

Improving retirement outcomes with electronic delivery

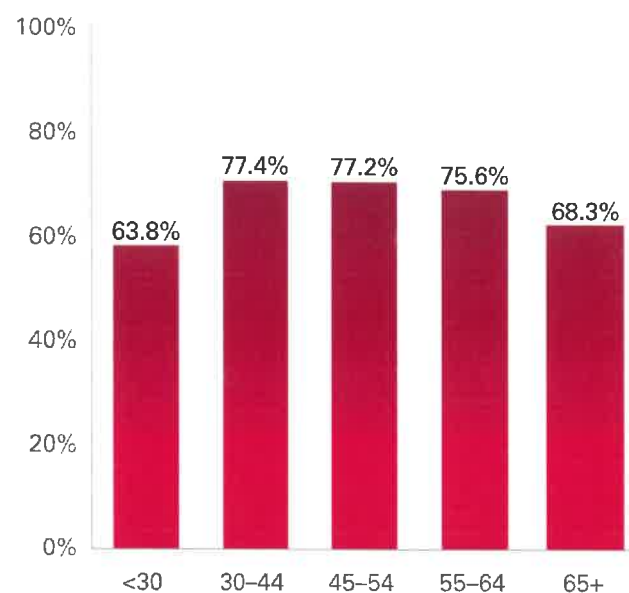
July 2019

Vanguard's experience with electronic delivery of retirement plan communications shows participants benefit from the lower costs, improved client experience, and ultimately superior retirement outcomes across age ranges.

Electronic delivery provides a secure, convenient, and personalized way to access quarterly statements, transaction confirmations, tax forms, legal notifications and disclosures, and plan education materials. Information shared electronically delivers more up-to-date information and interactive capabilities. Finally, it allows significant cost savings to be passed on to participants.

Retirement savers 55 and older registered for web access to their retirement plan at a higher rate than those under 30 (Figure 1). This suggests older participants are more digitally engaged with their retirement accounts and that e-delivery can be a better plan communication solution for all ages.

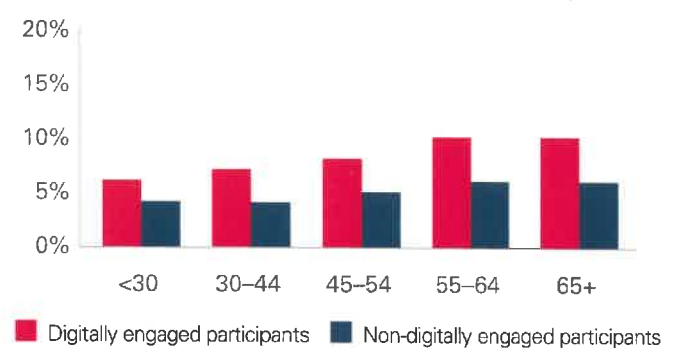
Figure 1. Digital engagement by age group



Source: Vanguard. Data as of March 1, 2019, based on 3.8 million web-registered participants with a balance.

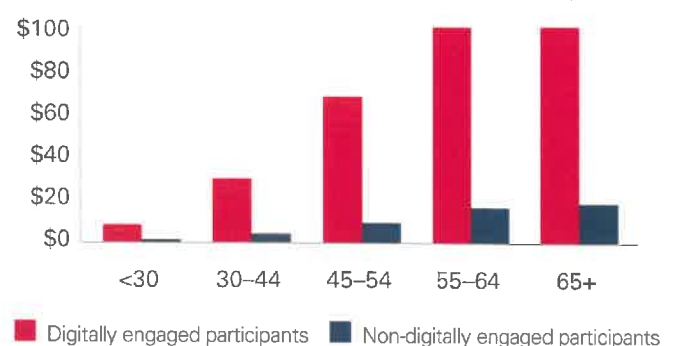
Importantly, participants who use the web tend to save and engage more in their plans. For example, **participants who are digitally engaged have a higher average payroll deferral of 11%, while participants who are not digitally engaged have an average payroll deferral of 6.34% (Figure 2).** And **average balances are three times higher for digitally engaged participants**—outcomes consistent with the superior experience of electronic delivery (Figure 3).

Figure 2. Average participant deferral rate by age group



Source: Vanguard, March 31, 2019.

Figure 3. Average balance (in thousands) by age group



Source: Vanguard, March 31, 2019.

A call to action

While Vanguard's experience suggests a growing preference for electronic delivery, few participants have proactively opted for e-delivery, which is largely due to inertia. Defaults are incredibly powerful in retirement savings.

The current default to paper delivery of retirement plan communications underserves retirement savers and needs to be modernized for the 21st century. Paper delivery reduces savings through higher costs, delivers less timely information, and fails to encourage interaction with online tools and education. It's a 1974 communication method underserving the needs of 2019 retirement plan investors.

Modernizing the default to e-delivery—while protecting paper as an option—would lower costs, enhance the retirement savings experience, and improve retirement savings outcomes. For all these reasons, Vanguard continues to advocate for a shift toward electronic delivery as the default for retirement plan communications.



Institutional Investor Group

P.O. Box 2900
Valley Forge, PA 19482-2900

Connect with Vanguard® > institutional.vanguard.com

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