

Empowering retirement in the sports, media, and entertainment industries

KEY TAKEAWAYS

1. It is essential for retirement plans to allow workers to securely transfer their accrued benefits as they move between roles, which is especially important given the high levels of mobility in these industries.
2. Automation enhances retirement planning by addressing common behavioral challenges, including procrastination and inertia.
3. Tailored communication and education are vital in addressing the diverse needs of sports, media, and entertainment workers, particularly when considering generational differences and the irregular income patterns common in these industries.

The sports, media, and entertainment industries each have their own distinct characteristics, yet they share common challenges when it comes to retirement planning. From the uncertainties surrounding job and income security to the high proportion of freelance and contract workers, the nature of these industries demands innovative and flexible retirement solutions.

A recent study sponsored by Nuveen and conducted by Economist Impact highlights the critical role of retirement benefits in these industries, revealing that over half of respondents in these industries consider retirement plan benefits an important factor when choosing a job. More than a quarter rank them as the most important employer-provided benefit.

JOB MOBILITY AND THE IMPORTANCE OF PORTABILITY

In the sports, media and entertainment industries, as well as others with a high proportion of non-traditional workers, job changes are often more frequent than in traditional sectors. This heightened job mobility makes the ability to transfer accrued benefits between roles, known as portability, especially important. Workers need retirement plans that ensure their benefits are secure and transferable as they move between roles in these dynamic industries.

THE VITAL ROLE OF AUTOMATION

Automation is becoming an increasingly crucial component of defined contribution plans across all industries, and the sports, media and entertainment sectors are no exception. Two of the most significant behavioral challenges in retirement planning are procrastination and inertia. By implementing automation, these common human behaviors are turned into advantages for the employee. While participants maintain the option to opt out, features like automatic enrollment and automatic contribution increases can contribute meaningfully to the effectiveness of a retirement plan.

In the context of sports, media and entertainment, the need for automation is even more apparent. These industries often feature a nontraditional workforce and small firms with fewer resources to dedicate to benefits communication. Different employee characteristics can impact the ability of companies to communicate benefits effectively, which makes it even more critical to automate.

By relying on automation infrastructure, smaller and contract-employment-oriented firms can ensure that their employees are enrolled in and benefiting from retirement plans, even when direct communication might be challenging.

FLEXIBILITY IN RETIREMENT PLANNING

Flexible benefit plans that can adapt to the irregular income patterns typical of these industries are also essential. For athletes, who often have short career

spans, early retirement planning and implementing programs that focus on post-career financial planning are crucial.

Similarly, media and entertainment professionals may be more likely to experience periods of unemployment or underemployment, requiring financial solutions that can bridge these gaps and maintain financial security during these times.

GENERATIONAL DISPARITIES

The survey by Economist Impact highlights generational differences in retirement planning within the sports, media and entertainment industries. While 85% of Gen X employees across the sectors are satisfied with their company's retirement plan, only 60% of Gen Z employees share this sentiment. Furthermore, just 53% of Gen Z respondents feel they have enough clarity about how much income they will receive in retirement, compared to 88% of Gen X. This gap in understanding underscores the importance of tailoring retirement plans and communication strategies to meet the diverse needs of different age groups.

OTHER CONSIDERATIONS FOR PLAN SPONSORS

Strong unions such as the Screen Actors Guild (SAG) and Writers Guild of America (WGA), play a significant role in negotiating benefits and working conditions in the sports, media and entertainment industries. These organizations have historically been involved in efforts to secure better pay, working conditions and benefits for their members. Recent negotiations and strikes underscore the ongoing need for robust retirement benefits that can be effectively communicated to union members.

Health and safety risks are another key factor. Athletes face a high risk of injuries, which can have long-term impacts on their careers and retirement planning. Similarly, on-set accidents, mental health challenges and the physical demands of performing can affect career longevity and retirement needs for media and entertainment professionals. Retirement plans that include lifetime income solutions can

provide a guaranteed, portable income stream for workers who may have shortened careers due to physical or mental health challenges.* This is particularly important in industries where career longevity is often uncertain.

THE PATH FORWARD

For plan sponsors in the sports, media and entertainment industries, there is a clear opportunity to enhance retirement offerings by focusing on portability, automation, communication and financial literacy. As these industries continue to evolve, plan sponsors should adapt their retirement offerings to meet the changing needs of their workforce. One of the most effective ways to do this is by incorporating lifetime income solutions into their retirement plans.

The growth of lifetime income solutions has been significantly bolstered by the passage of the SECURE Act of 2019 and the SECURE 2.0 Act of 2022. These legislative acts were designed to improve access to retirement plans, encourage savings and provide

more flexibility in how retirement funds can be used. For instance, the SECURE Acts made it easier for plan sponsors to offer annuities within 401(k) plans, providing employees with a straightforward way to secure guaranteed income for life.*

These changes, supported by continued bipartisan efforts, have the potential to revitalize the concept of retirement security, making it more attainable for workers across the sports, media and entertainment sectors. By leveraging the provisions of the SECURE Acts, companies can better meet the evolving needs of their workforce, ensuring that employees are equipped to enjoy a more financially stable retirement.

Additionally, by prioritizing financial education and tailoring communication to the diverse needs of their workforce, sponsors can empower their employees to plan for a more secure and confident retirement, no matter how unpredictable their careers may be. With the support of innovative retirement solutions, companies can set the stage for their organizations to help their employees' retirement years shine as bright as their careers.

For more information, please visit nuveen.com.

Endnotes

*Any guarantees under annuities issued by TIAA are subject to TIAA's claims-paying ability. **Past performance is no guarantee of future results.** Guarantees of fixed monthly payments are only associated with fixed annuities.

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