

October 2023

PARTNERSHIP FOR DEFINED CONTRIBUTION PLAN MANAGEMENT

PERCEPTION VS REALITY CONVERSATION

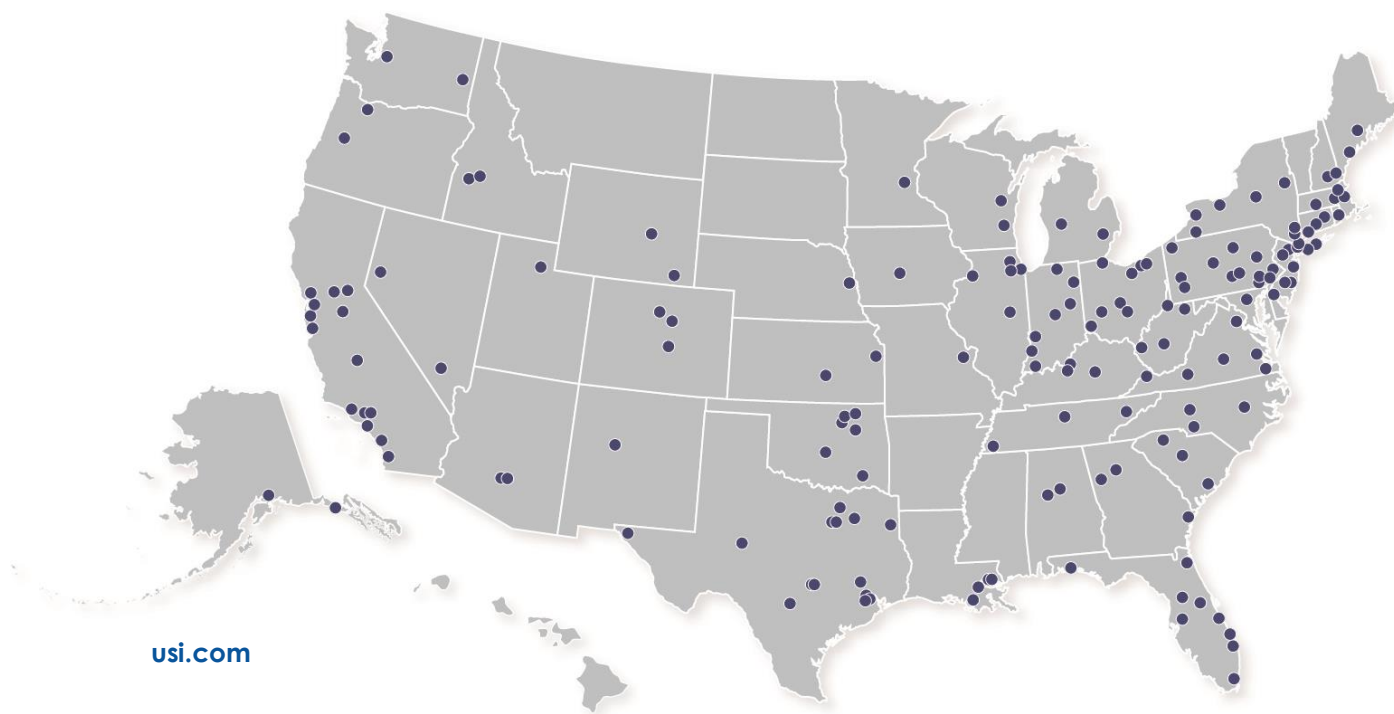
Derek Bailey, CRPS, AIF
usicg.com





About USI National Resources, Local Expertise

USI offers tremendous geographic and business diversity with more than 10,000 professionals in 200+ local offices serving every state and abroad.



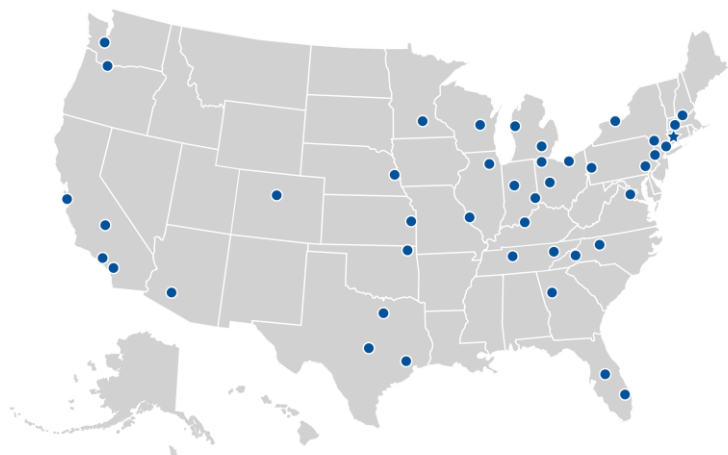
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A national practice committee drives innovation, provides continuous insight on client solutions, and shares best practices across the country so our local teams are always equipped with the latest knowledge and services to meet your everyday needs.



Leading Retirement Consulting Firm **USI Consulting Group**

USI's retirement consulting and benefits administration division, serving a national client base with offices connected across the U.S.



Qualified & Non-qualified Plans | Investment Advisory Services¹ | Regulatory & Compliance | Employee Communications

- **\$140M** in U.S. revenue²
- **\$36.7B** in assets under advisement^{1,2}
- **Top 10** retirement consulting firm measured by revenue and staff
- **4,100+** retirement plan clients²
- **650** professionals providing collaborative and outcome-oriented consulting
- **Glastonbury, CT** corporate headquarters with offices nationwide

¹ Investment Advice for institutional accounts provided by USI Advisors, Inc., an affiliate of USI Consulting Group.

² As of May 1, 2023.

USI Consulting Group ("USICG") is a corporation (incorporated in the State of Connecticut) and is a wholly-owned subsidiary of USI Insurance Services, a private equity partner with KKR and CDPQ.



LEADING RETIREMENT CONSULTING FIRM

USI Consulting Group (USICG)

Services

- Investment advisory*
- Plan consulting
- Provider search
- Fee benchmarking
- Actuarial
- DB Pension plan administration & outsourcing
- Recordkeeping
- Executive benefits
- Fiduciary training
- Plan corrections
- New comparability
- Vendor relations
- M&A support

People

650

retirement specialists with deep expertise

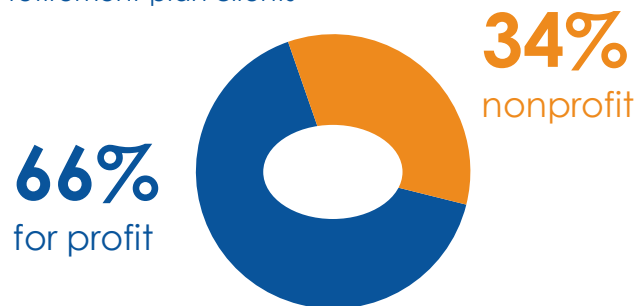


- Actuaries
- Investment consultants
- Attorneys
- Account managers
- Recordkeepers
- Benefit plan administrators

AIF®s, CAIA®s, CEBS®, CFA®s, CFP®s, CIMA®s, EAs, FSAs, QPAs, RPA®s**

Industries Served

4,100+ retirement plan clients

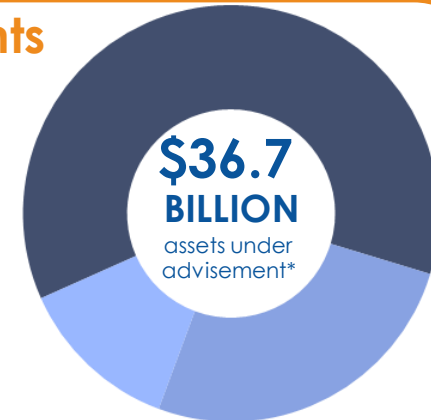


Market Segments

Defined Contribution Consulting Group

Direct Solutions & Recordkeeping Group

Defined Benefit Pension Plan Consulting Group



As of May 1, 2023.

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** Accredited Investment Fiduciary ("AIF®"), Chartered Alternative Investment Analyst ("CAIA®"), Certified Employee Benefit Specialist ("CEBS®"), Chartered Financial Analyst ("CFA®"), Certified Financial Planner ("CFP®"), Certified Investment Management Analyst ("CIMA®"), Enrolled Actuary ("EA"), Fellow of the Society of Actuaries ("FSA"), Qualified Pension Administrator ("QPA"), Retirement Plans Associate ("RPA®")

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Perception vs Reality

USI Consulting Group



**Derek Bailey,
CRPS, AIF**

VP Retirement Plan Services

Capital Group



Sue Walton

SVP, Senior Retirement Strategist

Planning for retirement

Uncovering better strategies for
retirement readiness

Investments are not FDIC-insured, nor are they deposits of or guaranteed by a bank or any other entity, so they may lose value.

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Agenda

Capital Group's Wisdom of Experience survey

Key insights

A path forward

Wisdom of Experience survey

Overview of survey

Conducted for Capital Group by Escalent, a human behavior and analytics firm

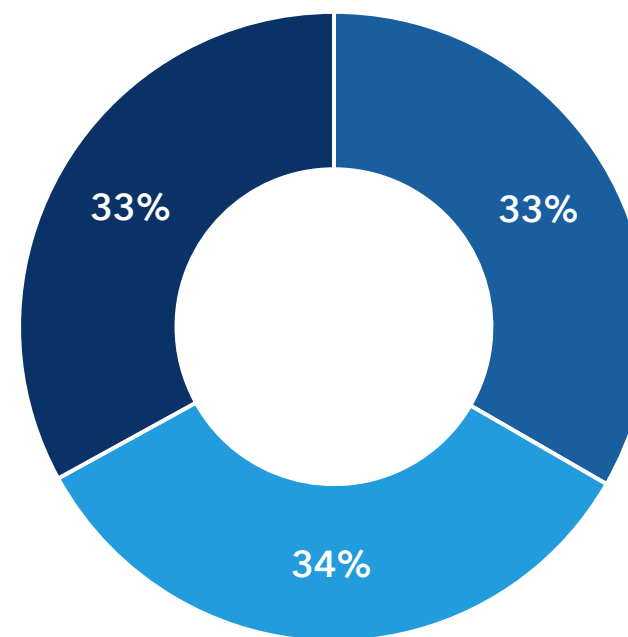
Online quantitative survey conducted in December 2020

1,215 American adults

Varying income levels with some **retirement investments**

Sample reflects **national representation** on key demographic measure according to the **U.S. Census Bureau**

Age demographics of respondents



■ Millennials (ages 21-39) ■ Gen Xers (ages 40-54) ■ Baby boomers (ages 55-73)

Source: Capital Group

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Overview of survey

Four themes

01

Perception vs. reality

- Disconnect between retirement goals and savings
- Need assistance
 - Setting realistic savings goals
 - Anticipating retirement expenses

02

Retirement spending

- Majority like the idea of a regular “retirement paycheck”
- Advice needed to transition from saving to spending in retirement

03

DC plan confidence

- Majority surveyed are confident in their defined contribution (DC) plan
- Many don’t know what they’re invested in or feel unprepared to make investment selections

04

Education toolbox

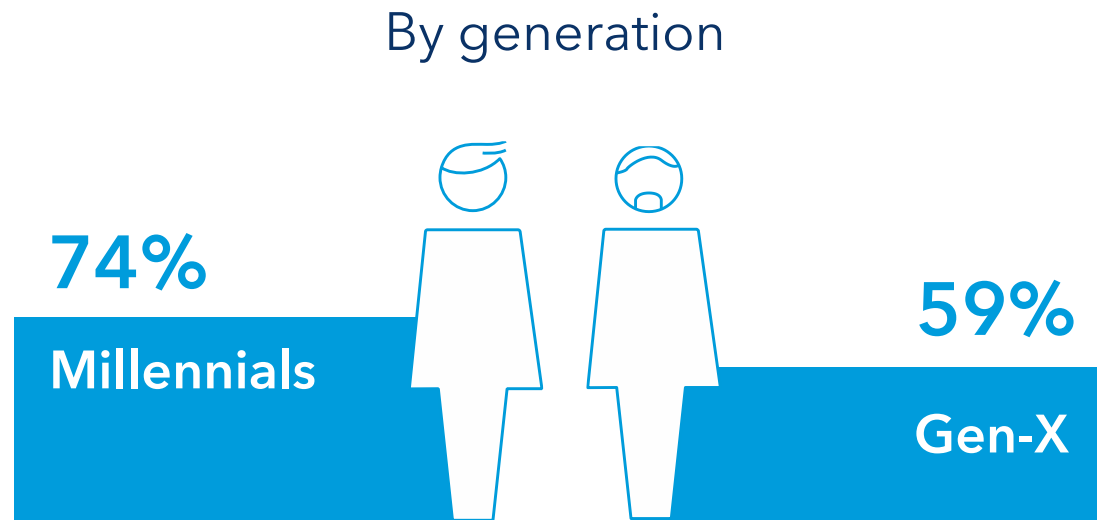
- Opportunities for communication and education

Key insights

Perception vs. reality

Perception vs. reality: Confidence across generation and gender

Confidence in reaching retirement goals



- Millennials are more confident in their DC plans
- Gen Xers are the least
- Baby boomers need help transitioning to spending



- Men set higher retirement targets
- Women do not seem to be planning appropriately
- Women want more personalized advice and attention

Greater confidence among millennials and men

Source: Capital Group

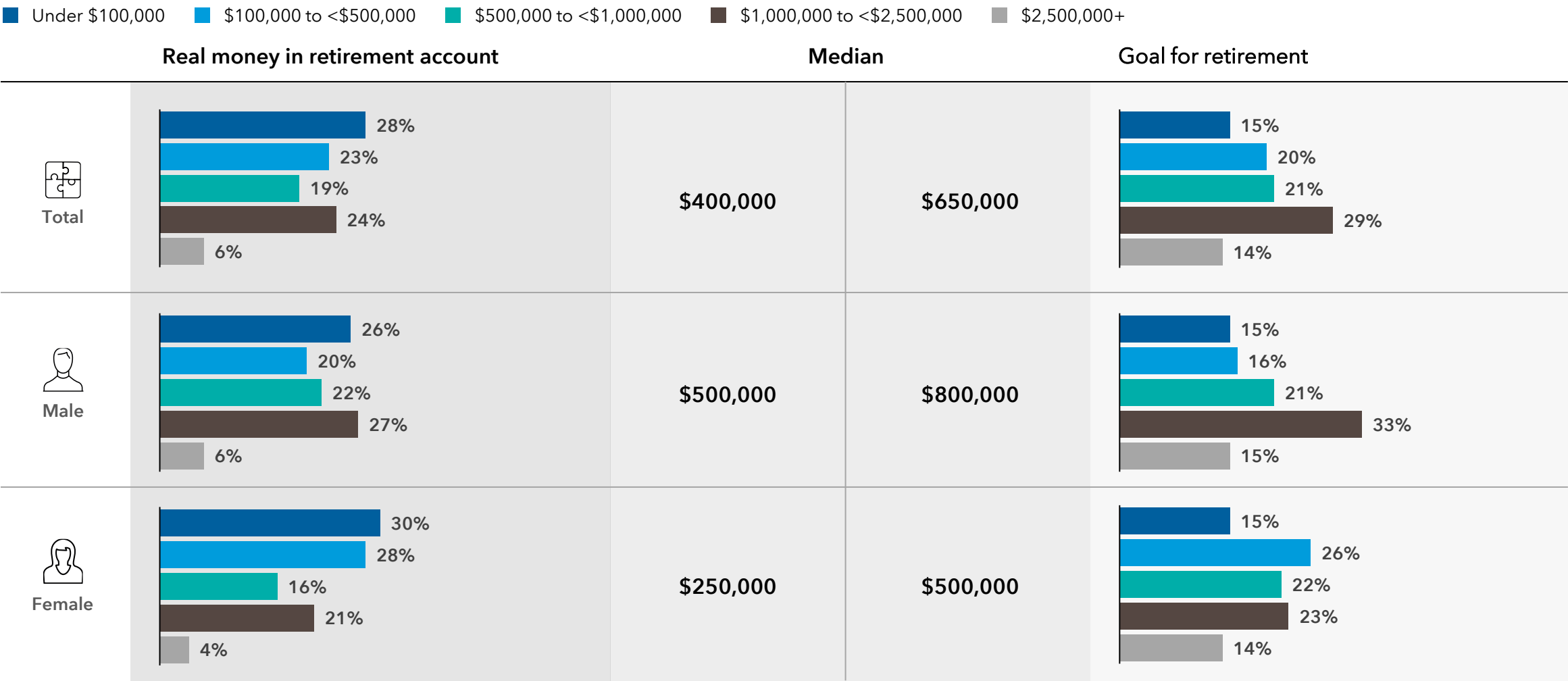
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Polling question – Perception vs. reality: What is real money?

What would you consider “real money” for retirement?

- ☐ Under \$100,000
- ☐ \$100,000 to <\$500,000
- ☐ \$500,000 to <\$1,000,000
- ☐ \$1,000,000 to <\$2,500,000
- ☐ Over \$2,500,000

Perception vs. reality – What is real money?



Percentage may not add up to 100 due to rounding.

Source: Capital Group

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Perception vs. reality – What is real money?

■ Under \$100,000
 ■ \$100,000 to <\$500,000
 ■ \$500,000 to <\$1,000,000
 ■ \$1,000,000 to <\$2,500,000
 ■ \$2,500,000+



Percentage may not add up to 100 due to rounding.

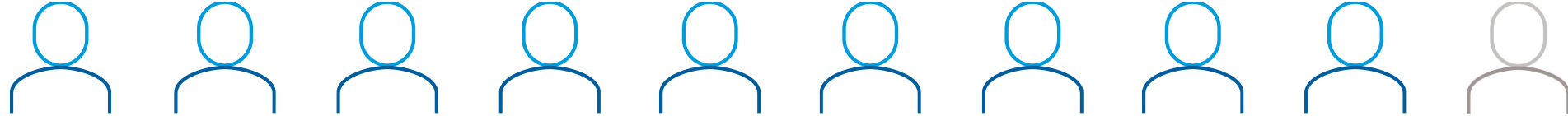
Source: Capital Group

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Key insights

Retirement spending

Retirement spending: How to make it happen



9 out of 10



Investors would like a retirement paycheck

- Across gender and generation



Investors believe that they will need to continue to invest/grow their nest even after retirement

Retirement spending: How to make it happen

How appealing would each of these options be to you for funding your retirement?

	Not at all appealing			Not too appealing			Somewhat appealing			Very appealing		
	Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
Use investments and savings to create a monthly “retirement paycheck” I pay myself	2%	1%	2%	12%	10%	13%	55%	53%	57%	32%	35%	28%
Purchase an annuity that guarantees fixed or variable lifetime income for me and my family	8%	9%	6%	17%	18%	17%	54%	50%	58%	21%	24%	19%
Continue to invest and grow my nest egg while taking regular distributions to fund my needs	2%	2%	3%	10%	9%	10%	56%	55%	58%	32%	34%	29%
Sell my house for financial gain and move to a place where I can afford to live comfortably	16%	13%	19%	24%	22%	27%	40%	42%	38%	20%	23%	16%
Continue to work part time in my retirement years to supplement my income	13%	13%	13%	24%	21%	28%	43%	43%	44%	20%	23%	16%
Rely on Social Security for retirement income, supplemented by other savings	10%	9%	12%	27%	22%	32%	44%	46%	43%	19%	23%	14%

Percentages may not add up to 100 due to rounding.

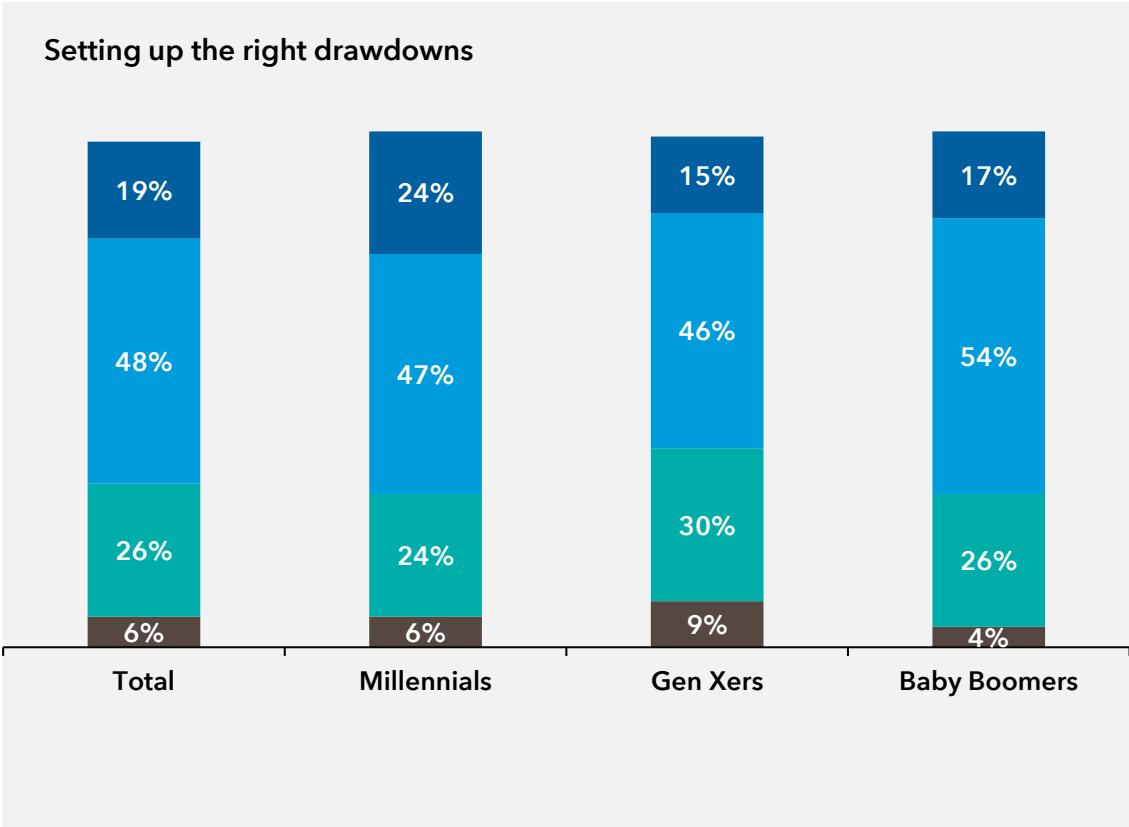
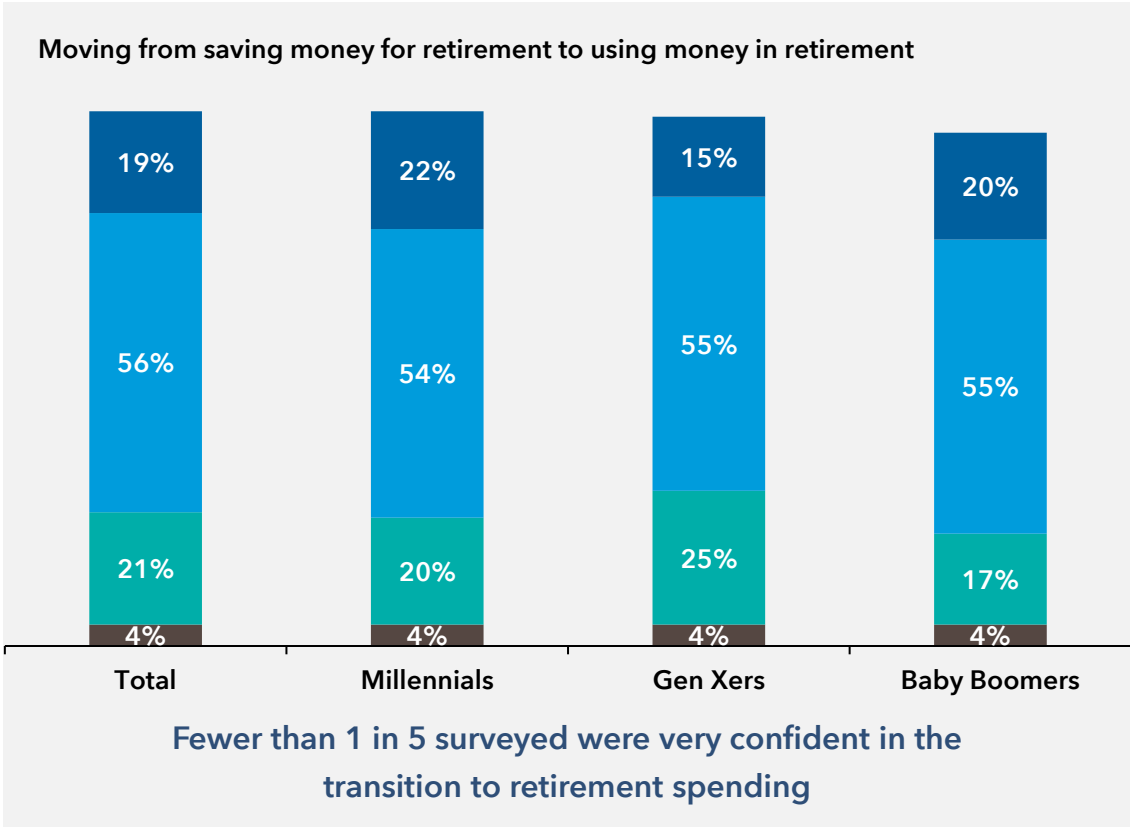
Source: Capital Group

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Retirement spending: Confidence is still an issue

Moving from saving money to using money in retirement

Very confident Somewhat confident Not too confident Not at all confident



Percentage may not add up to 100 due to rounding.
Source: Capital Group
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Key insights

DC plan confidence

Polling question – DC plan confidence

Do your employees understand that they are responsible for funding their retirement?

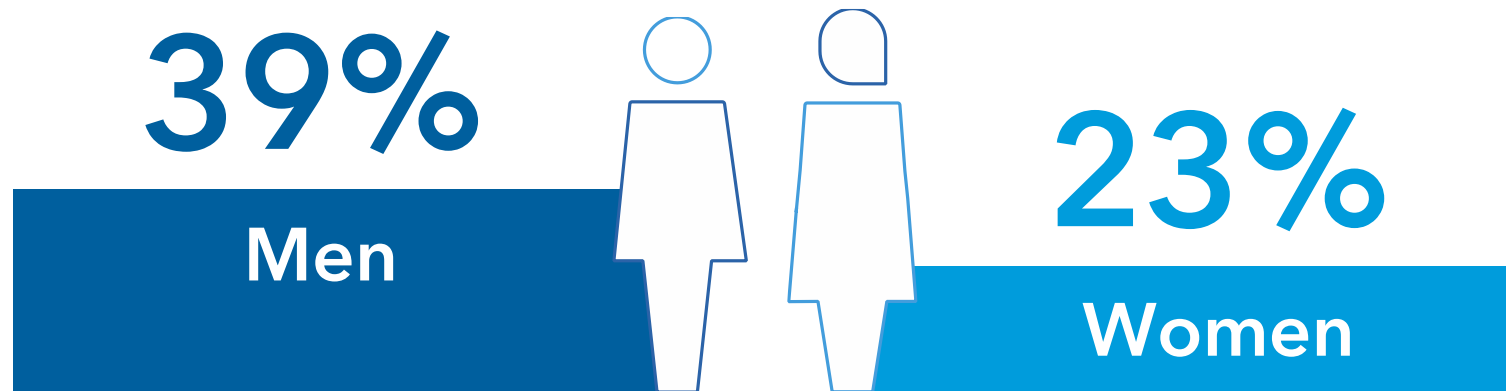
☐ YES

☐ NO

DC plan confidence: Investing for retirement

Only 32% of know about their DC plan investments

By gender



Women feel particularly unprepared about making decisions

Key insights

Education

Polling question – Education:

Are they even listening?

☐ YES

☐ NO

Education: Are they even listening?

Retire the “one size fits all” approach to education and communication



46%

Participants reporting having received written communication and education on the DC plan



35%

Investors who said they rely on their employer-sponsored plan administrator most for retirement investment advice

The path forward: Opportunities for impact

Opportunities for impact: Key insights

Big picture



Good news

Understanding of personal responsibility for funding retirement

Basic grasp of the concepts of saving/investing for retirement

Confidence in the quality of their DC Plans



Areas of opportunity

Respondents state lack of communication/education

Differences in confidence level and knowledge across generations and gender

Transitioning from savings to spending

Opportunities for impact: The path forward

Step one: Communication/education



Simplify



Engagement



Demographics



Cost

Polling question – Opportunities for impact

When is the best time to communicate with your employees?

☐ Early morning

☐ Midday

☐ Afternoon

☐ After work

Opportunities for impact: Engage employees at the right time

A real-world example from a large hospital system

"My work email ... that's for my schedule or patient information. Everything else ... delete, delete, delete."

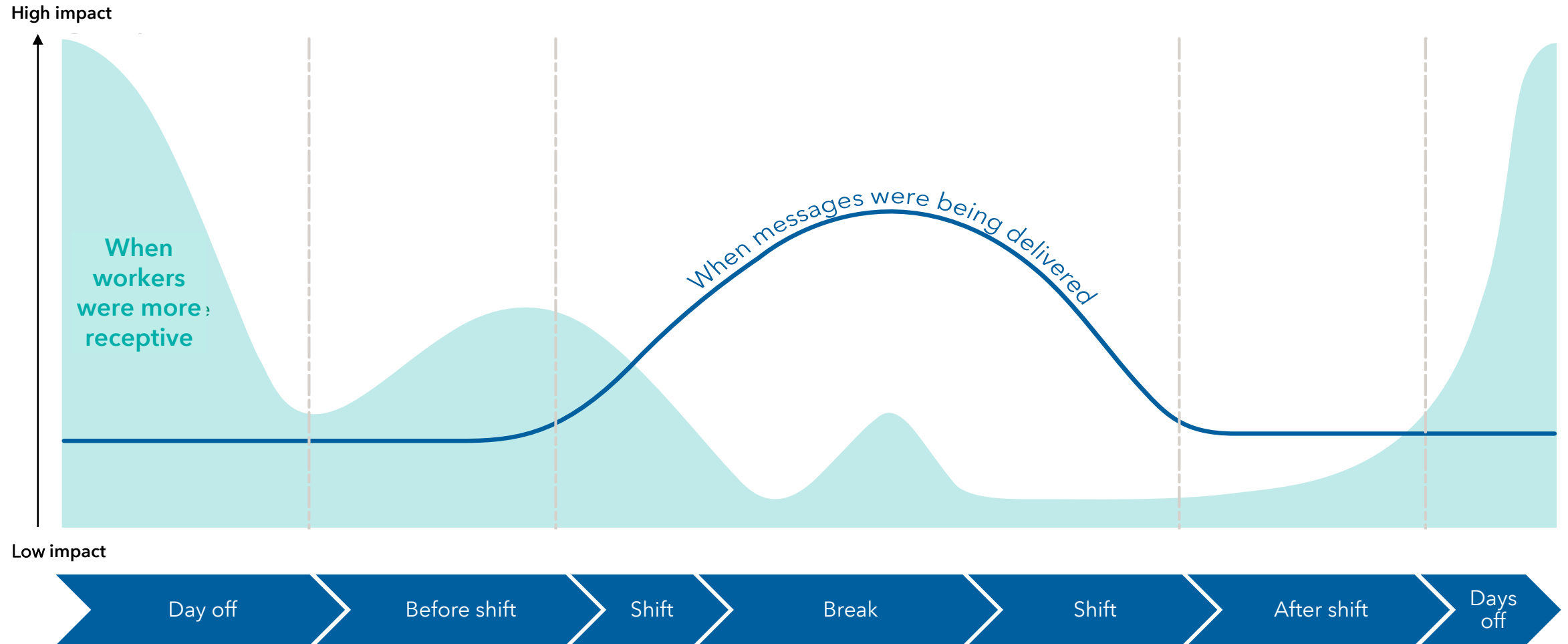
"If I get 10 minutes to myself, it's usually to get a bite to eat and then I have to get back on the floor."

"I'm on my feet all day, focused on patients. I rarely sit at a computer, if ever."

"When I'm at work, I'm focused on my patients, not my DC plan."

Opportunities for impact: Engage employees at the right time

Look for “moments of receptivity”



Opportunities for impact: Retirement income

Step two: Creating a retirement paycheck

Survey results



9/10

believe monthly retirement paycheck appealing



87%

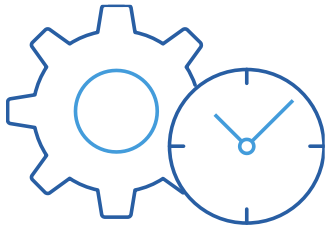
investing in and growing their nest egg AFTER retirement is important

DC plan positioned as a “retirement plan”

- Understand how the defined benefit and defined contribution plans work together to provide retirement income
- Brainstorm retirement income solutions
- Incorporate retirement income (guaranteed or not)
- Consider the impact of Social Security (where available)

Opportunities for impact: Considering plan design

A reasonable scenario



Consider auto features
where allowed



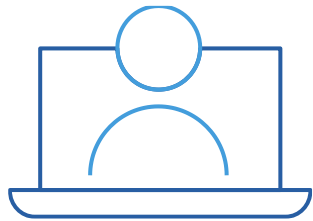
Evaluate the default
investment



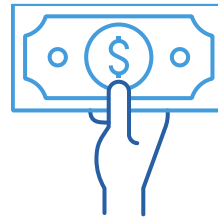
Focus communication/
education age 50+

Opportunities for Impact:

Implementing steps one and two will strengthen your retirement plan



Communication/
education



Educate participants
on creating a
retirement paycheck



Strong retirement
plan

What is your path forward?

Additional Information

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