



November 20, 2014

Genevieve N. Ballinger, Esq.  
Research Analyst  
Office of the State Comptroller  
55 Elm Street  
Hartford, CT 06106

Dear Attorney Ballinger:

We are responding to your request on behalf of the Connecticut Retirement Security Board to provide information regarding the small-business retirement market.

**About MassMutual**

MassMutual Retirement Services' world headquarters is located in Enfield, CT, where we provide employers, their employees and financial advisors with world-class customer service, tools, and guidance that drive effective and financially competitive workplace retirement plans.

At MassMutual, we offer highly effective retirement plan solutions that help both employers and their employees meet their retirement plan goals. Employers want retirement plans that enhance their benefits offerings to attract and retain talent while enabling their employees to accumulate enough savings to retire when they qualify for maximum Social Security retirement benefits. Employees want simple solutions, tools and personal assistance to help them retire on their own terms.

In 2013, MassMutual acquired the retirement plan business of The Hartford. With the addition of the Hartford's employees, MassMutual now has about 2,400 employees in the Retirement Services Division and the combined business has approximately 37,000 retirement plans, three million participants, and \$147 billion in retirement assets under management. We are proud that MassMutual was able to complete the acquisition without skipping a beat, keeping The Hartford jobs in Connecticut and maintaining record-high scores for satisfaction among employers that sponsor retirement plans. Our plan participant customer service centers have won repeated awards for excellence.

**How MassMutual Serves the Small Plan Market**

Our decades of experience in the small-plan market have helped inform and shape our solutions to address the unique concerns of smaller employers. MassMutual has thousands of plans with less than \$5 million dollars in retirement assets, but we continue to innovate and try to find new ways to help small plans sponsors. MassMutual recently introduced an enhanced 401(k) solution for employers with less than \$15 million in retirement assets.

MassMutual Aviator<sup>SM</sup> offers an array of features designed to help small businesses provide an effective retirement plan for their employees, including: ease of administration; reduction of fees as assets increase; educational tools and support to help employees save and prepare for retirement; and an expanded selection of highly rated investment options.

Smaller employers face numerous challenges in offering a retirement plan, according to a 2013 Government Accountability Office (GAO) report, including being overwhelmed by the number of plan options, administrative requirements and fiduciary responsibilities.

Aviator addresses those concerns. Initially available through The Hartford's Retirement Service Group before it was purchased by MassMutual in 2013, Aviator is being reintroduced with several enhancements and includes several features designed to help small businesses provide their employees with an effective, comprehensive retirement savings and preparation program:

- Fiduciary Assure, a co-fiduciary and investment selection service offered through Mesirow Financial<sup>®</sup>;
- MassMutual Lifetime Income, a unique investment option that allows plan participants to turn their retirement savings into retirement income by purchasing \$10 units of monthly income to cover their basic living expenses;
- Model My Goals enables participants to allocate their investments among one of five asset allocation models: conservative, moderate conservative, moderate, moderate aggressive and aggressive;
- RetireSMART<sup>™</sup> retirement planning tools, including a website with a wide array of savings accumulation and income modeling tools; and
- MassMutual's nationwide network of 80 education specialists who help participants plan for retirement in one-on-one sessions, group meetings and webinars.

### **Effective Plan Management**

MassMutual's experience demonstrates that effective design accounts for two-thirds of a retirement plan's success with proactive outreach to plan participants accounting for the remaining third. This is true for both large and small plans.

Among the most effective design elements are automatic enrollment whereby employees contribute to a retirement savings plan unless they actively opt out. Plans employing automatic enrollment often see participation rates above 85 percent, the U.S. Department of Labor reports. Increasingly, employers are also adopting automatic escalation for contributions as well, with the typical goal of increasing retirement savings rates to 10 percent and as much as 15 percent to help employees attain their retirement goals.

Recently, MassMutual introduced Planalytics<sup>™</sup>, a new analytical tool that enables employers to assess the effectiveness of their retirement plan by determining how many employees are on

Genevieve N. Ballinger, Esq.  
November 20, 2014  
Page 3

track to retire with more than 75 percent of their pre-retirement income, including savings, Social Security and a pension, if applicable. Using this data, the plan sponsor can work with us to make changes to the plan, including increasing targeted outreach efforts to boost retirement savings. The tool is also used by employees to determine their individual retirement readiness.

The importance of the retirement plan advisor to assist employers in designing and effectively managing the plan cannot be understated. As noted above, small business owners have numerous concerns regarding starting and managing retirement plans. The support of a financial professional throughout the process can help mitigate many of their concerns.

**In Conclusion**

The Connecticut Retirement Security Board will surely hear from experts that there are challenges in the small-plan market. Many of those challenges come from requirements to comply with federal retirement rules and regulations as noted above, as well as the increasing cost of healthcare crowding out retirement savings benefit options. MassMutual has responded to those challenges, leveraging our experience and the ingenuity of our employees to develop new solutions like MassMutual Aviator<sup>SM</sup> and the Planalytics<sup>TM</sup> tool to help small employers create retirement plans that can provide their employees with retirement options. As America's workforce ages, there is an increased focus on not only the availability but the effectiveness of retirement plans. At MassMutual, we are seeing employers put increasing emphasis on the retirement preparedness of their employees. MassMutual, like many of its competitors, is rising to the challenge.

Thank you again for your request to provide information on the small plan market.

Cordially,

A handwritten signature in black ink, appearing to read "Hugh Barrett", with a long horizontal flourish extending to the right.

Hugh Barrett  
Assistant Vice President  
State Government Relations