



How to modernize your K-12 retirement plan

Offering a focused program can improve employee participation and outcomes and help school districts recruit and retain top educators.

Attracting and retaining top educators is crucial to student success. At a time when many K-12 districts are facing what may be the largest teacher shortage in recent history, building and sustaining a quality work force has become a top priority. Given there are fewer new graduates in the education field—and recruiting efforts can be costly and time-consuming—there is an opportunity to explore new approaches to attracting and retaining teachers.

Offering a comprehensive benefits program can make a difference, a cornerstone of which is a straightforward, easy-to-navigate retirement plan program that encourages strong employee participation and helps set them up for financial success today and tomorrow. Modernizing your retirement plan is an important step to achieving this goal.



Understanding the Paradox of Choice

How much is too much?

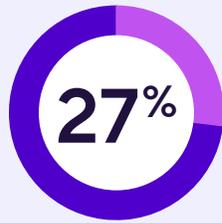
Getting employees to enroll in their defined contribution retirement plan is an important step in achieving a successful financial future. The more straightforward the enrollment process, the greater likelihood of participation.

The traditional multi-vendor retirement plan model for K-12 retirement plans, however, can be a barrier. In this model, before an employee can even enroll in their plan and decide their contribution amount and investments, they must select a plan provider from what could be 10, 15 or even 20 or more vendors. For many, this massive initial decision, which is unique to the K-12 market, can create confusion that causes fewer employees to take action.

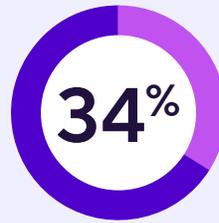
K-12 plan participants have an extra step when enrolling in their retirement plan and it's a big one – having to wade through a multitude of plan provider options before they even consider their contribution amounts and investment options.

Choice overload

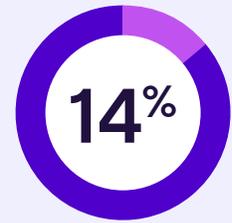
Too many options can cause choice overload, which unintentionally places a psychological burden on the individual to not make the wrong decision. This concept is called the Paradox of Choice, which suggests that when a person is faced with many options—too many to fully understand each—worry about making the wrong choice increases to the point that no decision is made at all.



Less than 1 in 3 (27%)
enroll in their 403(b) plan



More than 1 in 3 (34%) find
multiple providers confusing



Only 14% are confident
navigating multiple providers

Only 27% of public education employees enroll in their 403(b) plan¹. To improve this number, change is needed – limiting providers can help. Our research shows that more than one in three (34%)² employees find multiple plan providers confusing and only 14%² are confident they can navigate their provider options with ease.

It's worth noting that in other retirement plan programs, such as 401(k)s—where having just one vendor is standard practice—there is no need for discussion regarding vendor reduction. Not surprisingly, participation rates in those plans are significantly higher than in the 403(b)s offered in the K-12 market.

Six reasons **plan modernization** makes sense

Pension systems are changing. Many are underfunded and the funding gap in state pensions has increased in recent years to \$1.3 trillion³. Even if pensions were fully funded, newer employees in K-12 districts aren't matching the tenure of older employees. This all points to the need to help more employees enroll in their DC plan and make the process as straightforward as possible – which is the goal of plan modernization. Here are some key reasons why modernizing makes sense.

1. Important shift from a sales to an education focus

In many school environments, plan providers and advisors focus on sales and acquisition in a highly competitive environment, versus focusing on plan participant education. And while evaluating plan sponsor options in a competitive environment is important, it should take place during the Request for Proposal (RFP) process, outside of the plan implementation, and should not be directed at participants.

The participant focus should be on improving outcomes through education, helping employees understand the benefits of their 403(b) plan and how it differs from a pension, discussing retirement goals and investment options, and developing a plan that can withstand times of uncertainty.

2. Improve financial well-being and retirement readiness for all employees

People have different financial priorities and each journey is unique. Eliminating the complexity of multiple plan providers can clear the path for a robust and targeted financial wellness program that focuses on specific employee needs. For example, a new hire right out of college may be more concerned with student loan debt. Someone mid-career may be balancing many competing financial priorities, while an employee closer to retirement wants to understand distribution rules and lifetime income options.

This focus on personalized journeys can help each employee prepare successfully for their financial future. Which is what people want – in a 2025 survey⁴ by Corebridge Financial, 88% of Americans say saving for retirement has become a priority, with 53% saying it is now a high priority.



88%
Saving for retirement has become a priority.

3. Consistent communications and equal access

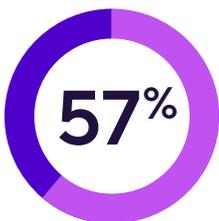
One of the biggest challenges in current retirement plans is all of the different communications and messages participants receive and the investment options they must navigate. This can be especially true in larger districts, where plan participants may not all have access to the same options. Onboarding experiences, educational tools and resources, and access to professional advice can vary from school to school.

Districts would be wise to ask, “Can changing our plan structure make it easier to reach employees with important retirement planning messages?” Or, taking it one step further, “What can we do to deliver improved retirement plan communications that drive financial wellness forward?”

Through plan modernization, plan sponsors can help ensure a consistent experience for all employees and have direct insight into the educational tools and resources being provided.

4. Deliver investment options to meet all needs

Plan modernization does not mean sacrificing investment choices. With the availability of open architecture mutual fund platforms, the investment options are vast. With the help of a consultant monitoring the investment performance, under-performing investments can be replaced. This investment accountability is a critical factor in driving toward improved participant outcomes for retirement.



57%
are stressed about their finances.

5. Help mitigate employee financial stress

A 2025 survey found that 57% of Americans are stressed about their finances⁵. What’s more, financial stress impacts a wide range of employee health and well-being areas from mental health to sleep to self-esteem⁶. They pointed toward planning for retirement, paying down credit card debt, and managing daily expenses and emergency needs as their top sources of stress. Selecting a plan provider who offers a well-rounded financial wellbeing program can go a long way toward helping employees achieve positive outcomes, for today and tomorrow, and can impact employee satisfaction.



6. Financial guidance from trusted partners

There is a clear need to help more people take action toward achieving their financial goals. In a recent Corebridge survey,⁷ only 31% of people say they've made progress toward retirement readiness in the past year – a number that drops to only 25% for women. Additionally, only 39% of adults feel confident in their ability to plan for a successful financial future – for women, it's only 33%.

People who have a financial professional are more likely to be confident in:

My ability to plan for a successful future



My ability to save for retirement



My ability to pay for unexpected expenses



Works with a financial professional
 Does not work with a financial professional

A financial professional can help participants improve financial literacy and better understand their options, such as their investments and product mix, how much they can contribute each year (including catch-up contributions for older workers), the difference between pre-tax and Roth (after tax) plan contributions, and how they can create a strategy for lifetime income in retirement. Overall, this can grow employee confidence in their ability to successfully navigate their financial lives and improve retirement readiness.



How a streamlined program helps plan sponsors

A committed and reliable partnership

Just as it is challenging for employees to fully understand all provider options, it is difficult for plan sponsors to know the specifics of each vendor in a multi-vendor program. Reducing the number of providers can improve plan sponsor understanding of their program, streamline administrative processes, and improve financial wellness programs being offered to employees.

It can also help plan sponsors be confident they are working with a partner that is accountable and has a deep understanding of their employees. Some plan sponsors who have consolidated describe a shift from working with many independent contractors who operate with their own agenda in mind to having a vested partner who operates with the plan's best interests in mind.

Reduction in benefit team workload

Managing a smaller number of vendors means fewer processes, systems, and operational functions to understand, which lends itself to greater efficiencies for the benefits team. Legacy program management can be outsourced, reducing paperwork and approval processes. Simply, this allows a plan sponsor to shift from managing many sets of plan records to just one or two. Still, vendor reduction should be seen as a 12- to 24-month interview process—an audition of sorts—where providers show whether or not they have what it takes to become the district's sole provider.

Lower expenses and fee transparency

When retirement plans are modernized, a smaller investment menu is made possible. This can make a significant difference in the purchasing power of a single block of investments versus different one investment blocks with each vendor. This larger scale that results from few vendors can reduce administrative costs and investment expenses.

Clear learnings on plan participation

Using detailed analytics can help highlight employees and groups that may be at risk financially and allow for more focused efforts to help them improve their financial wellbeing and retirement readiness. This can be a more straightforward proposition when working with a single plan provider or only two or three.

Advantages of a Master Recordkeeper

In this model, a Master Recordkeeper serves as the single resource for enrollment, accounting and plan management. The result is a more integrated and streamlined experience for plan administrators and employees. There are multiple benefits:



One vendor manages and maintains the entire enrollment process for all vendors.



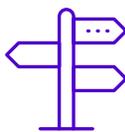
Better understanding of plan data, used to **improve employee engagement and retention.**



The Master Recordkeeper delivers communications through **a single program**, from initial enrollment to retirement readiness.



A **targeted education** program that addresses goals of employees in specific life stages and with different needs.



Employees still have **access to several providers** without having to navigate separate enrollment and communications programs.



Alleviate the burden on human resources and generally streamline all retirement plan processes across the board.

Corebridge Financial can help modernize and optimize your retirement program

Exploring retirement program options requires research, preparation and engaging key stakeholders. Our “How-To” guide shares best practices to make this happen as seamlessly as possible. This includes identifying who to engage at the outset to ensure the greatest likelihood of success, creating an estimated timeline for implementation—which can vary based on size of school districts—and helping clearly communicate the “why” of plan modernization.



**At Corebridge, we are committed
to helping you maximize
your retirement plan's potential.**

**We believe every educator can achieve
a secure retirement. Modernize your
retirement plan and help your employees
take action.**

**Action today
can lead to great things tomorrow.
Action is everything.**



¹ National Tax Deferred Savings Association data, 2018.

² MEETING THE RETIREMENT NEEDS OF K-12 EMPLOYEES by Greenwald Research for AIG Life & Retirement, 2021.

³ Underfunded Pension Liabilities: The Growing Cost of Retirement: by Council of State Governments, 2023.

⁴ Corebridge Financial 2025 Retirement and Longevity Survey conducted by Greenwald Research in September 2025.

⁵ Ibid, 2025.

⁶ PwC's 2023 Employee Financial Wellness Survey.

⁷ Corebridge Financial 2025 Retirement and Longevity Survey conducted by Greenwald Research in September 2025.

Corebridge Financial Inc. and its subsidiaries provide a wide range of life insurance, retirement solutions, and other financial services. These diverse offerings include products and services that help businesses and individuals protect their assets, manage risks, and provide for retirement.

All products and services are written or provided by subsidiaries of Corebridge Financial, Inc. Products or services may not be available in all countries and jurisdictions.

This material is general in nature, was developed for educational use only, and is not intended to provide financial, legal, fiduciary, accounting or tax advice, nor is it intended to make any recommendations. Applicable laws and regulations are complex and subject to change. For legal, accounting or tax advice consult the appropriate professional.

© 2025 Corebridge Financial, Inc. All rights reserved.

For Plan Sponsor use only.

VC 39935 (12/2025) J1827501 ER