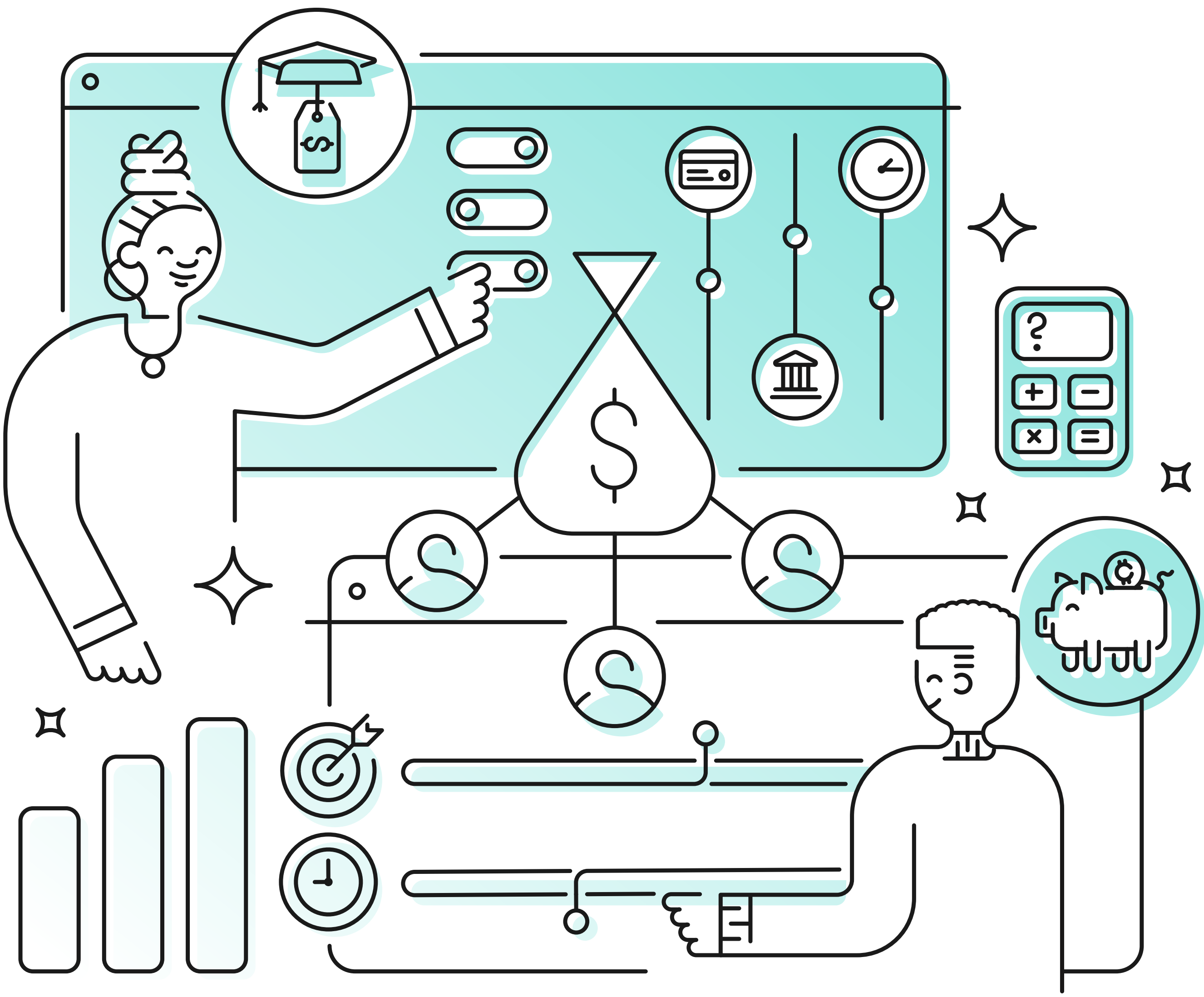
2022 Hot Topics in Retirement and Financial Wellbeing



About the *Hot Topics in Retirement and Financial Wellbeing* report

The Hot Topics in Retirement and Financial Wellbeing Report summarizes the findings of an annual survey from Alight Solutions capturing the changes employers intend to make to their retirement and financial wellbeing plans in the year ahead. The 2022 version is the 18th installment of the report and features the responses from over 110 organizations employing more than four million workers. The survey was administered in the fall of 2021.

This year's report includes insights on several new topics, including:
— Reactions to the "SECURE 2.0" bills on Capitol Hill
— Usage of financial wellbeing tools
— Employer approaches to diversity, equity, and inclusion in retirement and financial wellbeing plans

Thank you for your interest in these key findings. We trust you find value in our data and insights.

About Alight Solutions

With an unwavering belief that a company's success starts with its people, Alight Solutions is a leading cloud-based provider of integrated digital human capital and business solutions. Leveraging proprietary AI and data analytics, Alight optimizes business process as a service (BPaaS) to deliver superior outcomes for employees and employers across a comprehensive portfolio of services. Alight allows employees to enrich their health, wealth and work while enabling global organizations to achieve a high-performance culture. Alight's 15,000 dedicated colleagues serve more than 30 million employees and family members. Learn how Alight helps organizations of all sizes, including over 70% of the Fortune 100 at alight.com.

For almost 20 years, Alight Solutions has asked employers about their retirement and financial wellbeing initiatives. Our 2022 version of the Hot Topics in Retirement and Financial Wellbeing Report comes at a time when many of us continue to manage the impact of the pandemic and adjust to a new normal.

Against this backdrop, we see change. Not sweeping change — like employers completely overhauling their plans — but rather gradual change, like enhancing the retirement plan or supplementing it with assistance in other financial areas.

Specifically, our Hot Topics in Retirement and Financial Wellbeing Plan Report found three key themes for 2022:

1. **Employers are focusing on diversity, equity and inclusion in their retirement and financial wellbeing plans.**
    a. More than 80% of employers say they plan to focus on expanding inclusion and diversity efforts in their plans (39% very likely, 43% moderately likely).
    b. One-in-seven employers say they measure and analyze retirement plan behavior by race and ethnicity.
    c. Almost half of employers say they've recently evaluated plan communications with a specific focus on inclusion and diversity. Among the remaining group, 62% said they're very likely to do so in 2022.
2. **Financial wellbeing programs remain top of mind for employers.** For many, financial wellbeing programs started gaining interest over the last five years. This report provides a glimpse into how far we've come since 2018 and what's on tap for the future.
    a. Nearly all (94%) employers say they're very likely or moderately likely to provide workers with resources to help them improve their financial wellbeing in areas beyond retirement decisions.
    b. Most employers (85%) say they're evaluating their financial wellbeing program by looking at the usage of benefits. While most tools and services are currently used by only about 5%-10% of the workforce, there are services that have much higher take-up rates at some employers.
    c. There's been rapid growth in the percentage of employers who have specific tools to help with topics like budgeting (35% in 2018 to 59% now), debt management (27% in 2018 to 51% now), and financial planning (28% in 2018 to 52% now).

3. **Employers have mixed feelings about the new DC provisions in the SECURE Act and what's being proposed in the SECURE 2.0 Act.**
    a. Most of the provisions of the SECURE Act have been met by employers with a yawn. Nobody said they were very interested in joining a Pooled Employer Plan (PEP) and the interest in annuities has changed only marginally.
    b. Employers seem bullish on potential new provisions like raising the catch-up amount for older workers. Fifty-eight percent of sponsors said they were very interested and another 35% said they were moderately interested.
    c. Employers are also keen on increasing the starting age for required minimum distributions. The 80% of employers that said they were interested were split relatively evenly between very interested and moderately interested.

We appreciatively acknowledge the many plan sponsors who participated in this survey and commend them for their focus on the three areas shown above as well as their day-to-day work on helping people build stronger financial lives.

Employers are most focused on enhancing their financial wellbeing programs, as well as measuring the competitiveness of their DC plans, and expanding inclusion and diversity efforts in their plans.

When it comes to overall priorities, employers are more likely to concentrate on activities that have a more immediate impact on their workforce. Topics like expanding financial wellbeing programs and focusing on the diversity and inclusion aspects of their plans ranked much higher than issues such as evaluating phased retirement initiatives or adding decumulation tools.

How likely is your organization to address the following initiatives in 2022?

Initiative	Year	Very likely	Moderately likely	Not at all likely
Create or focus on financial wellbeing of employees (plan features, planning resources, communication, mobile apps, or online tools) that expands beyond retirement decisions	2022	58%	36%	6%
	2021	58%	31%	11%
	2020	66%	26%	8%
	2019	65%	29%	6%
Expand inclusion and diversity efforts in retirement and financial wellbeing plans	2022	39%	43%	18%
Measure the competitive position of the retirement program	2022	48%	34%	19%
	2021	34%	40%	26%
	2020	42%	40%	18%
	2019	47%	35%	18%
Measure/project the expected retirement income adequacy of your employee population	2022	28%	53%	19%
	2021	28%	44%	28%
	2020	27%	46%	27%
	2019	33%	40%	27%
Enhance retirement program to focus on asset decumulation stage	2022	7%	45%	48%
Evaluate phased retirement alternatives	2022	3%	35%	63%
	2021	2%	23%	75%
	2020	9%	27%	64%
	2019	4%	30%	66%
Offer an early retirement window	2022	1%	11%	88%

53% of employers believe the importance of financial wellbeing programs has increased at their organization over the last two years. Only 1% said the focus has decreased.

Note: Missing data indicates that the survey did not ask about the initiative that year. For example, "Expand inclusion and diversity efforts in the retirement and financial wellbeing plans" was added in 2022.

Employers are taking a multi-pronged approach to expanding diversity and inclusion in their plans.

More than 80% of employers say they're likely to take steps to enhance the inclusion and diversity in their retirement plan.

Less than 10% of employers have sought input from focus groups, but 84% say they plan to in 2022.

This year will also see employers examining the culture and diversity of the asset managers used in plans — only 6% have recently reviewed this, but more than 80% say they're very likely or moderately likely to do so over the next 12 months.

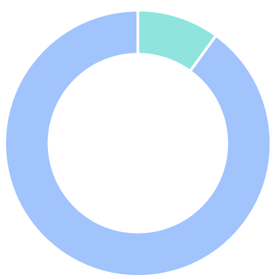
In what ways do you plan on enhancing the inclusion and diversity within your retirement plan?

		Among companies that have not completed recently		
	Completed recently/ Not needed	**Very likely**	**Moderately likely**	**Not at all likely**
Evaluating communication materials	49%	62%	17%	21%
Leveraging employee resource groups to discuss retirement and financial wellbeing topics	43%	60%	26%	15%
Measuring financial wellness by different employee segments	28%	54%	27%	19%
Changing plan provisions to expand participation and savings opportunities	7%	29%	57%	14%
Conducting employee focus groups to gather information	7%	45%	46%	9%
Examining the culture and diversity of asset managers used in plans	6%	38%	49%	13%
Reassessing or changing the retirement and/or investment committee members to broaden the representation	1%	20%	63%	17%
Setting diversity and inclusion goals to be measured on recurring basis	17%	56%	31%	13%

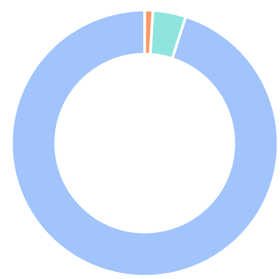
Few employers have added the retirement provisions from the SECURE Act of 2019.

The Setting Every Community Up for Retirement Enhancement Act of 2019, better known as the SECURE Act, was passed three years ago and contained several retirement-related provisions. While there has been interest in the $5,000 distribution to workers who have a qualified birth or adoption, the provisions related to PEPs and annuities have been slow to catch on. Few employers indicated they're likely to add them this year.

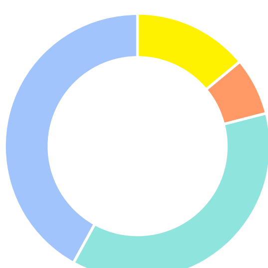
How interested are you in joining a Pooled Employer Plan (PEP) with other companies?



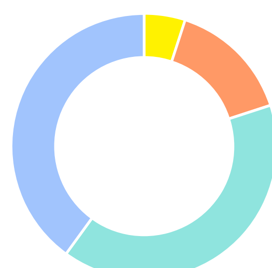
2022		2021
0%	Already have a PEP	0%
0%	Very interested	1%
10%	Moderately interested	4%
90%	Not interested	95%



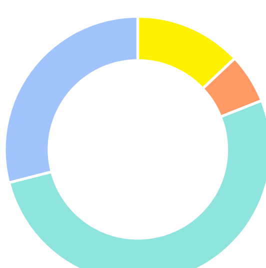
How interested are you in allowing workers to withdraw up to $5,000 for the birth or adoption of a child?



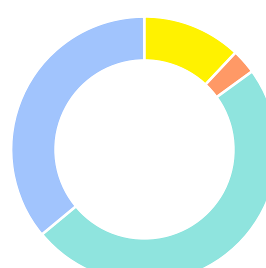
2022		2021
14%	Already have the provision	5%
7%	Very interested	15%
37%	Moderately interested	40%
42%	Not interested	40%



How interested are you in having annuities in your DC plan?



2022		2021
13%	Already have annuities in DC Plan	12%
6%	Very interested	3%
52%	Moderately interested	49%
29%	Not interested	37%



Annuities face many hurdles, despite their green light from the SECURE Act.

Employers have many reservations about adding annuities to plans. The most frequently cited barrier is a concern about the operational and administrative handling of annuities.

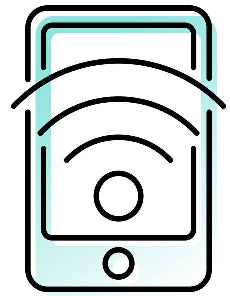
Employers are becoming less concerned about the cost of an annuity, likely because many employers could pass the fees along to participants.

What are the reasons your organization does not intend to add annuities?

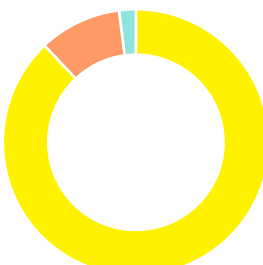
	Year	Major reason	Minor reason	Not a barrier
Operational or administrative concerns	2022	67%	23%	10%
	2021	47%	42%	11%
	2020	52%	33%	15%
Fiduciary concerns	2022	59%	28%	14%
	2021	50%	25%	25%
	2020	60%	21%	19%
Waiting to see the market evolve more	2022	55%	34%	10%
	2021	35%	38%	27%
	2020	50%	30%	20%
Difficulty with participant communication	2022	41%	24%	34%
	2021	27%	43%	30%
	2020	29%	36%	35%
Participant utilization concerns	2022	38%	38%	24%
	2021	43%	32%	24%
	2020	28%	42%	30%
Cost barriers	2022	17%	38%	45%
	2021	30%	38%	32%
	2020	30%	40%	30%
Not interested in making plan enhancements for terminated participants	2022	17%	21%	62%
	2021	21%	18%	61%
	2020	21%	17%	62%
Preference for participants leaving the plan at termination	2022	7%	14%	79%
	2021	18%	18%	63%
	2020	5%	17%	78%

Employers are increasingly interested in electronic delivery of participant notices and information.

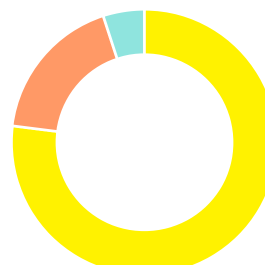
Since the Department of Labor issued the safe harbor allowing for electronic delivery of information to participants, employer interest has been high. Nearly all — 98% — of employers said they're interested in electronic delivery, including almost 90% that say they're very interested.



How interested are you in electronic delivery?



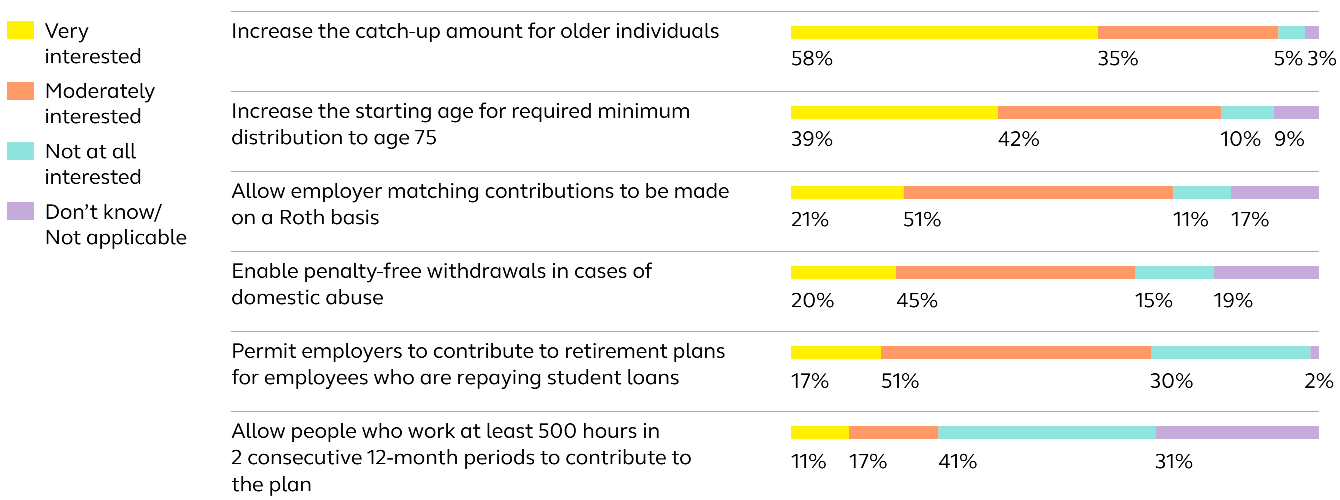
2022		2021
88%	Very interested	77%
10%	Moderately interested	17%
2%	Not at all interested	5%



Interest is very high for retirement topics being considered on Capitol Hill.

Lawmakers have introduced bills in the House and Senate that have informally been referred to as Secure 2.0. Employers indicated they're interested in many of these provisions. In particular, there's interest in topics such as increasing the catch-up amount for people 60 and over from $6,500 to $10,000 and increasing the starting age for minimum required distributions to age 75.

What is your organization's level of interest in some of the provisions listed below?



More than half of employers say the foundation stage of financial wellbeing is the most important one to focus on.

Alight believes there are four stages individuals move through on their way to financial independence: security, foundation, growth, and freedom. The percentage of employers most focused on the security stage has been waning — dropping from 35% in 2019 to 25% now. At the same time, more employers are focusing on the growth stage. However, both stages pale in comparison to the foundation stage where more than 60% of employers say they're most focused.

Four stages of financial wellbeing

Stage	Explanation	Common mistakes	Employers most focused on this stage: 2022	2021	2020	2019	Percentage of workers in this stage[1]
1 Security	Understanding income and expenses, managing debt	Overspending, not saving	25%	26%	32%	35%	48%
2 Foundation	Establishing savings goals, understanding investments and insurance	Under-saving, backtracking	61%	67%	60%	56%	18%
3 Growth	Maximizing asset growth, understanding investment vehicles	Focusing exclusively on market risk, leakage	11%	6%	8%	8%	28%
4 Freedom	Estate planning, understanding social security options	Cashing out without researching, underestimating life expectancy	1%	1%	1%	1%	6%

[1] Alight Solutions, *Financial Mindset Study*, 2017

Financial wellbeing programs have become the norm, not the exception.

We have reached a pivotal moment with financial wellbeing programs. Just a few years ago, it was common to have only about 25% of employers offer tools, services and educational campaigns on topics related to financial wellbeing. Now, most employers offer them. Because of this prevalence, workers may soon expect employers to provide them with financial wellbeing assistance.

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

	Financial wellbeing stage(s)	Already offer	Among employers that don't already offer		
			Very likely	**Moderately likely**	**Not at all likely**
Basics of financial markets and simple investing: The relationship between risk and return and the differences between stocks and bonds	Foundation, Growth	71%	40%	50%	10%
Budgeting: How to manage day-to-day expenses	Security	59%	30%	58%	12%
Financial planning: Creating a broad financial plan incorporating major purchases, medical expenses, retirement savings and income planning	Foundation, Growth and Freedom	52%	20%	54%	26%
Healthcare education and planning: Active medical expenses, HSAs, retiree medical planning and government-provided healthcare programs	All	52%	35%	49%	16%
Debt management: Debt reduction, credit counseling and credit score management	Security	51%	22%	55%	24%
Prioritizing savings: Emergency savings vs. debt reduction vs. retirement savings	Security	50%	42%	49%	9%
Assistance with saving for specific life stages: Emergency savings, home purchase and college savings	All	37%	26%	52%	23%
Assistance with emergency savings	Freedom	27%	30%	39%	30%
Assistance with post-retirement programs: Retiree forum or continuum, estate planning and retiree health expenses	Freedom	16%	9%	44%	47%

Financial wellbeing programs have become the norm, not the exception.

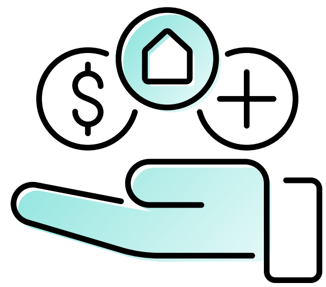
Percent offering tools, services, or educational campaigns

	2022	2018
Basics of financial markets and simple investing	71%	46%
Budgeting	59%	35%
Healthcare education and planning	52%	34%
Financial planning	52%	28%
Debt management	51%	27%
Prioritizing savings	50%	27%
Assistance with saving for specific life stages	37%	22%

Note: The topics of post-retirement programs and emergency savings were not asked in 2018, so 2019 values are shown.

There is wide variability in the usage of financial wellbeing tools by workers.

Because many of the financial wellbeing tools and services are relatively new, it should come as no surprise that overall usage of the tools is relatively low. Most companies see usage in the single digits. However, across all financial wellbeing topics, there were some companies that stated at least 30% of their workforce use the tools.



	Median usage	Minimum reported	Maximum reported
Basics of financial markets and simple investing	8%	1%	80%
Budgeting	5%	1%	30%
Healthcare education and planning	10%	1%	50%
Financial planning	9%	1%	30%
Debt management	5%	1%	30%
Prioritizing savings	5%	1%	30%
Assistance with saving for specific life stages	5%	2%	30%

Employers are executing on their financial wellbeing strategies.

Over the last 5 years, there's been a steady focus on employers moving financial wellbeing plans from the strategy phase to execution. In 2018, more than 20% of employers said they do not intend to create a broad financial wellbeing strategy. Now, only 13% agree with that statement. Conversely, 17% say their financial wellbeing strategy is fully executed compared to 2018.

Development of Financial Wellbeing Strategy

	2022	2021	2020	2019	2018
Our financial wellbeing strategy is fully executed	17%	15%	13%	8%	7%
We have created a financial wellbing strategy and are in the process of executing it	30%	41%	31%	27%	23%
We are in the process of creating a financial wellbeing strategy	40%	30%	45%	53%	49%
At this time, we do not intend to create a broad financial wellbeing strategy	13%	15%	11%	12%	21%

Student loan programs may be reaching a saturation point.

While the prevalence of student loan consolidation programs has increased over the last few years, the percentage of employers that say they're very likely to add them has decreased. A similar trend has occurred with student loan repayment assistance. The percentage of employers that offer the benefit has doubled since 2019, but only 2% plan on adding the feature in 2022.

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

Benefit	Year	Already offer	Very likely (among employers that don't already offer)	Moderately likely (among employers that don't already offer)	Not at all likely (among employers that don't already offer)
Student loan consolidation: Employer provides tool that helps consolidate and/or refinance existing student loan	2022	28%	4%	47%	49%
	2021	25%	7%	41%	51%
	2020	21%	16%	46%	38%
Student loan repayment assistance: Employer provides money to help pay off existing student loans	2022	12%	2%	37%	61%
	2021	11%	3%	30%	67%
	2020	6%	8%	33%	59%
College savings facilitation: Employer provides tool that allows for payroll contribution to 529 plan	2022	14%	4%	39%	56%
	2021	7%	5%	40%	55%
	2020	15%	5%	41%	54%
College savings assistance: Employer contributes money to 529 plan	2022	4%	0%	18%	82%
	2021	2%	1%	13%	86%
	2020	3%	2%	17%	81%
Employer money to defined contribution plan: Employer contributes to DC plan for workers who make student loan payments	2022	3%	4%	33%	63%
	2021	1%	1%	23%	76%
	2020	1%	3%	35%	62%

Employers are increasingly likely to say workers need tools to help with day-to-day financial topics.

Over the last few years, as financial wellbeing programs have cemented themselves in the workplace, employers have been increasingly likely to say workers need tools and services on a variety of topics. In 2020, it was far more common for companies to say it would be nice for employers to help, but that it wasn't necessary.

To what extent do you believe that employers should help workers with the following financial wellbeing topics?

Topic	Year	Employers should provide a tool to help workers with this topic	Employers should provide education only to help workers with this topic	It would be nice for employers to help, but not necessary	Employees do not need help from their employers
Save for retirement/ long-term needs	2022	79%	16%	4%	1%
	2021	72%	16%	11%	1%
	2020	72%	22%	5%	0%
Obtain disability insurance	2022	68%	18%	9%	6%
	2021	61%	18%	17%	3%
	2020	72%	17%	8%	3%
Obtain life insurance	2022	64%	22%	10%	5%
	2021	63%	19%	16%	3%
	2020	71%	19%	8%	3%
Create or manage a budget for personal expenses	2022	38%	27%	33%	1%
	2021	27%	30%	39%	4%
	2020	30%	20%	47%	3%
Obtain identity protection services	2022	36%	20%	37%	7%
	2021	33%	21%	38%	8%
	2020	32%	32%	32%	3%
Establish an emergency fund	2022	35%	31%	30%	3%
	2021	28%	32%	36%	4%
	2020	23%	34%	36%	6%
Save for short-term needs	2022	32%	32%	37%	1%
	2021	25%	28%	44%	4%
	2020	22%	30%	42%	7%
Pay off all or a portion of student loans or refinance at lower rates	2022	31%	23%	38%	8%
	2021	26%	26%	41%	7%
	2020	19%	27%	45%	9%
Help with debt management	2022	29%	41%	29%	2%
	2021	26%	34%	37%	4%
	2020	23%	34%	28%	5%
Save for children's education	2022	28%	40%	28%	3%
	2021	24%	39%	35%	2%
	2020	21%	36%	41%	2%

Employers are linking retirement plans with health and welfare programs.

Now, one-third of employers said they're very likely to provide information to workers to help them decide how much to contribute to an HSA and how much should go to a retirement plan. Two years ago, this percentage was 25%.

Additionally, 77% of employers are likely to incorporate reminders and education about the savings program into the annual enrollment communications, an increase from 65% in 2020.

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

Initiative	Year	Very likely	Moderately likely	Not at all likely
Incorporate reminders and education about the savings program into annual enrollment communications	2022	43%	35%	23%
	2021	45%	32%	22%
	2020	41%	23%	35%
Communicate the link between financial stress and health and wellbeing	2022	36%	49%	16%
	2021	37%	46%	17%
	2020	34%	46%	21%
Provide information to help employees decide between contributing to the HSA and the retirement plan	2022	33%	40%	27%
	2021	28%	48%	24%
	2020	25%	43%	33%
Provide employees with help on prioritizing and optimizing their health and retirement decisions	2022	27%	52%	21%
	2021	26%	42%	32%
	2020	23%	47%	30%
Include healthcare education and plan choices in the retirement commencement process	2022	22%	22%	56%
	2021	23%	29%	48%
	2020	17%	29%	54%
Incorporate defined contribution plan elections in annual healthcare enrollment	2022	22%	10%	68%
	2021	21%	14%	65%
	2020	26%	16%	59%
Show projected healthcare costs in retirement projections	2022	19%	32%	50%
	2021	17%	27%	56%
	2020	15%	31%	54%

Most employers say they have some hurdles that keep them from fully executing their financial wellbeing strategy.

Eighty-five percent of employers say they have at least some obstacles preventing them from translating their financial wellbeing vision into reality. Over the past two years, there's been a reduction in the percentage of employers saying they have obstacles such as leadership buy-in and budget constraints. Conversely, more employers are now saying a lack of internal resources to manage the program is a barrier.

What, if any, are hurdles to executing your financial wellbeing strategy?

	2022	2020
Competing benefit priorities	73%	75%
Budget	54%	63%
Lack of internal resources to manage	42%	36%
Leadership buy-in	15%	18%
Organizational	12%	15%
No hurdles	15%	9%

Employers offer financial wellbeing programs for altruistic reasons.

Over the last five years, employers have been steadfast in their reasons for offering financial wellbeing programs and there's been very little movement in the percentages. Rationales like enhancing the overall employee experience and increasing employee engagement have always been ranked at the top. The percentage of employers saying they have financial wellbeing programs to decrease medical costs has dropped from 35% in 2018 to 23% this year.

Why are you creating or expanding your financial wellbeing program?

	2022	2018
We believe it is the right thing to do	84%	81%
Enhance the overall employee experience*	82%	84%
Increase employee engagement	74%	70%
To increase attractiveness and/or differentiate ourselves as an employer*	55%	53%
Decrease employee time spent addressing financial issues (either on the job or through absenteeism)	42%	55%
Improved retirement statistics (e.g., improved adequacy, decreased leakage, higher participation rate)	42%	47%
Employees are asking for these types of benefits	23%	35%
Decreased medical costs (e.g., healthcare, disability, workers compensation)	15%	27%

* 2019 figures shown instead of 2018 since 2019 was the first year the topic was included in the survey.

The most popular way employers plan to measure the effectiveness of financial wellbeing programs is by comparing usage levels against benchmarks.

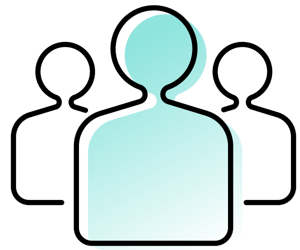
Consistent with prior years, the most popular way employers are going to measure the effectiveness of financial wellbeing programs is by looking at the usage of the benefits. In addition, almost two-thirds of employers say they'll base the effectiveness of a financial wellbeing program on improvements in employee engagement. A similar percentage is hoping for improvements in some retirement plan statistics like increased participation or decreased leakage.

How do you intend to measure the results of your financial wellbeing program?

	2022	2021	2020
Employee usage of benefits	85%	85%	82%
Employee engagement	64%	52%	60%
Retirement statistics (e.g., decreased leakage, higher participation rate)	63%	55%	50%
Medical costs (e.g., healthcare, disability, workers compensation)	9%	12%	13%
We do not intend to measure the results of our program	8%	6%	4%
Absenteeism	7%	5%	8%

Financial wellbeing is extending to retirees.

With **26%** of employers saying they have a formal way to remain connected to their retiree population, many are extending financial wellbeing topics to retirees. Some of the more common topics include retiree health, mental wellbeing and estate planning.



What types of education and communications do you offer or plan to offer to your retiree population?

			Among employers that don't already offer		
	Year	Already offer	**Very likely**	**Moderately likely**	**Not at all likely**
Support through call center and website	2022	68%	12%	9%	79%
	2021	72%	7%	17%	77%
	2020	73%	9%	13%	78%
Retiree health	2022	34%	0%	20%	80%
	2021	40%	8%	17%	75%
	2020	38%	4%	13%	83%
Mental health	2022	15%	4%	13%	83%
	2021	14%	2%	14%	83%
	2020	18%	0%	14%	86%
Post-retirement financial education	2022	20%	1%	23%	75%
	2021	14%	1%	14%	85%
	2020	17%	0%	14%	86%
Estate planning	2022	14%	1%	9%	89%
	2021	9%	2%	5%	93%
	2020	13%	2%	10%	88%
Budgeting for one-time expense	2022	13%	1%	8%	91%
	2021	7%	0%	4%	96%
	2020	5%	1%	6%	93%
Automatic donation from retirement check to a charity	2022	4%	0%	3%	97%
	2021	1%	1%	23%	76%
	2020	5%	0%	5%	95%

Most employers are going to focus on helping workers increase their savings rates in 2022.

Over the past five years, employers have made great strides with increasing participation. Now, almost 60% of employers say they're satisfied with their participation level — an increase of 11% since 2018. While similar strides have occurred with contribution rates (from 21% to 36%), there's still room for improvement. Almost two-thirds of employers who are not satisfied with their average contribution rate say they're very likely to take action in 2022 to help boost their workers' savings.

Please indicate your organization's attitude on the importance of each aspect of employee behavior below and any plans to address the topic this year.

			Among employers not satisfied		
	Year	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	2022	57%	56%	40%	5%
	2018	46%	49%	40%	11%
Encouraging higher contribution rates: Supporting participants contributing more to help meet their future retirement needs	2022	36%	61%	31%	8%
	2018	21%	55%	35%	10%
Retaining assets: Encouraging individuals to keep their assets in the plan upon retirement or termination	2022	29%	18%	34%	48%
	2018	30%	22%	33%	45%
Improving diversification: Having participants investing in a diversified asset mix with "appropriate" risk	2022	28%	38%	46%	17%
	2018	19%	39%	43%	18%
Consolidating assets: Encouraging individuals to roll assets into the plan	2022	26%	7%	39%	54%
	2018	27%	7%	46%	47%
Discouraging cash-outs: Encouraging terminated employees to keep their assets focused on retirement and not cashing out their retirement savings	2022	23%	18%	32%	50%
	2018	22%	23%	35%	42%
Assessing long-term savings opportunities: Understanding various options available (pre-tax, Roth, HSAs, college savings, stock programs, etc.) and how to choose	2022	21%	37%	47%	16%
	2018	10%	46%	32%	22%
Encouraging lifetime income: Supporting the process to have participants convert account balances to lifetime income	2022	18%	18%	35%	47%
	2018	14%	18%	31%	51%
Recognizing retirement readiness: Helping participants understand their retirement savings needs and having plans in place to reach retirement savings goals	2022	18%	53%	37%	10%
	2018	9%	55%	30%	15%
Addressing broad financial wellbeing: Focusing on underlying reasons individuals do not participate or save more to the plan	2022	17%	51%	27%	23%
	2018	12%	46%	34%	20%
Minimizing leakage: Having employees avoid taking loans and withdrawals from the plan	2022	15%	28%	40%	33%
	2018	15%	33%	40%	27%

Financial wellbeing and retirement readiness remain the top priorities for employers.

Like prior years, 28% of employers said they're most focused on addressing broad financial wellbeing of workers. The second most popular initiative is helping participants understand their retirement savings needs and helping workers make plans to reach their retirement savings goals. This year, 26% of employers said they're focusing on retirement readiness, an increase from 20% in 2021.

Which aspect of employee behavior within DC plans do you think is the most important one your organization should address?

	2022	2021
Addressing broad financial wellbeing: Focusing on underlying reasons individuals do not participate or save more to the plan	28%	28%
Recognizing retirement readiness: Helping participants understand their retirement savings needs and having plans in place to reach retirement savings goals	26%	20%
Encouraging higher contribution rates: Supporting participants contributing more to help meet their future retirement needs	14%	16%
Minimizing leakage: Having employees avoid taking loans and withdrawals from the plan	12%	11%
Increasing participation: Having more eligible employees actively saving in the plan	8%	11%
Improving diversification: Having participants investing in a diversified asset mix with "appropriate" risk	4%	8%
Encouraging lifetime income: Supporting the process to have participants convert account balances to lifetime income	3%	5%
Assessing long-term savings opportunities: Understanding various options available (pre-tax, Roth, HSAs, college savings, stock programs, etc) and how to choose	3%	0%
Discouraging cash-outs: Encouraging terminated employees to keep their assets focused on retirement and not cashing out their retirement savings	1%	2%
Retain assets: Encouraging individuals to keep their assets in the plan upon retirement or termination	1%	0%
Consolidating assets: Encouraging individuals to roll assets into your plan	0%	0%

77% of employers look beyond averages when examining DC plan statistics.

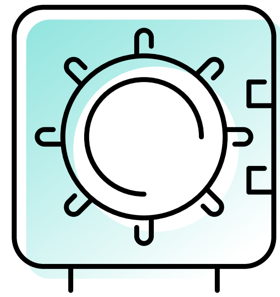
Less than 25% of employers say they review their plan by looking at plan statistics in the aggregate only. Most employers examine key indicators such as participation and savings rates, plan balances, and withdrawal activity by demographics such as age and tenure. One-in-six employers say they measure and analyze behavior by race and ethnicity.

By which segments do you measure and analyze retirement plan behavior?

We look at plan statistics in the aggregate only	23%
Age	72%
Tenure	53%
Business unit	35%
Gender	35%
Employment status (e.g. full-time vs. part-time)	17%
Race/ethnicity	14%
Veteran status	1%

Very few employers want terminated participants to take their money out of the plan when they stop working.

The percentage of employers who said they prefer terminated employees leave their plan has dropped to historic lows in 2022. Now, only 3% of employers said they want only actively employed people in the plan. Almost 40% said they prefer terminated employees to remain in the plan. The rest say that they have no preference.

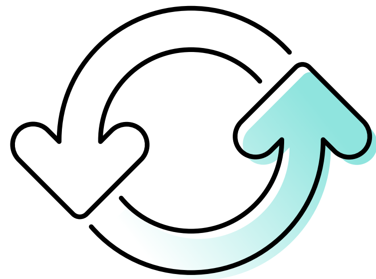


Does your organization have any preference on terminated employees leaving money in your defined contribution plan versus rolling over to another qualified vehicle?

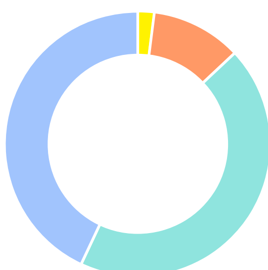
	2022	2021
We prefer that all terminated employees remain in our plan	17%	18%
We prefer that terminated employees with a minimum balance remain in our plan	21%	21%
We prefer that terminated employees leave our plan	3%	7%
We have no preference	59%	54%

There is growing interest in services that automatically transfer retirement accounts between employer plans.

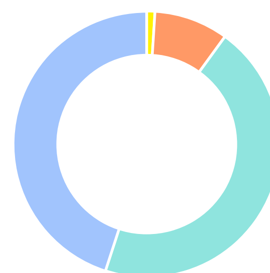
Employers are increasingly interested in a clearinghouse service that will automatically roll balances from one employer's DC plan to another employer's plan when individuals change jobs. Now, more than 10% of employers say they're very interested in a service like this.



How interested are you in a clearinghouse service that will automatically roll balances from one employer's DC plan to another employer's plan when people change jobs?



2022		2021
2%	We already have a clearinghouse service	1%
11%	Very interested	9%
44%	Moderately interested	45%
43%	Not interested	45%



Defined benefit pension plans could see changes in 2022.

After years of saying there will be few, if any, modifications to defined benefit plans, employers indicated 2022 could be a year for change. Fifteen percent of employers with an open plan said they are very likely to close it this year. One-third of plan sponsors say they will purchase annuities for at least a portion of their population. There has been an uptick in the percentage of plan sponsors terminating their plan — from 2% to 6%.

What actions are your organization likely to take with respect to the defined benefit plan design?

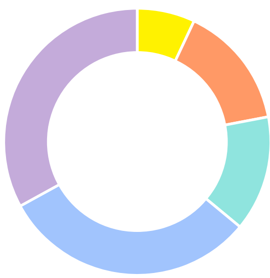
Action	Year	Very likely	Moderately likely	Not at all likely
Close participation and no longer allow new employees to enter your defined benefit plan	2022	15%	0%	85%
	2021	0%	6%	96%
Freeze benefit accruals for all or a portion of participants	2022	13%	0%	87%
	2021	4%	4%	92%
Purchase annuities for some participants	2022	11%	25%	64%
	2021	5%	10%	86%
Reduce benefits but continue to offer a defined benefit plan	2022	4%	4%	91%
	2021	4%	6%	90%
Terminate the plan (remove all employer liability through lump-sum payout to participants or third-party annuity purchase)	2022	3%	7%	91%
	2021	1%	2%	96%

Which statement best reflects your organization's attitude on terminating your pension plan?

Statement	2022	2021
We are not interested in terminating the plan	71%	74%
We are interested in terminating the plan once the funded status improves	22%	24%
We are currently in the process of terminating the plan	6%	2%

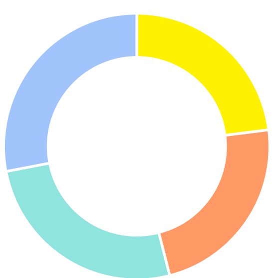
113	37,000	13,000
respondents with 4 million employees	average number employed by respondent	median number employed by respondent

Distribution of employer size



7%	Under 1,000 employees
15%	1,000–4,999 employees
14%	5,000–9,999 employees
31%	10,000–24,999 employees
33%	25,000+ employees

Distribution by DB plan status



23%	Does not have a DB plan
23%	Ongoing DB plan
26%	Closed DB plan
28%	Frozen DB plan

CONTACTS

Rob Austin, FSA
Vice President, Head of Research
+1.704.791.6048
rob.austin@alight.com

Mackenzie Lucas
Vice President, Communications
mackenzie.lucas@alight.com

alight.com