



Retirement Plan Trends in Higher Education

Introduction

In today's environment of profound transformation and uncertainty, institutions of higher education face unprecedented challenges. Economic pressures and regulatory changes require adaptability in the face of rapid innovation, and a willingness on the part of institutional leaders to accept – even embrace – new approaches.

Retirement plans offered by these institutions are also evolving. To help institutions of higher education continue to pursue competitive, effective retirement benefits, Transamerica is pleased to present the latest survey in our ongoing series.

The findings identify trends and underscore higher education's dedication to supporting faculty and staff while navigating an evolving regulatory landscape.




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Please note: Some questions will not total 100% due to rounding, multiple response options, or unsure/unknown responses which may not be included.

Key takeaways



Financial resilience amid uncertainty

Despite budgetary pressures, shifting government policies, and rising operational costs, a strong majority of higher education institutions report that they are thriving, growing, or stable, demonstrating financial resilience in a challenging environment.



SECURE 2.0 Act is driving change

SECURE 2.0 is driving significant changes in plan design and administration. Institutions are actively updating processes to comply with mandatory aspects of the law but seem less enthusiastic about optional provisions.



Importance of strategic partnerships

Service providers are instrumental in helping institutions simplify plan management and solve challenges.



Emphasis on financial wellness and participant support

Financial wellness is key, with institutions investing in programs to address concerns such as inflation, healthcare costs, emergency savings, and student loan debt. Most plans now offer tools and counseling to help participants manage current finances and work toward retirement readiness.



Growth in pooled and multiple employer plans

A third of institutions have adopted a pooled arrangement and many more are considering adoption as a means of reducing costs and administrative burden.



Commitment to modernizing retirement benefits

Leading institutions are modernizing retirement plans by strengthening advisor relationships, enhancing fiduciary oversight, and investing in features such as auto-escalation and personalized advising, all aimed at boosting savings rates and supporting long-term financial security for faculty and staff.

Institutional financial health

Higher education institutions, public and private, face a complex array of challenges, including unreliable funding sources and shifting political and policy landscapes.

They cited several factors leading to lower revenue, including:

53.8%

Percentage of students paying full tuition is down

45.2%

Student enrollment is down

37.6%

Research revenue is down

Unusual financial stresses in 2025 are acknowledged by:

48.6%

of public institutions

52.2%

of private institutions

Even so, most institutions report they are sustaining financial success:

79.8%

report they are thriving, growing, or stable

Efforts to increase revenue revolve around retention of existing students, expanding programs, and seeking to attract new students. When asked which actions they are taking to increase revenue, respondents cited:

- Aggressive recruitment of specialist AI tutors and early career roles targeting domains like STEM, finance, medicine, and safety to train models like Grok
- Adding online offerings and grad offerings, specifically in healthcare
- Focusing on retention of current students rather than investing more to recruit new students who only stay for one year

Containing costs is important to institutions, too. Most respondents report that faculty demographics impact operating costs, and budget shortfalls affect their employee benefits decisions.

Many institutions see the retirement plan as an avenue to help attract and retain hard-to-find talent and differentiate themselves as an employer of choice:

63.5% are looking for ways to make retirement benefits more attractive



SECURE 2.0 Act: Legislative impact

The SECURE 2.0 Act added complexity to plan administration. Institutions say their administrative burdens have increased due to certain provisions of SECURE 2.0. Many are finding implementation of some aspects of SECURE 2.0 challenging, including:

45.2%

Required minimum distribution age increase

43.3%

Long-term, part-time eligibility expansion

39.4%

Automatic enrollment for new plans

Survey respondents expect the long-term, part-time eligibility expansion to:

31.7%

Increase their administrative burden

24.0%

Lower the average contribution rate

23.1%

Reduce average participation

Some institutions expect to adopt the new Roth catch-up contribution requirements of SECURE 2.0, taking actions such as:

49.0%

Changing payroll and retirement plan contribution submission processes to identify affected individuals

46.2%

Reliance on instruction from retirement plan service providers

26.0%

Amend the plan to allow only Roth catch-up contributions for all participants

Optional features considered

The SECURE 2.0 Act included optional provisions designed to support financial security and retirement readiness. Surveyed institutions appear interested in, although perhaps not enthusiastic about, a few of these. Percentage who said they are interested in:

29.8%

Matching contributions on student loans

27.9%

Emergency savings accounts

25.0%

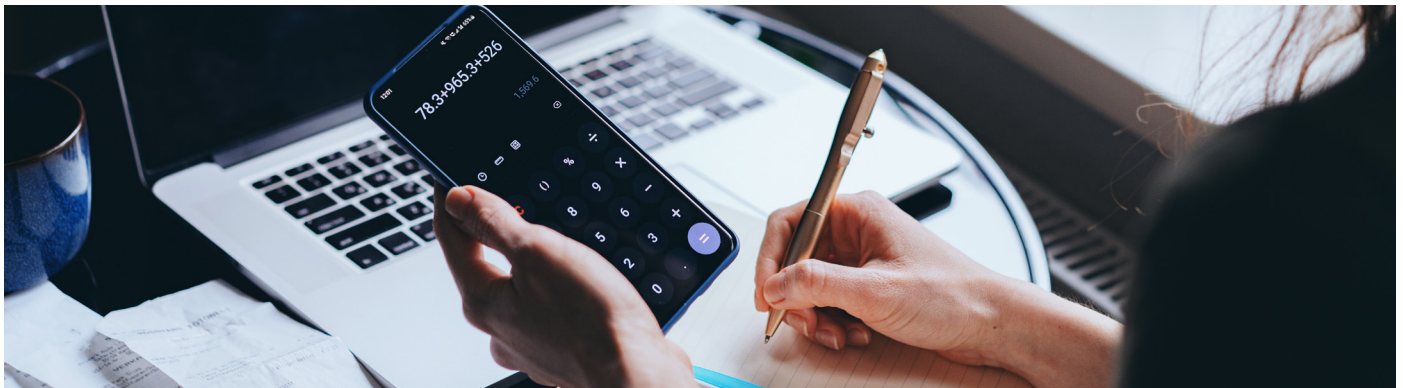
Hardship withdrawal for disaster relief

24.0%

Roth employer contributions

24.0%

Emergency withdrawals (self-certified)

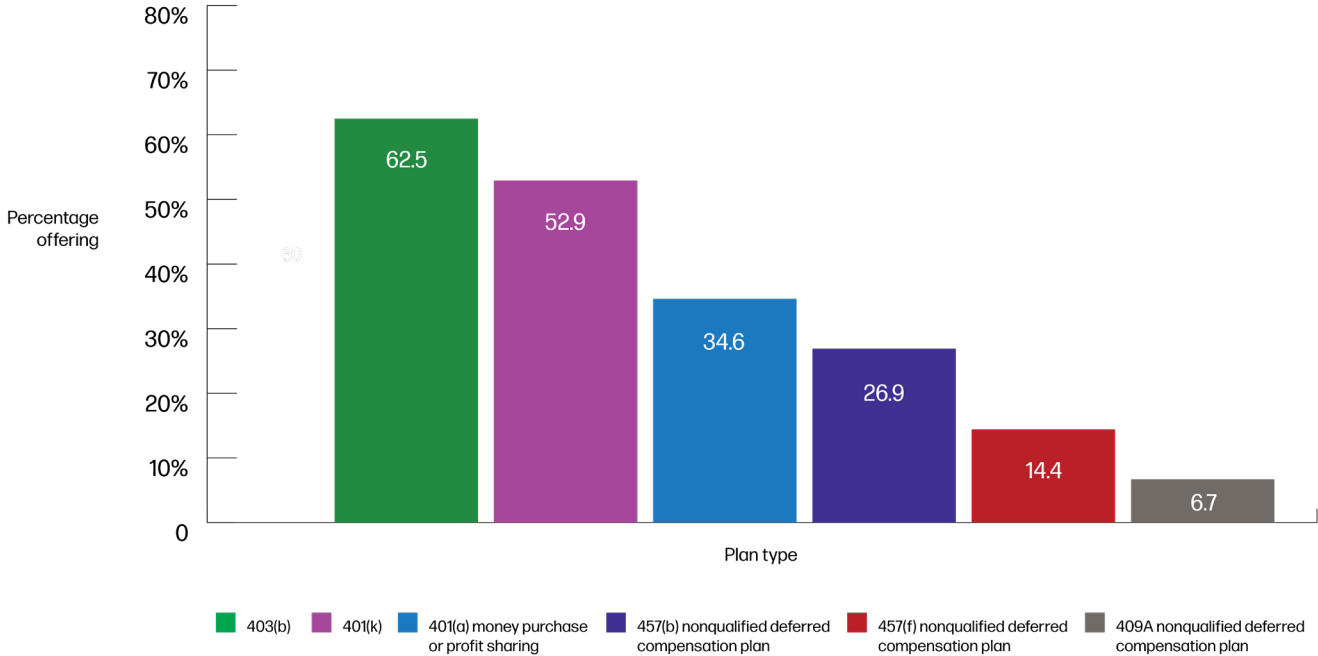


Plan design

Retirement plans offered

403(b) plans remain the most common type of retirement plan offered in institutions of higher education, and 73.9% are ERISA-covered plans.

Yet there are a variety of plan types offered in higher education, including:




Defined benefit plans continue to be popular in higher education, with 76.9% of institutions maintaining one for some or all faculty and staff.

Eligibility

Eighty-eight percent of plans allow new hires to make retirement contributions immediately or within six months of service. Most plans also include full-time faculty, full-time staff, and part-time or adjunct faculty as participants.

Employer contributions

The higher education sector is committed to supporting financial security for faculty and staff. Among surveyed institutions:

 98.1% offer some form of employer contribution

Some employers provide more than one type of contribution. Of the organizations contributing to the plan on behalf of faculty and staff:

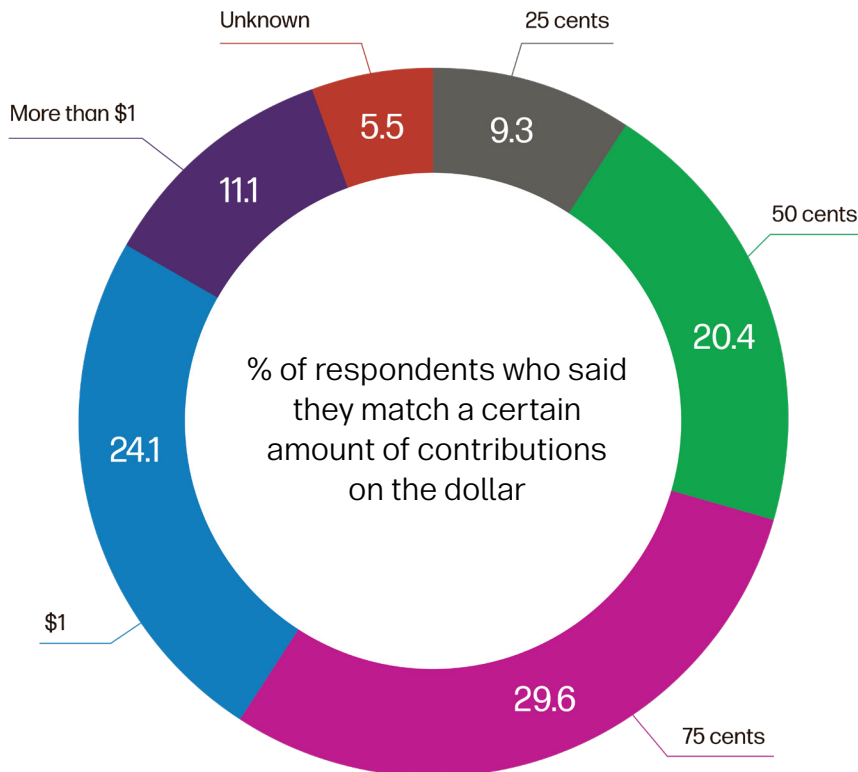
89.4%

Contribute based on a formula defined by the plan

23.1%

Offer discretionary contributions

Employer contributions may be a percentage of pay or in the form of a match based on the employee's contributions.



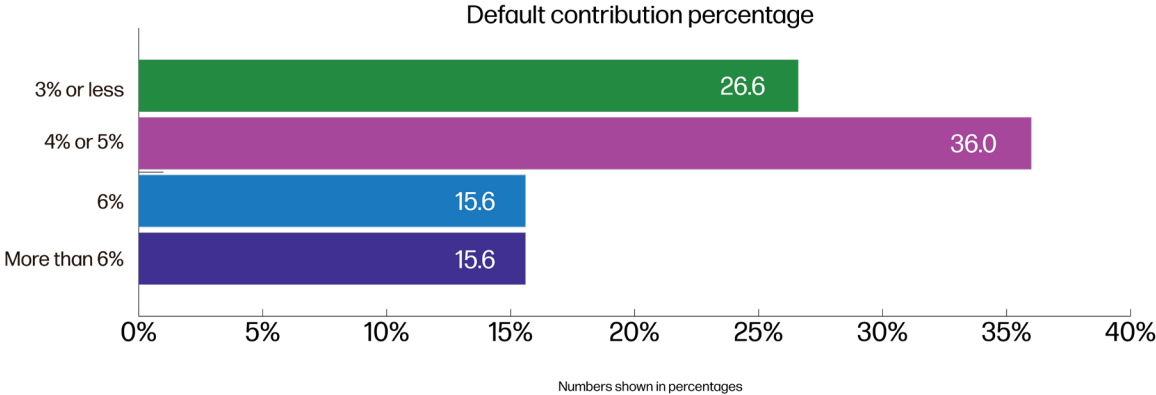
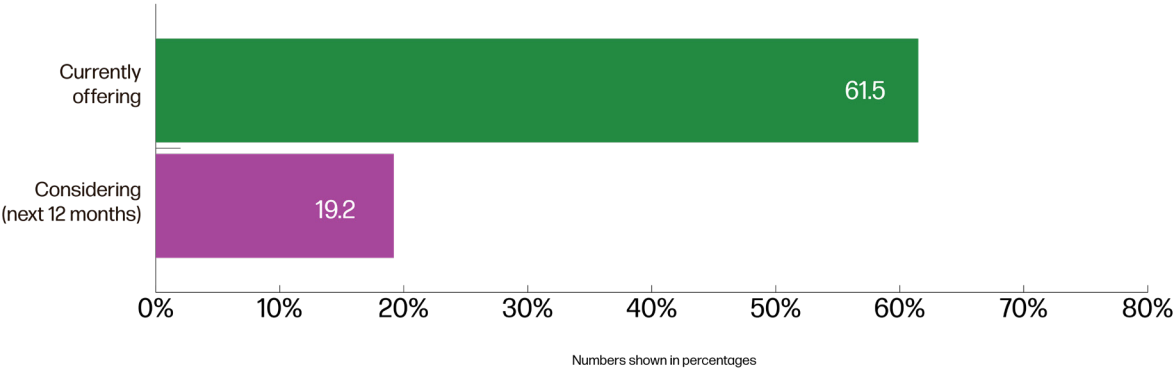
Numbers shown in percentages



Automatic features

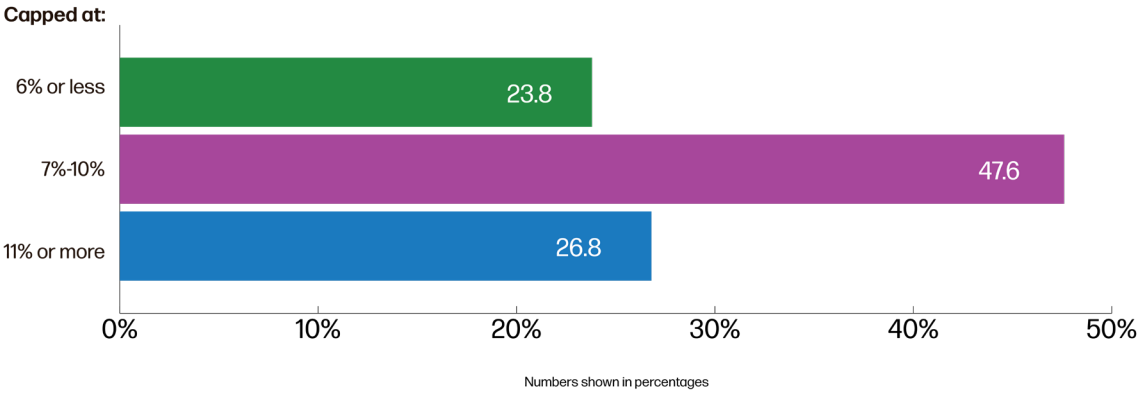
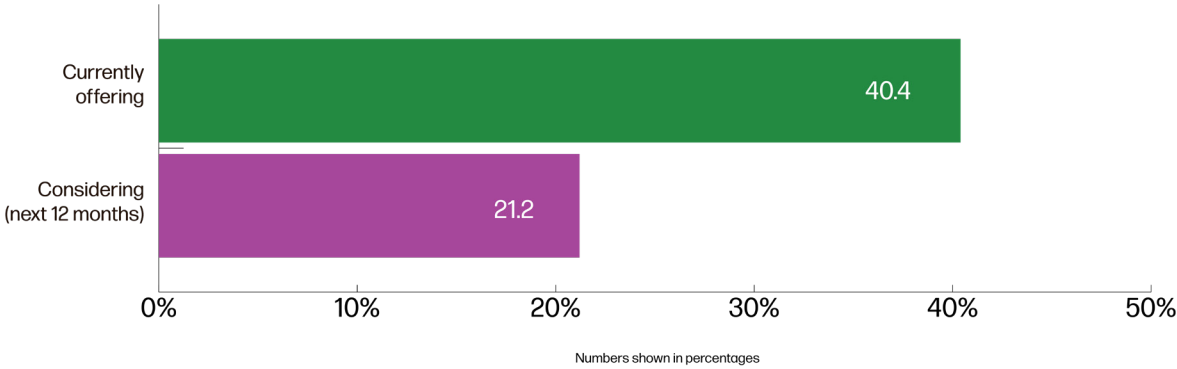
By including automatic features in their retirement plans, institutions of higher education demonstrate a commitment to encouraging participants to achieve retirement success. Most now include automatic enrollment, automatic deferral increases, and automatic re-enrollment for those who opted out of participation.

Automatic enrollment

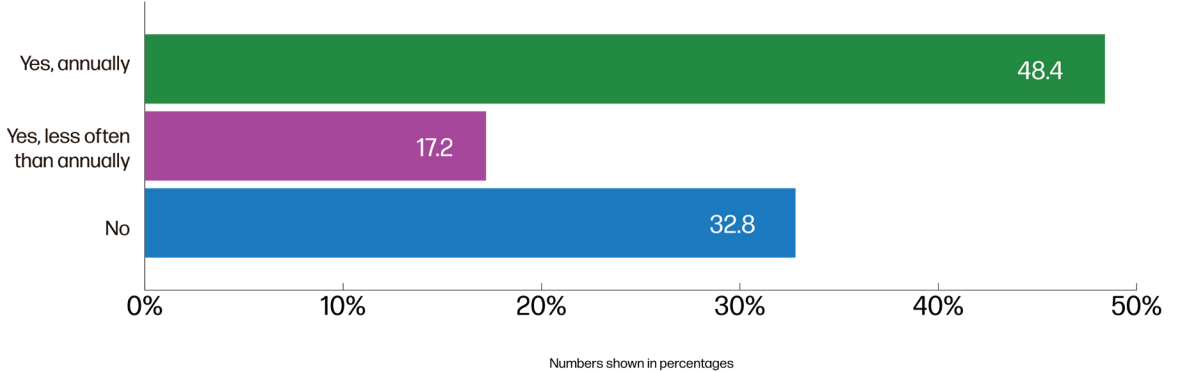


Institutions of higher education demonstrate a commitment to encouraging participants to achieve retirement success.

Automatic deferral increases



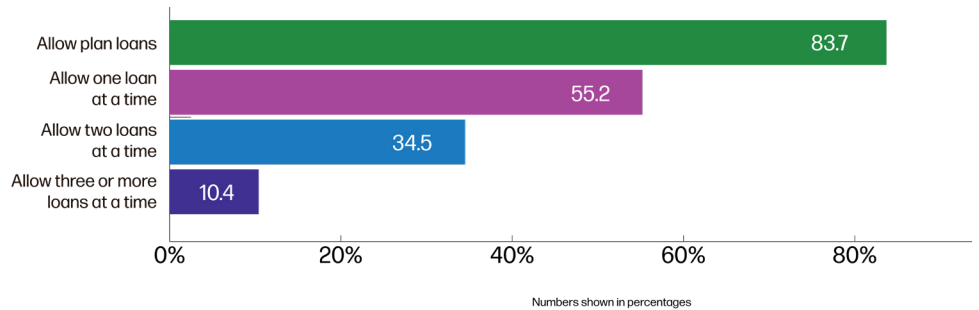
Automatic re-enrollment



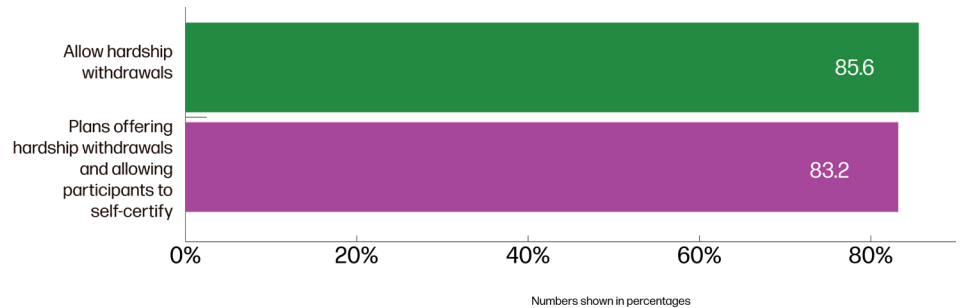
Retirement plan loans and hardship withdrawals

Loans and withdrawals from a retirement plan can be a convenient way to meet unexpected needs, so allowing them may encourage participation. However, institutions must balance the benefits against the negative impact loans and withdrawals may have on long-term savings.

Among surveyed institutions:



Hardship withdrawals can also give participants access to their retirement accounts in the event of financial need.

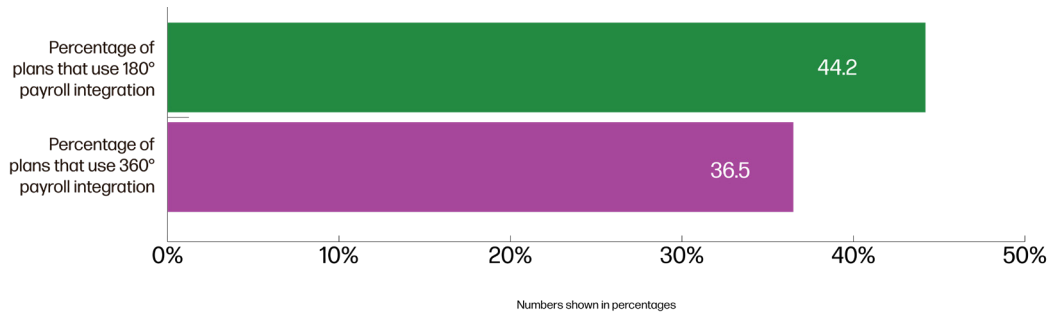


85.6% of plans give their participants access to hardship withdrawals in the event of a financial need.



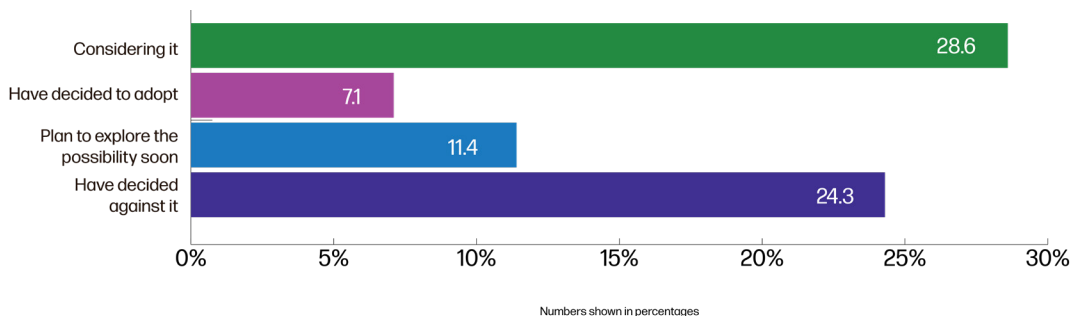
Payroll integration

Payroll integration for retirement plans allows seamless connection between an institution's payroll system and the recordkeeper. Automating the transfer of contribution data reduces manual processing, and thus the potential for human error.



Pooled and multiple employer plans

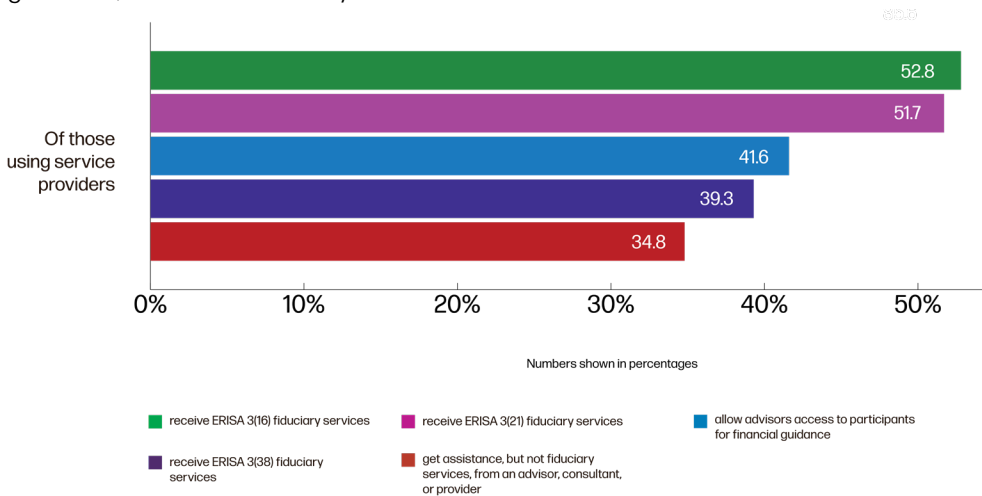
Two-thirds of institutions offer a single-employer plan. However, one-third of the institutions surveyed report that their plan with the most participants is a pooled arrangement, such as a multiple employer plan (MEP) or a pooled employer plan (PEP). Among those that have not adopted a pooled solution:



Provider relationships

Institutions of higher education often rely on outside help for support with plan administration, recordkeeping, and fiduciary services. Comments from respondents indicate provider support is helpful with a variety of hurdles, such as managing plan design complexity. They also suggest automation, paired with jargon-free communication, to reduce the number of routine participant queries they receive.

Most institutions (85.6%) have relationships with plan advisors, consultants, or other service providers, and many take advantage of fiduciary services, participant financial guidance, or both. The survey showed:



85.6% use advisors, consultants, or other service providers.

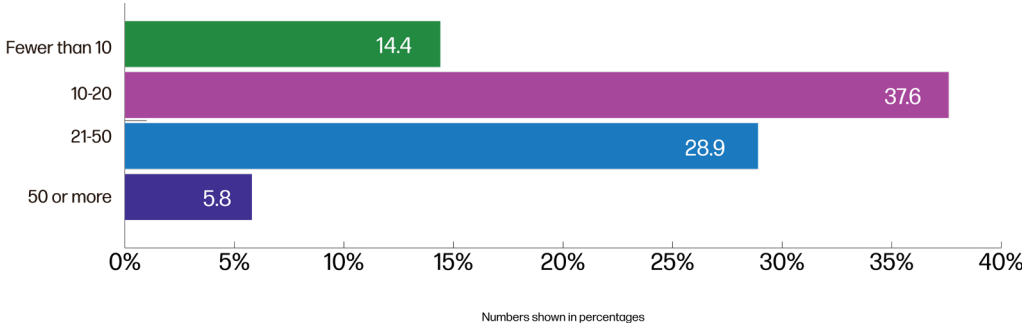
Institutions of higher education may work with more than one recordkeeper, although some appear to be reconsidering this approach. Currently, 55.9% allow participants to contribute to more than one provider but 76.3% of these are considering switching to a single provider model – perhaps as a way of simplifying administration.



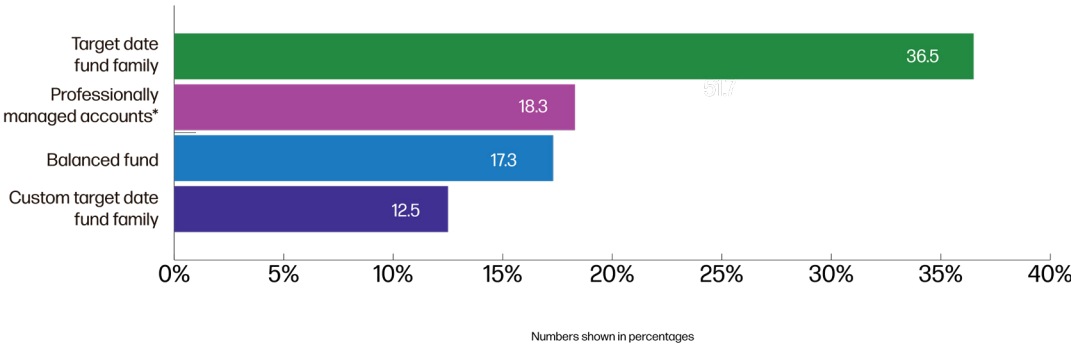
Investments

Most institutions in the survey offer 20 or fewer investment options, with target date series counting as a single option.

Number of investment options:



Default investments include:



Most institutions in the survey offer 20 or fewer investment options

* Professionally managed accounts invest according to the unique circumstances of each individual participant including their age, income, risk tolerance, current assets in and outside the plan, retirement goals, and other goals.

Retirement planning and financial wellness participant support

Surveyed institutions see supporting the overall financial well-being of faculty and staff as an institutional responsibility. Nearly 80% said they feel very or extremely responsible for helping faculty and staff achieve a sense of financial well-being.

A primary source of concern for these institutions revolves around retirement preparation. In fact, 40.4% are concerned about how participants who are nearing retirement will meet their needs for income and cover healthcare costs in retirement. They expressed worry that participants may not:

- Know how much money they will need
- Have the ability to save enough

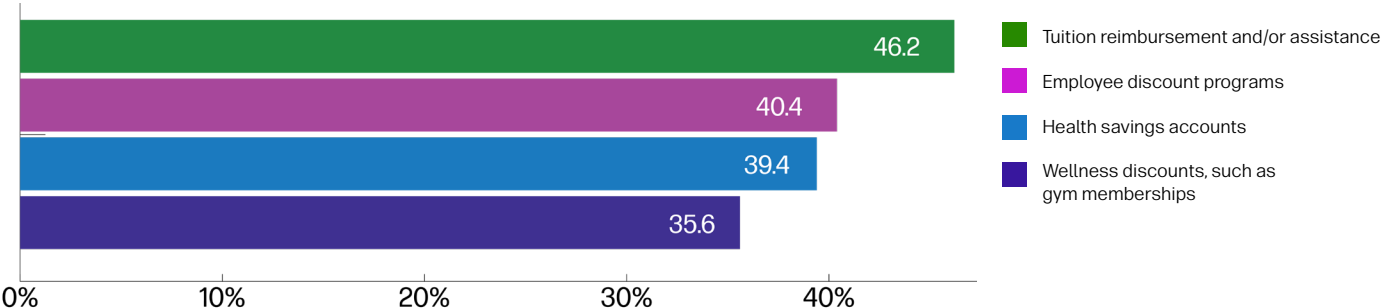
Pressing financial wellness issues

Beyond retirement saving, the most pressing participant financial concerns identified by surveyed institutions are:



Additional worries center on the burden of student loans and personal debt, the ability to save for the education of their children, and the persistent impact of inflation.

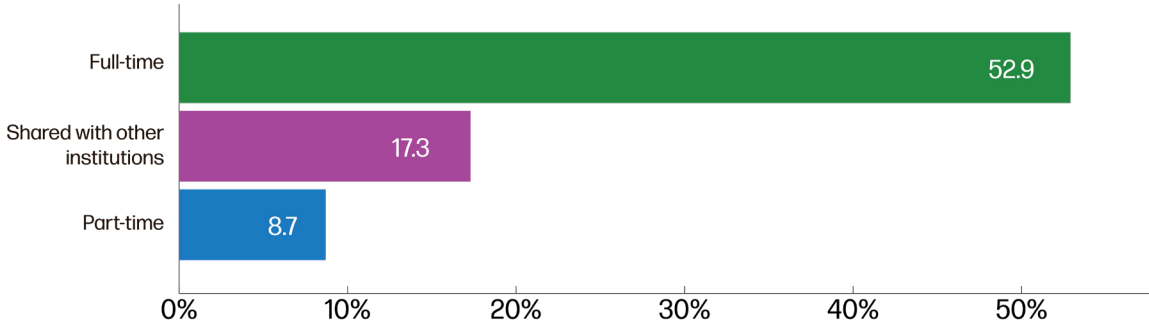
To help faculty and staff address these concerns, the institutions offer a variety of financial well-being components. Among the most commonly offered are:



Nearly half (46.2%) of the institutions believe 51% or more of their faculty and staff are on course to achieve retirement readiness. They offer resources that support those efforts, including:

 73.1% provide retirement income forecasting tools

Dedicated participant counselor(s)



Institutions are acutely aware of personal finance challenges facing their communities, with inflation’s impact on retirement savings emerging as the most pressing concern – 71.2% of institutions report being extremely or very concerned about this issue. However, half of all institutions are also concerned or very concerned with the low level of staff and faculty engagement with their personal finances. Unengaged participants are unlikely to take the steps necessary to solve their financial issues.



Conclusion

Institutions of higher education remain concerned about faculty and staff retirement preparedness and continue working to strengthen their programs despite ongoing economic and social pressures.

The 2025 survey reveals that many institutions find managing one or more retirement plans can be challenging, and the quality and flexibility of provider relationships play a significant role in easing the burden.

Given these findings, plan sponsors may benefit from regularly evaluating their provider partnerships. Choosing providers that understand the unique needs of educational institutions and adapt to varied requirements could ease administrative strain and, ultimately, support better retirement outcomes.

About this research

Responses to the 2025 survey represent 104 institutions, including 18 not-for-profit faith-based, 21 other not-for-profit, 30 for-profit, and 35 public institutions. Four-year colleges make up 75% of the sample. Respondents offer a variety of plan types, including 401(a), 401(k), 403(b), 457, and defined benefit (DB) plans. Defined contribution (DC) plan assets for most respondents were under \$75 million.

Would you like more information about the survey or Transamerica's specialized support capabilities for institutions of higher education?



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