

COVID-19 Plan Sponsor Pulse Survey Results

June 2020

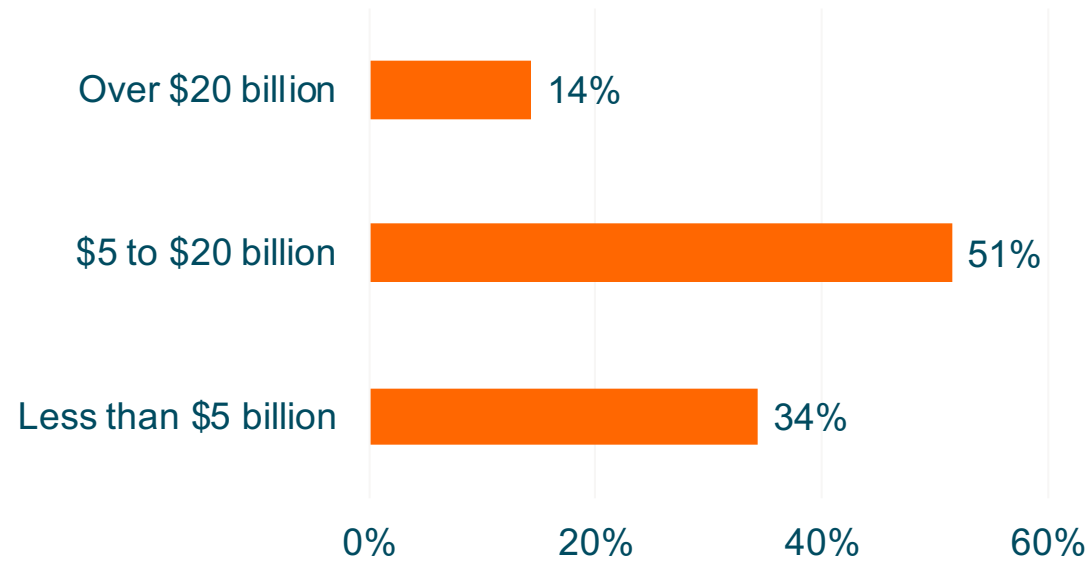
LARGE DC PLAN SPONSORS' INITIAL INSIGHTS: RESPONSE TO COVID-19 CRISIS

The DCIIA Retirement Research Center (RRC) conducted its first pulse survey of DC plan sponsors' reactions to the COVID-19 crisis the week of April 20, 2020 among members of its Plan Sponsor Steering Committee.

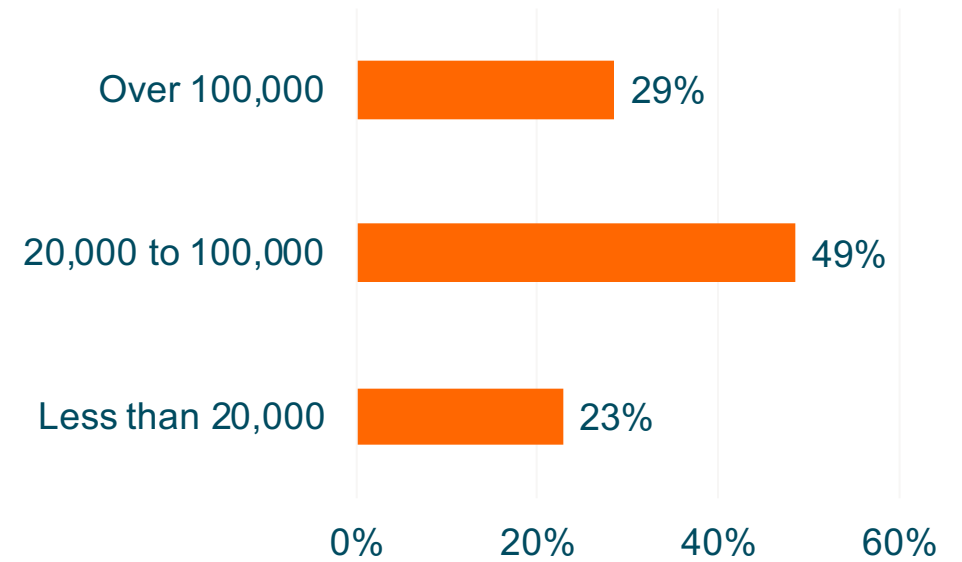
Their responses revealed the actions they have already taken or intend to take in response to the COVID-19 crisis. Nine committee members from large plans provided a unique, qualitative, first-look response to the crisis.

The week of May 18, a second pulse survey of 31 additional large plan sponsors was conducted. The results were similar in both waves and are combined in the data reported on the following pages, bringing the total to 40 respondents.

What is the asset size of your primary DC plan?

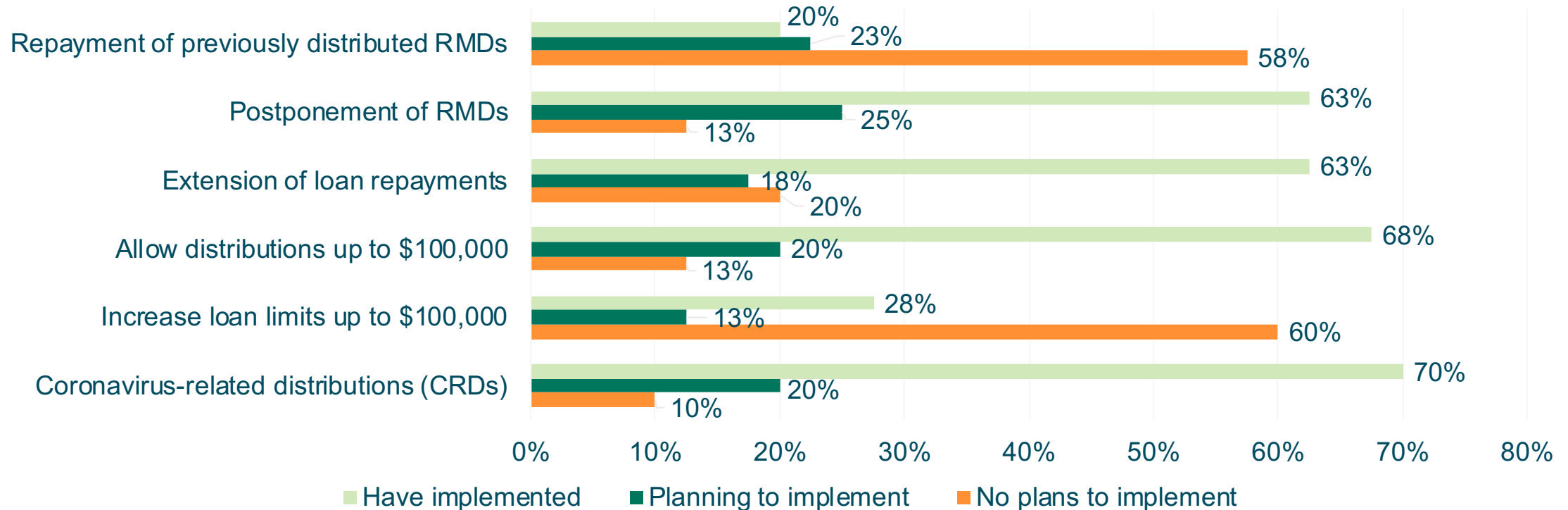


How many participants are in your primary DC plan?



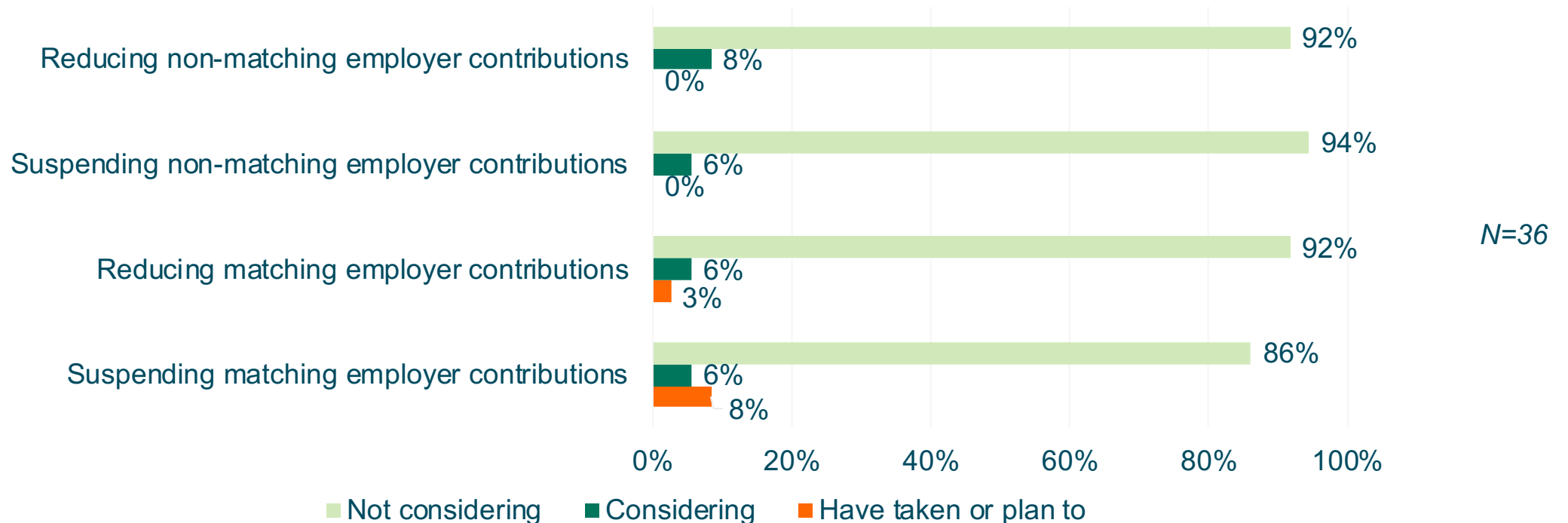
N=35

Which of the CARES Act features has your organization already implemented or is planning to implement?



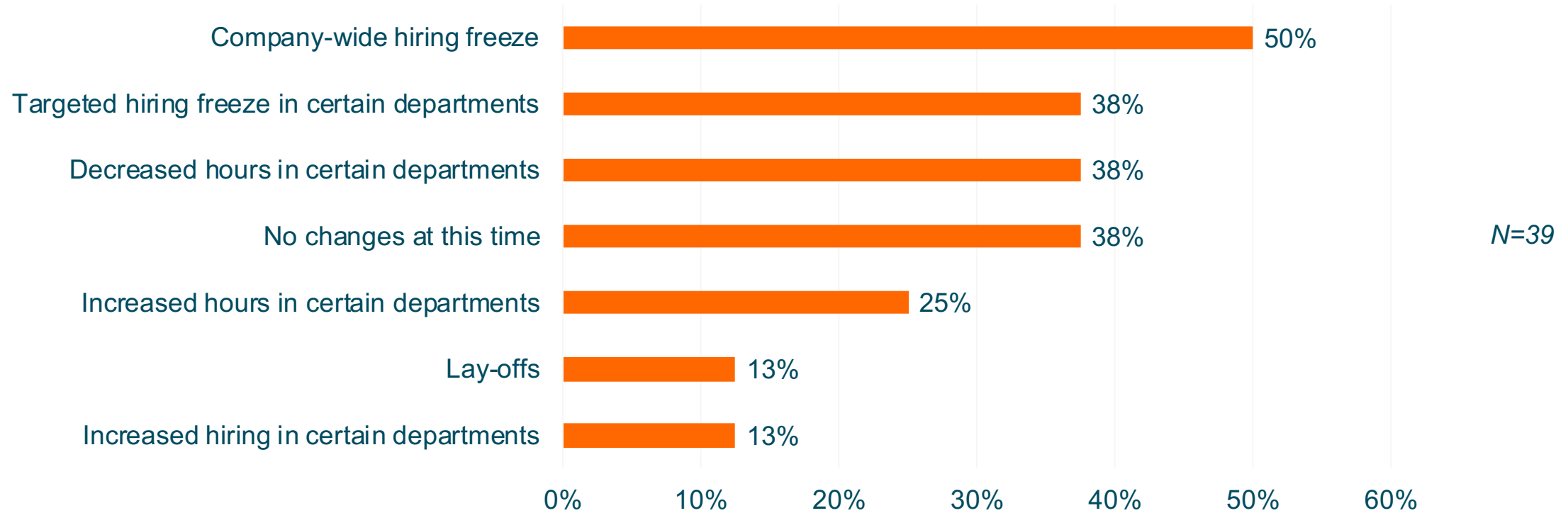
Coronavirus Related Distributions (CRDs): The results show broad actual or planned implementation (80%+) of all the CARES Act features with two exceptions: Only 42% have implemented or plan to implement “repayment of previously distributed RMDs” and even less (30%) have implemented or plan to implement the “increased loan limits up TO \$100,000.”

Which of the following steps has your organization taken, is planning to take, or is considering taking?



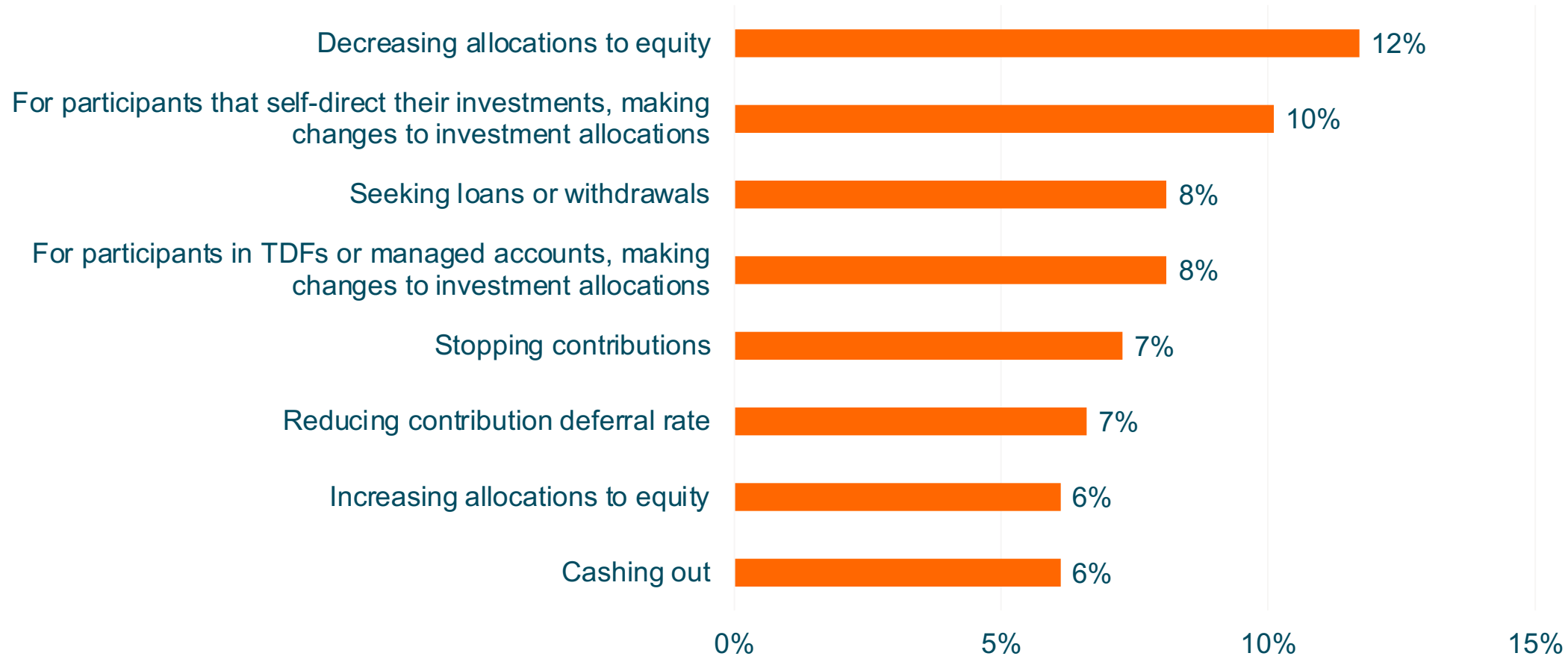
Employer match: Only 8% of plan sponsors have suspended their employer match and only 3% have reduced their employer match. None of the respondents have suspended or are planning to reduce their non-matching contributions.

Which changes to staffing has your organization made due to the COVID-19 crisis?



Staffing: Regarding changes to staffing due specifically to the COVID-19 crisis, half of the plan sponsors have introduced company-wide hiring freezes and about a third have introduced hiring freezes or decreased hours in certain departments. 13% have had layoffs.

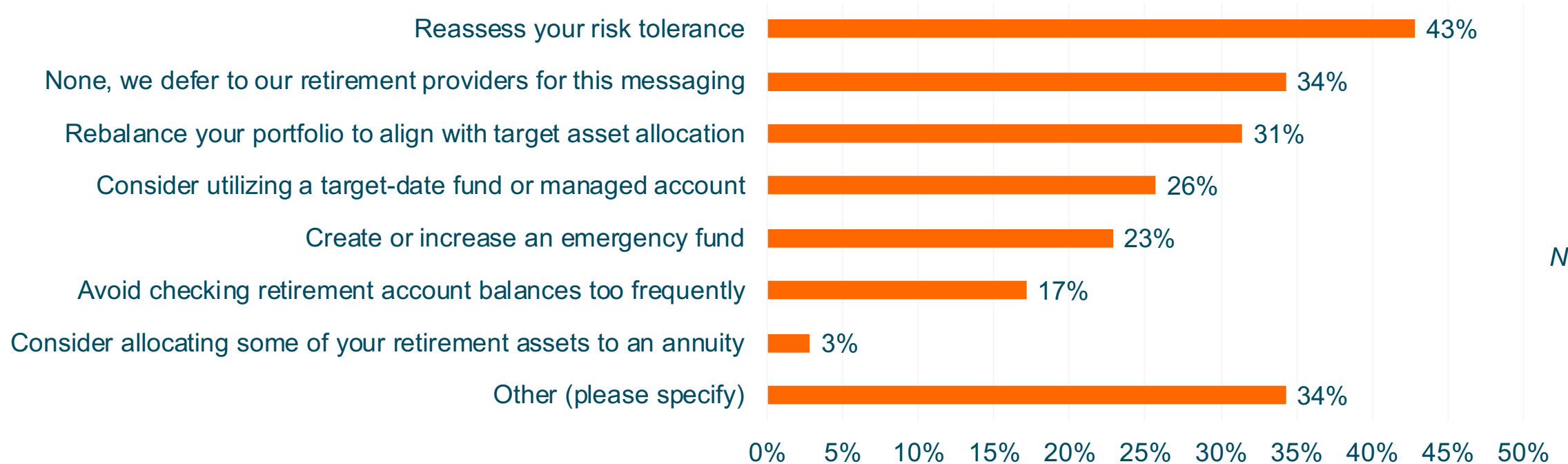
Over the past 45 days, what changes have you seen in participant activity?



Participant behavior: Plan sponsors report minimal change in participant activity with only 12% seeing decreased allocations to equity and 10% seeing changes in investment allocations among participants who self-directed investments.

N=34

What communications/messages are your organization giving participants regarding the COVID-19 crisis? (please check all that apply)

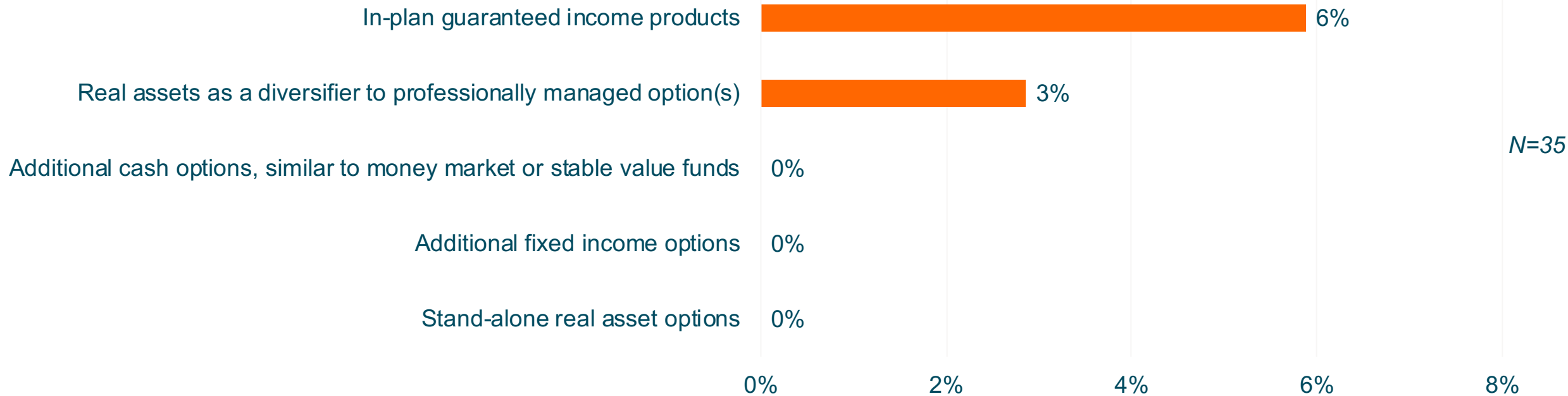


Participant communication: The most frequently cited participant messaging is “Reassess your risk tolerance” (43%) followed by “Rebalance your portfolio to align with the target asset allocation” (31%). One third (34%) said they defer to their retirement providers for participant messaging.

WHAT COMMUNICATIONS/MESSAGES IS YOUR ORGANIZATION GIVING PARTICIPANTS REGARDING THE COVID-19 CRISIS? (CONT.)

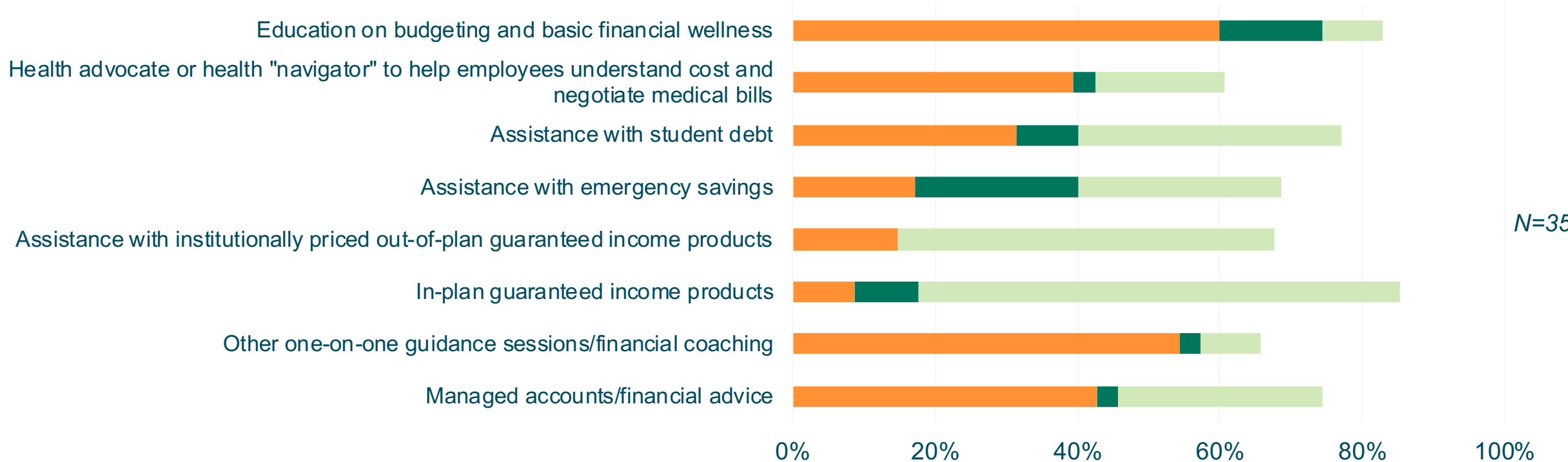
- Held a web session to address the market condition and to stay invested
- We've created a resource page that points to the help that our various vendors can provide
- Reminder to maintain long-term focus / stay the course
- Providing education about market volatility
- Remind participants on the (financial and health) wellness resources available
- Managing finances during the crisis.
- Reassess your retirement timeframe
- Avoid market timing and diversify through the QDIA
- We generally don't provide these messages, rather we make sure employees understand what resources are available to help navigate. Those resources will cover the topics above as they work with the individual.

Are you considering any of the following investment line-up changes as a result of the COVID-19 crisis?



Plan sponsor considerations: Plan sponsors are not planning investment menu changes specifically as a result of the COVID-19 crisis. Only 6% are considering adding guaranteed income products and 3% are considering adding real estate assets as a diversifier.

Has the COVID-19 crisis changed your priorities or thinking on the following?



■ We already offer this tool/benefit; this is already a priority

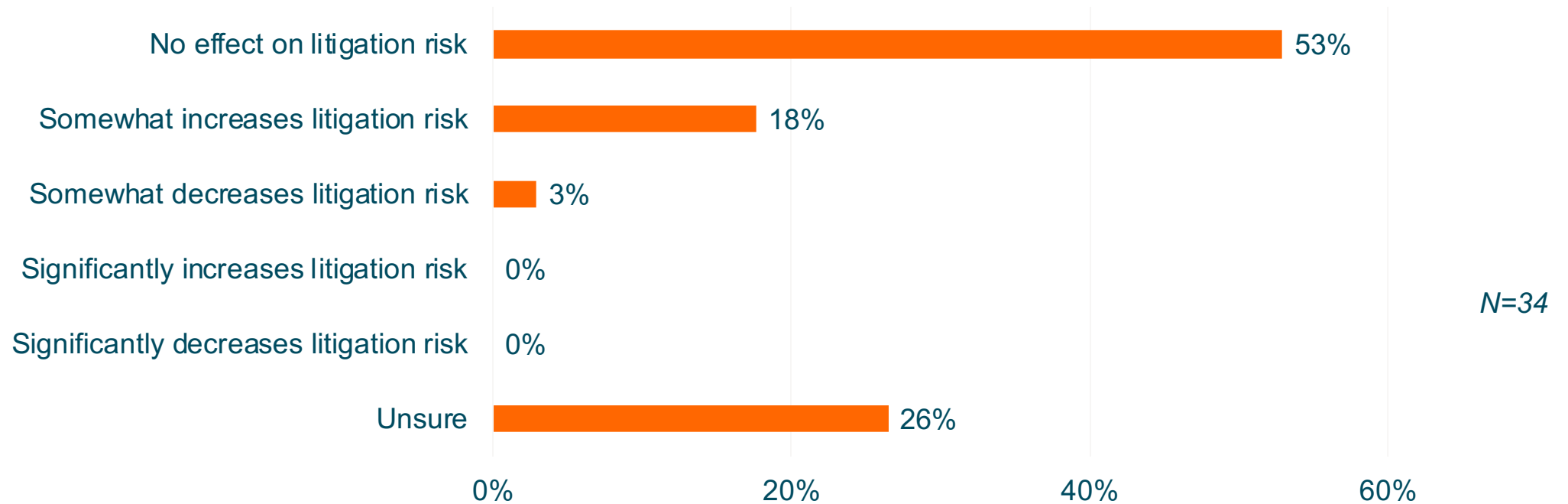
■ Yes, this will move up my priority list

■ No, we will not be making this a priority any time soon; I do not think this is something my organization should provide

HAS THE COVID-19 CRISIS CHANGED YOUR PRIORITIES OR THINKING? (CONT.)

- The COVID-19 crisis has only marginally impacted plan sponsors' priorities for new or expanded participant products and services.
- “Assistance with emergency savings” showed the greatest increase in priority (22% of plan sponsors), followed by “Education on budgeting and basic financial wellness” (14%) due specifically to the COVID-19 crisis.

To what extent does your organization feel that adopting CARES Act features changes the risk of participant litigation?



CARES Act: Eighty percent (80%) of plan sponsors feel adopting CARES Act features will either not impact litigation risk (53%) or are “unsure” of the impact (27%). Interestingly, 18% felt it will “somewhat” increase litigation risk.

RESPONSES TO: WHAT IS YOUR FIDUCIARY COMMITTEE'S FOCUS ON YOUR DC PLAN DURING THE CRISIS?

Stay the Course

- Evaluating and monitoring current plan line-up. Too volatile a period to add / remove funds. Same governance as always. Ongoing governance, assuring all plan features and options function as designed in spite of current circumstances, watching out for scams and fraud. Business as usual while offering CARES Act relief. Managing a vendor transition during the COVID crisis. Allowing for indirect rollovers plan-wide, allowing CRDs, on-going auto-enrollment implementation.

CARES Act

- Understanding and approving the CARES Act provisions to assist our employees in potential financial crisis. Communicating resources, educational channels along with review of the CARES Act legislation. Providing the support offered in CARES, to the extent administratively possible. Prudently allowing relief for participants affected by COVID-19.

RESPONSES TO: WHAT IS YOUR FIDUCIARY COMMITTEE'S FOCUS ON YOUR DC PLAN DURING THE CRISIS? (CONT.)

Investments -- Performance and Trading

- Investment options' performance, exchange activities from participants, whether managed account provider or TDF provider rebalance, stable value wrap capacity. Ensuring asset allocation of custom investment option is still appropriate. Review investment managers ability to manage portfolio and liquidity needs. Participant trading, education and QDIA performance. Continuing to monitor performance, fees, participation. Flows into Stable Value Fund, and its capacity; tracking error on TDF performance vs. benchmark; rebalancing in managed accounts. Assessing performance to ensure risk/return is appropriate.

Participant Focus

- Participant behaviors (loans, hardships etc). Reminding participants to be long-term focused. Providing support to our participants via virtual one-on-one meetings and webinars. Helping those in furlough or reduced hours. Offering features that help participants get through this crisis. We dropped the SH Match to our plan. Trying to carefully find features that allow needed access to needed balances w/ CRD but not promoting. Trying to stop too much plan leakage.

DCIIA RRC

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