



NEWS RELEASE

## Plan Sponsor Activity and Engagement Set to Heighten, While Competition and Increasing Expectations for Plan Advisors Rise, According to Fidelity® Study

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13th Fidelity® Plan Sponsor Attitudes Study Finds:

- 93% of Plan Sponsors Plan to Make Changes to their Investment Lineup—including ESG
- 47% of Plan Sponsors are Considering Changing Advisors, Hitting an All Time High
- 88% of Plan Sponsors Anticipate Making Changes to Plan Design, The Most Active in Years

BOSTON--(BUSINESS WIRE)-- Fidelity Investments®, one of the industry's most diversified and largest financial services companies, today announced the results of the 13th edition of its Plan Sponsor Attitudes Study. The study characterizes 2022 as a year of change for the retirement plan industry with plan activity and competition amongst plan advisors hitting multiyear highs.

Fidelity's study, which began in 2008 and surveys employers that offer retirement plans using a wide variety of recordkeepers, found that plan sponsors are the most active in years, with 88% of respondents planning to make changes to plan design and 93% planning to make changes to their investment menu lineup. The percentage of sponsors planning lineup changes in 2022 increased in 14 of the 16 categories presented in the survey. The study also revealed that competition amongst plan advisors and recordkeepers is reaching an all-time high, with 47% of plan sponsors considering a new advisor and 48% considering a change of recordkeepers.

"Plan sponsors are continuously seeking more expertise from their plan advisors year-over-year to help them in a more diversified capacity and are not afraid to look elsewhere if a competing advisor offers a better experience," said Liz Pathe, head of Defined Contribution Investment Only (DCIO) Sales at Fidelity Institutional. "With such strong activity this year, it increases the expectations and pressures surrounding this space."

**Increasing Expectations for Retirement Plan Advisors**

Although advisor satisfaction reached its highest level in five years (76%), sponsors actively seeking a new advisor also hit record highs (47%) compared to 2021 (34%). The top reasons include: the need for better employee communications and education; another advisor offered a superior investment lineup; and the need for an advisor who is more effective in dealing with servicing issues with the recordkeeper. In fact, plan sponsors are seeking more advisor expertise in many areas, and when asked, proactive suggestions for improving plan performance was the most notable request (51%).

Advisor solicitations also doubled this past year, with 66% of plan sponsors reporting that prospecting advisors piqued their interest within three main categories: 1.) knowledge on 401(k) plans, 2.) lower costs, and 3.) help with fiduciary responsibilities, showing that sponsors value advisors who can provide education and improve outcomes the most.

Sponsors are also recognizing that advisors play a key role in attracting and retaining talent, with 91% of sponsors reporting that advisors help promote their retirement plan to current and prospective employees. It's also reported that advisor guidance surrounding Health Savings Accounts (HSAs) is important, and those advisors that had conversations regarding HSAs earned a higher satisfaction score than those who didn't (+11 points).

### **Evolving Investment Menus**

Investment menu changes continue to be on the rise, with 93% of plan sponsors planning to make changes to their investment lineups in 2022. The top three planned changes in the next year include: expanding the number of sustainable or environmental, social, and governance (ESG) funds (27%); increasing the number of investment options (27%); and increasing the number of managed account options offered (26%). When asked about interest in ESG, sponsor interest persisted, with 73% stating their advisor has proactively mentioned ESG investment options and 75% of sponsors wanting to know more. Interestingly, 44% of sponsors prefer ESG-focused strategies that invest only in companies that screen well based on various ESG factors, whereas 48% prefer ESG as a management focus and one of many inputs used to make investments decisions.

"Plan sponsors are taking an active role in evaluating various investment menu additions that are at the forefront of our industry," said Pathe. "Providing education and guidance during a time where our investment landscape is constantly evolving is pivotal in helping employees strengthen their financial knowledge."

### **Supporting Retirement Readiness Through Plan Design Changes**

Sponsors are highly satisfied that plans are meeting their goals, with ratings hitting multiyear highs especially among advised plans (76% satisfaction rating vs. 65% for non-advised). Almost one-quarter (22%) of plan sponsors are measuring the success of plans based on the benchmark of industry standards for employee participation/savings rate goals, while others measure based on employee happiness (19%) and participation levels (13%).

Seventy percent of plan sponsors believe employees are saving enough for retirement, with 64% believing the auto-enrollment deferral rate/company match are a sufficient retirement savings rate (up from just 46% in 2018). However, there are competing financial priorities that are affecting employee savings, according to plan sponsors. When asked what these were, 50% of respondents reported that current living expense are too high, 40% reported a lack of discipline in saving for future needs, and 37% reported it was due to high health care costs. Sponsors reported that more than half of employees (62%) retire early, some by choice and others by necessity, with 34% due to reasons within their control, and 28% due to reason beyond their control. To combat these competing financial priorities, 88% of sponsors expect to make plan design changes in 2022. When asked what changes are expected, 27% said they plan to increase their matching contribution, with 34% reporting that change was made in the past two years.

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](https://go.fidelity.com/attitudes).

#### **Plan Sponsor Attitudes Study: Methodology**

The 2022 Plan Sponsor Attitudes Study was an online survey of 1,285 plan sponsors on behalf of Fidelity. Fidelity Investments was not identified as the survey sponsor. The survey was conducted during the month of March 2022. 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, 2020, and 2021.

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