which allow a DC plan sponsor to broaden the plan's goal from one wholly focused on savings to one that also accommodates and supports participants who are near, entering, or in retirement.

### WHY NOW? | PAPER #3

This paper discusses the many reasons why the need to assist retirees and near retirees is being elevated in importance. This includes: the sheer number of people approaching retirement, the complexity of choices that need to be made (and too often the sub-optimal decisions made) and the new developments that are making offering assistance and support at and during retirement easier.

For a retirement program to meet the goals of its entire constituency, it must address both the accumulation and distribution phases of retirement. Too often, assistance is framed in stark, all-or-nothing terms. The reality is that plan sponsors can adopt a retirement tier with plan design, communication, and investment choices that support participants who are near, at, or in retirement.

### PUTTING IT INTO PRACTICE | PAPER #4

This presents an overview of how a plan sponsor can create a retirement tier, from step one to final review, with links to further helpful documents and three hypothetical case studies (composites drawn from plan sponsor and service provider experiences) that are designed to highlight how the process of developing a retirement tier need not be especially complex (see representative graphic on next page).

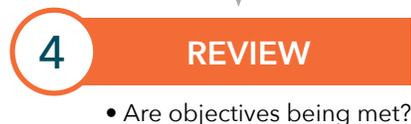
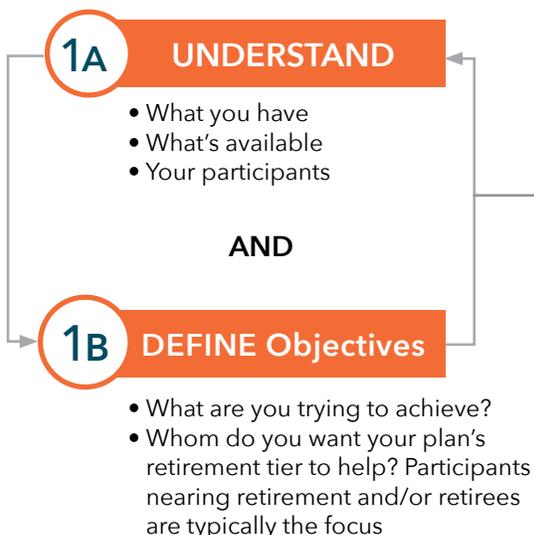
### ARE PARTIAL DISTRIBUTIONS RIGHT FOR YOUR PLAN? | PAPER #5

This paper discusses pros and cons of a key retirement-tier decision — whether, how, and to what extent to allow or to not allow retirees to stay in the plan and take partial withdrawals.

# 4 Simple Steps

Plan sponsors may use to develop a retirement tier

Some plan sponsors will start at 1A, some at 1B



## THE RETIREMENT TIER RESOURCE LIBRARY (SEE WWW.DCIIA.ORG)

Additional tactical resources we offer as part of this series include:

### HOW TO FIND OUT WHAT YOUR SERVICE PROVIDERS OFFER | PAPER #6

This piece provides sample questions to ask your current service providers to discover whether they offer tools and services that could help your plan establish (or build on) a retirement tier.

### SPREADSHEETS:

#### The “Money Out” Report Withdrawal Options Review Plan Demographics

These reports may help you determine your plan participants' actual distribution history, review how participants' money can leave the plan, and identify what percentage of them might benefit from having access to a retirement tier now or in the near future.

### ABOUT DCIIA

DCIIA is a nonprofit association dedicated to enhancing the retirement security of America's workers. DCIIA's diverse group of members include investment managers, consultants and advisors, law firms, recordkeepers, insurance companies, plan sponsors and other thought leaders who are collectively committed to the best interests of plan participants. For more information, visit: [www.dciia.org](http://www.dciia.org).



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