

Retirements Technology and IT Services – State of the Market 2022

November 2021 : Complimentary Abstract / Table of Contents



Our research offerings

This report is included in the following research program(s):

[Insurance ITS, Retirement Technologies](#)

- ▶ Application Services
- ▶ Banking & Financial Services BPS
- ▶ Banking & Financial Services ITS
- ▶ Catalyst™
- ▶ Clinical Development Technology
- ▶ Cloud & Infrastructure
- ▶ Contingent Workforce Management
- ▶ Conversational AI
- ▶ Cost Excellence
- ▶ Customer Experience Management Services
- ▶ Cybersecurity
- ▶ Data & Analytics
- ▶ Digital Adoption Platforms (DAP)
- ▶ Digital Services
- ▶ Engineering Services
- ▶ Enterprise Platform Services
- ▶ Finance & Accounting
- ▶ Financial Services Technology (FinTech)
- ▶ Global Business Services
- ▶ Healthcare BPS
- ▶ Healthcare ITS
- ▶ Human Resources
- ▶ Insurance BPS
- ▶ Insurance ITS
- ▶ Insurance Technology (InsurTech)
- ▶ Insurance Third-Party Administration (TPA) Services
- ▶ Intelligent Document Processing (IDP)
- ▶ Interactive Experience (IX) Services
- ▶ IT Services Executive Insights™
- ▶ Life Sciences BPS
- ▶ Life Sciences ITS
- ▶ Locations Insider™
- ▶ Marketing Services
- ▶ Market Vista™
- ▶ Mortgage Operations
- ▶ Multi-country Payroll
- ▶ Network Services & 5G
- ▶ Outsourcing Excellence
- ▶ Pricing-as-a-Service
- ▶ Process Mining
- ▶ Procurement
- ▶ Recruitment Process Outsourcing
- ▶ Retirements Technologies
- ▶ Rewards & Recognition
- ▶ Service Optimization Technologies
- ▶ Supply Chain Management (SCM) Services
- ▶ Talent Excellence GBS
- ▶ Talent Excellence ITS
- ▶ Technology Skills & Talent
- ▶ Trust and Safety
- ▶ Work at Home Agent (WAHA) Customer Experience Management (CXM)
- ▶ Workplace Services

If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at info@everestgrp.com

Learn more about our
custom research capabilities

Benchmarking

Contract assessment

Peer analysis

Market intelligence

Tracking: service providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

Contents

For more information on this and other research published by Everest Group, please contact us:

Ronak Doshi, Partner

Pranati Dave, Practice Director

Vigitesh Tewary, Senior Analyst

Radhika Peramallu, Senior Analyst

1. Introduction and overview	4
• Background of the research	5
• Summary of key messages	6
2. US retirement market outlook	7
• Market structure	8
• Retirement plans in the market	9
• Retirement market overview	10
• Key challenges	11
• Investment areas for retirement firms	16
• IT service provider solutions	19
3. Implications	20
• Retirement plan providers	21
• Technology providers	22
• IT service providers	23
4. Appendix	24
• Glossary	25
• Research calendar	26

Background of the Research

- The US retirement industry represents the world’s largest addressable retirements market, encompassing over 75 million participants. It grew from US\$25.3 trillion in 2016 to US\$35 trillion in assets till 2020. While the pandemic has caused global uncertainty and an economic downturn in US, it has also brought forward many challenges such as an ageing workforce, shift toward a virtual environment, cost efficiencies, changing regulatory landscape, and digital-led customer expectation
- Retirement market in the US is serving a demography which has four generations – baby boomers that are set to retire soon, Gen X – the group that is approaching the middle of their working careers and potential peak-earning years, millennials – a large percentage of whom are either unaware or are averse to investing in retirement plans, and Gen Zs – a group that has access to the higher disposable incomes. The nature of the workforce has shifted toward more mobile workers and small business owners who have recently gained access to retirement plans. This diversity in the market is creating a spectrum of consumer priorities
- The upcoming proposals under the Biden administration are set to bring about increased regulatory scrutiny and amendments in legislations such as AUTO (K), tax credit structure, SECURE 2.0 Act, and the introduction of Pooled Employer Plans (PEPs)
- While the industry is investing in technology, processes, and people to catch up to these changes, there are also many new opportunities opening for the players in this ecosystem
- In this report we cover:
 - The US retirement market overview
 - Challenges due to evolving regulations, consumer demand shift, and profitability pressures
 - Key investment priorities for retirement firms
 - Implications for the retirement firms, technology providers, and IT services specialists in this market

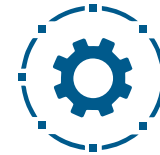
Scope of this report:



Geography
United States



Industry
Retirements



Services
Technology and
IT services

Summary of key messages



The US retirement industry is growing at an explosive rate; Individual Retirement Accounts (IRAs) and Defined Contributions (DC) plans form the largest portion, contributing 63% to the US\$35 trillion market.



401(k) plans contributed nearly 70% of DC revenues in 2020, and the demand is increasing since the direct payroll deductions make it easier for the millennials to think beyond current financial needs.



Evolving regulatory landscape, rising industry-wide fee compression, and maintaining costly legacy systems is adversely affecting margins and profitability, leading to increased consolidation and digital initiatives.



Demand for digital-led customer experience and increasing need for retirement product awareness is driving investments toward building personalized differentiated solutions and financial wellness programs.

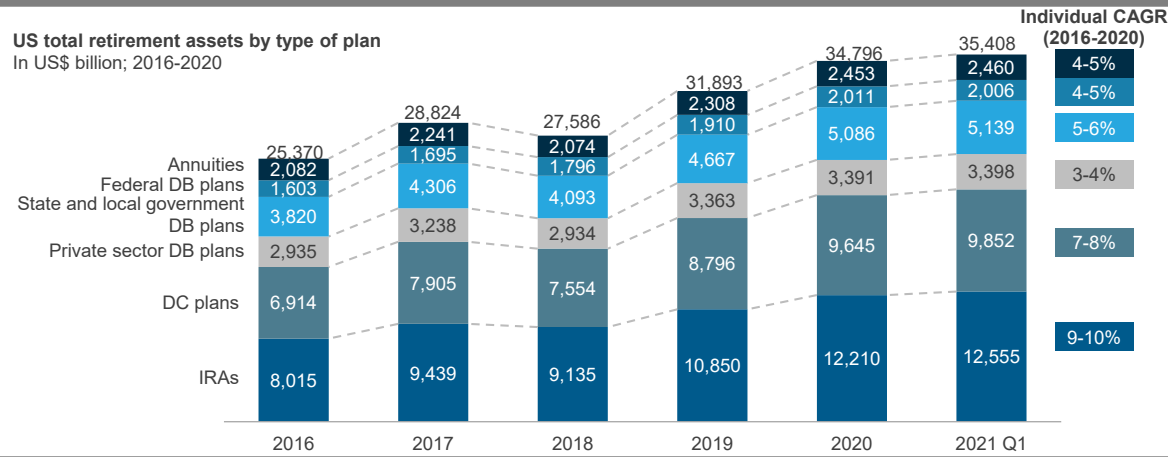


Retirement firms are investing heavily in talent acquisition for domain experts and emerging technology experts to keep pace with the technology upheavals in this space.



This study offers an outlook on the US retirements market and deep dive into the strategies employed by the various players ; below are four charts to illustrate the depth of the report

Overview of the retirements and pensions market in United States



Key challenges and the counter strategies that players have employed

Industry-wide challenges	Counter strategies
Profitability stress	Vertical integration Consolidation for synergistic gains
Regulatory pressure	Cost optimization Modernize IT operations for increased agility and scalability
Consumer demand shift	Digital adoption Leverage technology for differentiated and customized products
Social inflation and awareness	Augment consumer reach Tools and programs to increase awareness and reachability

Investment trends and focus areas for major players in the retirements market

Vanguard

“Today technology and corporate strategy are interwoven. For years, the senior management never spoke on topics like API, cloud, and microservices. But that isn’t true today.”
– John Marcante, CIO, Vanguard, in July 2021

TIAA

“We’re relentlessly focused on technology that improves clients’ financial lives and provides them with a seamless and intuitive experience.”
– Scott Blandford, CDO, TIAA, in February 2021

EMPOWER RETIREMENT

“Scale is a critical factor in retirement plan services because of what it allows us to do for the individual retirement investors and the services, technology, and advice we can provide.”
– Edmund F. Murphy III, CEO, Empower Retirement, in March 2021

John Hancock

“To enable people to save for retirement, we first need to help them understand the obstacles that cause them not to save – and then provide them with the information they need so they feel confident about taking the actions that will help them live well today and tomorrow.”
– Patrick Murphy, CEO, John Hancock, in May 2019

VOYA FINANCIAL

“Over the longer term, we plan to advance our technology infrastructure to facilitate our accelerated growth. It will be about leveraging investments in our data, digital, analytics, and automation capabilities. It’s all in the spirit of driving improved outcomes and enhanced client solutions for individuals.”
– Charlie Nelson, Vice Chairman and Chief Growth Officer, Voya Financial, July 2021

Fidelity

“We expanded and enhanced our product line-up to help investors align their portfolios to their values, introduce financial wellness resources to young investors, and provide institutional clients with tools to help grow their businesses.”
– Abby Johnson, Chairman and CEO, Fidelity, in June 2021

Focus areas of major IT service providers to cater to the retirement market

TCS | **TATA CONSULTANCY SERVICES**

TCS BaNCS for retirement is a functionally rich, web-based, API-driven, user-friendly solution delivered on the cloud to help financial institutions and record keepers. TCS Anthem for Life, Pensions, and Annuities is a cloud-native, as-a-service offering that transforms organizations to a digital operating model.

wipro

Wipro offers a host of DC record keeping solutions across operations by leveraging cloud, Wipro Holmes, and Robotic Process Automation(RPA) to optimize IT and operations for the recordkeeping business to sustain in the present and transform with scalable sophistication for the future.

Cognizant

Cognizant® Automated Retirement Operations (CARO) is a comprehensive, integrated digital process automation servicing accelerator for record keepers, designed to provide technology-enabled capabilities that not only support existing business needs but also enable organizations to easily scale their digital transformation initiatives.

Capgemini

Capgemini offers retirement solutions around digital plan administration that provide digital experiences across participants in the value chain. The firm’s Augmented Advisor Intelligence for Wealth/Asset Managers solution can help firms maximize the value from their advisor relationships by gaining actionable insights into their financial advisors’ behaviors.

Infosys

Infosys McCamish is a robust platform that provides end-to-end marketing, design, documentation, and administrative services across the retirements value chain. Infosys NIA can be leveraged for AI/ML, NLP, and data-driven insights.

Research calendar

Insurance IT Services

■ Published
 ■ Planned
 ■ Current release

Flagship reports	Release date
Application and Digital Services (ADS) in Life and Annuities (L&A) Insurance – Service Provider Compendium 2021	January 2021
Insurance IT Services – State of the Market 2021: Future-readying Insurance Business through Continuous Digital Unraveling	January 2021
Life & Annuities (L&A) Policy Administration Platform Market Landscape and Technology Provider Profiles	September 2021
Insurance Platforms IT Services PEAK Matrix® Assessment 2022	October 2021
Retirements Technology and IT Services – State of the Market 2022	November 2021
Insurance Platform Services – Service Provider Compendium	Q4 2021
Salesforce Services in Insurance PEAK Matrix® Assessment 2022	Q4 2021
Duck Creek Services PEAK Matrix® Assessment 2022	Q4 2021
Digital Experience Platforms in Insurance – Product PEAK Matrix® Assessment 2022	Q4 2021
Application and Digital Services in P&C Insurance – Services PEAK Matrix® assessment 2022	Q1 2022
Digital Claims Solutions in P&C Insurance – Solutions PEAK Matrix® Assessment 2022	Q1 2022
Thematic reports	Release date
Digital Transformation in the London Insurance Market	July 2021
Opportunities and Challenges in the Global Cyber Insurance Market	July 2021
Decoding the Sustainability Opportunity in BFSI: Deep-dive into the Environmental, Social, and Governance (ESG) Data & Analytics and Technology Provider Landscape	July 2021
BFSI Enterprise Adoption Guide for Low-Code/No-Code Technology – Market Trends and Provider Landscape	August 2021

Note: For a list of all of our published ITS | Insurance reports, please refer to our [website page](#)



Everest Group is a research firm focused on strategic IT, business services, engineering services, and sourcing. Our clients include leading global companies, service providers, and investors. Clients use our services to guide their journeys to achieve heightened operational and financial performance, accelerated value delivery, and high-impact business outcomes. Details and in-depth content are available at www.everestgrp.com.

Stay connected

Website

everestgrp.com

Social Media

-  @EverestGroup
-  @Everest Group
-  @Everest Group
-  @Everest Group

Blog

everestgrp.com/blog

Dallas (Headquarters)

info@everestgrp.com
+1-214-451-3000

Bangalore

india@everestgrp.com
+91-80-61463500

Delhi

india@everestgrp.com
+91-124-496-1000

London

unitedkingdom@everestgrp.com
+44-207-129-1318

Toronto

canada@everestgrp.com
+1-647-557-3475

This document is for informational purposes only, and it is being provided "as is" and "as available" without any warranty of any kind, including any warranties of completeness, adequacy, or fitness for a particular purpose. Everest Group is not a legal or investment adviser; the contents of this document should not be construed as legal, tax, or investment advice. This document should not be used as a substitute for consultation with professional advisors, and Everest Group disclaims liability for any actions or decisions not to act that are taken as a result of any material in this publication.