NEWS RELEASE

Since the Start of the Pandemic, Plan Sponsors Are Increasingly Focused on Ways to Support Employees; Heightened Demand for Advisor Expertise, According to Fidelity®

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12th Fidelity® Plan Sponsor Attitudes Study Finds:

- 72% of Plan Sponsors Believe their Plan is Meeting its Goals this Year, Up from 2/3 in 2020
- Only 16% of Plan Sponsors Reduced the Employer Matching Contribution over the Past Two Years, Despite Pandemic Challenges
- 34% of Plan Sponsors are Looking to Change Advisors, Up from 16% in 2020

BOSTON--(BUSINESS WIRE)-- Fidelity Investments®, one of the industry's most diversified and largest financial services companies, today announced the results of the 12th edition of its Plan Sponsor Attitudes Study, which revealed that in the midst of the COVID-19 pandemic, there was a heightened demand for advisor guidance and expertise as workplace retirement plan sponsors became increasingly focused on supporting their employees.

Fidelity's study revealed that plan sponsors continue to focus on improving participant outcomes with 88% making changes to their investment menus and 82% making changes to their plan designs in the past two years. The study, which began in 2008 and surveyed employers that offer retirement plans using a wide variety of recordkeepers,i found an increase in plan sponsors' desire for their advisors to directly engage more with their employees.

"The past year has affirmed for plan sponsors that their commitment to helping employees prepare for the unexpected in retirement has never been more important and reinforced their desire for strong employee outcomes," said Liz Pathe, head of defined contribution investment only (DCIO) sales, Fidelity Institutional. "Plan sponsors are seeking expertise from their plan advisors not only to help guide and inform their investment menu and plan design, but also to help employees strengthen their financial well-being."

Heightened Demand for Advisor Guidance and Expertise

Although advisor satisfaction (73%) and value (69%) remained high in 2020, advisor value perception was down 10% year-over-year among smaller plans. The top three drivers of advisor value from plan sponsors included: 1) helps improve employee outcomesii, 2) helps improve employee satisfaction, and 3) provides financial advice and guidance to participants among the top rankings.

The number of plan sponsors that reported they are looking to change advisors more than doubled in the past year (34% in 2021 versus 16% in 2020). In fact, the top reason for wanting to change plan advisors was a desire for better employee communication and education, followed by lower stated fees, more retirement expertise, and a better investment lineup.

The scope of guidance and expertise that plan sponsors expect from their advisors continues to expand. Sponsors were also looking for their advisor to have more expertise in helping minimize costs (46%), selecting and monitoring investment options for the plan (44%), and keeping them informed on regulatory changes and how to implement them (42%).

“Plan advisors should take an active role in engaging both plan sponsors and their employees to emphasize the value of their plan and educate them to help improve outcomes,” said Pathe. “Otherwise, they might risk losing clients to an advisor who provides better education and guidance.”

Retirement Readiness Through the Pandemic & Beyond

More than two-thirds (68%) of plan sponsors feel employees are saving enough for retirement, up from 59% in 2020. However, 86% of plan sponsors believe at least some of their employees are delaying retirement due to a savings shortfall, and nearly two-thirds (60%) believe the pandemic had an impact on their employees’ decision to retire. Importantly, plan sponsors continued to support their employees and contribute to their retirement savings amid the challenges of the pandemic, with only 16% reporting that they reduced the employer matching contribution over the past two years. Plan sponsors’ goals for their plans are largely employee-focused, and nearly three-quarters (72%) believe their plan is meeting its goals this year, up from two-thirds in 2020.

Supporting Employees’ Full Financial Picture

Plan sponsors and plan advisors continue to look at programs beyond the retirement plan recognizing the importance of these benefits for employees. In fact, advisors who discuss topics such as financial wellness and HSAs (health savings accounts) with plan sponsors appear to earn higher satisfaction scores. Seventy-six percent of plan sponsors who have discussed financial wellness programs with their advisors reported being very satisfied with their advisors (versus 65% who have not had those discussions). More than three-quarters (78%) of plan sponsors stated they were very satisfied with their advisors who raised the topic of HSAs (versus 62% who have not had HSA discussions).

When asked how they were addressing rising health care costs, half of plan sponsors said they were implementing wellness programs to help employees improve or track their health, and 44% were making changes to the health plan to lower company premiums. Seventy-one percent of plan sponsors reported that their advisor had spoken to them about a financial wellness program, and 62% have implemented one in the past two years. Nearly three-quarters (73%) of plan sponsors reported a strong impact from these programs for employees, up from 61% last year.

Seven in 10 (71%) plan sponsors reported their advisor had spoken to them about HSAs, and more than three-quarters (78%) find advisor HSA guidance important. Plan sponsors offering HSAs have seen increased enrollment, with more than half (55%) of employees enrolled in an HSA, up from 40% in 2020.

Additional information on the survey, as well as resources and tools—including fund analytics and details on investment options—can be found at **go.fidelity.com/attitudes**.

Plan Sponsor Attitudes Study: Methodology

The 2021 Plan Sponsor Attitudes Study was an online survey of 1,169 plan sponsors on behalf of Fidelity. Fidelity Investments was not identified as the survey sponsor. The survey was conducted during the month of March 2021. Respondents were identified as the primary person responsible for managing their organization's 401(k) plan. All plan sponsors confirmed their plans had at least 25 participants and at least $3 million in plan assets. Though the survey is broad in scope the experience of the plan sponsors participating in the survey may not be representative of all plan sponsors. Previous Fidelity surveys were conducted in 2008, 2010, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020.

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i Data presented here is based on the full 2021 survey results. Other published or historical data may reflect different values based on the criteria used, such as a plan asset level or participant count.
ii Improved employee outcomes include higher participation and savings rates and better asset allocation, as examples.

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