2018 Hot Topics in Retirement and Financial Wellbeing

About this report
The *2018 Hot Topics in Retirement and Financial Wellbeing* report is based on an annual survey that Alight Solutions administers to employers in an effort to capture their intended changes to retirement and financial wellbeing plans in the year ahead. The 2018 version is the 14th installment of the report and comes from the responses of nearly 200 organizations that employ close to 8 million workers. The survey was administered in the fall of 2017.

We hope employers will find this data valuable as they benchmark their suite of benefits against those of other companies.

About Alight Solutions
As the leading provider of benefits administration and cloud-based HR and financial solutions, we enhance work and life through our service, technology and data. Our dedicated colleagues across 14 global centers deliver an unrivaled consumer experience for our clients and their people.

We are Alight.
Reimagining how people and organizations thrive.

Employers continue to expand their financial wellbeing programs.

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Ten years ago, we were just entering a financial crisis that put the world's economy into the worst tailspin since the Great Depression. At the onset of the economic downturn, many companies had to tighten their belts when it came to hiring new workers, paying salaries or providing rich benefits to their workers. While the last 10 years have seen the economy rebound in fits and starts on Wall Street, the improvements have not necessarily reached Main Street—currently one-quarter of workers say they are just getting by financially or experiencing financial difficulties on a month-to-month basis.*

In response to this, employers have started to expand their benefits to include broader financial wellbeing tools and services. In 2018, more than half of employers say they are very likely to create or focus on improving their workers' financial wellbeing in ways that extend beyond just retirement decisions. Five years ago, only about one-third of employers had these intentions.

Even more encouraging is the fact that employers are building their wellness programs holistically. Just over half of employers have a wellness program that includes both financial wellbeing and physical health. Furthermore, employers are helping workers integrate health and wealth decisions. Nearly half of employers are incorporating reminders and education about the savings program into annual enrollment decisions and another one-third of employers are communicating the link between financial stress and health to their workforces.

Health savings accounts (HSAs) are a common place for employers to link health and wealth because workers can use them as a savings vehicle to pay for medical expenses in the future. Eight out of 10 respondents to this survey say they have an HSA available to their workers. Of these, nearly three-quarters describe the HSA to their workforces in terms that tout both the short-term tax advantages and the long-term savings benefits. But despite all the focus on improving workers' financial wellness, there is still room for employers to provide more help. Workers want their employers to do more, particularly outside the traditional area of saving for retirement. Faced with student loans that handcuff their ability to save for the future, 46% of workers want their employer to help them pay off or refinance their loans at a lower interest rate.**

There's no telling what the next 10 years may bring, but this report shows that in 2018 many employers plan on helping their workers improve their financial wellbeing by creating a more robust suite of financial benefits.

* Alight Solutions. *2017 Financial Mindset® Study*
** Ibid

Employers are expanding their financial wellbeing benefits; workers want more.

Workers are twice as likely to say employers should help with financial benefits beyond retirement and insurance.

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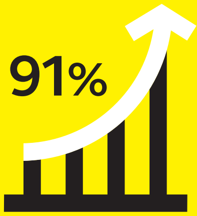

Over nine in 10 employers intend to create or expand their financial wellbeing programs beyond retirement plans.

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Employers are linking wealth and health.

Half of employers have a wellbeing program that includes both financial wellness and physical health.

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Four in 5 employers offer an HSA to their workers.

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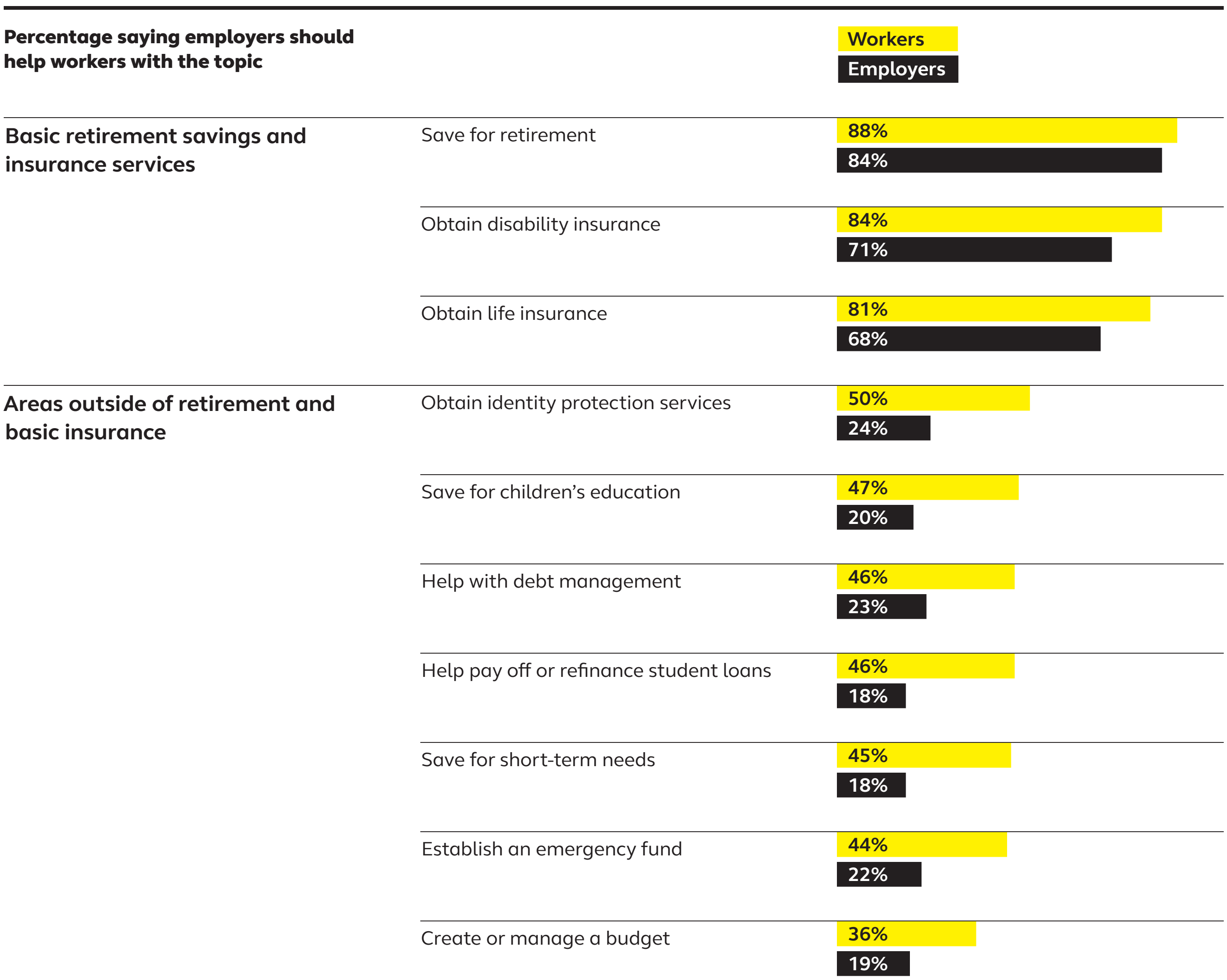
Financial wellbeing programs

Employers perform a balancing act when it comes to offering benefits that will attract and retain workers while keeping costs low. An increasingly diverse workforce, coupled with thinning budgets, only complicates matters. Nonetheless, workers consistently say they would like more benefits from their employers—especially when it comes to tools and services that help with finances.

Workers want more financial help from their employers.

As part of our *2017 Financial Mindset® Study*, we asked workers to select from a range of financial topics and indicate which ones they believed their employers should provide them assistance with. In the Hot Topics survey, we gave employers the same list of topics and asked them to indicate the extent to which they believed they should provide assistance to their workers.

In every instance, the percentage of workers who said employers should help was higher than the percentage of employers that said they believed they should help. This is an indication that workers are thirsty for more—particularly in areas outside retirement savings and insurance. Employers can look at these gaps and determine if there is an opportunity to strategically differentiate their benefits.



Are lawsuits hampering innovation?

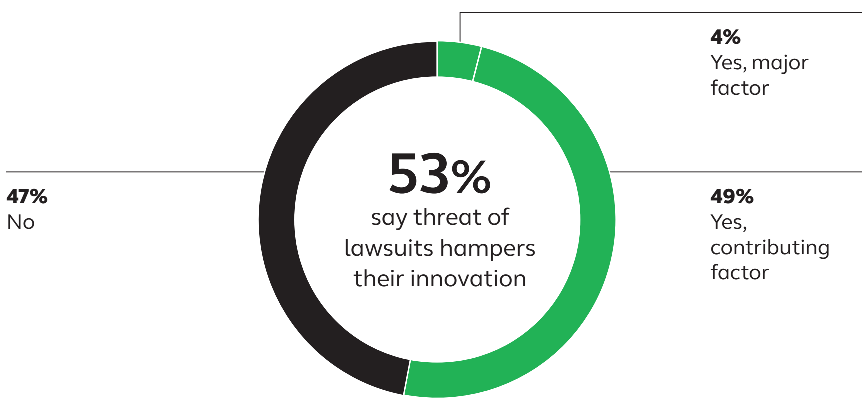
35%

of employers feel that plan fiduciaries are very highly scrutinized *

There are plenty of possible reasons why employers do not offer more benefits to their workers, but two of the possibilities can be explained by questions in this survey.

First, few companies consider themselves to be innovative. When we asked companies to indicate how cutting-edge they consider themselves, only 1% said they wanted to be the first to try something new. Even when we add in another 17% who said they consider themselves among the earliest adopters, we find that less than one in five are in a group we would consider more innovative than the rest.

Second, part of the reluctance to be more innovative is because of today's litigious environment. Half of the employers that responded to this survey said the threat of lawsuits hampers their ability to be more innovative.



Employers' stated approach to innovation

We want to be innovative and the first to try something new	1%
We don't like to be first to adopt a new feature or approach, but are generally among the early adopters	17%
We are not averse to change and will make changes when there is a good track record of success	64%
We make changes only when features are offered by a majority of plans or competitors	14%
We like consistency and prefer to change the plan rarely	4%

* Alight Solutions. *2017 Trends & Experience in Defined Contribution Plans*

Employers remain most focused on improving workers' financial wellbeing.

60%
of employers say importance of financial wellbeing has grown in the last 2 years

Even though lawsuits may be hampering some innovation, employers continue to enhance and refine their financial wellbeing programs. More than half of employers say they are very likely to take steps in 2018 to create or focus on the financial wellbeing of their workers in ways that go beyond retirement savings.

The reason for this focus is clear: 60% of employers say the importance of financial wellbeing has grown at their organization over the last two years. Another 40% say it has remained the same. None said it has decreased.

How likely is your organization to address the following initiatives?

	Very likely to address	Moderately likely to address	Not at all likely to address
Create or focus on financial wellbeing (beyond retirement decisions)	52%	39%	9%
Measure the competitive position of the retirement program	39%	45%	16%
Project the expected retirement income adequacy of the population	31%	44%	25%
Implement initiatives to address the retirement savings gap	29%	50%	21%
Evaluate phased retirement alternatives	7%	26%	67%

Throughout 2018, employers will be creating and executing on their financial wellbeing strategies.

Percentage of workers who say they are satisfied with their company's retirement program*

Employer offers financial wellbeing program	No program offered
63%	30%

More than ever before, employers are creating an overall strategy for their financial wellbeing programs. At the beginning of 2018, nearly half of employers are in the process of creating their strategy, and another one-quarter are executing on their strategy.

When asked why they are offering financial wellbeing programs, employers cite altruistic reasons. More than four out of five say it's the right thing to do and seven out of 10 say it's to increase employee engagement.

Financial wellbeing strategy development

	2018	2017
At this time, we do not intend to create a broad financial wellbeing strategy	21%	28%
We are in the process of creating a financial wellbeing strategy	49%	49%
We have created a financial wellbeing strategy and are in the process of executing on it	23%	16%
Our financial wellbeing strategy is fully executed	7%	7%

Reasons for creating a financial wellbeing program

We believe it is the right thing to do	81%
Increase employee engagement	70%
Decrease employee time spent addressing financial issues (either on the job or through absenteeism)	55%
Improve retirement statistics (e.g., improved adequacy, decreased leakage, higher participation rate)	47%
Employees are asking for these types of benefits	35%
Decrease medical costs (e.g., health care, disability, workers compensation)	27%

* Alight Solutions. *2017 Financial Mindset® Study*

Financial wellbeing programs are not "one size fits all."

Employers know that helping their workers improve their financial wellbeing can be complex and complicated. One worker may need help with climbing out from under a mountain of debt; another worker may need assistance with estate planning. As a result of this diversity, the prevalence of the tools, services and educational campaigns offered by employers varies across different financial wellbeing topics.

Does your organization currently offer (or how likely is it to offer) services, tools or educational campaigns to address the following financial wellbeing topics?

		Among companies that do not already offer		
	Company already offers	Very likely to offer	Moderately likely to offer	Not at all likely to offer
Basics of financial markets, simple investing, etc.	**46%**	35%	42%	23%
Budgeting	**35%**	33%	40%	27%
Health care education and planning	**34%**	39%	44%	17%
Financial planning	**28%**	33%	43%	24%
Debt management	**27%**	26%	40%	34%
Prioritizing savings	**27%**	33%	41%	26%
Assistance with saving for specific life stages	**22%**	34%	32%	34%

A handful of employers are looking for ways to help workers with their student loans.

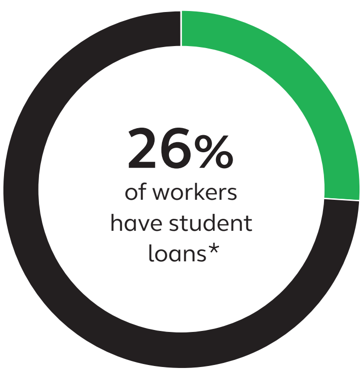
Employers offering a student loan consolidation service to their workers has increased

6% → 11%

2017 → **2018**

According to our *2017 Financial Mindset® Study*, more than one-quarter of workers have an outstanding student loan. While four out of 10 millennials have an outstanding student loan, other generations are impacted as well. One-quarter of Gen Xers and 8% of baby boomers have student debt.

Because three-quarters of these workers say the student loan impacts their ability to save for future expenses, a small but growing number of employers are looking for ways to ease the burden.



Amount of monthly student loan payment*

<$250	**52%**
$250–$499	**30%**
$500–$749	**10%**
>$750	**8%**

Extent to which student loans impact ability to save*

Significant	**42%**
Somewhat	**33%**
Not much impact	**25%**

Does your organization currently offer (or how likely is it to offer) the following benefits related to student loans and college savings?

	Company already offers	Among companies that do not already offer: Very likely to offer	Moderately likely to offer	Not at all likely to offer
Student loan consolidation: Employer provides tool that helps consolidate and/or refinance existing student loan	**11%**	15%	38%	47%
College savings facilitation: Employer provides tool that allows for payroll contribution to 529 plan	**10%**	7%	36%	57%
Student loan repayment assistance: Employer provides money to help pay off existing student loans	**5%**	4%	34%	62%
College savings assistance: Employer contributes money to 529 plan	**1%**	2%	12%	86%

* Alight Solutions. *2017 Financial Mindset® Study*

There is a growing link between health and wealth.

As workers stretch their paychecks to cover both medical expenses and retirement savings, employers are searching for ways to help unify and connect the benefits. For many employers, this involves having an overall wellness program that integrates financial wellbeing with physical health. For other companies, it means incorporating 401(k) plan elections into the annual health care enrollment or communicating about the link between financial stress and health and wellbeing.

Integrating financial and physical wellbeing

We include financial wellness as a pillar of a wellbeing program that includes physical health	52%
We have separate financial wellbeing and physical wellbeing approaches	24%
We have a physical wellbeing initiative but no financial wellbeing strategy	22%
We have a financial wellbeing strategy but no physical wellbeing initiatives	2%

How likely is your organization to address the following initiatives related to integrating retirement with health and welfare decisions in 2018?

	Very likely to address	Moderately likely to address	Not at all likely to address
Incorporate reminders and education about the savings program into annual enrollment communications	42%	34%	24%
Communicate the link between financial stress and health and wellbeing	32%	47%	21%
Provide employees help with prioritizing and optimizing their health and retirement decisions	24%	48%	28%
Include health care education and plan choices in the retirement commencement process	23%	32%	45%
Show projected health care costs in retirement projections	15%	34%	51%
Incorporate defined contribution plan elections into annual health care enrollment	14%	20%	66%

Employers are communicating about the HSAs' near-term advantages and long-term benefits.

20%

of workers enrolled in an HSA say they do not plan how to allocate their money between the HSA and the retirement plan*

Health savings accounts (HSAs) are a natural link between health care and retirement saving because the dollars that workers contribute can be used for medical expenses in either the short term or down the road. Roughly three-quarters of companies with HSAs send communications to workers that highlight both the near-term and long-term advantages of HSAs.

How companies communicate the intent of HSAs to workers

We communicate more about the HSA's ability to act as a long-term savings vehicle	7%
We communicate more about the HSA's ability to pay for medical expenses in the near term	20%
Our communications focus equally on the HSA's ability to pay for short-term medical expenses and its ability to serve as a long-term savings vehicle	73%

* Alight Solutions. *2017 Financial Mindset® Study*

Communication to workers is more personal than ever.

99%

of employers rated on-site seminars/workshops/meetings as effective*

65% rated them as very effective

34% as somewhat effective

As technology advances, employers are using more sophisticated and personalized communication approaches. In 2018, 38% of employers are planning on extensively using personalized communication to zero in on a specific population. For some, this could be a campaign to increase participation by exclusively targeting the workers who haven't started saving. Other employers are honing in on workers who are participating in the plan but saving at levels that are below the full match threshold.

How much does your organization anticipate using each of the following communication channels to encourage and educate plan participants in 2018?

	Use extensively	Use selectively	Rarely use	Will not use at all
Personalized communication	**38%**	50%	9%	3%
Webinars	**37%**	41%	15%	7%
Mobile websites or apps	**24%**	46%	20%	10%
Onsite meetings	**24%**	48%	18%	10%
Video	**12%**	48%	20%	20%
Real-time chat sessions ("Ask an expert")	**8%**	21%	28%	43%
Internal social media (Chatter, Yammer, etc.)	**5%**	12%	23%	60%
Virtual events or environments	**5%**	28%	26%	41%
Podcasts	**4%**	15%	26%	55%
Games/gamification	**1%**	16%	32%	51%
External social media (Facebook, Twitter, YouTube, etc.)	**1%**	7%	20%	72%
Text messages	**1%**	11%	21%	67%

* Alight Solutions. *2017 Trends & Experience in Defined Contribution Plans*

Defined contribution plans

As baby boomers are retiring, employers are providing more education and tools to assist with the retirement process.

64%

of employers believe the number of their retirement-eligible workers will increase in the next 3 years

<2 in 3

baby boomers have estimated how much money they will need in retirement*

Among the two-thirds of employers that believe the number of their retirement-eligible workers will increase over the next three years, there is a growing movement to provide more self-service tools and retirement planning courses.

Which of the following actions does your organization plan to take in 2018 to deal with the increase in retirement-eligible participants?

	Completed recently/ Not needed	**Among companies that have not completed recently**		
		Very likely	Moderately likely	Not at all likely
Increasing the level of automation, self-service and/or web access	**18%**	29%	41%	30%
Providing retirement planning education to near-retirees	**18%**	51%	31%	18%
Outsourcing additional services to an outside party	**16%**	7%	24%	69%
Increasing communication about the retirement process	**15%**	40%	43%	17%
Providing help with Medicare planning	**13%**	23%	33%	44%
Providing help with social security planning	**10%**	23%	40%	37%

* Alight Solutions. *2017 Financial Mindset® Study*

More employers are adding lifetime income options to their plans.

In-plan managed accounts with a drawdown feature are becoming more popular

29% → **39%**

2017 | **2018**

The percentage of employers that allow participants to receive their balances automatically over an extended period of time has grown from 37% in 2013 to 56% at the beginning of this year. Of the remaining group, nearly one-quarter say they are very likely to add the feature in 2018.

How likely is your organization to offer the following features in your defined contribution plan to help participants convert their plan balances into lifetime income?

		Among companies that do not already offer		
	Company already offers	Very likely to offer	Moderately likely to offer	Not at all likely to offer
Online modeling tools or mobile apps to help participants determine how much they can spend each year in retirement	**66%**	29%	42%	29%
Plan distribution option allowing participants to elect an automatic payment from the plan over an extended period of time	**56%**	22%	18%	60%
Within the plan: Professional management (managed accounts) with drawdown feature (provider allocates participant assets for income and manages the annual amount paid from the plan)	**39%**	8%	19%	73%
Within the plan: Managed payout funds (those with a specific annual target payout percentage with no insurance guarantees)	**16%**	5%	14%	81%
Facilitation to purchase annuities outside the plan as options for plan distributions	**15%**	2%	10%	88%
Within the plan: Annuity or insurance products as part of fund lineup (e.g., guaranteed minimum withdrawal benefits, minimum annuity payout, fixed annuities, etc.)	**10%**	1%	13%	86%
Qualifying longevity annuity contract (QLAC) that permits an in-plan deferred annuity purchase	**0%**	2%	9%	89%
Ability to transfer assets to a defined benefit plan in order to receive an annuity	**0%**	1%	4%	95%

Fiduciary concerns are the largest barrier to adding in-plan retirement income solutions.

Even though it's been a decade since the Department of Labor issued a safe harbor rule for plan sponsors to use when selecting an annuity provider, many plan sponsors are uncomfortable with annuities and cite fiduciary concerns as a major barrier to implementing in-plan retirement income solutions.

What are the reasons your organization does not intend to add in-plan income solutions?

2018
2017

	Major reason	Minor reason	Not a barrier
Fiduciary concerns	**48%** 46%	**34%** 32%	**18%** 22%
Operational or administrative concerns	**46%** 40%	**33%** 39%	**21%** 21%
Waiting to see the market evolve more	**41%** 41%	**34%** 34%	**25%** 25%
Participant utilization concerns	**34%** 33%	**41%** 38%	**25%** 29%
Cost barriers	**22%** 19%	**31%** 42%	**47%** 39%
Difficulty with participant communication	**18%** 24%	**41%** 42%	**41%** 34%
We are not interested in making plan enhancements for terminated participants	**17%** 19%	**29%** 27%	**54%** 54%
Preference for participants leaving the plan at termination	**5%** 8%	**21%** 22%	**74%** 70%

Are rollovers the next benchmarking data point for employers?

88%

of most plans' rollover-eligible dollars remain in the plan, in any given year *

Although many employers have reservations about adding lifetime income options to their plans, they are still focused on what happens to the money when workers leave. We are seeing some employers monitoring how much money is leaving their plans and also benchmarking where the money is going.

What approach does your organization take to monitor rollovers to IRAs from your plan?

We benchmark the amount of money being rolled into IRAs against industry standards, but do not examine the destinations	23%
We compare our plan's top IRA destinations against industry benchmarks, but do not benchmark the amount of assets leaving the plan	3%
We benchmark both the amount of assets leaving the plan and the destination	10%
We do not do monitor our plan's rollover behavior	64%

* Alight Solutions. Benchmarking 401(k) Rollover Behavior

This year, employers will focus on getting workers to save more in the defined contribution plan.

Employers hold themselves to a high standard. While nearly half of employers believe they have a satisfactory participation rate, only about 20% are satisfied with their workers' contribution rates. Of the group that is not satisfied, nearly all are very likely or moderately likely to take steps this year to help workers boost their contribution rates.

Please indicate your organization's attitude toward the importance of each aspect of employee behavior below and any plans to address the topic in 2018.

		Among companies not satisfied with their current position		
	Satisfied with current position	Very likely to address	Moderately likely to address	Not at all likely to address
Increasing participation: Having more eligible employees actively saving in the plan	**46%**	49%	40%	11%
Retaining assets: Encouraging individuals to keep their assets in the plan upon retirement or termination	**30%**	22%	33%	45%
Consolidating assets: Encouraging individuals to roll assets into the plan	**27%**	7%	46%	47%
Discouraging cash-outs: Encouraging terminated employees to keep their assets focused on retirement and not cashing out their retirement savings	**22%**	23%	35%	42%
Encouraging higher contribution rates: Supporting participants in contributing more to help meet their future retirement needs	**21%**	55%	35%	10%
Improving diversification: Having participants investing in a diversified asset mix with "appropriate" risk	**19%**	39%	43%	18%
Minimizing leakage: Encouraging employees to avoid taking loans and withdrawals from the plan	**15%**	33%	40%	27%
Encouraging lifetime income: Supporting the process for participants to convert account balances to lifetime income	**14%**	18%	31%	51%
Addressing broad financial wellbeing: Focusing on underlying reasons individuals do not participate or save more in the plan	**12%**	46%	34%	20%
Assessing long-term savings opportunities: Understanding the various options available (pre-tax, Roth, HSAs, college savings, stock programs, etc.) and how to choose	**10%**	46%	32%	22%
Recognizing retirement readiness: Helping participants understand their retirement savings needs and having plans in place to reach retirement savings goals	**9%**	55%	30%	15%

What is the most important aspect of participant behavior that your organization should address?

	Most important to address: 2018	Most important to address: 2017
Addressing broad financial wellbeing	30%	25%
Encouraging higher contribution rates	22%	28%
Recognizing retirement readiness	20%	16%
Minimizing leakage	9%	6%
Increasing participation	8%	15%
Improving diversification	2%	7%
Encouraging lifetime income	2%	2%
Consolidating assets	2%	0%
Retaining assets	2%	0%
Assessing long-term savings opportunities	2%	0%
Discouraging cash-outs	1%	1%

Three-quarters of employers are concerned about loan use in their plans.

Although the vast majority of employers are concerned about loan use in their plans, few employers plan to reduce the number of loans available or eliminate them altogether. Instead, employers are more likely to provide targeted communication to participants with loans and offer additional education on the impact of loan use on retirement nest eggs.

What actions, if any, is your organization likely to take with respect to plan loans in 2018?

		Among companies that have not completed recently		
	Completed recently	Very likely	Moderately likely	Not at all likely
Allow terminated participants to continue loan repayments (via direct debit or other method)	**59%**	2%	29%	69%
Implement a waiting period between the loan payoff date and a new loan origination	**22%**	9%	28%	63%
Reduce the number of loans available	**15%**	5%	16%	79%
Increase loan origination fees	**13%**	1%	10%	89%
Study demographic data on the participants taking loans	**11%**	34%	42%	24%
Reduce the amount of balance eligible for loans (e.g., restrict to employee deferrals only)	**8%**	2%	8%	90%
Increase education on the impact of loans on retirement income	**5%**	44%	44%	12%
Target communication to those taking out a loan or who have a loan outstanding	**5%**	25%	39%	36%
Collect data on the underlying reasons participants are taking loans	**2%**	14%	38%	48%
Require participants requesting a loan to speak with a financial counselor prior to loan approval	**1%**	1%	28%	71%
Eliminate loans from the plan	**0%**	0%	1%	99%

Employers continue to scrutinize plan fees and change fund options in an effort to reduce costs.

More employers review plan fees and costs on a quarterly basis*

7% → 25%
2013 | 2018

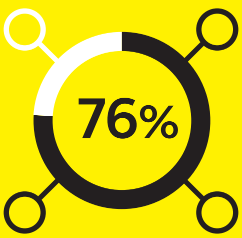
Almost half of all employers have recently negotiated lower fees from their vendors and/or fund managers. Three-quarters of the remaining group are very likely or moderately likely to do so in 2018.

* Alight Solutions. *2017 Trends & Experience in Defined Contribution Plans*

What actions is your organization likely to take with respect to your defined contribution plan investments in 2018?

	Completed recently	Among companies that have not completed recently: Very likely	Moderately likely	Not at all likely
Negotiate more favorable pricing with vendors and/or fund managers	**44%**	34%	40%	26%
Implement a self-directed brokerage window	**43%**	1%	7%	92%
Change/alter fund options to reduce the cost	**39%**	24%	35%	41%
Move mutual funds to institutional/separately managed funds	**34%**	7%	18%	75%
Move to a customized solution for target date funds (underlying investments and/or glide path)	**34%**	3%	13%	84%
Delegate management to a third-party fiduciary (e.g., hiring an investment advisor to hire and monitor managers)	**33%**	6%	13%	81%
Change some or all funds from actively managed to indexed	**27%**	5%	24%	71%
Add fund(s) designed to provide enhanced diversification (inflation protection, real assets, hedge funds, etc.)	**20%**	8%	23%	69%
White-label the funds (e.g., by removing the name of the fund manager or creating a fund-of-funds)	**20%**	2%	23%	75%
Change any funds that are underperforming	**17%**	32%	42%	26%
Consolidate the funds and group by investment objective rather than asset class	**15%**	1%	15%	84%
Change funds to a manager-of-managers or fund-of-funds approach	**11%**	2%	11%	87%

Most employers take several steps to locate missing participants.



More than three-quarters of employers search multiple sources for deceased participants.
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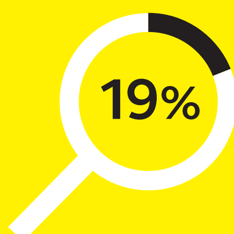

Nearly one in 5 employers are going to improve their procedures for finding missing participants in 2018.
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Defined benefit plans

The slow movement of closing and freezing defined benefit plans is expected to continue in 2018.

Three-quarters of the employers that responded to this survey have a defined benefit (DB) pension plan—a percentage that has been fairly consistent throughout the survey's 14-year history. However, the statuses of defined benefit plans have shifted slowly but dramatically over the recent past. Five years ago, roughly half of plans were open to new workers. Now, fewer than four of 10 DB plan sponsors have an open plan and roughly 10% of them say they are very likely to close participation in 2018.

What is the status of your organization's defined benefit plan?

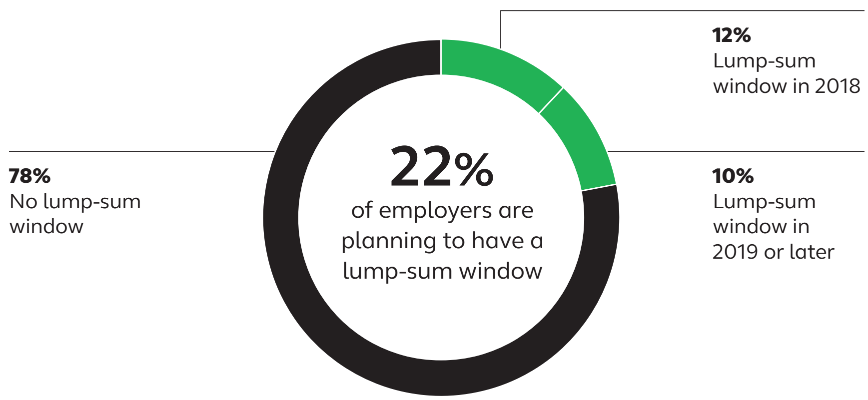
	2018	2013
Ongoing plan: At least some new hires are eligible to participate	**37%**	49%
Closed plan: Some or all current eligible employees still accrue benefit service, but new hires are not eligible to participate	**30%**	37%
Frozen plan: Benefit service is not accruing for any employees	**33%**	14%

What actions is your organization likely to take with respect to the defined benefit plan design in 2018?

	Very likely	Moderately likely	Not at all likely
Freeze benefit accruals for all or a portion of participants	12%	13%	75%
Purchase annuities for some participants	11%	24%	65%
Close participation and no longer allow new employees to enter the defined benefit plan	8%	5%	87%
Terminate the plan (remove all employer liability through lump-sum payout to participants or third-party annuity purchase)	2%	4%	94%
Reduce benefits but continue to offer a defined benefit plan	1%	4%	95%

Few employers are planning on having a lump-sum window in 2018.

The window for lump-sum programs appears to be closing. In 2018, only about one in eight plans will offer a lump-sum window—down from the nearly half of companies that did so in 2015.



How likely is your organization to take the following steps with respect to preparing for lump sums and/or annuity purchases?

	Completed recently	Among companies that have not completed recently: Very likely	Moderately likely	Not at all likely
Carefully review and update individual data that is used for pension calculations	**44%**	41%	42%	17%
Provide written communication to retirees and/or terminated vested participants in advance of action date	**35%**	41%	30%	29%
Hire outside vendor to create communications, perform benefit calculations, and/or handle calls from impacted participants	**29%**	27%	24%	49%
Gather annuity purchase bids from insurance companies	**13%**	31%	36%	33%
Increase HR staff to prepare for additional calculations and questions from impacted individuals	**4%**	0%	2%	98%

Half of employers are taking action to reduce their PBGC premiums.

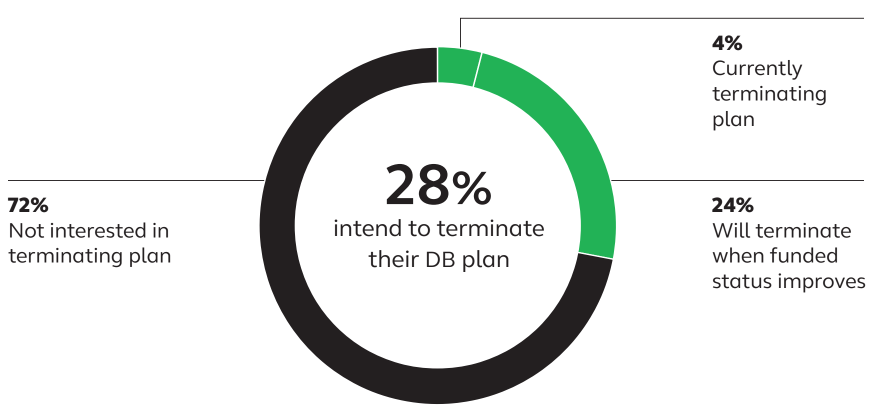
PBGC premiums have increased dramatically over last five years

	Premium per participant	Amount for every $1,000 of unfunded vested benefits
2013	$42	+$9
2018	$74	+$38

As the price of Pension Benefit Guaranty Corporation (PBGC) premiums escalates, employers are looking for ways to reduce their cost. Half of the employers in the survey indicated that they are planning to take some action to reduce their PBGC expense by either reducing the headcount of participants covered by the plan or by increasing their contributions to improve the plan's funded status and reduce or avoid the variable-rate premium.

Is your organization planning on taking any action to decrease PBGC premiums?

Yes, we plan to reduce the number of participants in the plan through our plan settlement strategies	34%
Yes, we plan to increase our cash contributions over the next 2 years to reduce our premiums	32%
Yes, we plan to borrow money to increase our cash contributions over the next 2 years	5%
No, we do not plan to take any action	50%



Most employers take several steps to locate missing participants.

With the Department of Labor seemingly stepping up its audit activity related to missing participants, most employers try multiple methods to locate participants who are due a benefit. Address searches, first-class U.S. mail and certified letters are the most common approaches. Nearly one in five employers say they plan to change their procedures for locating missing participants in 2018—with the overwhelming majority saying they plan to increase the frequency of their address searches.

What steps are you taking to locate missing participants?

	Address search	Outreach via first-class U.S. mail	If unresponsive, certified letter	Outreach via phone	Email
Any participant with a bad address (returned mail received)	93%	48%	16%	19%	11%
Participants approaching normal retirement age	81%	67%	23%	20%	11%
Participants approaching 409A commencement date	76%	65%	23%	24%	11%
Participants approaching age 70½ (i.e., earlier than required beginning date)	82%	72%	30%	21%	9%
Participants approaching the required beginning date for required minimum distributions	82%	72%	30%	22%	9%

How frequently are you attempting to locate missing participants?

Monthly	13%
Quarterly	18%
Semi-annually	18%
Annually	47%
Other	4%

If a participant cannot be located, at what interval do you attempt to locate the participant again?

Monthly	8%
Quarterly	14%
Semi-annually	15%
Annually	38%
Normal retirement age	21%
Other	4%

How do you plan to change your procedures?

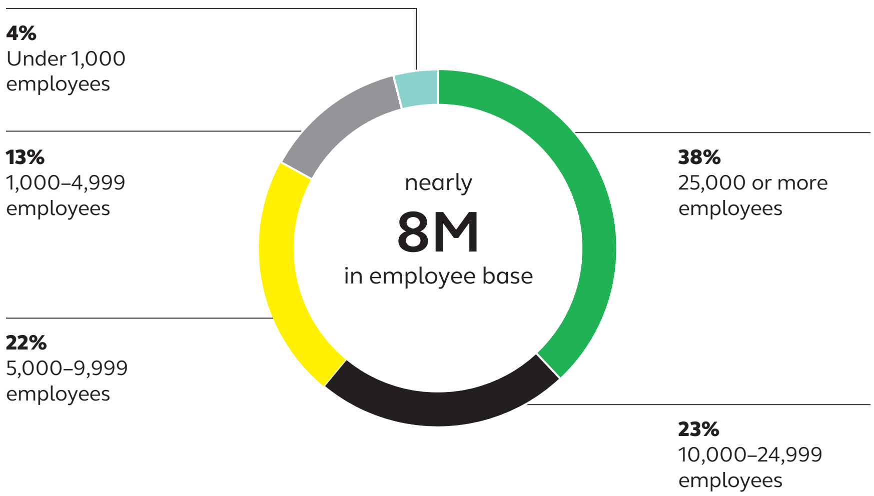
Address search more frequently	81%
Certified letter	29%
Outreach via phone	19%
Outreach via first-class U.S. mail	14%
Email	5%

187
respondents with nearly 8 million employees

41,260
average number employed respondent

15,000
median number employed respondent

Size of employee base



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