



NTSA

National Tax-Deferred
Savings Association



The Value of Choice

Public School Business Officials are regularly approached by consultants and others in the retirement industry about changing their multiple provider 403(b) plan to a single provider structure.

The typical “pitch” to move from a multi to single provider design is littered with inaccuracies and misstatements crafted to scare school leaders into changing. Things like: “Your 403(b) Plan is subject to ERISA ...” “You are a fiduciary ...” “Multi-provider plans are hard to administer...” To the contrary, all K-12 public education plans are statutorily exempt from ERISA and the fiduciary requirements associated with ERISA. And while administering multi-provider 403(b) plans does have some nuanced characteristics, moving to a single provider structure does not mitigate those complications.

A preemptive conversation with school decision-makers about the merits of choice can make all the difference. Consider:

- Data shows that fewer employees participate in 403(b) plans when the number of available investment providers and access to trusted advisor resources is limited.
- Numerous studies indicate school employees want help with their retirement plan. Those with access to retirement education and the assistance of financial professionals save earlier and contribute more to their 403(b) plan.
- Participants who use a financial advisor have nearly double the median account balance and contribute 49% more annually than those who do not.

You can access research and other materials on the subject at www.nts-net.org/industry-intel/research.

As noted above, access to retirement education is a key to positive retirement outcomes. The NTSA CRES Advisors offer product neutral education. If you are interested in learning more about the CRES Program go to www.nts-net.org/cres.

In summary, there are compelling arguments to maintain multiple investment options and access to trusted financial advisors in public education 403(b) plans. By being proactive, you can help decision makers understand the unintended consequences associated with reducing choice and access to trusted advisors.

