



Defined Contribution

Institutional Investment Association

10 YEARS

2010-2020

The Impact of Coronavirus on Participants and Plan Sponsors

September 29, 2020

COVID-19 Plan Sponsor Pulse Survey Results

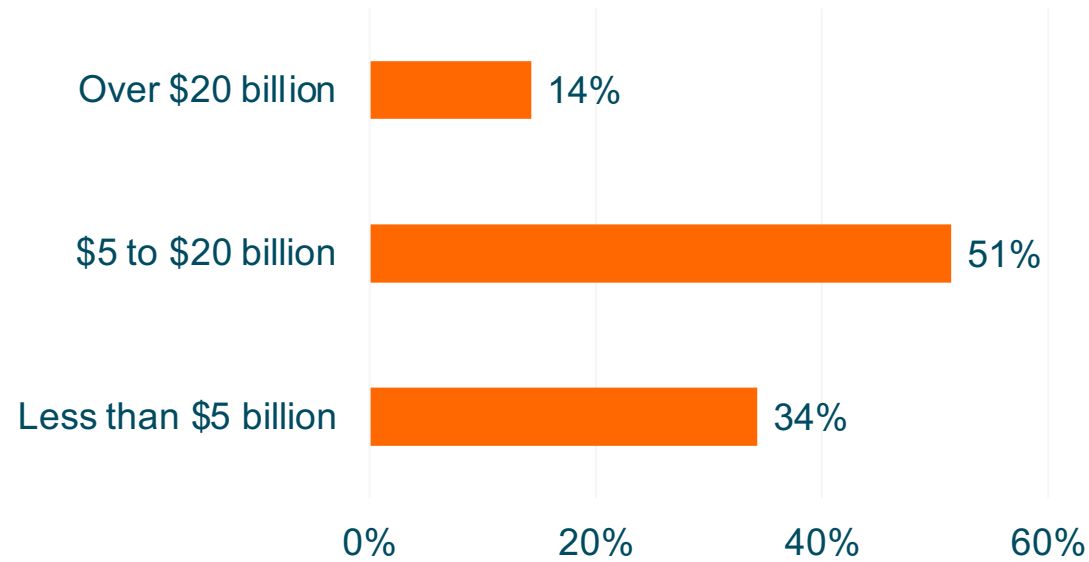
LARGE DC PLAN SPONSORS' INITIAL INSIGHTS: RESPONSE TO COVID-19 CRISIS

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.

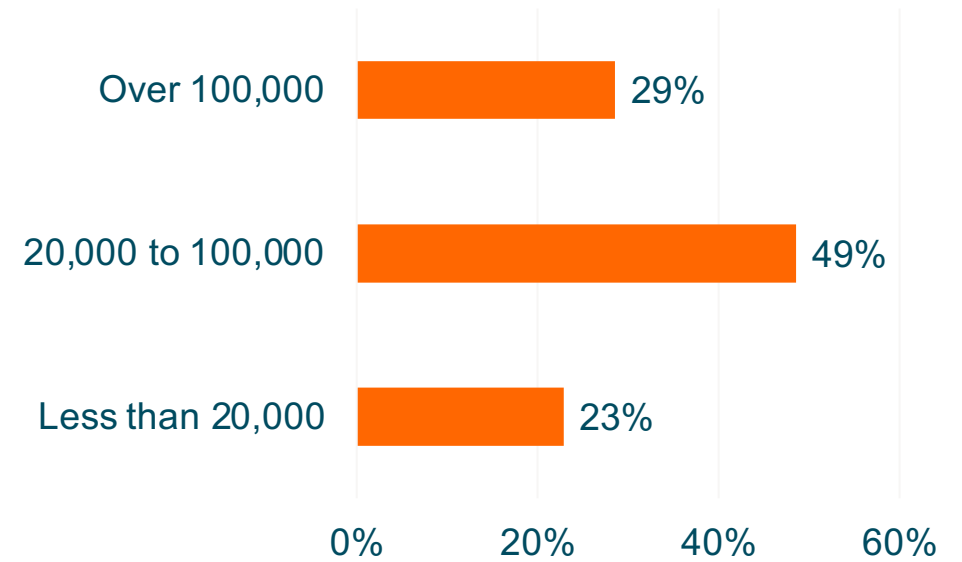
Their responses revealed the actions they have already taken or intend to take in response to the COVID-19 crisis. Nine committee members from large plans provided a unique, qualitative, first-look response to the crisis.

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?

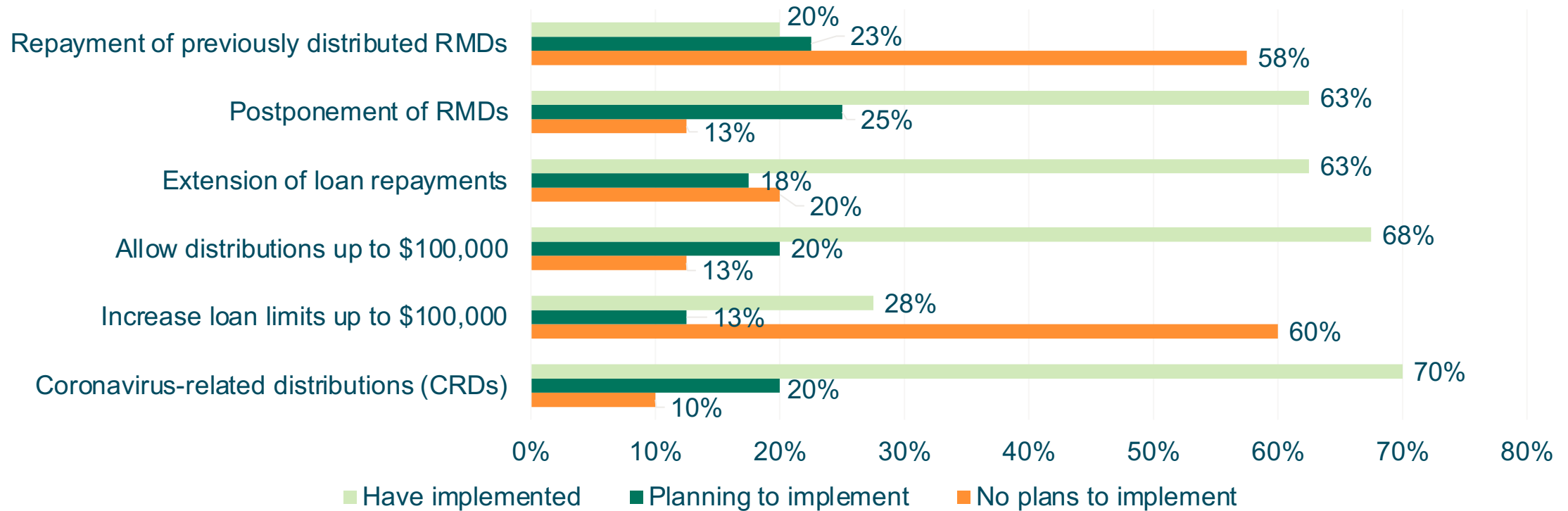


How many participants are in your primary DC plan?

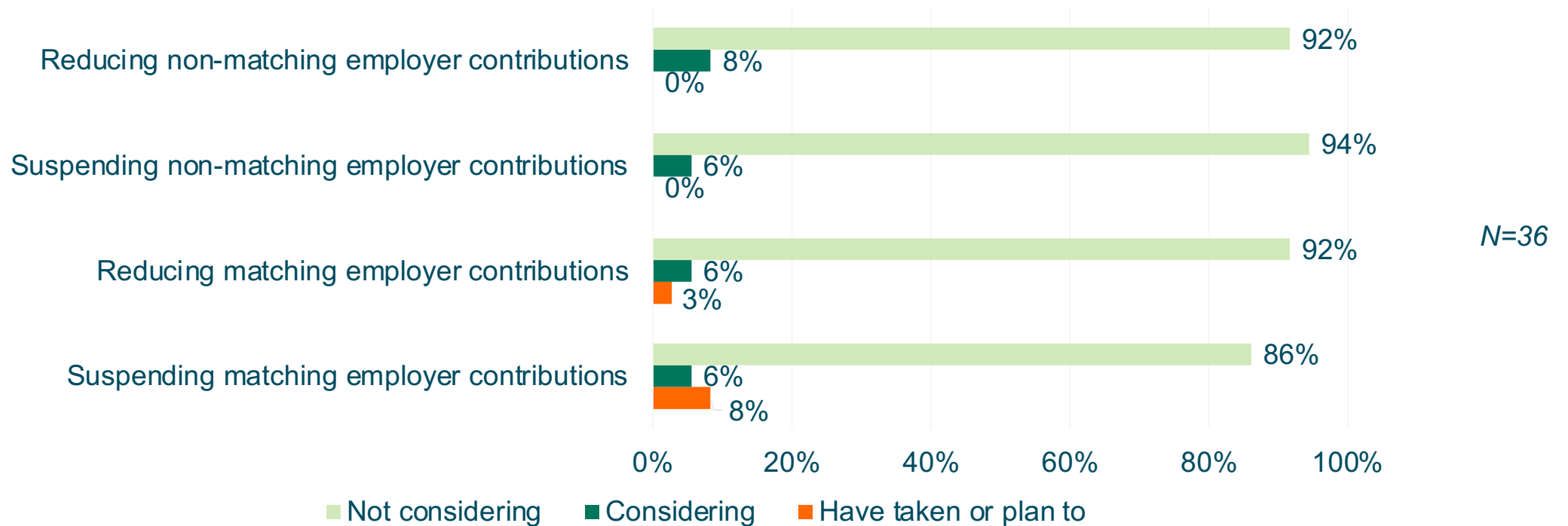


N=35

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

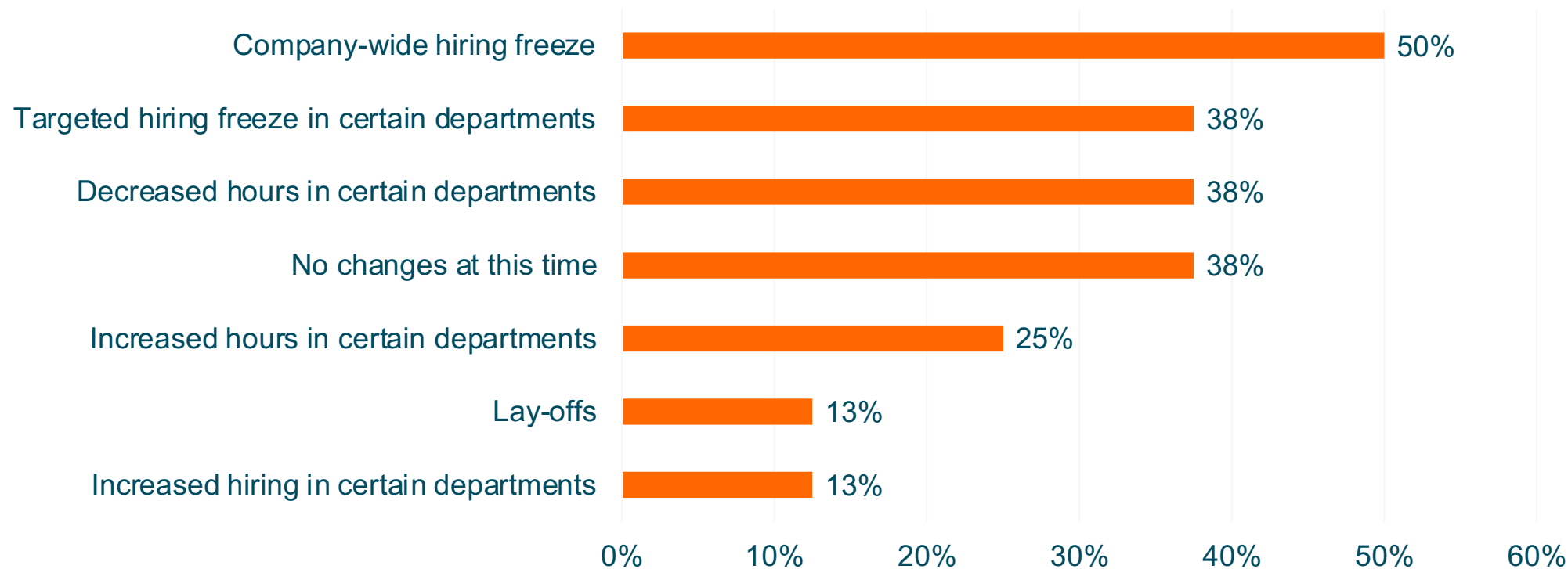


Which of the following steps has your organization taken, is planning to take, or is considering taking?



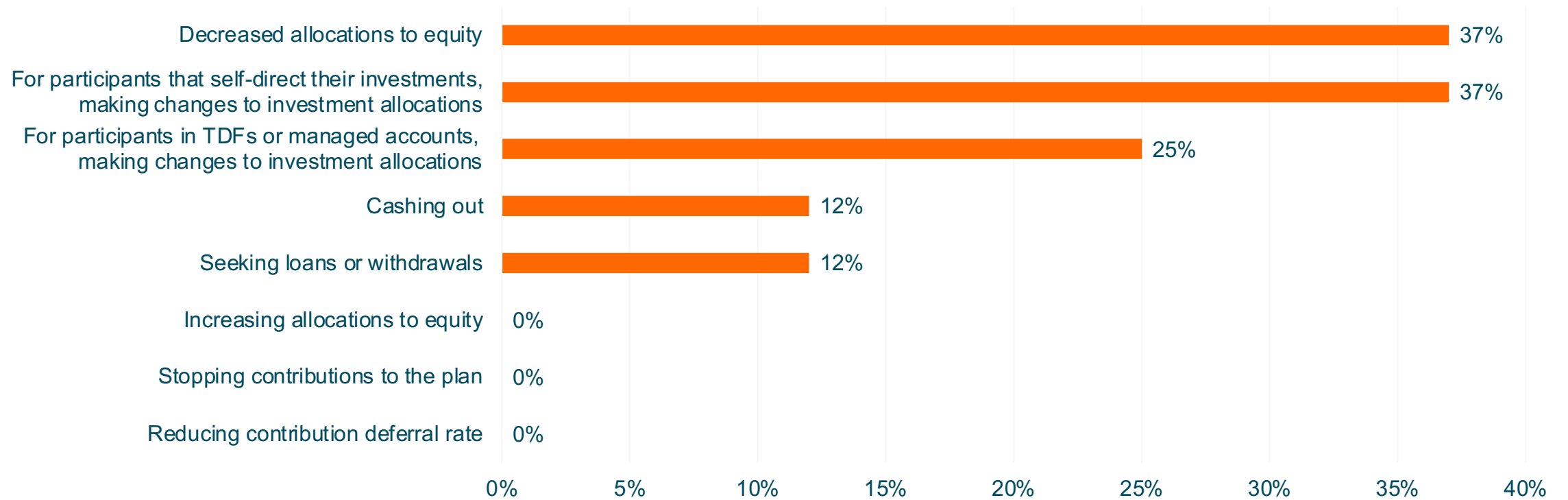
Employer match: Only 8% of plan sponsors have suspended their employer match and only 3% have reduced their employer match. None of the respondents have suspended or are planning to reduce their non-matching contributions.

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



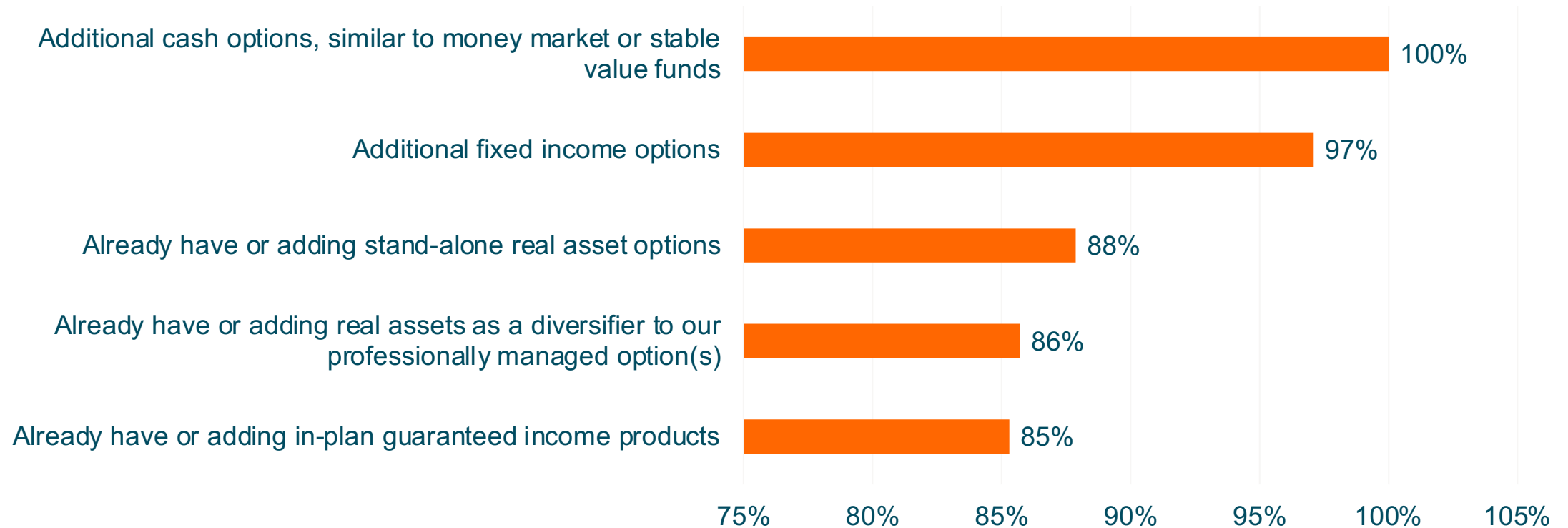
Staffing: Regarding changes to staffing due specifically to the COVID-19 crisis, half of the plan sponsors have introduced company-wide hiring freezes and about a third have introduced hiring freezes or decreased hours in certain departments. 13% have had layoffs.

Over the past 45 days, what percentage of participants are increasing their activity?



N=34

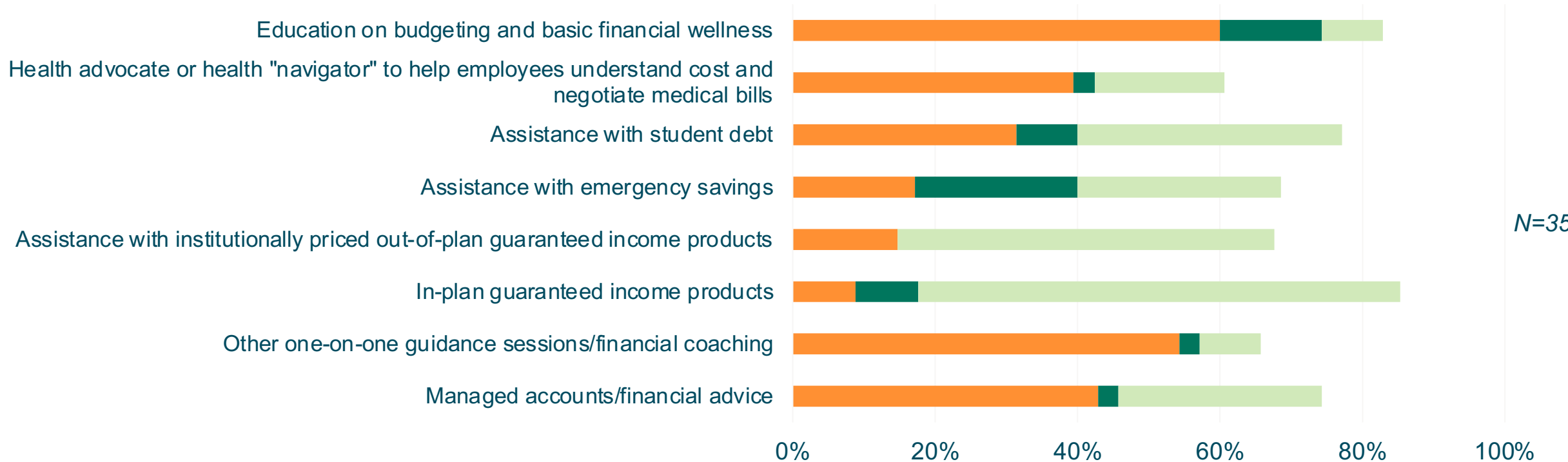
Not considering any of the following investment line-up changes as a result of the COVID-19 crisis



Plan sponsor considerations: Plan sponsors are not planning investment menu changes specifically as a result of the COVID-19 crisis.

N=35

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



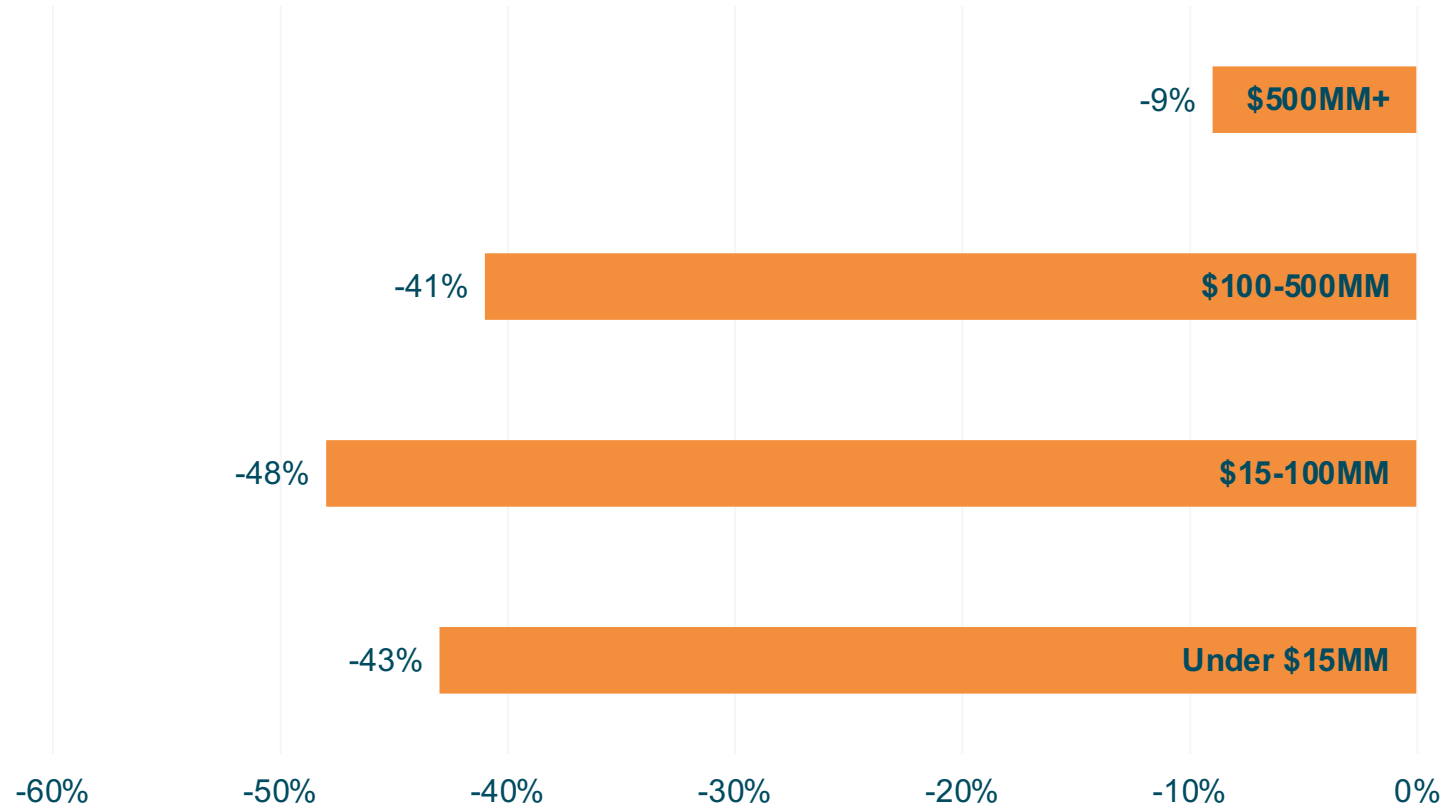
■ We already offer this tool/benefit; this is already a priority

■ Yes, this will move up my priority list

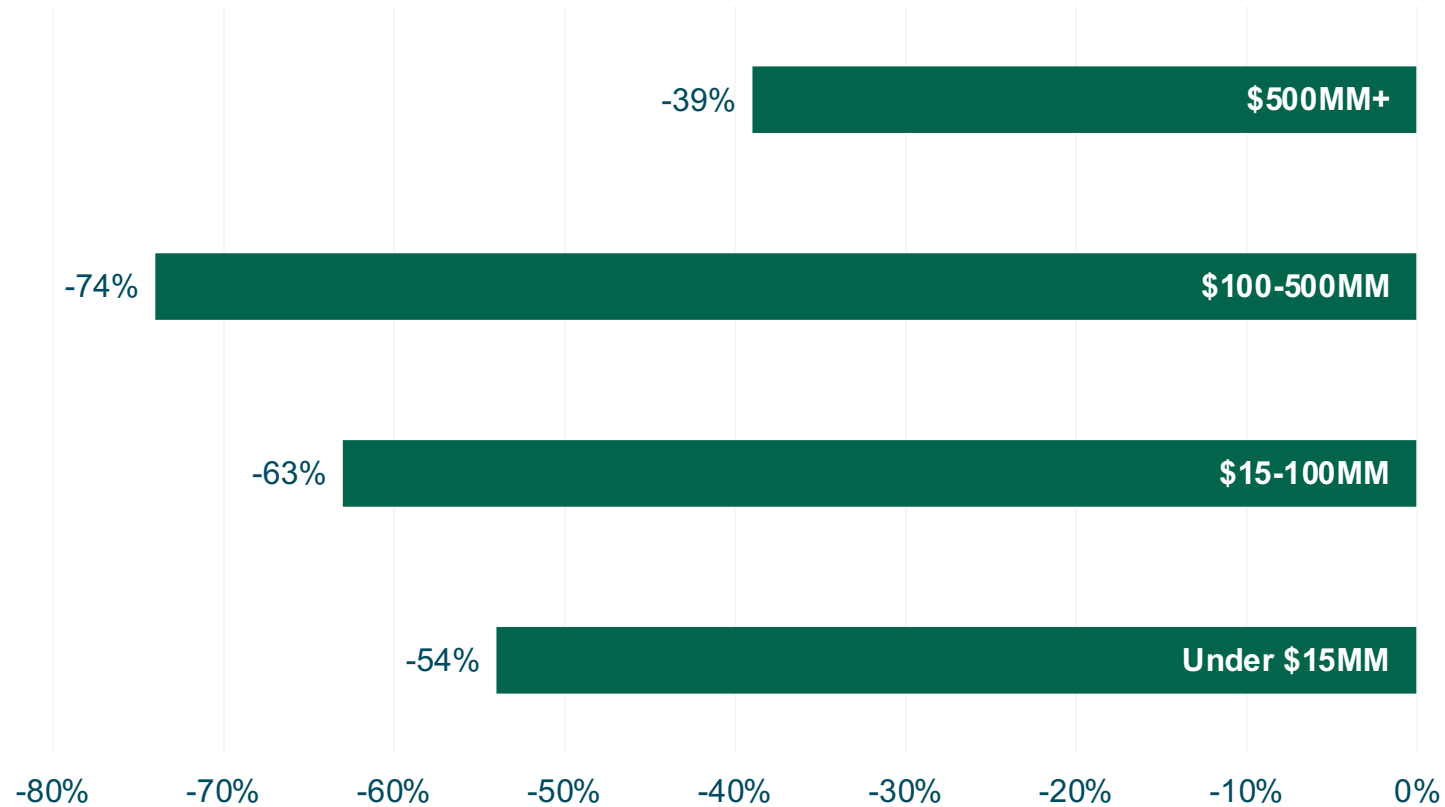
■ No, we will not be making this a priority any time soon; I do not think this is something my organization should provide

RFP Volume Study

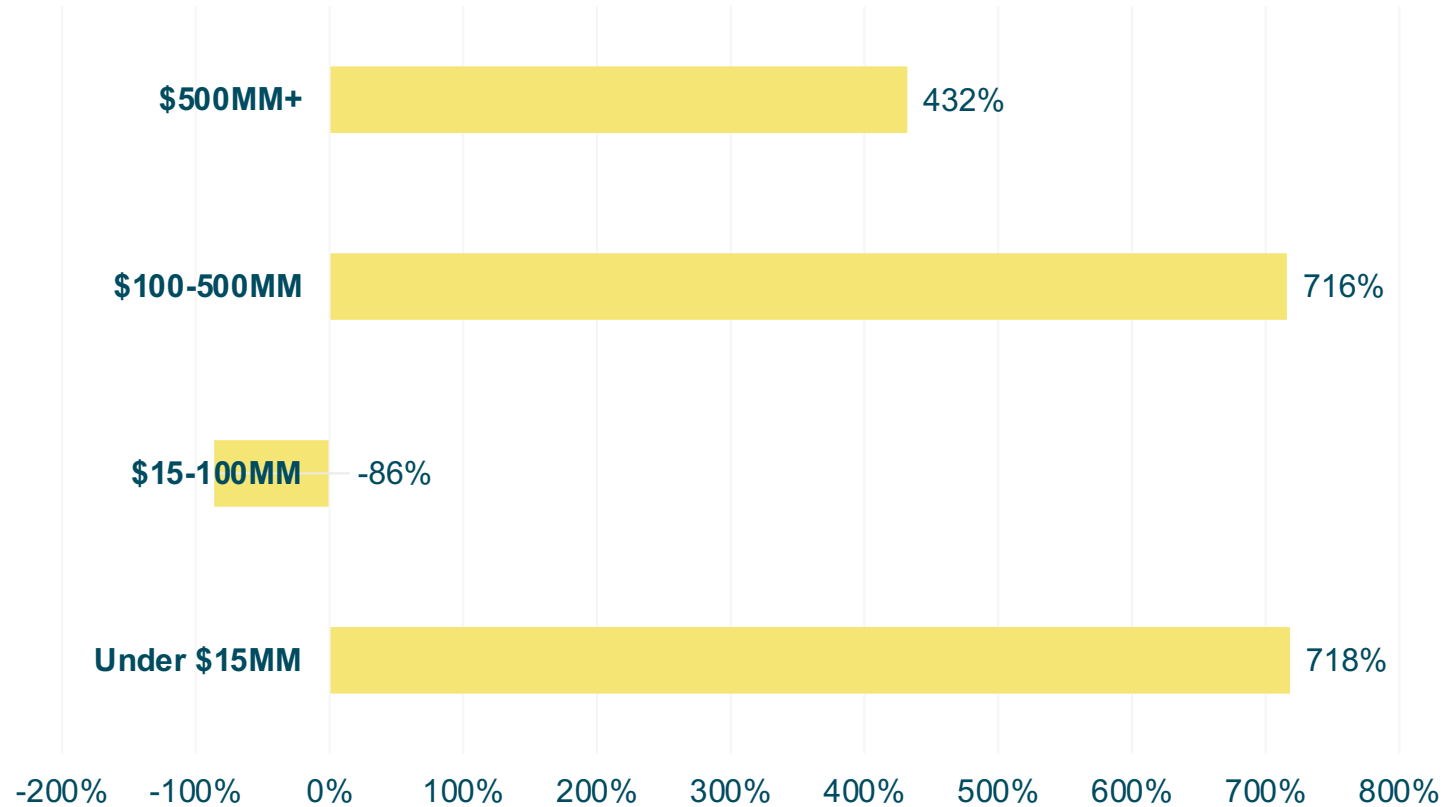
% CHANGE IN RFP VOLUME FROM 2019 TO 2020 AMONG RECORDKEEPERS



% CHANGE IN RFP VOLUME FROM 2019 TO 2020 AMONG CONSULTANTS, ADVISORS & AGGREGATORS



% CHANGE IN RFP VOLUME FROM 2019 TO 2020 AMONG DCIOS



Commonwealth RRC Collaborative Study Key Findings

LMI DC PARTICIPANT STUDY

- Survey series with **low- to moderate-income (“LMI”) plan participants** on how they are handling their finances and retirement savings during COVID-19
- Fielded between July 2 and July 15, before:
 - Number of new US COVID-19 cases renewed its climb
 - Expiration of the first federal eviction moratorium
 - Expiration of the \$600 unemployment benefit

LMI DC PARTICIPANT STUDY

- Relatively few people are taking withdrawals or 401(k) loans during the pandemic (6% and 8% of respondents in the first and second surveys, respectively)
- Instead, they are **reducing their expenses, charging more to their credit cards**, and withdrawing from their emergency savings.

KEY FINDINGS

- **66%** of LMI plan participants have **saved for emergencies** since February 2020.
- LMI respondents who have lost income since Feb. 1 are **less likely to currently save for emergencies.**
(52% vs. 76% of those with unchanged or increased income)

KEY FINDINGS

- LMI respondents who have lost income since Feb. 1 are more likely to take or plan to **take a loan or withdrawal from their retirement plan.**
(17% vs. 7% of those with unchanged or increased income)
- Among respondents who have lost income during the pandemic, **65% have withdrawn from their emergency savings.**
(vs. 33% of those who save for emergencies but have not lost income)

KEY FINDINGS

- Among LMI plan participants who have saved for emergencies since the pandemic hit, **8% have taken or are planning to take a loan or withdrawal.**
(vs. 16% of non-emergency savers)
- **53% of respondents below the median score of financial well-being were “very or extremely interested” in a workplace emergency savings program.**
(vs. 40% of respondents scoring above the median financial well-being score)

KEY FINDINGS

- 46% of survey respondents are “very or extremely interested” in a workplace emergency savings program, but **few employers offer one today.**