Plan Sponsor Survey 2024

Prepared by Greenwald Research

TABLE OF CONTENTS

Background & Methodology 2
Executive Summary 3
Plan Goals, Challenges, and Performances 10
Fiduciary Concern and Advisor Use 18
Participation Education 20
Plan Design and Offerings 24
Target Date Funds and Risk Tolerance 27
Retirement Income 33
Profile of Respondents 43

BACKGROUND AND METHODOLOGY

This report presents the results of an online survey conducted by Greenwald Research on behalf of American Century. The goal of the study was to better understand how plan sponsors run their retirement plans, as well as to gain insights on retirement savings and retirement income needs. To achieve these goals, respondents were asked about:

- Plan structure, and measurement and performance of plan goals
- Concerns about different types of risk
- Employee performance when it comes to retirement preparedness
- Employee and employer interest in having in-plan income and Target Date Funds added to their options
- The extent to which employee education matters to employers, as well as their performance in this area
- Their reactions to various strategies to encourage employees to save for retirement

The survey was conducted between June 10th and June 26th, 2024. Respondents were screened to include only those who:

- Have considerable influence when making decisions about their company's retirement plan (either 401(k), 403(b), or 457 plans)
- Have a job title of Director or higher
- Work for a company that has been in business for at least three years
- Work for a company whose defined contribution plan assets are at least $10 million

A total of 500 respondents completed the survey. The data were weighted to reflect the makeup of the total defined contribution population by plan asset size. Percentages in the tables and charts may not total to 100 due to rounding and/or missing categories.

EXECUTIVE SUMMARY

RESEARCH STORY

Target Date Funds and Retirement Income Options Can Help Mitigate Concerns

Though most report seeing their plan's average contribution rate and their employees' average savings rate increase, a majority are still concerned that employees are not saving enough to be ready for retirement and that retiring employees won't be able to make their balance last for their lifetime.

Sponsors are also concerned about market volatility for those closest to retirement. Market risk is the second most important type of risk to address with Target Date Fund options, closely following inflation and interest rate risk. Nearly all are either offering or considering offering a Target Date Fund and most have conducted a search for one in the past three years. When searching for a Target Date Fund, performance is most important, followed closely by risk management and risk tolerance of employees.

Sponsors prefer a Target Date Fund that helps protect participants from significant losses rather than outperform the market. Nearly all believe it's important to protect the value of employees' entire workplace retirement savings account balances to generate income when they retire.

Most sponsors claim to offer or are considering offering retirement income options. More say they allow guaranteed monthly payments than non-guaranteed, though a third allow both. These high numbers suggest a lack of understanding about retirement income solutions and may be the cause of many divided preferences for income solution design, but demand/desire is clear. Having an in-plan guaranteed income option is attractive, as most feel at least half of their employees would be interested.

Nearly all sponsors believe it's important to provide features that allow participants to turn their balance into a reliable income stream and that their participants need help doing so. Sponsors also want their employees to have the opportunity to grow their account value during their retirement years while also having 100% control and flexibility.

KEY INSIGHTS AND SUPPORTING FINDINGS

As employee turnover remains high, retirement plan benefits are seen as an important way to attract new employees.

FIGURE 1

Corporate Goals in Offering a Retirement Savings Plan

% Extremely Important

- Most continue to experience about the same level of turnover compared to pre-pandemic levels (44%) or greater turnover (35%). The largest sponsors (1,000+ employees) are experiencing more turnover than smaller sponsors.
- Though supporting employees' efforts to have a secure retirement is the most important corporate goal in offering a retirement savings plan, other goals that could address turnover are also extremely important to sponsors, such as providing access to retirement/financial advice (66%), helping employees generate income in retirement (62%), and attracting new employees (60%).
- The majority are currently offering a wide variety of tools and features within their defined contribution plans, such as matching contributions (75%), access to a financial advisor (65%), and automatic enrollment (62%). Of those who do not currently offer these tools and features, most are considering it.

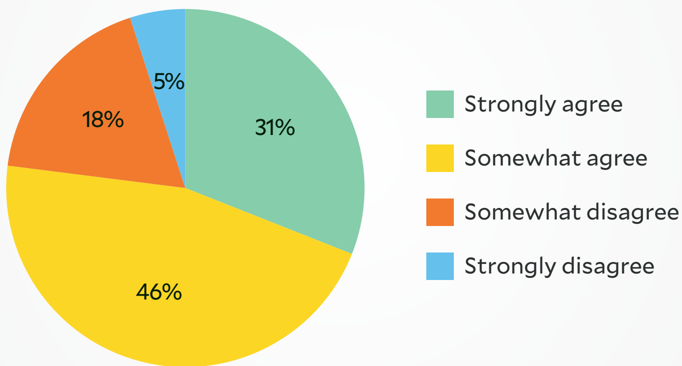
Over three-quarters of sponsors are more concerned about liability than ever before.

- Majorities express concern that they are fulfilling their fiduciary obligations and meeting regulatory requirements and disclosures.

- Whether or not they currently use one, employee education, investment selection, and discussing retirement income solutions are some of the most important duties that sponsors say an advisor should perform. Despite concerns, only 7% say serving as a fiduciary is the most important.

FIGURE 2

"We Are More Concerned About Liability Than Ever Before"

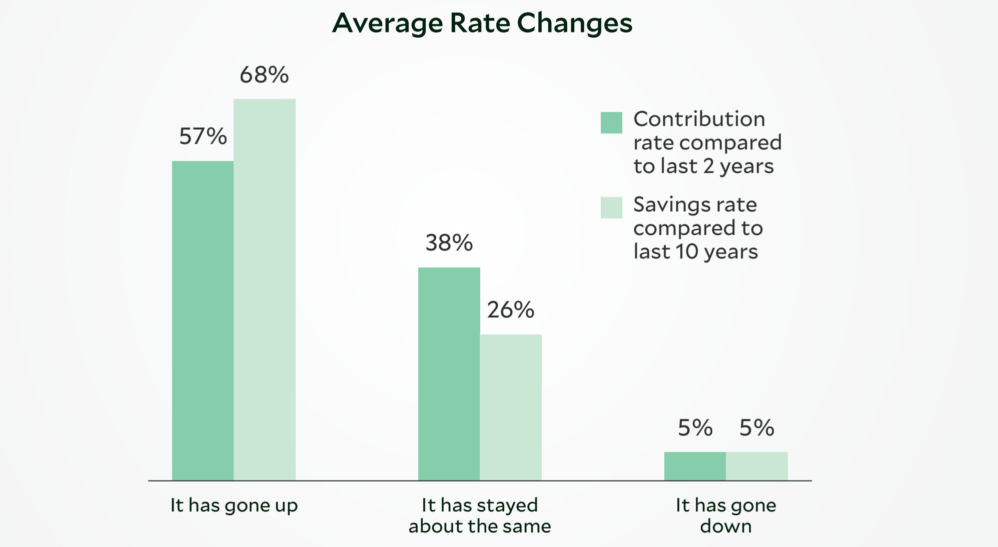


A majority feel their participants are doing well, though there is still some concern.

- Nearly all (95%) say that their plan's average contribution rate has either held steady or gone up over the past two years, with 57% saying that it has gone up (up from 46% in 2022).
- Similarly, nearly all (94%) say their employees' average savings rate has either held steady or gone up over the last ten years, with 68% saying that is has gone up.

- However, two in three are concerned their employees are not saving enough to be ready for retirement and eight in ten admit that their organization should have done more to encourage workers to start saving sooner.

FIGURE 3



Participant education is seen as critical.

- Nine in ten say that participant education is highly important. While half say that it's extremely important, only 42% say that their participant education program is extremely effective. Nine in ten believe their employees want plan providers to come into the workplace and educate them.
- While most (91%) believe their participants do a good job of choosing investments that are appropriate for their circumstances, about half still worry that participants are invested too conservatively or are taking too much risk. Nearly all (93%) say their employees depend on employer resources to make intelligent investment choices.

FIGURE 4

- Employee preference needs to be taken into consideration. More than half (57%) believe their employees prefer to do their investment research completely or mostly on their own, while the remainder want more help.

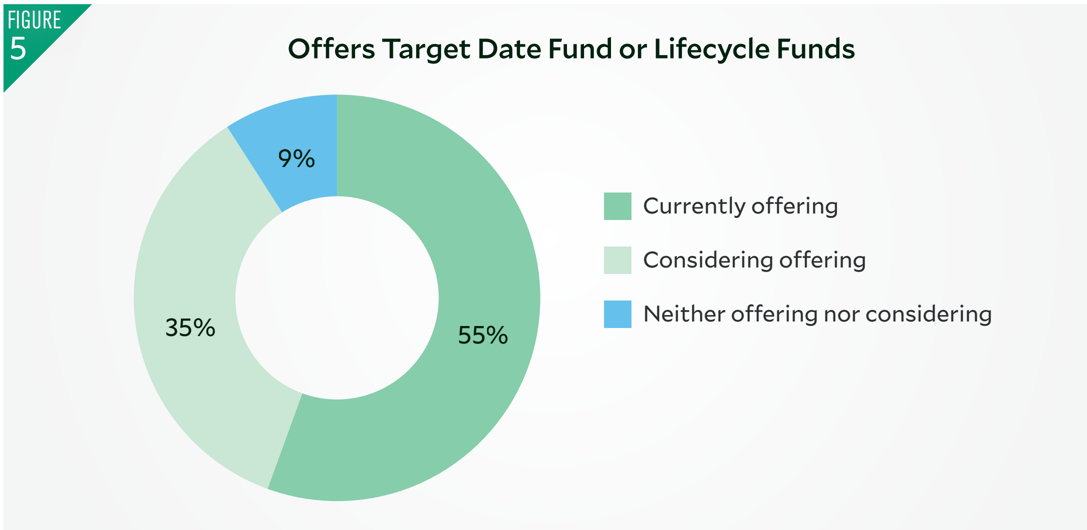
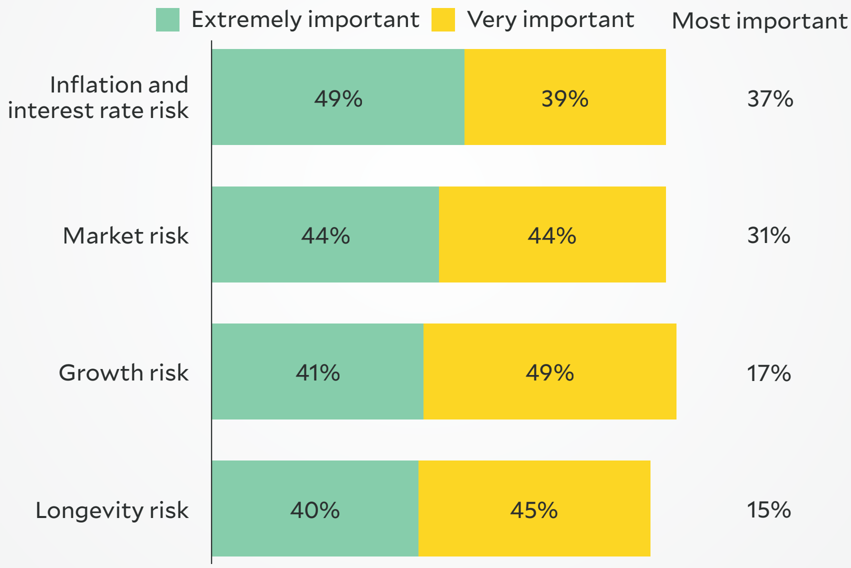


FIGURE 6

Importance of Addressing Risks with TDF Investments



Multiple factors, including risk concerns, go into a target date fund search.

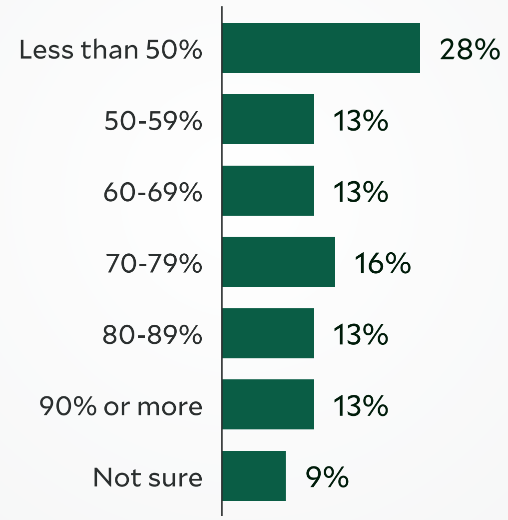
- More than half (55%) currently offer a Target Date Fund option and another third are considering offering. Most believe their employees' understanding of TDFs is relatively high.
- Eight in ten completed a TDF search within the last three years, including a third in the past year. When selecting a TDF, a variety of factors are equally important, including performance, risk management, employee average savings rate, risk tolerance of employees, and fees.
- The clear preference is to have a TDF that helps most participants protect their savings from significant losses (66%), compared to a TDF that focuses on performance (32%). Though for employees with a high savings rate, more suggest an aggressive TDF than a conservative one, especially the largest sponsors (1,000+ employees).
- The most important type of risk to address with TDF investments is inflation and interest rate risk (37%), followed by market risk (31%), growth risk (17%), and longevity risk (15%). Many sponsors are concerned about market volatility for those closest to retirement (69%).
- Compared to those who do not offer a TDF nor are considering it, sponsors with a TDF are more concerned about employees' savings and whether those savings will last throughout their lifetime. They are also more concerned about risk and volatility.

Interest in an in-plan guaranteed income option is high, but sponsors are torn on how to best implement and allocate it.

- Seven in ten (69%) report that they offer retirement income options and another 26% are considering offering. Nearly all say they allow for monthly retirement income payments, including 36% who allow both guaranteed and non-guaranteed.
    - This high self-reported incidence suggests sponsors may not understand the retirement income space, and that lack of understanding could be leading to divides and uncertainty about features of income solutions.
- Sponsors believe there is high interest in having an in-plan guaranteed income option, with nearly seven in ten saying at least half of their employees are interested. Among options, nearly half find in-plan income protection as the most appealing and four in ten find in-plan annuities as the most appealing.

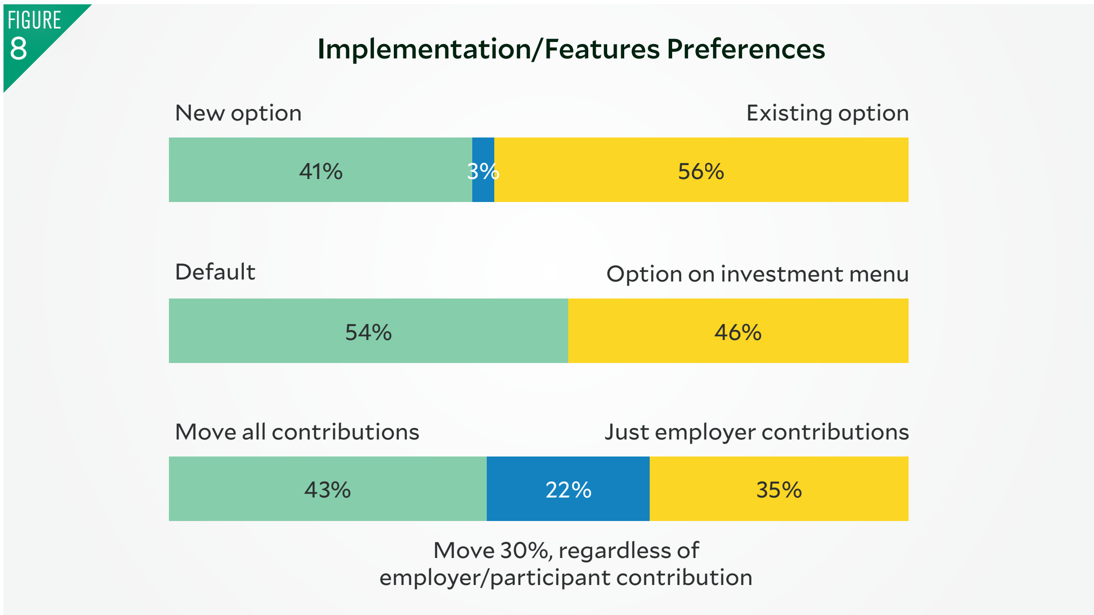
FIGURE 7

Employee Interest in Having In-Plan Guaranteed Income Option Offered



- Preferences for implementation and features are divided:
  - Just over half (56%) would prefer to incorporate guaranteed income into an existing investment option, while 41% would add it as a completely new option.
  - Just over half (54%) say they would prefer to implement in-plan guaranteed income as a default for all participants, rather than an option on the investment menu.
  - About four in ten (43%) would prefer to allocate both employer and employee assets to in-plan guaranteed income and 35% just the employer contributions.
- Sponsors find it very important for employees to have their retirement income protected, but with some flexibility. Most (76%) prefer employees to be able to protect all of their account balance leading up to retirement and allow them the flexibility to choose how much guaranteed income to take at retirement. And nearly all say it's important for employees to maintain 100% control and flexibility of their account after retirement.

FIGURE 8



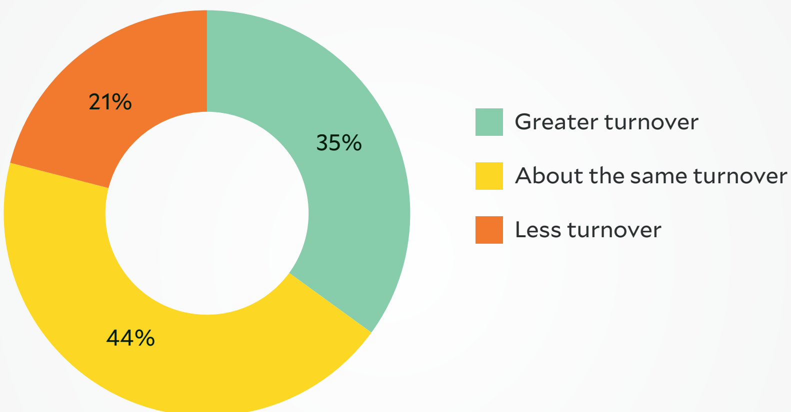
PLAN GOALS, CHALLENGES, AND PERFORMANCE

One in three sponsors are experiencing greater turnover compared to pre-pandemic levels. Turnover tends to be higher in sponsors with at least 1,000 employees.

- However, more than four in ten (44%) say they're experiencing about the same level of turnover.

FIGURE 9

Employee Turnover Compared to Pre-Pandemic Levels



Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
Greater turnover	21%	28%	28%	48% ABC

Q6. How would you compare the turnover you're experiencing at your organization now compared to pre-pandemic levels? (n=500)

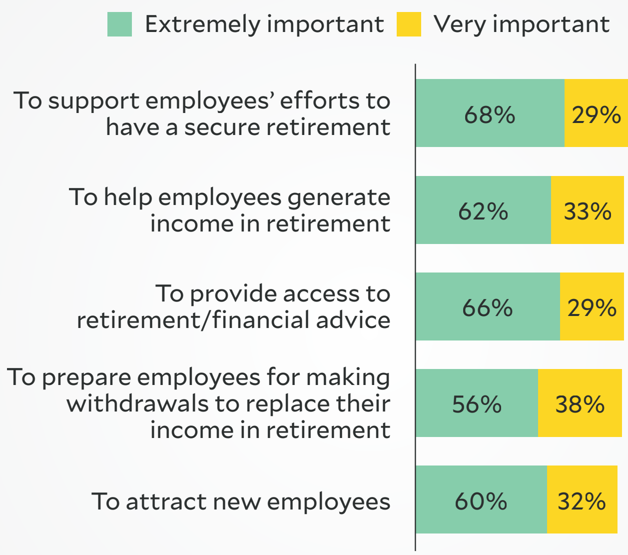
ABCD=Significantly higher than other subgroups at the 95% level

Nearly all offer a retirement plan to help employees have a secure retirement, including two in three calling it an extremely important goal. Six in ten call attracting new employees an extremely important goal.

- Just over half feel offering a plan to prepare employees for making withdrawals to replace their income in retirement is extremely important.
- Offering a plan to attract new employees is generally rated as more important amongst the smallest (<50) and largest (1,000+) sponsors.

FIGURE 10

Corporate Goals in Offering a Retirement Savings Plan



Number of Employees %E/V	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
To attract new employees	95%	87%	90%	96%[BC]

Q1. How important is each of the following corporate goals when it comes to offering a retirement savings plan? (n=500)

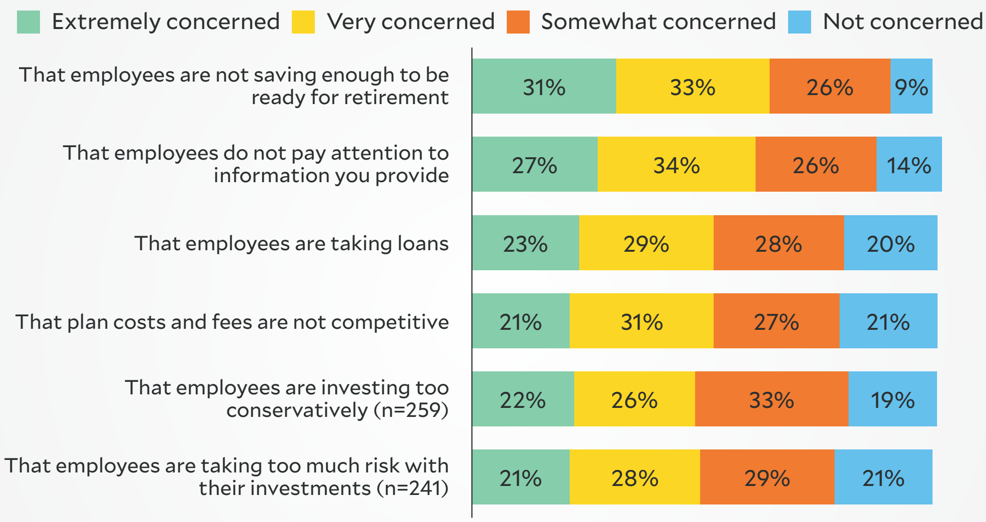
[ABCD]=Significantly higher than other subgroups at the 95% level

However, many sponsors are concerned that employees are not saving enough to be ready for retirement.

- About half of sponsors are highly concerned about participants investing either too conservatively or too aggressively – in short, that they aren't selecting appropriate investments.

FIGURE 11

Level of Concern with Plan Aspects



Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
That employees do not pay attention to information you provide	53%	55%	60%	67% [B]

Q9. How concerned are you about each of the following? (n=500)

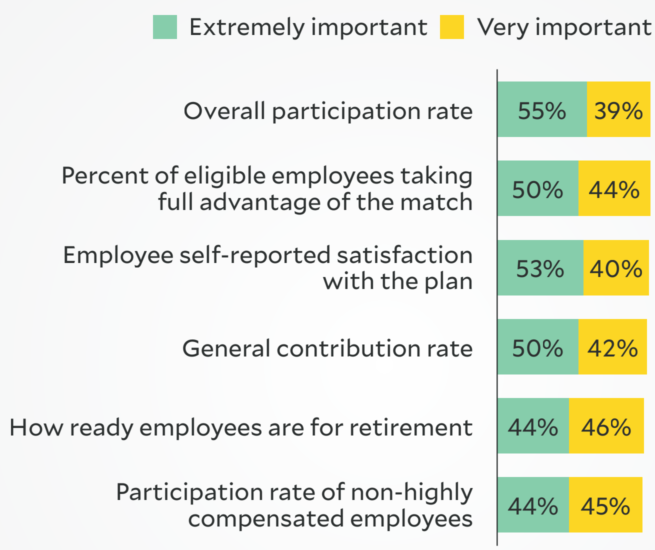
[ABCD]=Significantly higher than other subgroups at the 95% level

More than half find overall participation extremely important in assessing the success of their retirement plan. Slightly fewer say the same about assessing how ready employees are for retirement.

- More find overall participation rate important than in 2022 (95% vs. 89%).

FIGURE 12

Importance of Plan Metrics



Number of Employees %E/V	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
Percent of eligible employees taking full advantage of the match	95%	93%	90%	96%[C]
Participation rate of non-highly compensated employees	85%	82%	91%[B]	92%[B]

Q7. How important is each of the following in assessing the success of your retirement plan? (n=500)

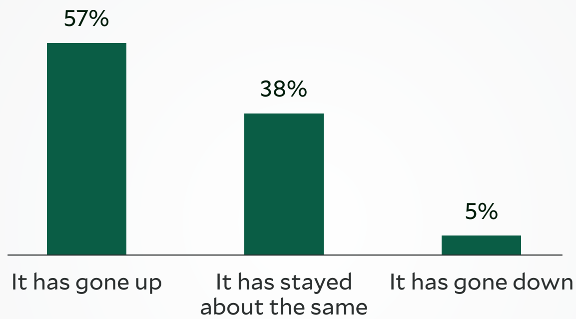
[ABCD]=Significantly higher than other subgroups at the 95% level

Despite concerns, nearly six in ten say that average contribution rates have gone up, up from 46% who said the same in 2022. 9 in 10 feel their participants do a good job choosing the right investments.

- Larger sponsors are more likely to say that average contribution rates have increased over the past two years, while smaller sponsors are more likely to say they've stayed the same.

FIGURE 13

Average Contribution Rate Over Past Two Years



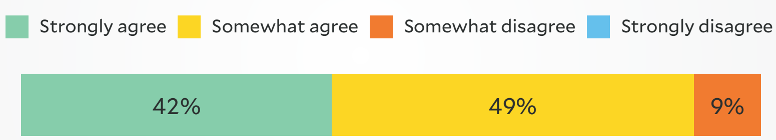
Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
It has gone up	44%	49%	63%[AB]	61%[AB]
It has stayed about the same	53%[CD]	46%[CD]	33%	32%

Q3. Over the past two years, how has your plan's average contribution rate changed? (n=500)

[ABCD]=Significantly higher than other subgroups at the 95% level

FIGURE 14

Our Participants Do a Good Job of Choosing Investments That Are Appropriate For Their Circumstances



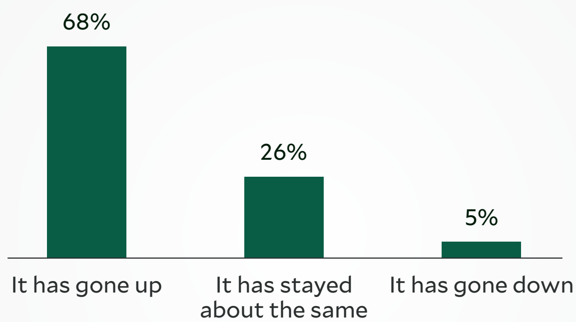
Q49r. To what extent do you agree or disagree with each of the following statements? (n=500)

Two-thirds say that average savings rates, including employer match and profit sharing, have gone up over the past ten years. The average savings rate is between 7.1% and 12%.

- Larger sponsors are more likely to say that average savings rates have increased over the last ten years, while smaller sponsors are more likely to say they've stayed the same.

FIGURE 15

Average Savings Rate Over Past Ten Years

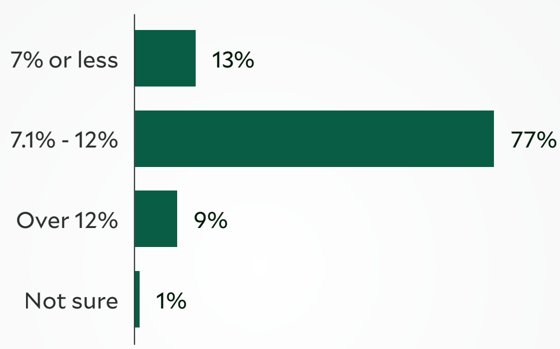


Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
It has gone up	53%	63%	73%[A]	72%[A]
It has stayed about the same	45%[CD]	29%	22%	21%

Q4. Over the last 10 years, how has your employees' average savings rate, including employer match and profit sharing, changed? (n=500)
[ABCD]=Significantly higher than other subgroups at the 95% level

FIGURE 16

Average Savings Rate



Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
7% or less	16%	20%[CD]	10%	11%
7.1% - 12%	70%	72%	82%[B]	77%
12% or more	14%	5%	8%	11%

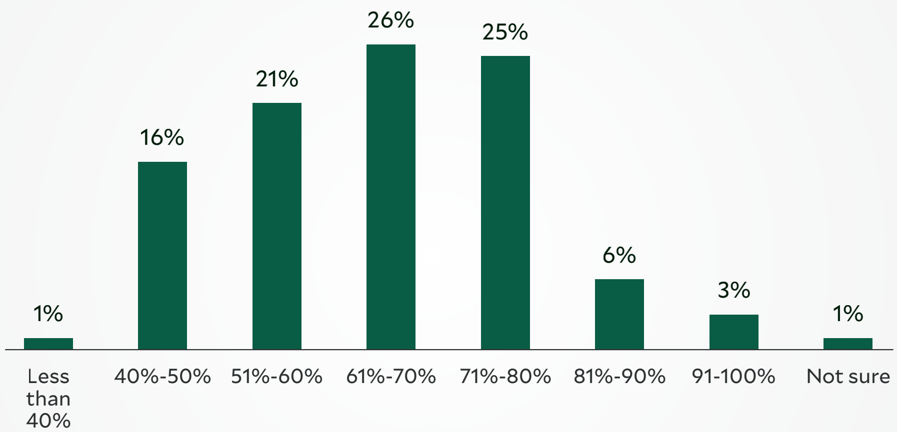
Q5. What is the average savings rate for your employees, including match and profit sharing? (n=500)
[ABCD]=Significantly higher than other subgroups at the 95% level

Most sponsors believe that the income replacement rate in retirement should be between 51% to 80%.

- Larger sponsors tend to prefer a higher rate than smaller sponsors.

FIGURE 17

Preferred Income Replacement Rate



Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
81%-100%	2%	6%	13% AB	10% A

Q8. What do you think the income replacement rate in retirement should be for your employees (including Social Security)? (n=500)
ABCD=Significantly higher than other subgroups at the 95% level

What do participants say?

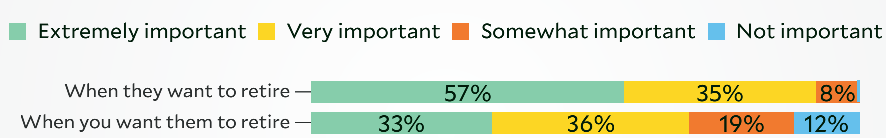
Only four in ten participants want 51% to 80% of their income replaced in retirement to achieve their desired standard of living (17% want 81% to 100%).

More sponsors say it is important for employees to retire when they want to than when the employer wants them to. Sponsors lean toward believing that it's a good thing when employees delay retirement.

- The largest sponsors find it more important for employees to retire when the employer wants than the smallest sponsors.

FIGURE 18

Ideal Time for Employee Retirement

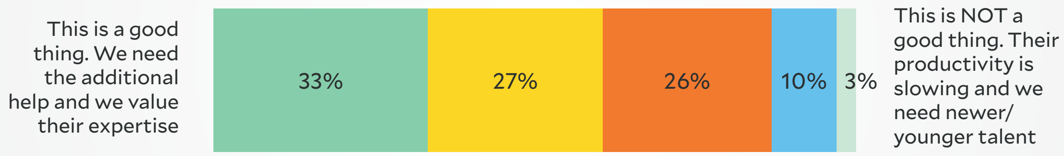


Number of Employees %E/V	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
When you want them to retire	57%	64%	69%	74% A

Q32. How important is it for employees to retire...? (n=500)
ABCD=Significantly higher than other subgroups at the 95% level

FIGURE 19

Perspectives on Employees Delaying Retirement



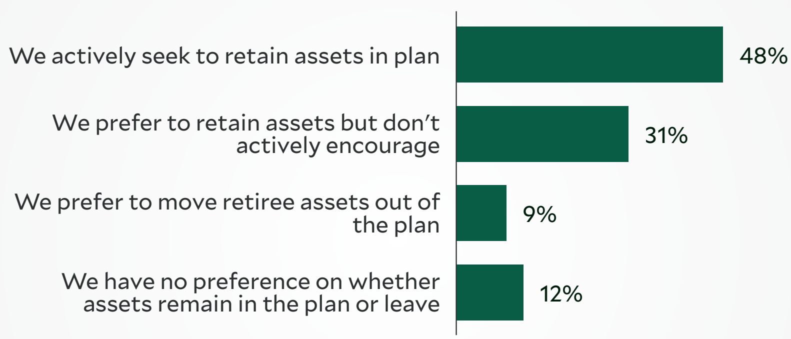
Q33. How do you feel about employees that delay retirement and work longer? (n=500)

After retirement, nearly half prefer to actively seek to retain retiree assets in the plan. Another three in ten prefer to retain assets but don't actively encourage it.

- Larger sponsors more often actively seek to retain assets.

FIGURE 20

Preference for Retaining Participant Assets



Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
We actively seek to retain assets in plan	25%	38%	55%[AB]	56%[AB]
We have no preference on whether assets remain in the plan or leave	22%[D]	14%	11%	8%

Q16. What is your preference on retaining participant assets after their retirement? (n=500)

[ABCD]=Significantly higher than other subgroups at the 95% level

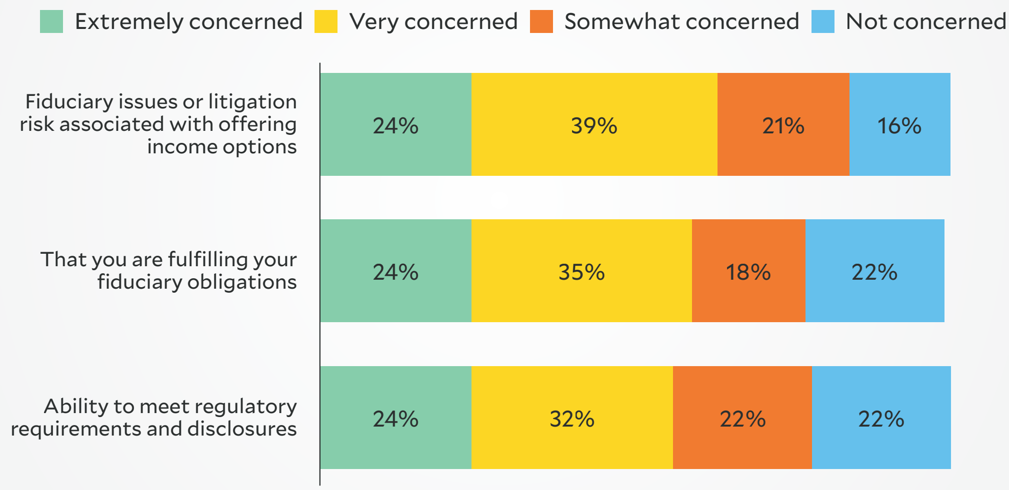
.

FIDUCIARY CONCERN AND ADVISOR USE

More than half of sponsors are concerned about meeting their fiduciary and regulatory obligations. Six in ten are concerned about fiduciary or litigation risk associated with offering income options.

FIGURE 21

Level of Concern with Fiduciary Obligations

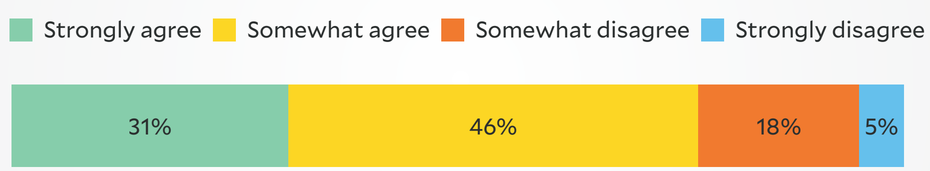


Q9/Q39. How concerned are you about each of the following? (n=500)

Three in four are more concerned about liability than ever before, which is comparable to 2022 but up from 63% in 2019.

FIGURE 22

"We Are More Concerned About Liability Than Ever Before"



Q40. To what extent do you agree or disagree with the following statement? (n=500)

Sponsors feel employee education and investment selection and monitoring are the most important activities for a plan advisor. Serving as a fiduciary ranks as only the 7th most important.

- Larger sponsors are more likely to say discussing/recommending retirement income solutions is the most important.

FIGURE 23

Most Important Advisor Duties Being Performed

Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
Discussing/ Recommending retirement income solutions	7%	7%	18%[AB]	21%[AB]
Serving as a fiduciary	3%	9%	5%	9%[A]

Q48. What is the most important duty your advisor could be performing? (n=500)

[ABCD]=Significantly higher than other subgroups at the 95% level

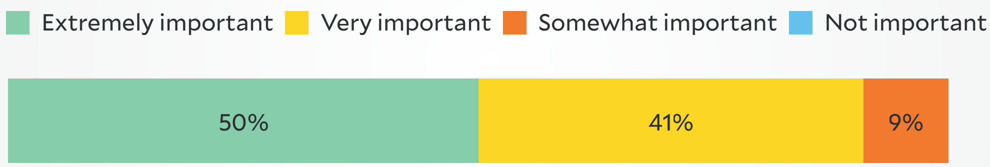
PARTICIPATION EDUCATION

Half of sponsors say participant education is extremely important. The effectiveness of participant education lags importance with only 42% calling it extremely effective.

- Larger sponsors (250+ employees) tend to think participant education is more effective than smaller sponsors.

FIGURE 24

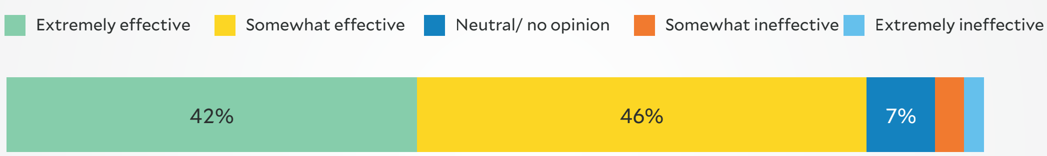
Importance of Participant Education



Q43. In general, how important is participant education to your organization? (n=500)

FIGURE 25

Effectiveness of Participant Education Program



Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
Effective	80%	83%	91% [C]	91% [C]

Q44. In general, how effective do you think your participant education program is? (n=500)

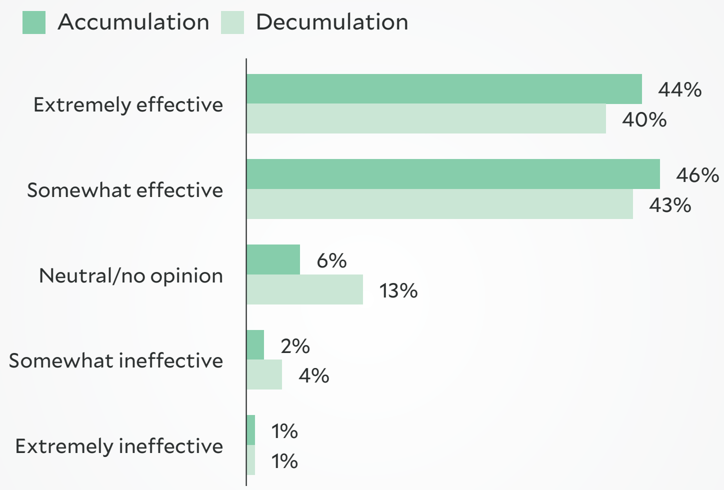
ABCD=Significantly higher than other subgroups at the 95% level

Participant education on accumulation is more effective than decumulation.

- Nine in ten feel their education on accumulation is effective; Eight in ten feel the same about decumulation.
- Mid-to-large sponsors (250-999 employees) report the highest effectiveness.

FIGURE 26

Effectiveness of Participant Education: Accumulation vs. Decumulation



Number of Employees % Effective	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
Accumulation	90%	87%	95%[BD]	88%
Decumulation	87%	78%	88%[BD]	80%

Q45. How effective do you think your participant education is around each of the following topics? (n=500)

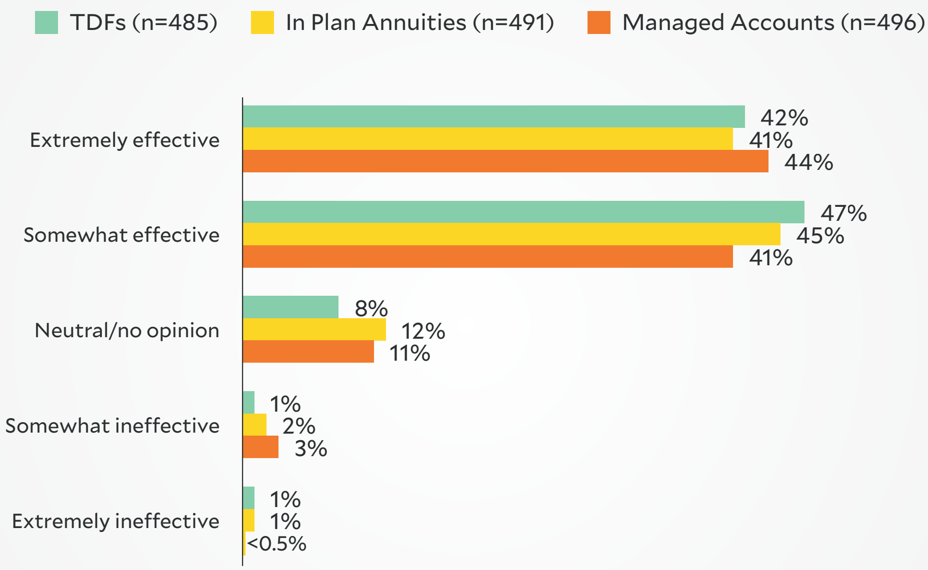
[ABCD]=Significantly higher than other subgroups at the 95% level

About nine in ten believe their education on TDFs, in-plan annuities, and managed accounts is effective.

- The largest sponsors are more likely to feel their education on TDFs is effective.

FIGURE 27

Effectiveness of Participant Education: Products



Number of Employees % Effective	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
TDFs	81%	85%	89%	94%[AB]

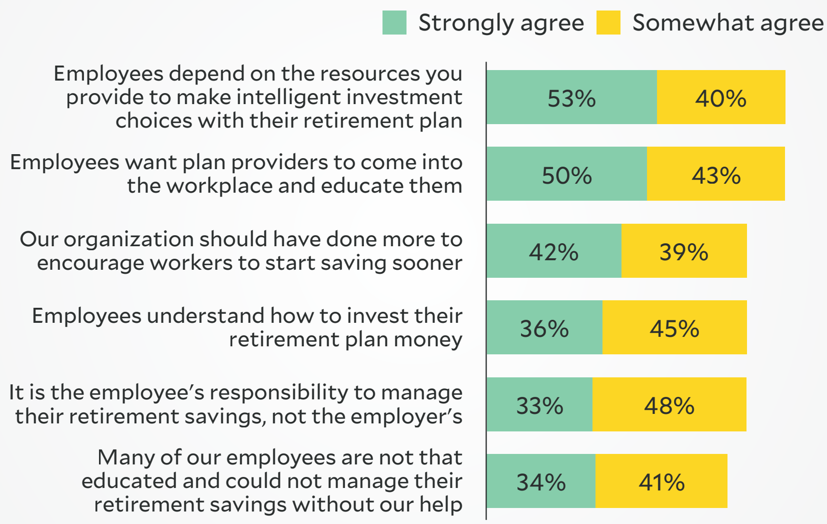
Q46. How effective do you think your participant education is for each of the following products? Filter: Familiar with product

[ABCD]=Significantly higher than other subgroups at the 95% level

The consensus is that employees depend on assistance from both their employer and plan providers regarding retirement education.

- However, roughly three in four sponsors feel that their employees are not educated enough and that their organization should have done more to encourage saving sooner.

FIGURE 28



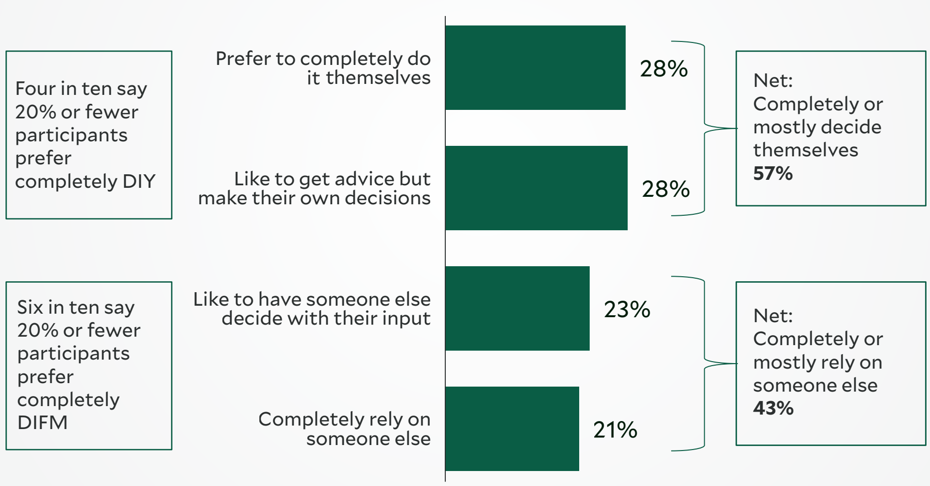
Q49. To what extent do you agree or disagree with each of the following statements? (n=500)

More than half of sponsors believe their employees prefer a more DIY approach to plan investment decisions.

- Fewer feel employees prefer to completely do it themselves than in 2022 (28% vs. 32%), while more feel employees completely rely on someone else (21% vs. 18%).

FIGURE 29

Employee Preferences for Researching Investment Decisions (Average percents based on employer estimates; Means reported)



Q42. When it comes to doing research about investment decisions, what percentage of your employees fall on the following continuum? (n=500)

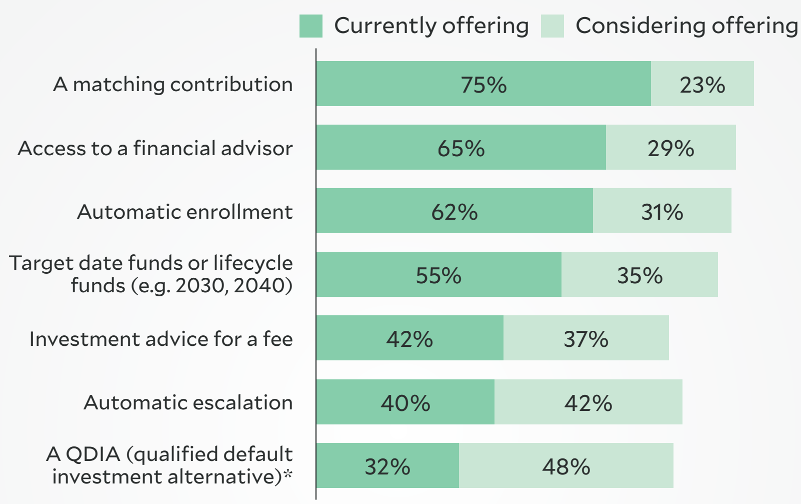
PLAN DESIGN AND OFFERINGS

Three in four report offering a matching contribution and two in three provide access to financial advice.

- Larger sponsors are more likely to offer Target Date Fund options, investment advice for a fee, automatic escalation, and a QDIA.
- Compared to 2022, more offer a matching contribution (75% vs. 63%) and automatic enrollment (62% vs. 51%).

FIGURE 30

Offered Within Defined Contribution Plan



Number of Employees % Offering	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
A matching contribution	78%	74%	75%	74%
Access to a financial advisor	57%	63%	68%	65%
Automatic enrollment	58%	60%	69%[D]	58%
Target date funds	36%	53%	59%[A]	59%[A]
Investment advice for a fee	21%	37%[A]	45%[A]	49%[AB]
Automatic escalation	25%	35%	43%[A]	45%[A]
A QDIA	20%	22%	35%[AB]	40%[AB]

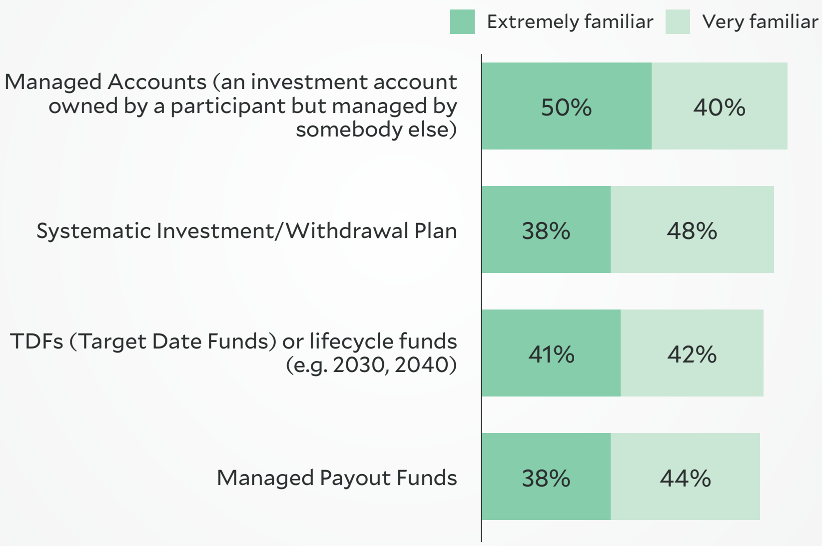
Q10. Which of the following do you offer (or are considering offering) in your defined contribution plan? (n=500)

[ABCD]=Significantly higher than other subgroups at the 95% level *Wording change in 2024

Most sponsors claim to be familiar with managed accounts and 83% are familiar with TDFs. Nearly all either offer or are considering offering these products.

FIGURE 31

Product Familiarity



Q17. How familiar are you with the following products? (n=500)

FIGURE 32

Product Offering

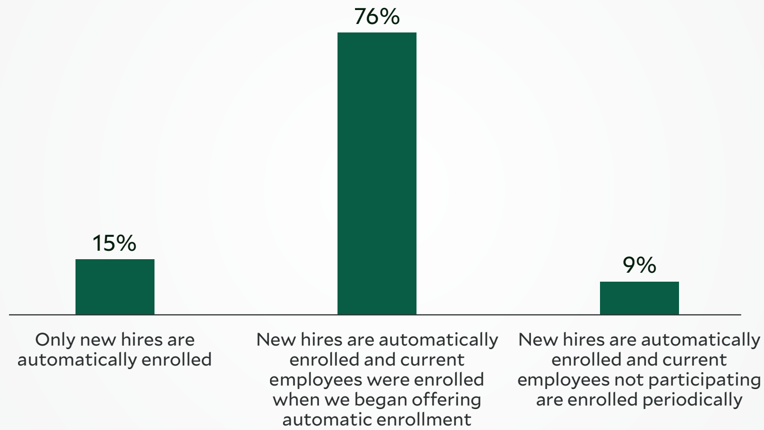
	Yes	No, considering	No, not considering	Not familiar
Managed Accounts (an investment account owned by a participant but managed by somebody else)	65%	29%	6%	1%
Systematic Investment Withdrawal Plan	61%	32%	4%	3%
TDFs (Target Date Funds) or lifecycle funds (e.g. 2030, 2040)	58%	33%	5%	3%
Managed Payout Funds	59%	31%	6%	3%

Q18. Do you currently offer the following products in your defined contribution plan? (n=500)

Of those with automatic enrollment, three in four automatically enroll both new hires and those already enrolled.

FIGURE 33

Method of Automatic Enrollment Used



Q11. What method of automatic enrollment is used in your defined contribution plan? Filter: Offers automatic enrollment (n=311)

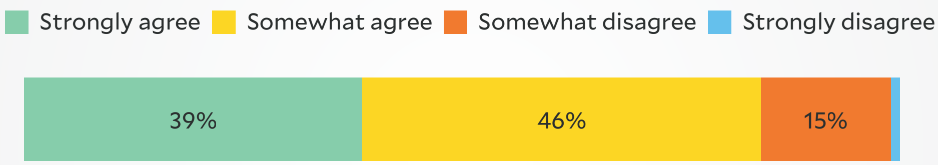
TARGET DATE FUNDS AND RISK TOLERANCE

Sponsors feel that their participants generally understand Target Date Funds, though about one in six disagree.

- While there are no differences by number of employees, there are some by plan assets. Those with mid-to-high levels of plan assets ($75-99.9M) feel that their participants have a stronger understanding of TDFs than those with less (<$75M).

FIGURE 34

"Target Date Funds (TDFs) Are Well Understood By Our Participants"



Plan Assets (In millions)	<$50 (A)	$50-74.9 (B)	$75-99.9 (C)	$100+ (D)
Net: Strongly & Somewhat agree	83%	82%	93%[AB]	85%

Q49Q. To what extent do you agree or disagree with each of the following statements? (n=500)

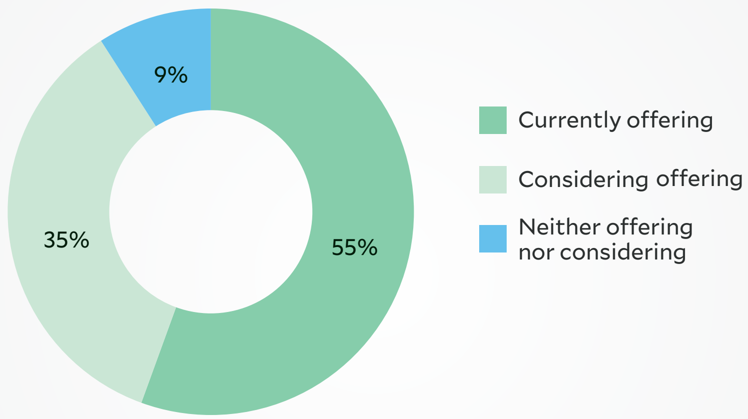
[ABCD]=Significantly higher than other subgroups at the 95% level

Just over half of sponsors offer TDFs in their plan and about eight in ten have conducted a TDF search within the past three years.

- Larger sponsors are more likely to offer TDFs than smaller sponsors.

FIGURE 35

TDF Offerings

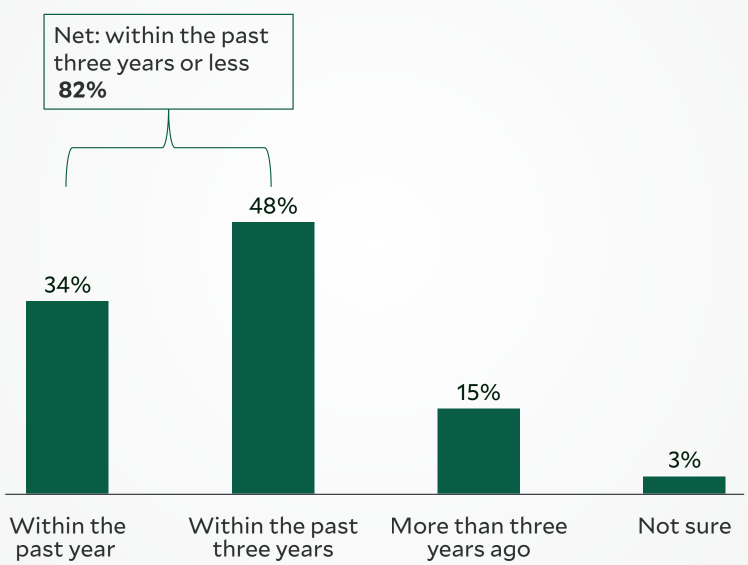


Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
Currently offering	36%	53%	59%[A]	59%[A]

Q10I. Which of the following do you offer (or are considering offering) in your defined contribution plan? (n=500)
[ABCD]=Significantly higher than other subgroups at the 95% level

FIGURE 36

Most Recent Target Date Fund Search

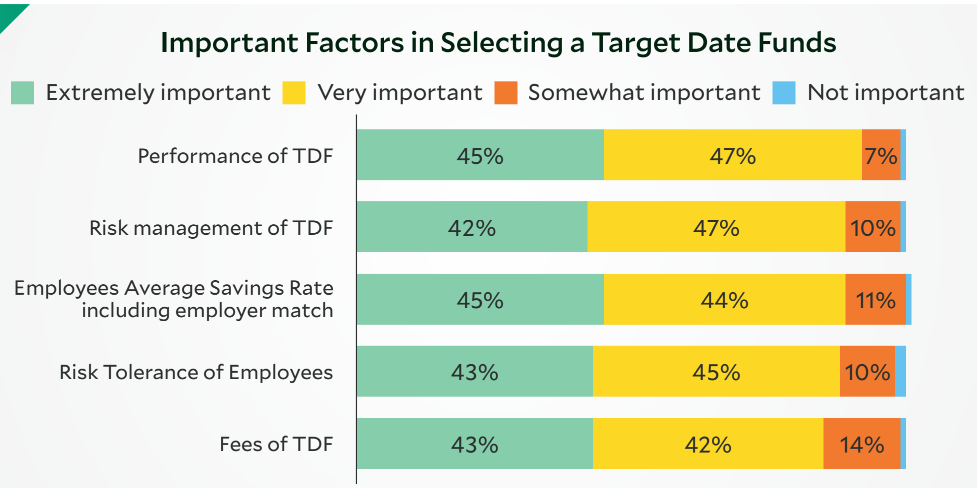


Q36. Approximately when was your plan's last Target Date Fund search? Filter: Familiar with TDFs (n=485)

Performance is cited as the most important attribute when selecting a TDF. Risk management, savings rate, risk tolerance of employees, and fees are all important as well.

- Those with 250-999 employees are more likely to cite risk management as an important attribute compared to those with 50-249 employees.

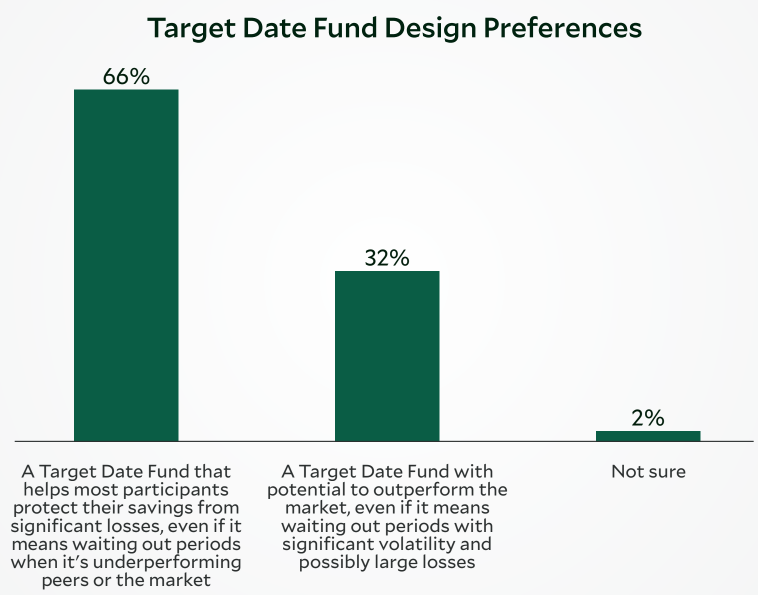
FIGURE 37



Q34. How important are each of the following attributes to your organization in selecting a Target Date Fund (TDF)? Filter: Familiar with TDFs (n=485)

All else being equal, two in three say they would prefer a TDF which protects participants from significant losses over the potential to outperform the market, which risks volatility and losses.

FIGURE 38



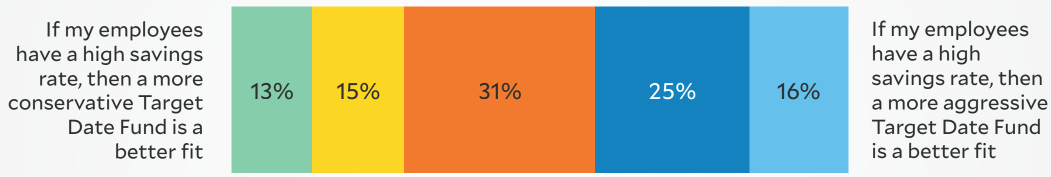
Q35. All other things being equal, which would you rather have? Filter: If familiar with TDFs (n=485)

Sponsors tend to think a more aggressive TDF is a better fit than a conservative one for employees with a high savings rate. Three in ten land in the middle.

- The largest sponsors (1,000+ employees) are most likely to say an aggressive TDF is the better fit.

FIGURE 39

Importance of Employees' Savings Rate in Selecting a Target Date Funds



Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
Net: Aggressive	39%	38%	56%	47%[C]

Q37. Which statement do you agree with more? (n=500)

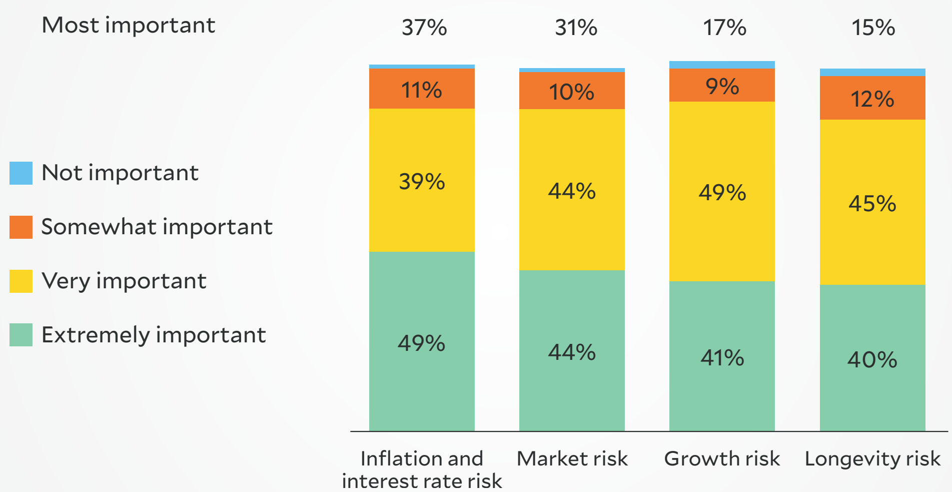
ABCD=Significantly higher than other subgroups at the 95% level

Inflation and interest rate risk is the most important type of risk to address with Target Date Fund investments, followed by market risk.

- Fewer think growth risk is the most important compared to 2022 (17% vs. 22%) and more think longevity risk is (15% vs. 8%).

FIGURE 40

Importance of Addressing Risks with TDF Investments



Q41A. When you think about your retirement plan design and investment options, how important is it to address the following types of risk with your target-date investments? (n=500)

Q41B. Which type of risk is the most important type to address? Filter: Important to address at least one type of risk (n=495)

What do participants say?

Longevity risk and market risk are tied for the 2nd most concerning risk among participants.

Roughly two in three are highly concerned about retirees making their balance last a lifetime, market volatility for near-retirees, and departing employees cashing out and creating a taxable event.

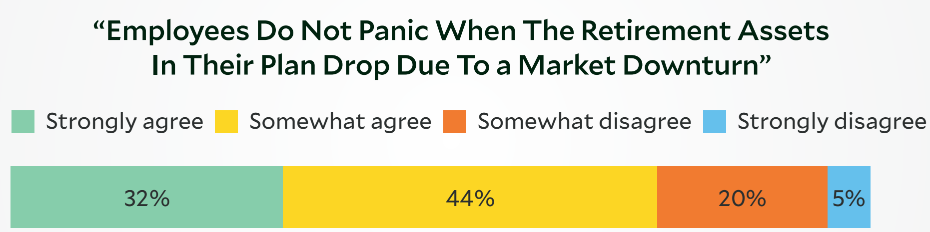
- More are concerned than in 2022 that retiring employees will be unable to make their balance last (70% vs. 64%) and that departing employees are taking cash out and creating a taxable event (64% vs. 58%).

FIGURE 41

Q39. How concerned are you about each of the following? (n=500)

However, three in four believe their employees do not panic when the retirement assets in the plan drop due to a market downturn.

FIGURE 42



Q49m. To what extent do you agree or disagree with each of the following statements? (n=500)

What do participants say?

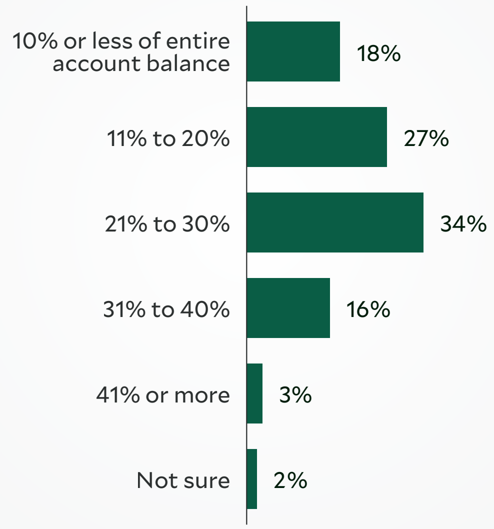
63% of participants agree that when their account balance goes down, they feel confident it will go back up.

During a stock market correction, eight in ten believe no more than 30% is an acceptable downside risk in a Target Date Fund for employees close to retirement.

- Two in ten believe 10% or less is acceptable.

FIGURE 43

Acceptable Downside Risk in Target Date Funds



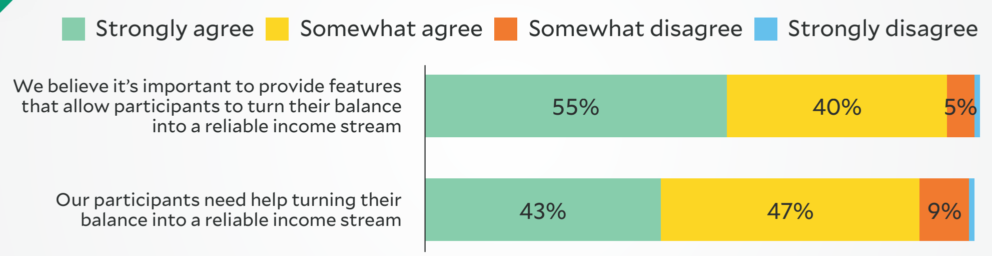
Q38. How much downside risk do you think is acceptable in a Target Date Fund for your employees aged 60 or older, or within 5 years of retirement, during a stock market correction? (n=500)

RETIREMENT INCOME

Over nine in ten sponsors agree that it's important to provide features that allow employees to turn their balance into a reliable income stream when they retire.

- In addition, 90% agree that their participants need help turning their balance into a reliable income stream.

FIGURE 44

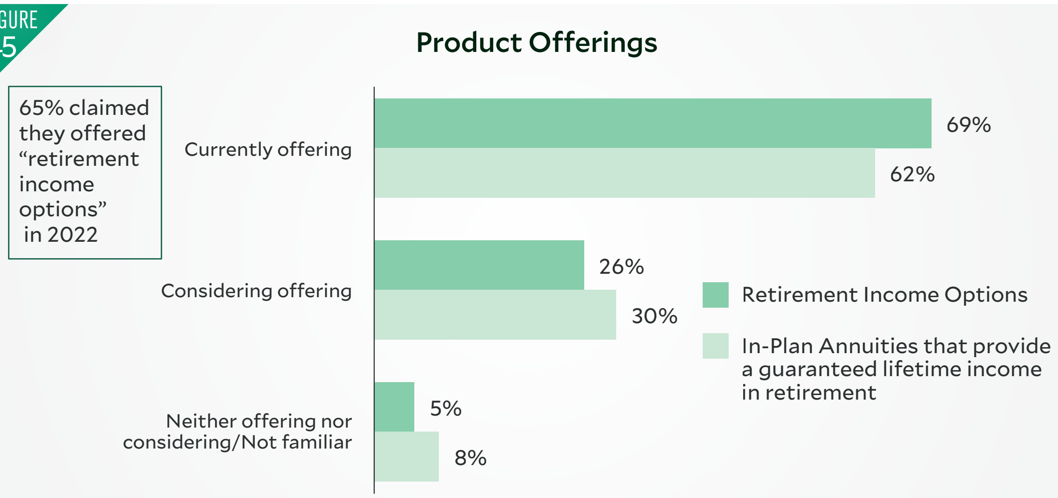


Q49. To what extent do you agree or disagree with each of the following statements? (n=500)

Seven in ten sponsors claim to offer retirement income options and 62% for in-plan annuities. Though most say they are familiar with in-plan annuities, these high numbers suggest a lack of understanding.

- More say they allow guaranteed retirement income payments than non-guaranteed, though some allow both.

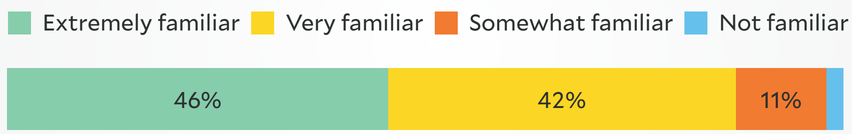
FIGURE 45



Q10k. Which of the following do you offer (or are considering offering) in your defined contribution plan? (n=500)

FIGURE 46

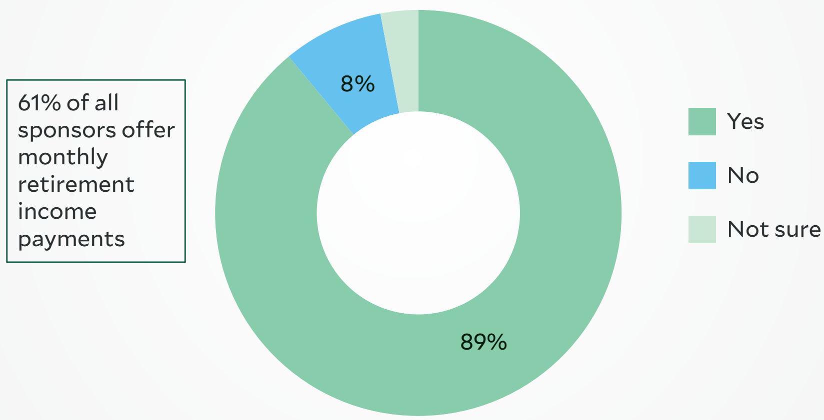
Familiarity With "In-Plan Annuities That Provide a Guaranteed Lifetime Income In Retirement"



Q17. How familiar are you with the following products? (n=500)

FIGURE 47

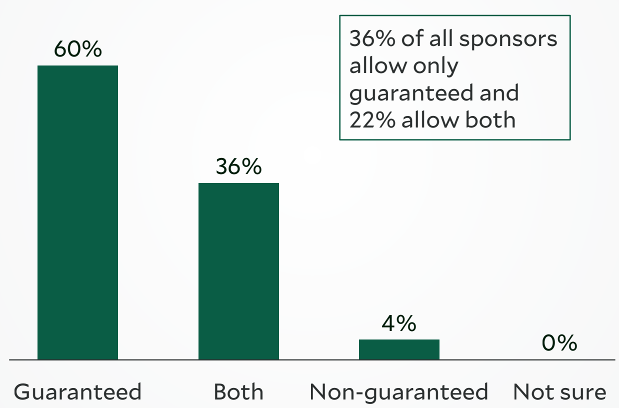
Monthly Retirement Income Payments (if offers retirement income options)



Q13. Do your retirement income options allow for monthly retirement income payments? Filter: Offers retirement income options (n=345)

FIGURE 48

Monthly Retirement Income Payments (if offers retirement income options)



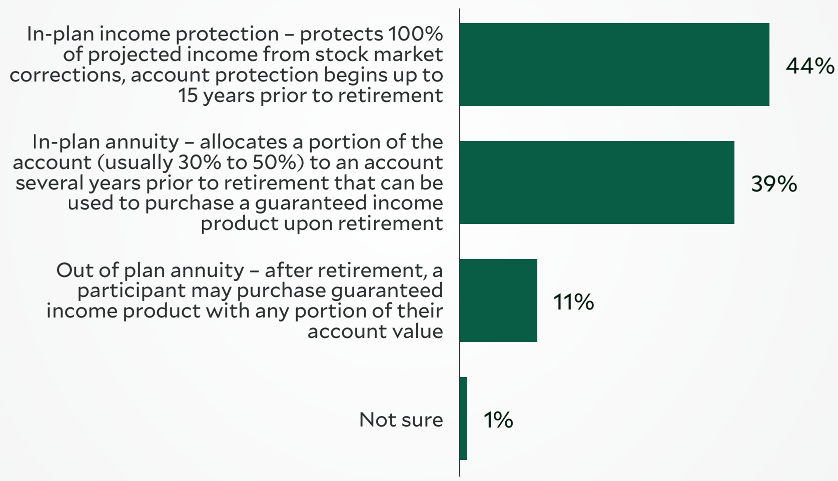
Q14. What type of monthly retirement income payments do your retirement income options allow? Filter: Allows monthly payments (n=308)

When considering guaranteed retirement income options, sponsors' preference is split between 100% income protection versus allocation to an in-plan annuity.

- Few prefer an out of plan annuity.

FIGURE 49

Most Appealing Retirement Income Options



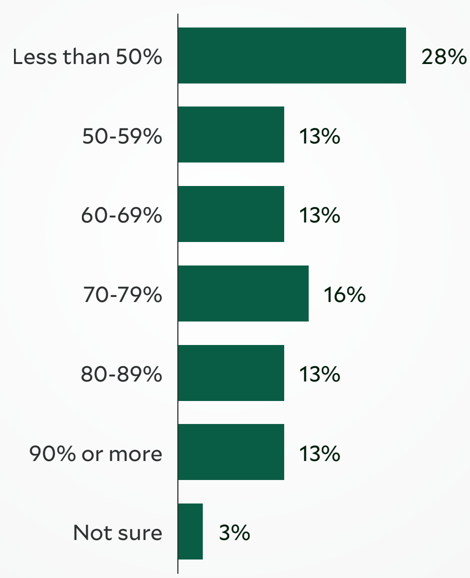
Q12. If you were to offer a guaranteed retirement income option, which type is the most appealing? (n=500)

Sponsors believe employee interest in in-plan income options is high, with nearly seven in ten saying at least half are interested.

- Essentially all sponsors say there is some of level of interest amongst their employees, with no one saying none would be interested.

FIGURE 50

Employee Interest in Having In-Plan Guaranteed Income Option Offered



Q23. How many of your employees would be interested in having an in-plan guaranteed income option as part of their defined contribution plan?
Filter: If offering/considered in-plan annuities (n=466)

What do participants say?

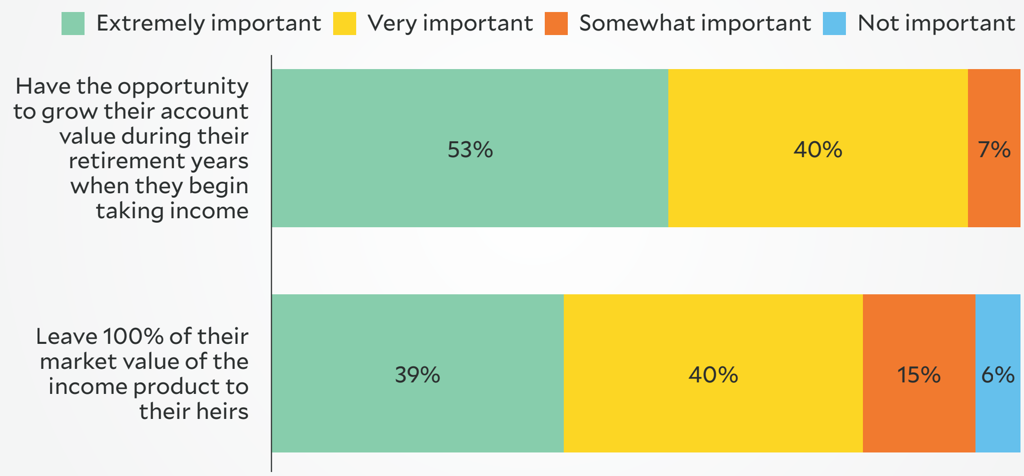
60% of participants express interest.

Half say it's extremely important for their employees to have the opportunity to grow their account value during their retirement years when they begin taking income.

- Four in ten say the ability for employees to leave 100% of their market value of the income product to their heirs is extremely important.

FIGURE 51

Importance for Employees to...



Q31. How important is it for employees to do or have the following? (n=500)

What do participants say?

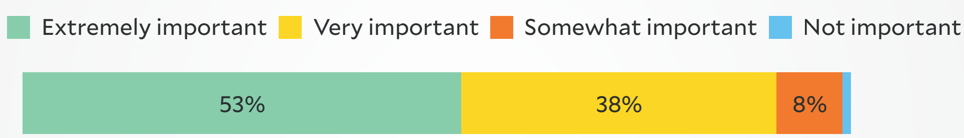
Participants are less likely to consider these important (83% the opportunity to grow; 56% leave value to heirs).

Nearly all sponsors agree that it's important to provide input on the design of an income solution for their employees, including half who find it extremely important.

- Larger sponsors tend to find it more important than smaller sponsors.

FIGURE 52

Importance of Having Input of the Design of an Income Solution



Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
Net: Strongly & Somewhat agree	88%	83%	95%	94%[B]

Q2. How important is it for you to have input on the design of an income solution? For example, determining the age of employees it is offered to or the amount they can allocate to the solution (n=500)

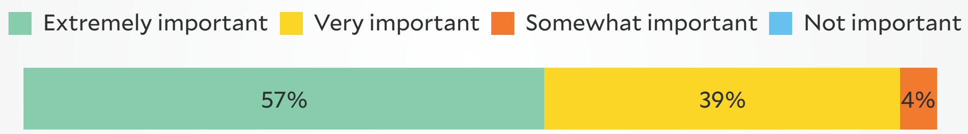
[ABCD]=Significantly higher than other subgroups at the 95% level

For those offering guaranteed income products, nearly six in ten agree that it's extremely important to know how much the insurance company is charging participants to guarantee the income.

- Another four in ten find it somewhat important; No sponsors say it's not important.

FIGURE 53

Importance of Knowing How Much the Insurance Company is Charging Participants

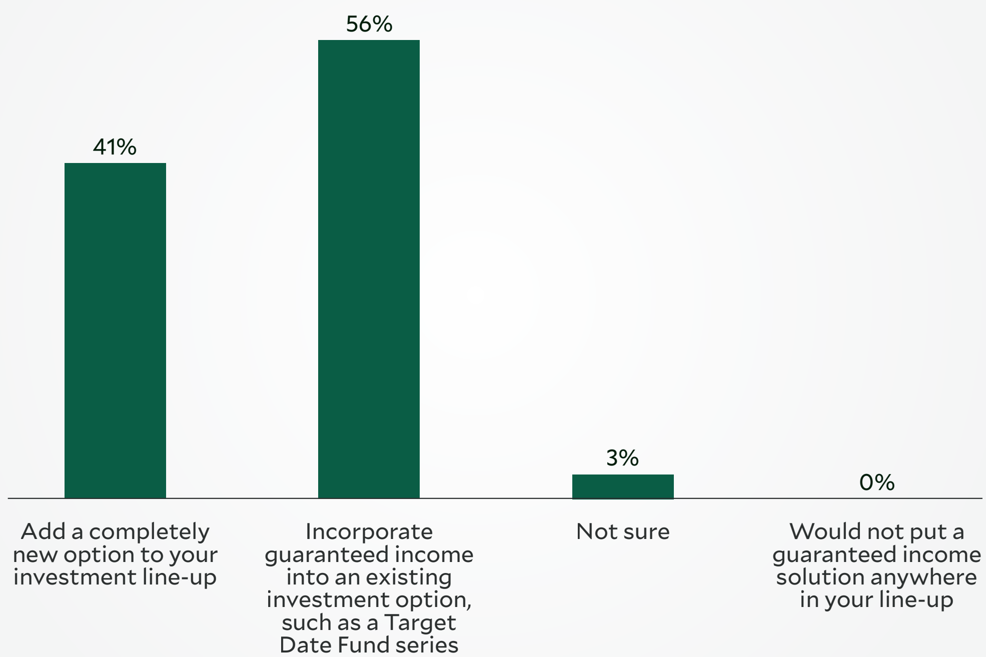


Q15. Thinking about guaranteed income products, how important is it to know how much the insurance company is charging participants to guarantee the income? Filter: Plan allows guaranteed monthly income payments (n=295)

Among those offering or considering in-plan annuities, more than half would rather incorporate guaranteed income into an existing investment option than add a new option.

FIGURE 54

Preference for Implementing an In-Plan Guaranteed Income Solution

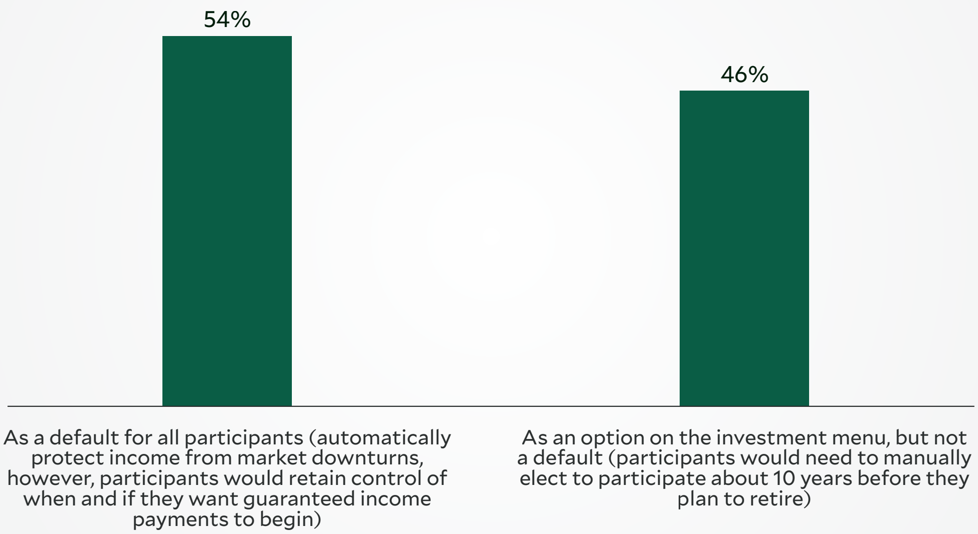


Q19. If implementing an in-plan guaranteed income solution, would you rather...? Filter: Offers/considering in-plan annuities (n=466)

Sponsors are split on how to encourage participants to utilize an in-plan guaranteed income option, with 54% preferring the implementation be the default.

FIGURE 55

Encouraging Participants to Utilize In-Plan Guaranteed Income Option



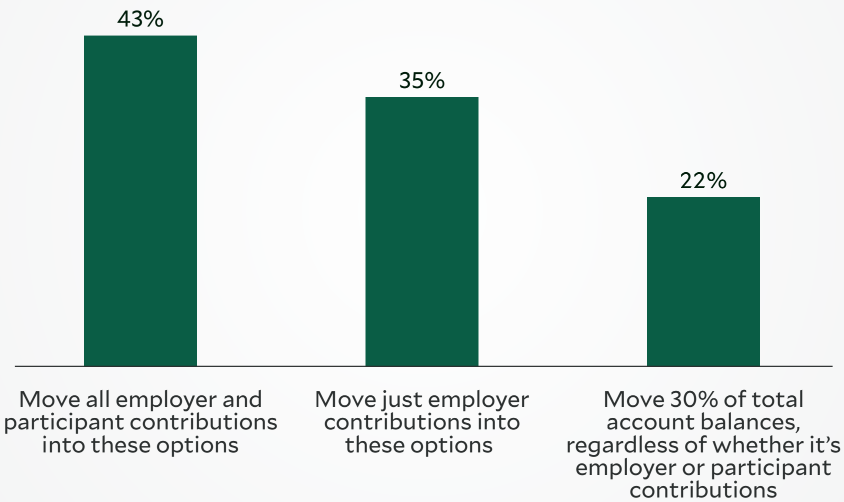
Q20. Regarding the implementation of in-plan guaranteed income, which approach do you most prefer for encouraging participants to utilize the option?
Filter: Open to adding in-plan solution (n=453)

Sponsors are also split on preferred method for determining how assets are allocated to in-plan guaranteed income; four in ten prefer moving all contributions into these options and one-third prefer moving only employer contributions.

- Three in four prefer to protect all of their employees' balance leading up to retirement and allowing them flexibility to choose how much guaranteed income to take at retirement rather than protecting less and basing their income on a preset amount.

FIGURE 56

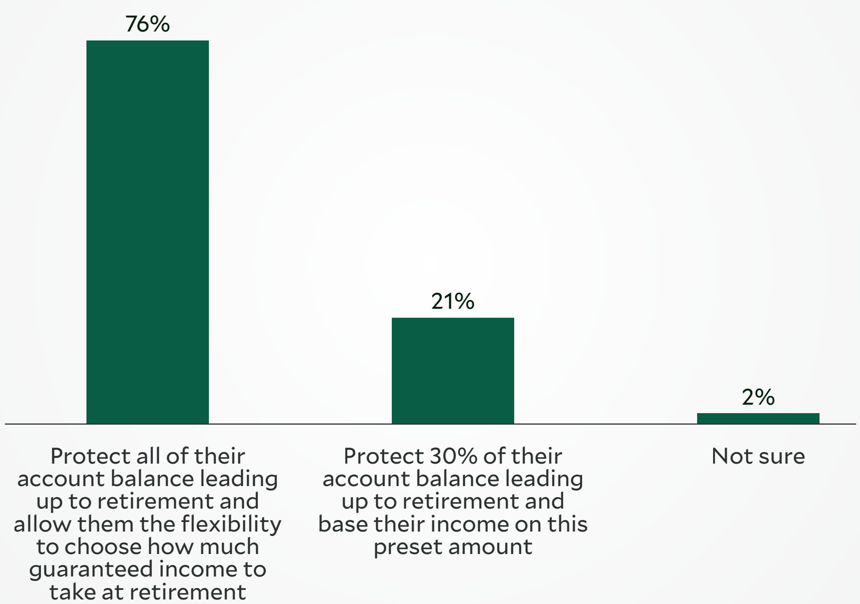
Preferred Method of Allocation/Default



Q21. Which method would you most prefer for determining how assets are allocated/defaulted to in-plan guaranteed income? Filter: Open to default (n=248)

FIGURE 57

Preference for Allocation of Assets



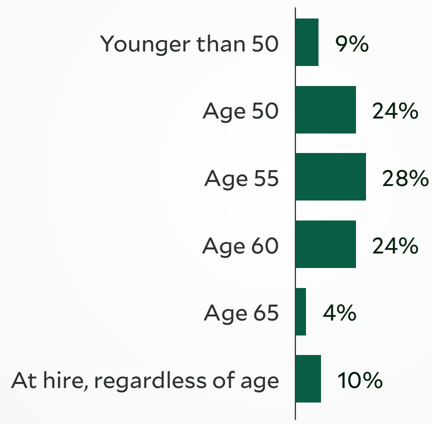
Q24. Which method do you most prefer for determining how your employees' assets are allocated/defaulted to an in-plan guaranteed lifetime income solution? (n=500)

About half believe assets should be moved into these solutions between the ages of 55 and 60. One in ten say it should be at hire, regardless of age.

- Nearly seven in ten think assets should be automatically protected from market volatility starting at age 50 or 55.

FIGURE 58

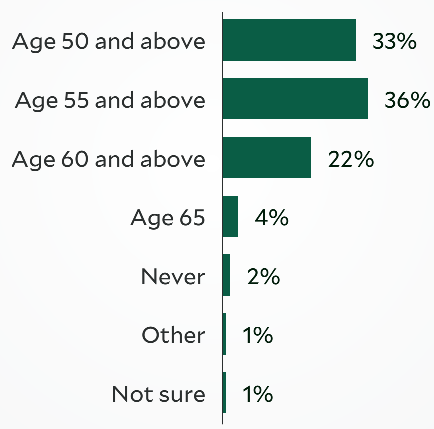
Age Assets Should Be Moved into Guaranteed Income Solution



Q22. At what age do you think assets should be moved or defaulted into an in-plan guaranteed income solution? Filter: Open to default (n=248)

FIGURE 59

Age to Automatically Protect Assets from Market Volatility



Q25. At what age do you believe employees' assets should be automatically protected against market losses in order to generate income? (n=500)

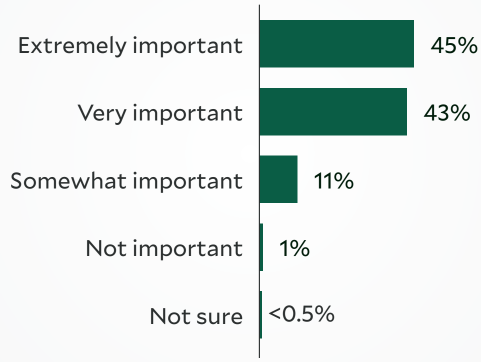
What do participants say?

15% of participants think this protection should start at age 65.

Nearly all say it's very or extremely important for their employees to maintain 100% control and flexibility of their retirement account after they retire.

FIGURE 60

Importance of Maintaining 100% Control of Account After Retirement



Q30. After they retire and begin taking income from their workplace retirement savings account, how important do you think it is for your employees to be able to maintain 100% control and flexibility of their account, should they change their mind and want all of their money back for other uses? (n=500)

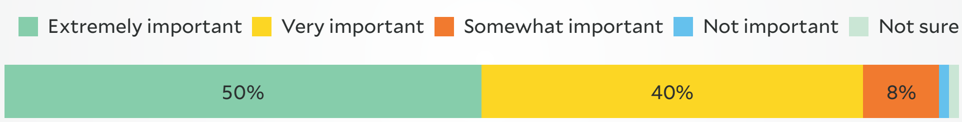
What do participants say?

Three in four participants feel this is important.

Nine in ten feel it's at least very important to protect the value of their employees' entire workplace retirement savings account in the event of a stock market crash.

FIGURE 61

Importance of Protecting Value of Entire Workplace Retirement Savings



Q26. In the event of a stock market crash, how important is it for your employees to protect the value of their entire workplace retirement savings account balance to generate income when they retire, even if they have to pay a little more to protect it? (n=500)

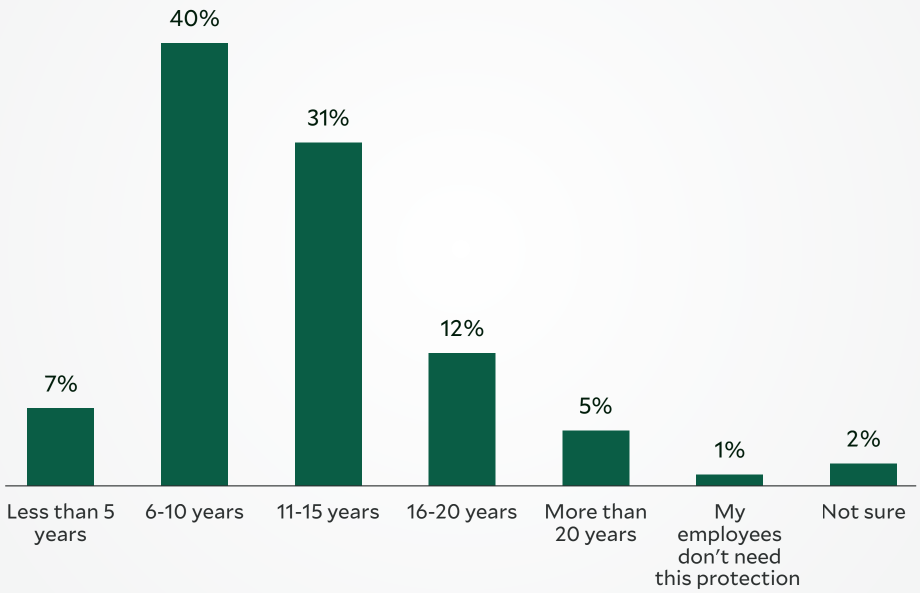
What do participants say?

Three in four participants feel this is important.

Nearly half want their employees' workplace retirement account protected from market volatility no more than 10 years before retirement.

FIGURE 62

Years Prior to Retirement to Protect Savings from Market Volatility



Q27. How many years before your employees' expected retirement date do you want their workplace retirement savings account protected from market volatility so that it can generate income? (n=500)

What do participants say?

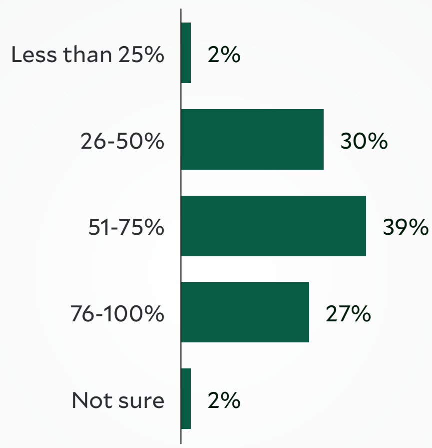
Participants are more likely to want protection less than 5 years before retirement (21%).

Two in three want to protect over half of their employees' retirement accounts from market volatility. Nearly two in ten expect their employees to be able to generate more than 6% of their income from their DC plan savings.

- One in four want to protect at least 76% of their employees' accounts.
- The largest sponsors are more likely to want to protect more than half of the accounts.

FIGURE 63

Percent of Retirement Savings to Protect from Market Volatility



Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
Net: More than 50%	51%	65%	65%	69%[A]

Q28. Approximately what percent of your employees' workplace retirement savings account do you want to protect from market volatility so that it can generate income? Filter: Employees need protection (n=493)

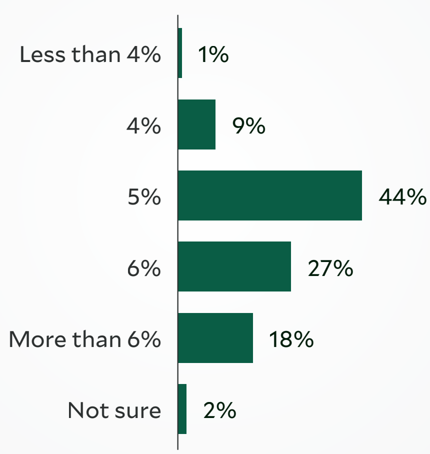
[ABCD]=Significantly higher than other subgroups at the 95% level

What do participants say?

53% of participants want over half of their accounts protected.

FIGURE 64

Percent of Retirement Account Balance to Generate as Income



Q29. How much income, as percent of their account balance, do you expect your employees to be able to generate from their workplace retirement plan savings when they retire? (n=500)

What do participants say?

27% of participants expect to generate more than 6%.

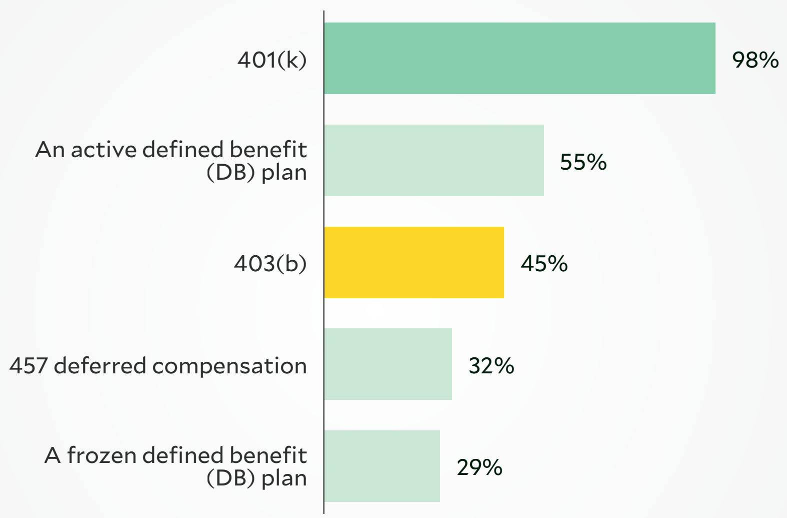
PROFILE OF RESPONDENTS

Nearly all sponsors offer a 401(k) plan and roughly half offer DB or 403(b) plans.

- For those that offer more than one, 401(k) plans are most often the largest.

FIGURE 65

Retirement Plans Offered



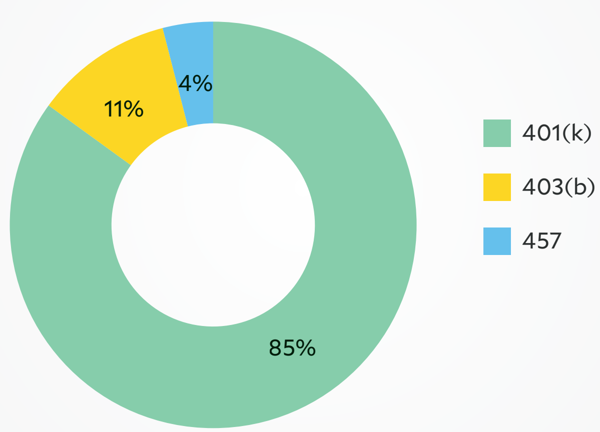
Number of Employees	<50 (A)	50-249 (B)	250-999 (C)	1k+ (D)
An active defined (DB) plan	28%	44%	61%[AB]	66%[AB]
403(b)	21%	33%	51%[AB]	54%[AB]

S3. Does your organization currently offer any of the following retirement plans? (n=500)

[ABCD]=Significantly higher than other subgroups at the 95% level

FIGURE 66

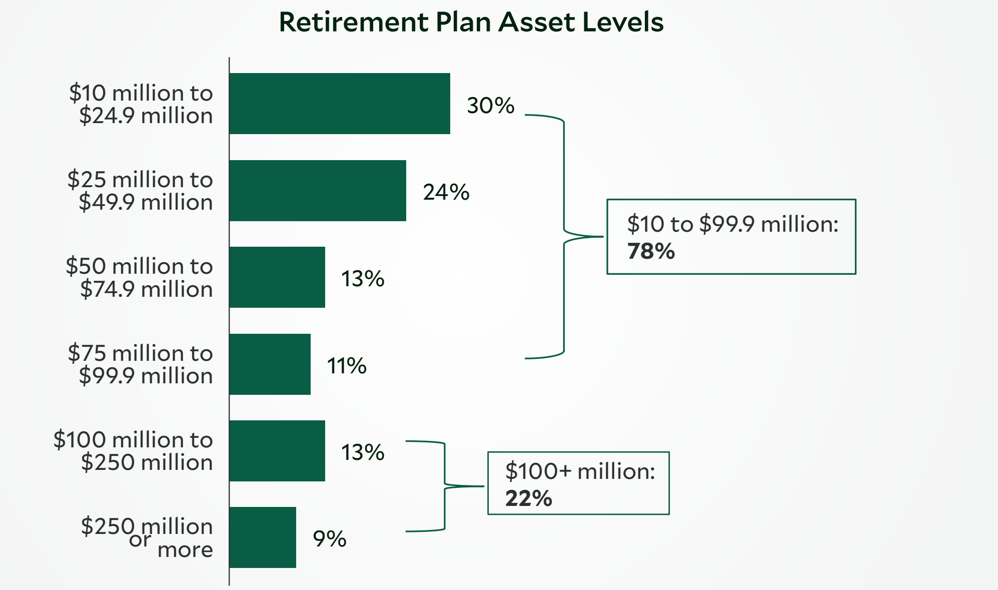
Largest Plan



S3D. Which plan is the largest? Filter: Offers more than one plan (n=266)

Nearly eight in ten have $10 to less than $100 million in retirement plan assets.

FIGURE 67



S5. Considering all of your US retirement plans, what are the total plan assets? (n=500)

FIGURE 68

Profile of Respondents

Number of Employees	n=500
<50	9%
50-249	24%
250-999	30%
1,000+	37%

Decision-Making Role with DC Plan	n=500
I am a final decision-maker	80%
I have considerable influence	20%

Extremely/ Very Involved	n=500
Making decisions about plan design	100%
Selecting the plan provider or record-keeper	99%
Communicating with employees about their retirement plan benefits	99%
Selecting and/or monitoring the investment options	98%

Participation Rate	n=500
<50%	9%
50-74%	24%
75-79%	13%
80-99%	39%
100%	15%

Average Deferral Rate	n=500
0%	2%
1-2%	4%
3-4%	16%
5-6%	41%
7-8%	26%
9%+	11%

Time With Current DC Plan Recordkeeper	n=500
Less than a year	23%
1-2 years	42%
3-4 years	24%
5-9 years	6%
10+ years	1%

Organization	n=500
Privately held	78%
Publicly held	18%
An educational institution	2%

Year Founded	n=500
1969 or earlier	12%
1970-1989	12%
1990-1999	17%
2000-2020	59%

DC Recordkeeper	n=500
Fidelity	38%
Bank of America/ Merrill Lynch	21%
Vanguard	11%
Wells Fargo	10%
Empower Retirement	6%
T. Rowe Price	4%
Principal Financial	4%
Prudential	3%
Voya	1%
Alight	<0.5%
Hewitt	<0.5%
Other	1%
Do not retain a recordkeeper	<0.5%