

Plan Sponsor Research Results 2022

September 2022



Summary

Talent attraction & retention is an ongoing challenge

Talent strategy hasn't gotten easier. Plan sponsors are facing realities of creating an attractive benefit offering with a variety of options for a range of employees.

Plan design impacts enrollment and talent strategy

401(k)s play an important role in the talent strategy. However, plan design is important. 401(k)s that offer Roth, company match, a financial advisor are all considered attractive plans and see higher enrollment rates. Higher enrollment rates can inform employee satisfaction and support retention.

Plan sponsors need content that engage

Plan sponsors are looking for shorter, more interactive, more specific content tailored to their employee needs and questions. At the end of the day, they need a variety of content that engages employees at each stage in life and encourages participation.

Plan sponsors need content that informs

Plan sponsors need content that informs, educates, and trains them on their roles, legislation changes, and responsibilities. More detail on things like investment performance review for plan sponsors can provide value

Participant content should favor specificity

Content aimed at the participant or delivered to the plan sponsor to share with the participant should be tailored to specific life or financial stages. Avoid the generalized content for favor of a more personalized feel. Group this content together to create a library for plan sponsors to use with their teams.

Methodology

What Rebel & Co. did

Data collection was completed during Q3 2022.



Plan sponsor focus group

1 (90-minute) focus group

Recruited based on the following criteria:

Currently has a 401(k) plan benefit

Individuals responsible in the selecting or managing the company 401(k) plan

Company segments: start-up, small, mid-size, large, and enterprise



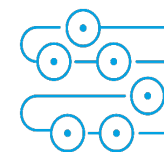
Plan sponsor focus group review 2019 -2022

Transcripts from 4 focus groups and 18 interviews were reviewed for common themes

Currently has a 401(k) plan benefit

Individuals responsible in the selecting or managing the company 401(k) plan

Company segments: start-up, small, mid-size, large, and enterprise



Survey

N = 710 respondents

Individuals responsible in the selecting or managing the company 401(k) plan

Company segments: start-up, small, mid-size, large, and enterprise

Currently has a 401(k) plan benefit

Research objectives

Questions Rebel & Co. asked

Data collection was completed during Q3 2022.

Project Objectives:

- Connect the dots on plan sponsor plan engagement with employee retention and retirement readiness
- Identify what services or information could help minimize plan sponsor concerns and administrative stress
- Define which means of engagement is most important for employees

Qualitative Question Sample:

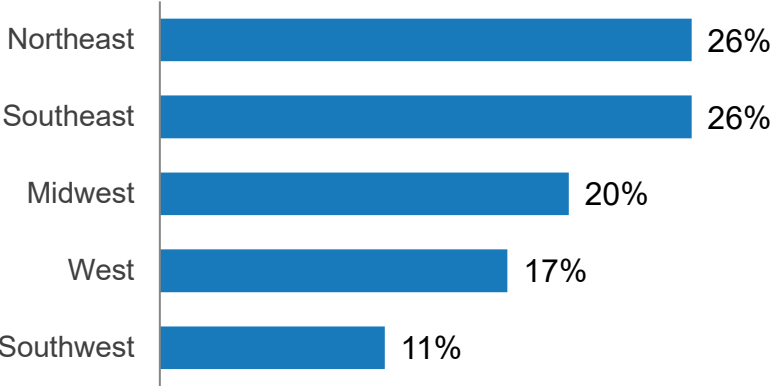
- From your perspective, why should employers offer a 401(k) plan benefit to employees?
- Have you seen a shift or hesitation in plan participation over the course of the last year?
- Does having a 401(k) provide a talent attraction and retention advantage for employers? Why/why not?
- Does your recordkeeper provide educational content?

Quantitative Question Sample:

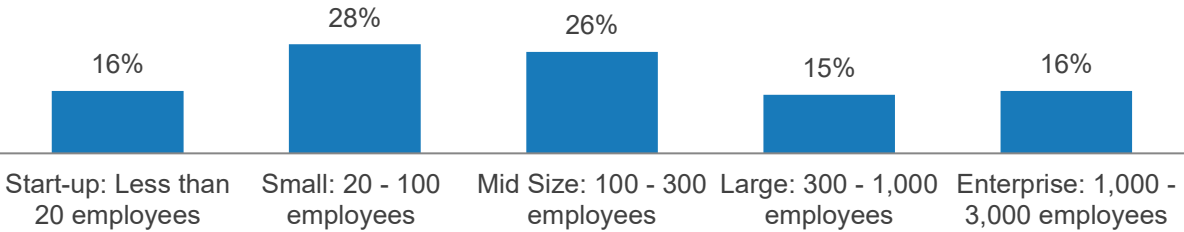
- What is the number one reason eligible employees choose **not** to participate in the 401(k) plan benefit?
- How do you measure overall 401(k) plan success?
- Which of the following is your top concern when it comes to managing your company's 401(k) plan?
- Thinking about content that would be most helpful to your role as a plan sponsor, which content formats would you prefer?

Demographics

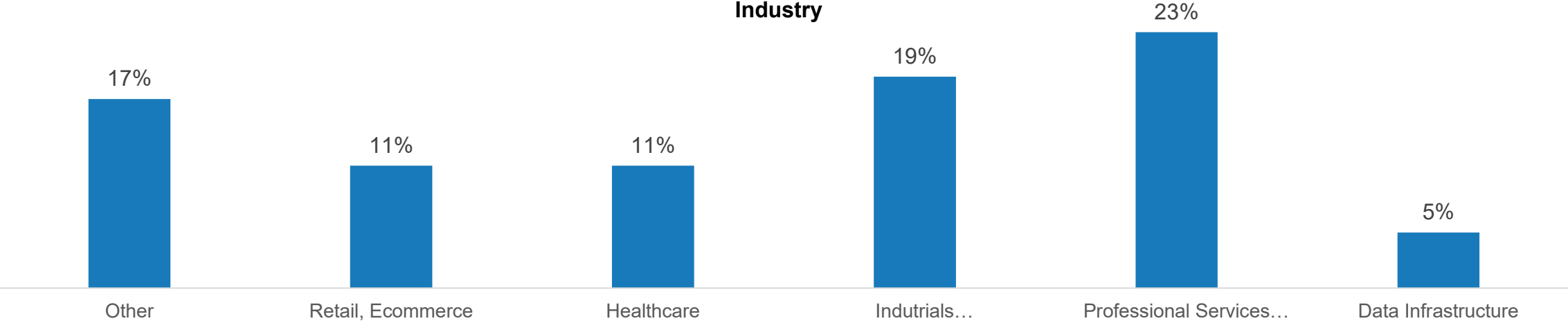
Region



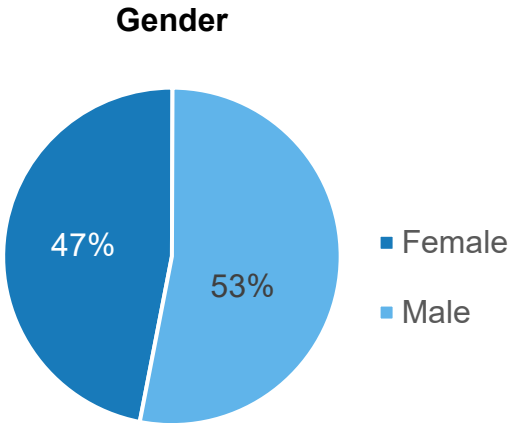
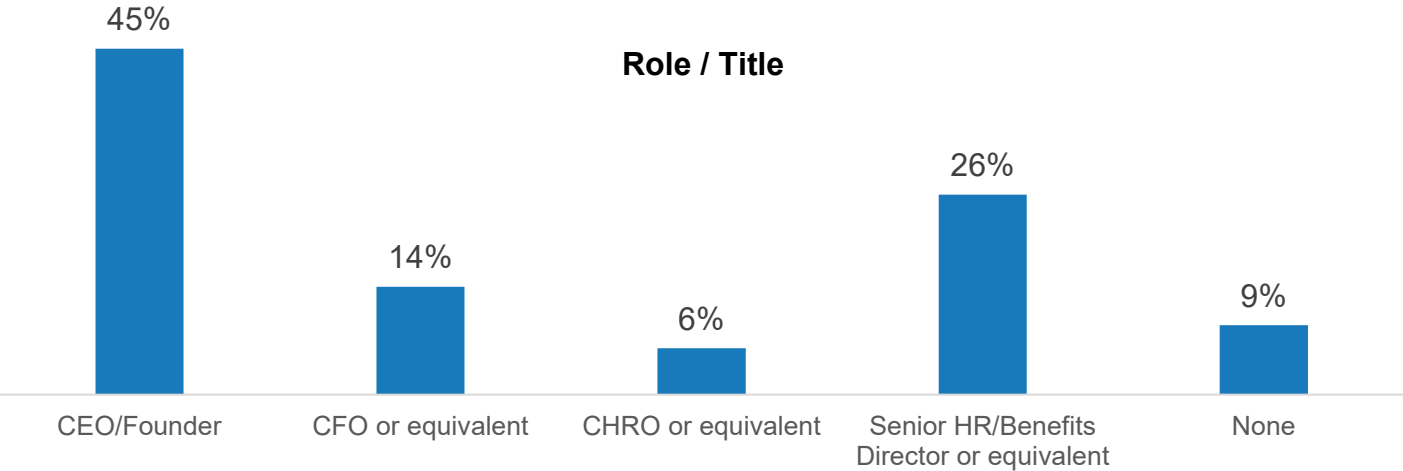
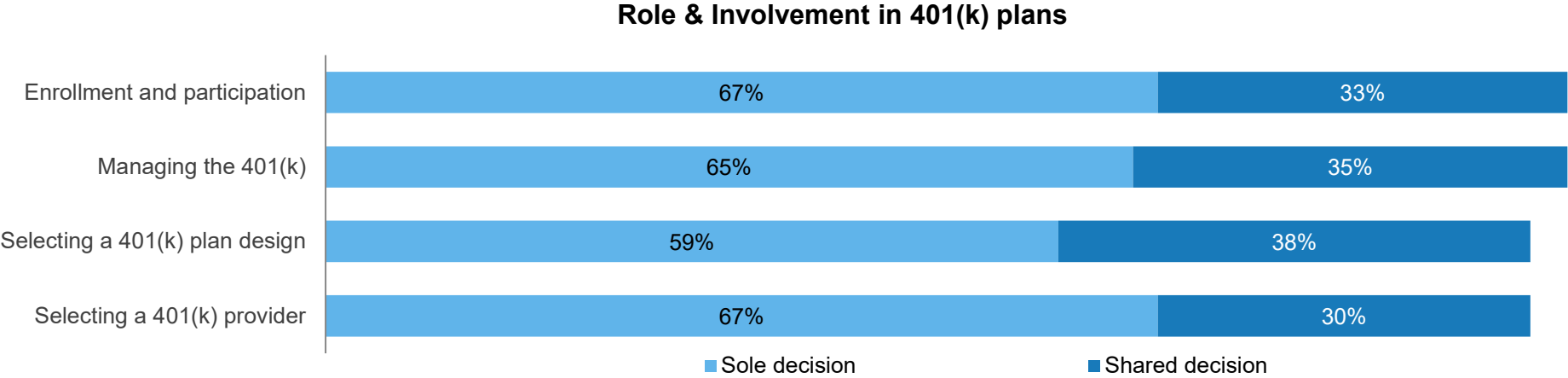
Company Size



Industry



Demographics



The Role of a 401(k) in Talent Attraction and Retention



Is talent recruitment and retention top of mind for plan sponsors?



“The retirement plan has evolved over many years and become more robust to retain and increase morale within the workforce.”

– Plan Sponsor, Market Focus Group

The role of the 401(k) in talent strategies

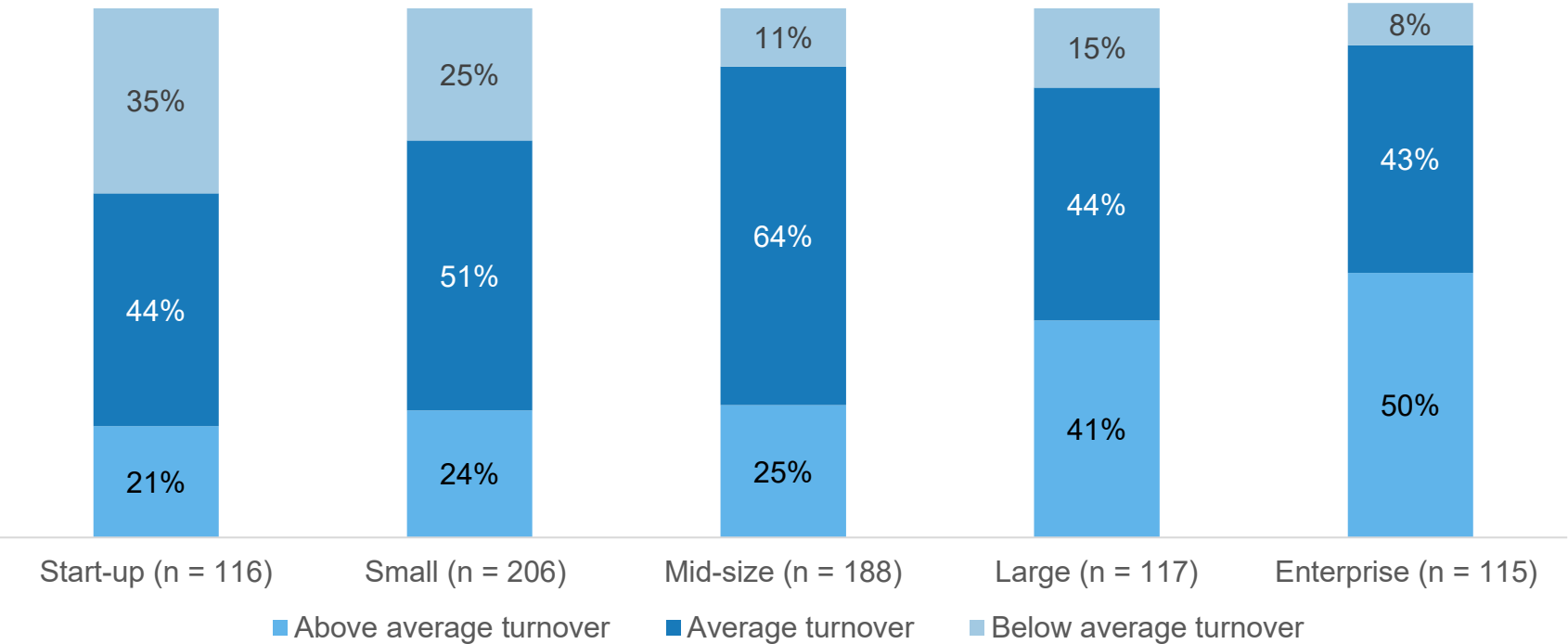
The short answer is yes. Across research conducted from 2019 – 2022 on the value of a 401(k) plan benefit, the topic of talent attraction and retention surfaced consistently.

Plan sponsors recognize the changing terrain of today’s workforce and are challenged with finding ways to recruit and retain talent.

A 401(k) can be an effective tool in talent attraction and retention. However, plan design plays an important role in participant enrollment and engagement.

The challenge of talent turnover

Across the total sample, 81% of plan sponsors report an average to an above-average rate of employee turnover. However, a closer look at company size and not all companies experience turnover at the same rate. Large to enterprise-sized companies are significantly more likely to experience higher levels of turnover than smaller companies.



Q: What level of turnover does your industry typically experience in relation to other industries?

Persistent themes among plan sponsors

Talent recruitment and retention concerns



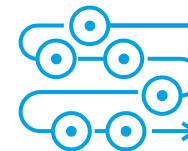
Generational differences

Different generations have different needs and create a challenge for plan sponsor



Big expectations

Employees come to the table with big expectations on what's considered "basic benefits"



Keeping up with competition

Pressure is mounting to offer the best to attract the best, cost is top of mind



High turnover

Industry-wide turnover creates additional challenges with finding and keeping talent in their roles



“Anything that you can offer them can be an incentive. It depends on their understanding of how it's going to benefit them in the long run and their acceptance of that understanding.”

- Plan Sponsor, Market Focus Group

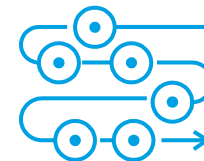
Persistent themes among plan sponsors

The role of a 401(k) in talent recruitment and retention



Plan design matters

Plan features such as match, profit sharing, and Roth encourage enrollment



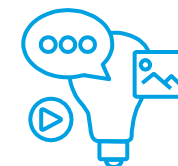
There's an order of operations

Companies have an order they follow when onboarding a 401(k) for the first time



401(k) is expected for top-tier talent

For mid to senior level employees, 401(k) is a given

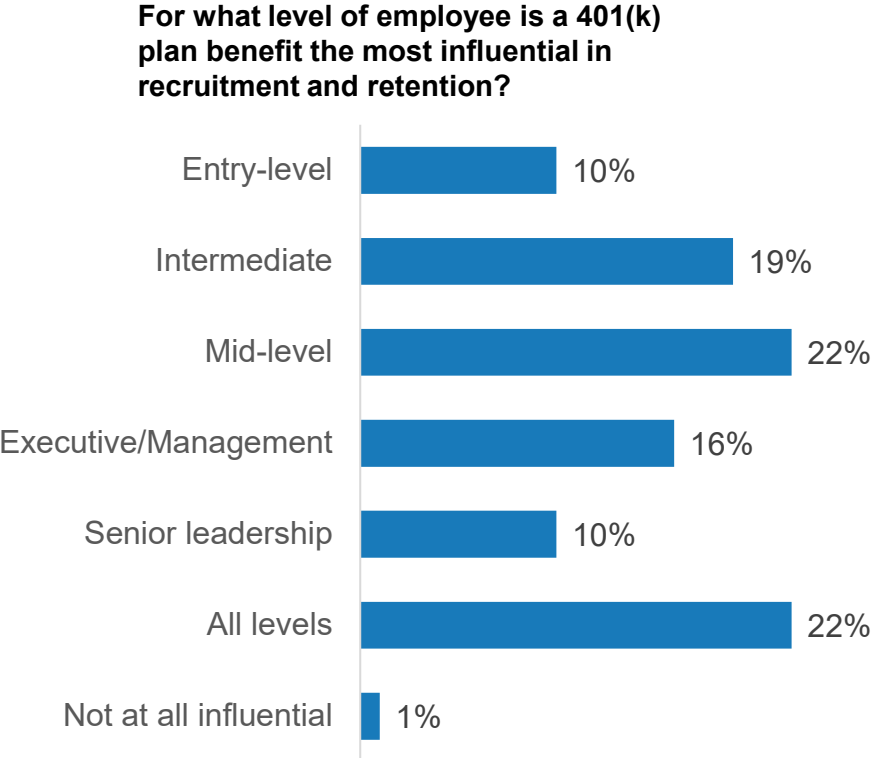
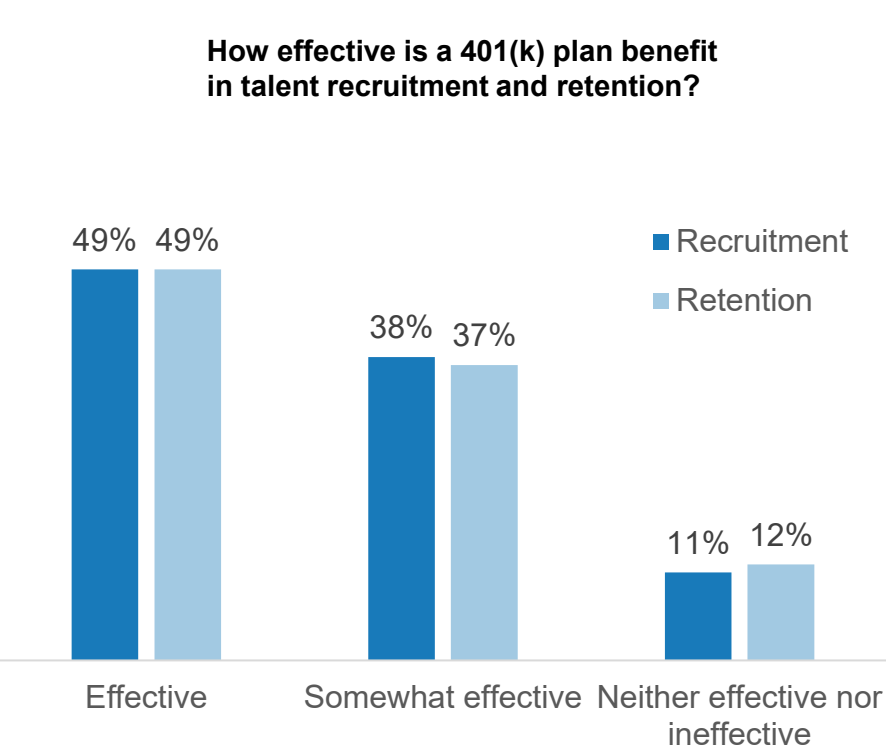


A FA adds value for employees

A FA on a 401(k) plan brings value, for enrollment, engagement, and talent

A 401(k) plan benefit in talent recruitment and retention

Plan sponsors agree that a 401(k) is an effective tool in talent recruitment and retention. When it comes to the employee position, 48% of plan sponsors report a 401(k) is most influential for mid or higher levels. While 22% of plan sponsors agree that a 401(k) helps talent strategies for all level of employees.



Plan Design and Employee Participation



Plan design and employee participation themes



Plan design is crucial to encouraging employee participation. Guiding plan sponsors to design attractive 401(k) plans is a critical need.



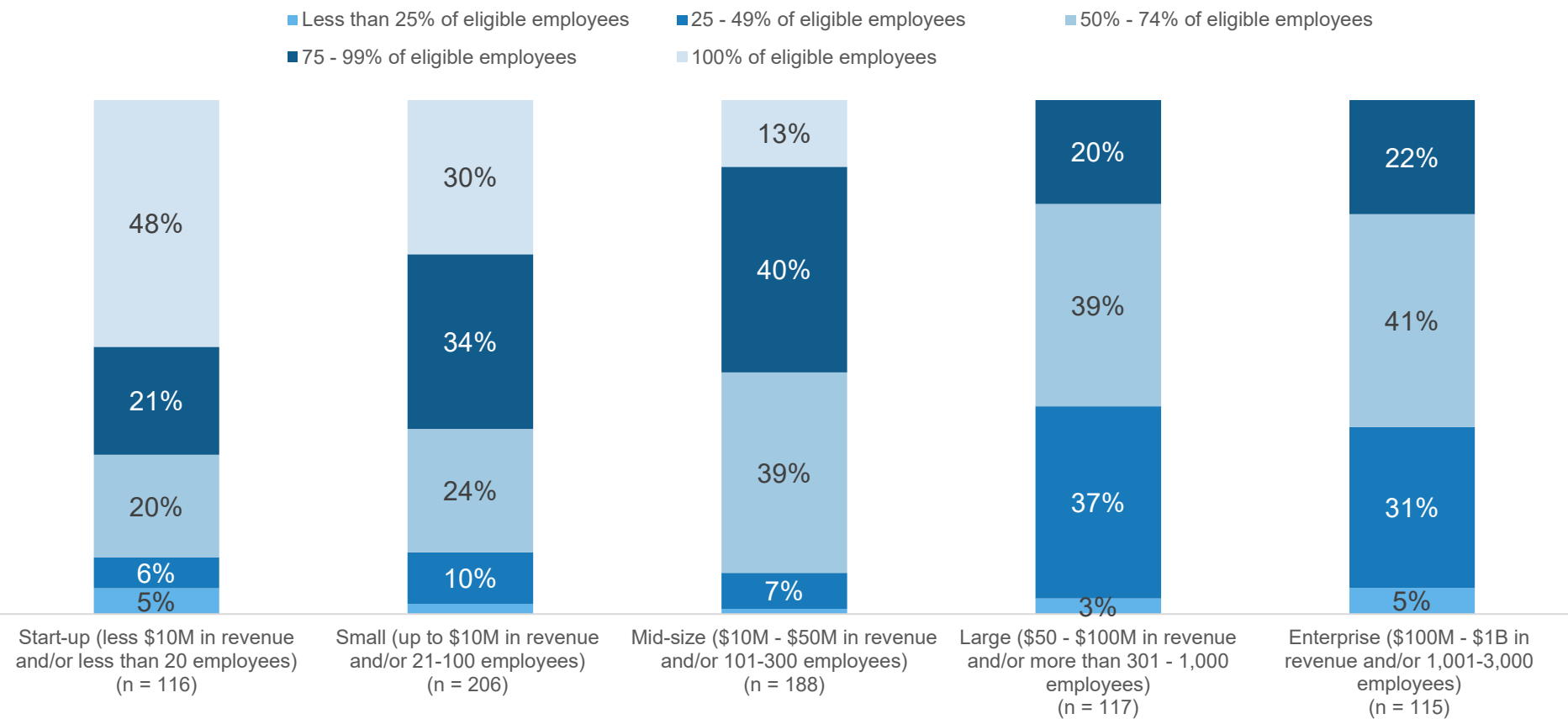
Plan sponsors use employee-centric metrics to measure plan success.



401(k) plans with financial advisors see higher enrollment numbers among participants

Employee participation in 401(k) plan benefit

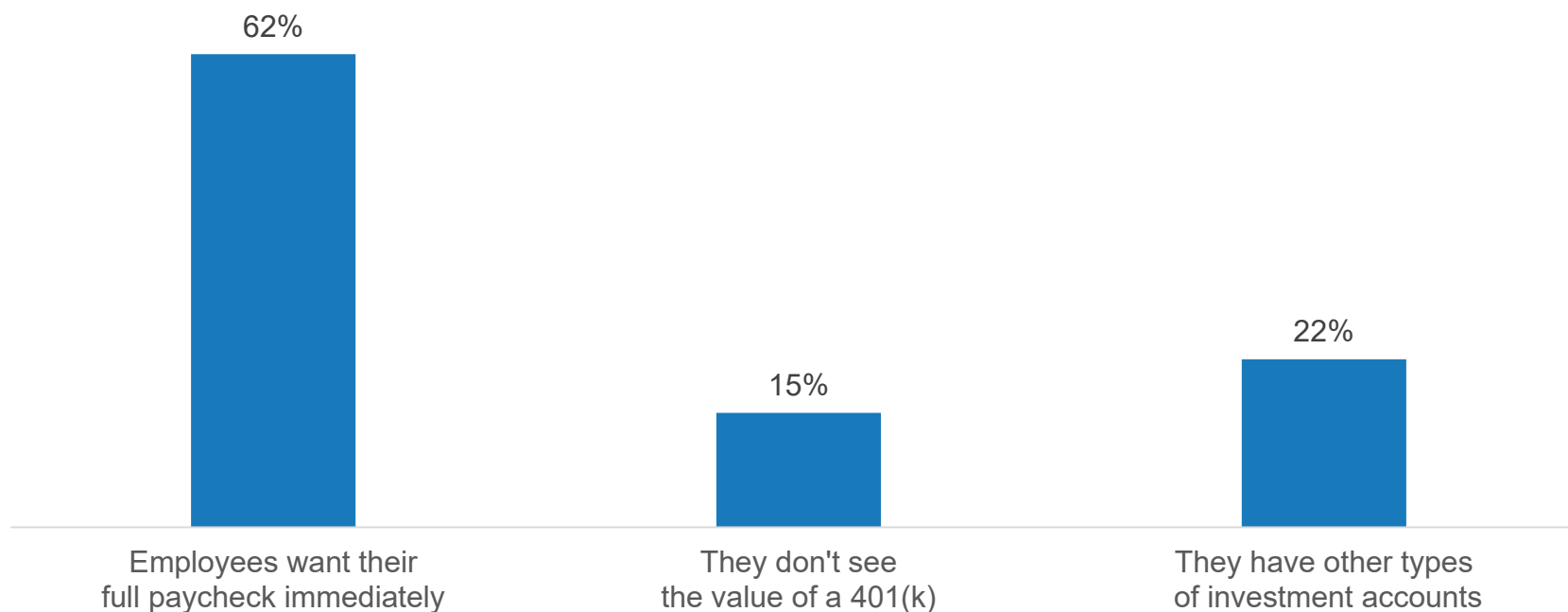
Employee participation is high across companies of various sizes. Over 50% or more of each segment reported that 75% or more of their eligible employees participate in their 401(k).



Q: What is the participation rate among your eligible employees? / Q: What is the size of your company?

Why don't employees participate in the plan?

Sixty-two percent of plan sponsors attribute their employees wanting access to their full paycheck as the primary reason eligible employees choose not to participate in their 401(k) plan benefit. This sentiment was also confirmed in the qualitative portion of this study.



Q. What is the number one reason eligible employees choose not to participate in the 401(k) plan benefit?



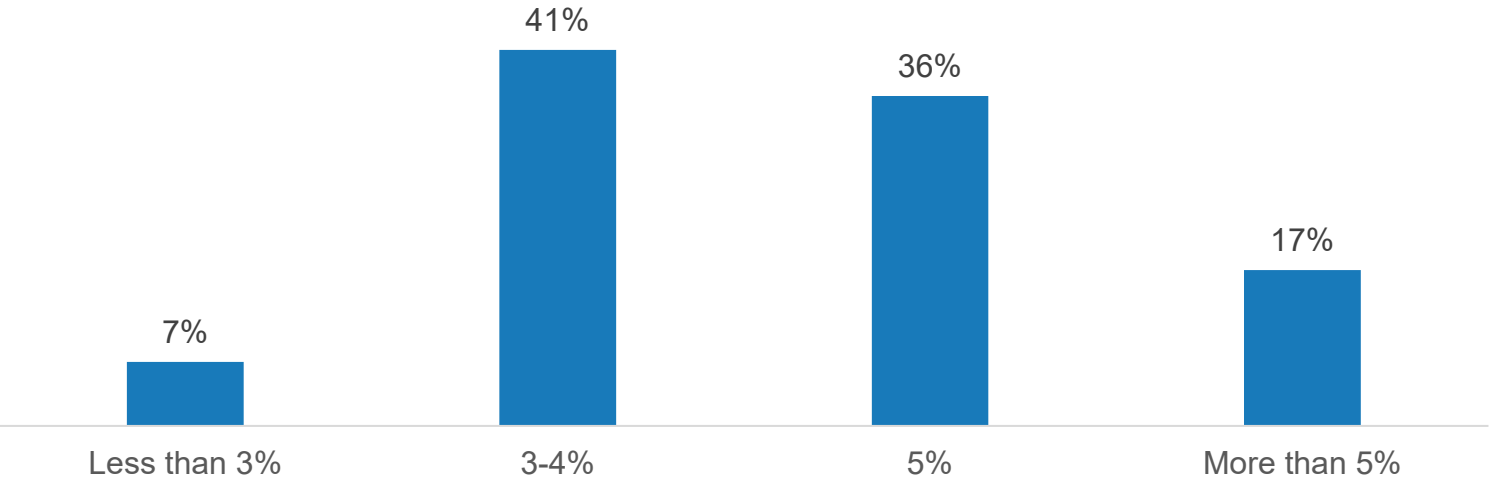
“I think that the younger kids, even with benefits...some of the younger folks out of college, they don't want to **spend any more money than they have to**”

- Plan Sponsor, Market Focus Group

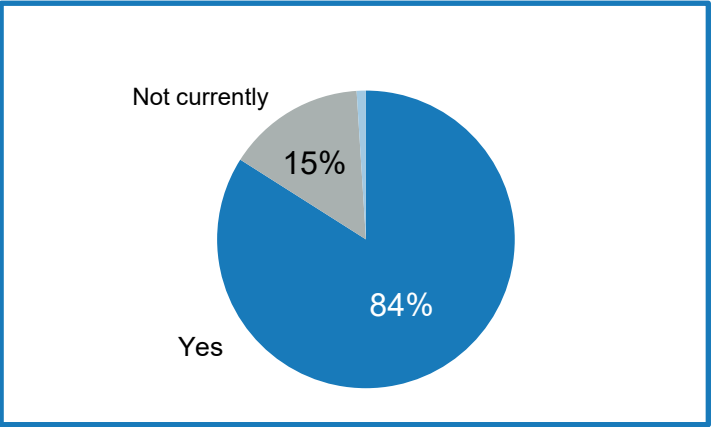
401(k) plan match

Forty-one percent of companies that offer a match program offer between a 3-4% match, with 36% (mostly enterprise-sized companies) matching at 5%.

How much does your company match?



Offer a match?



Q. How much does your company match?

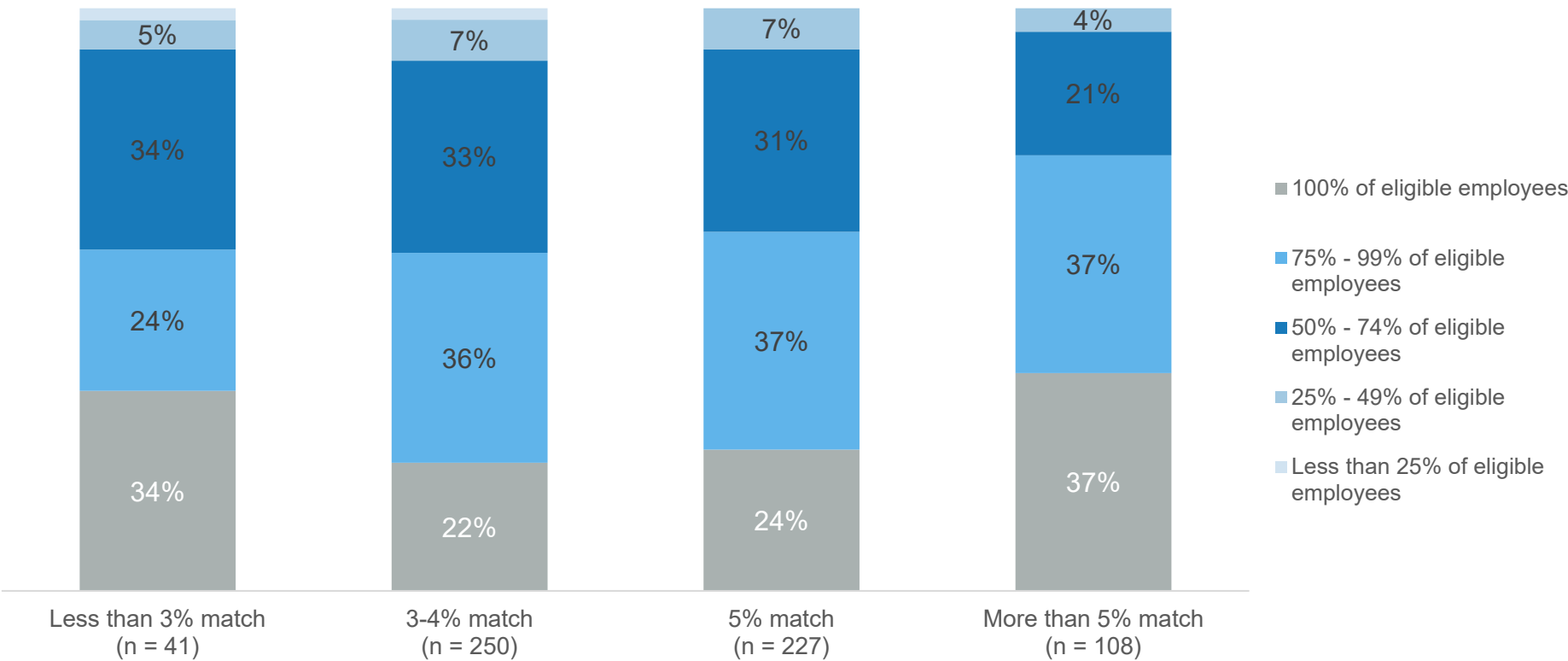


“[I hear employees say] ‘let me know when it's ready and how much are you guys going to contribute to it’”

- Plan Sponsor of a start-up company,
Market Focus Group

The presence of employer match and plan participation

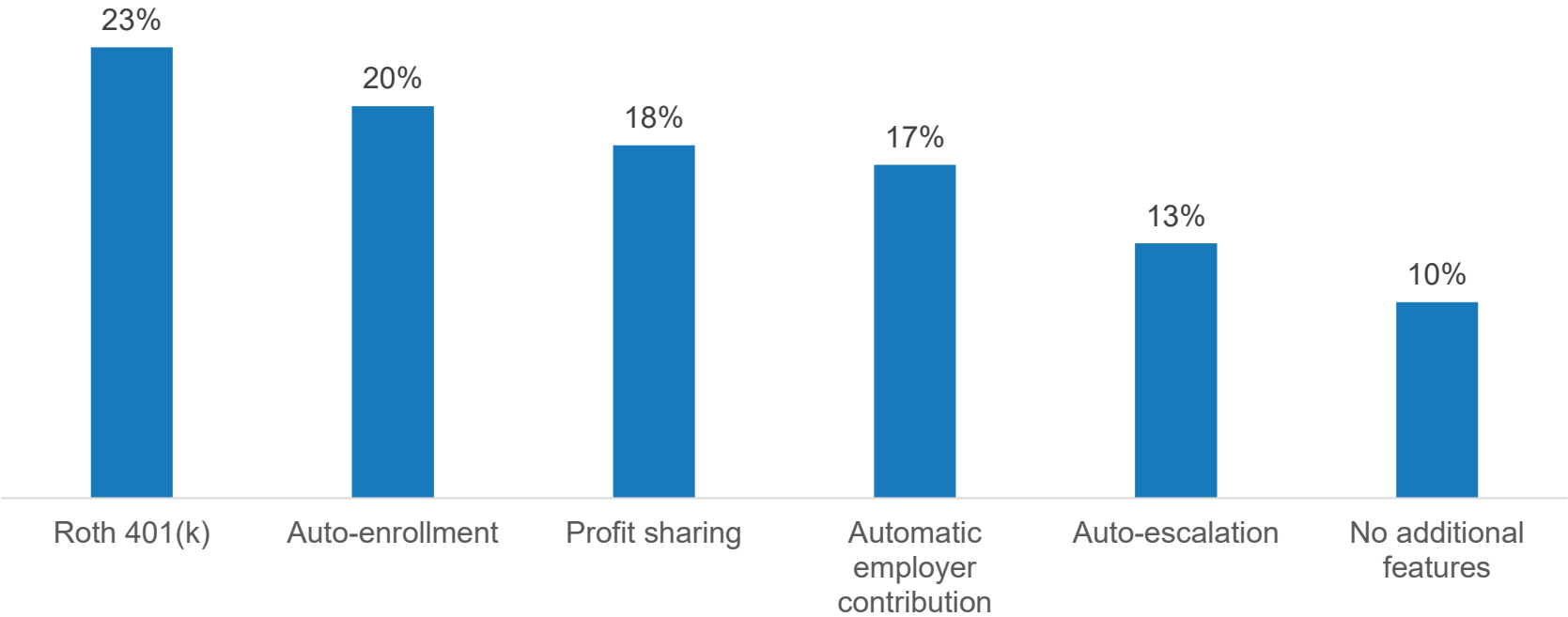
Companies that offer a match of **more than 5%** are significantly more likely to see higher rates of participation among eligible employees than companies that matched at a lower rate.



Q: What is the participation rate among your eligible employees? / Q: How much does your company match?

Plan design

In addition to a 401(k) benefit plan, 23% of companies also offer a Roth 401(k) plan, followed by auto-enrollment (20%), and profit sharing (18%).



Q: Do you offer any of the following other features in your plan?



“A very concise, really powerful graphic/infographic to show the younger crowd, "Hey, there's a 3% matching and look at what this 3%, it may seem like a little amount, but [look at what] this 3% does over 30 years"

- Plan Sponsor, Market Focus Group

Plan design by company size

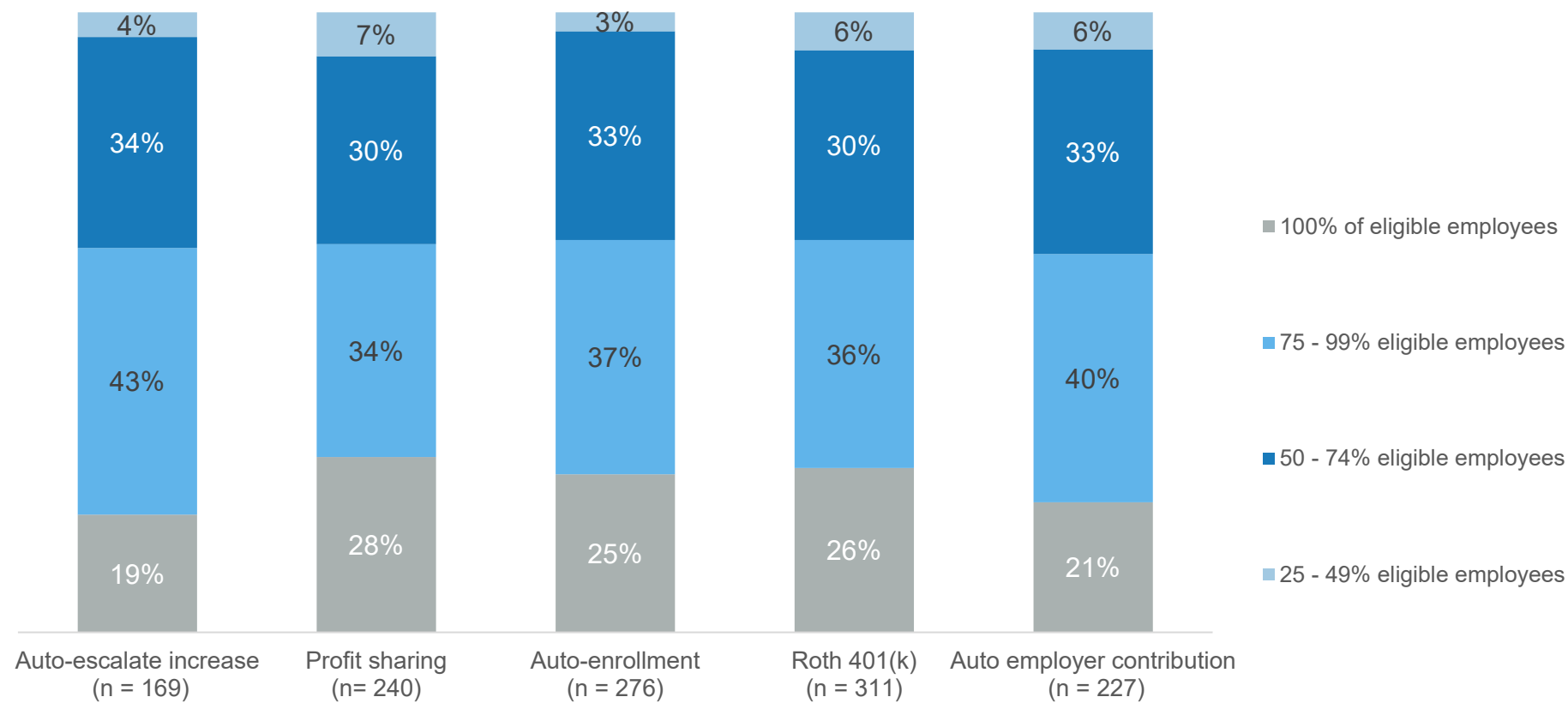
The larger the company, the more plan features their 401(k) plan design is likely to include. For example, mid, large, and enterprise sized companies are likely to include profit-sharing, auto-enrollment, auto-escalate, Roth, and automatic employer contributions.

	Start-up (n = 116)	Small (n = 206)	Mid-Size (n = 188)	Large (n = 117)	Enterprise (n = 115)
<i>Current plan offers...</i>					
Profit sharing	25%	28%	38%	37%	34%
Auto-enrollment	20%	31%*	39%*	39%*	50%**
Auto-escalate/increase	7%	16%*	26%**	30%**	39%**
Roth 401(k)	30%	34%	47%**	51%**	50%**
Automatic employer contribution	14%	26%*	38%**	36%*	38%**
No additional features	35%**	24%**	13%	9%	8%

Q. Do you offer any of the following other features in your plan? Select all that apply / Company size

Plan design and employee participation

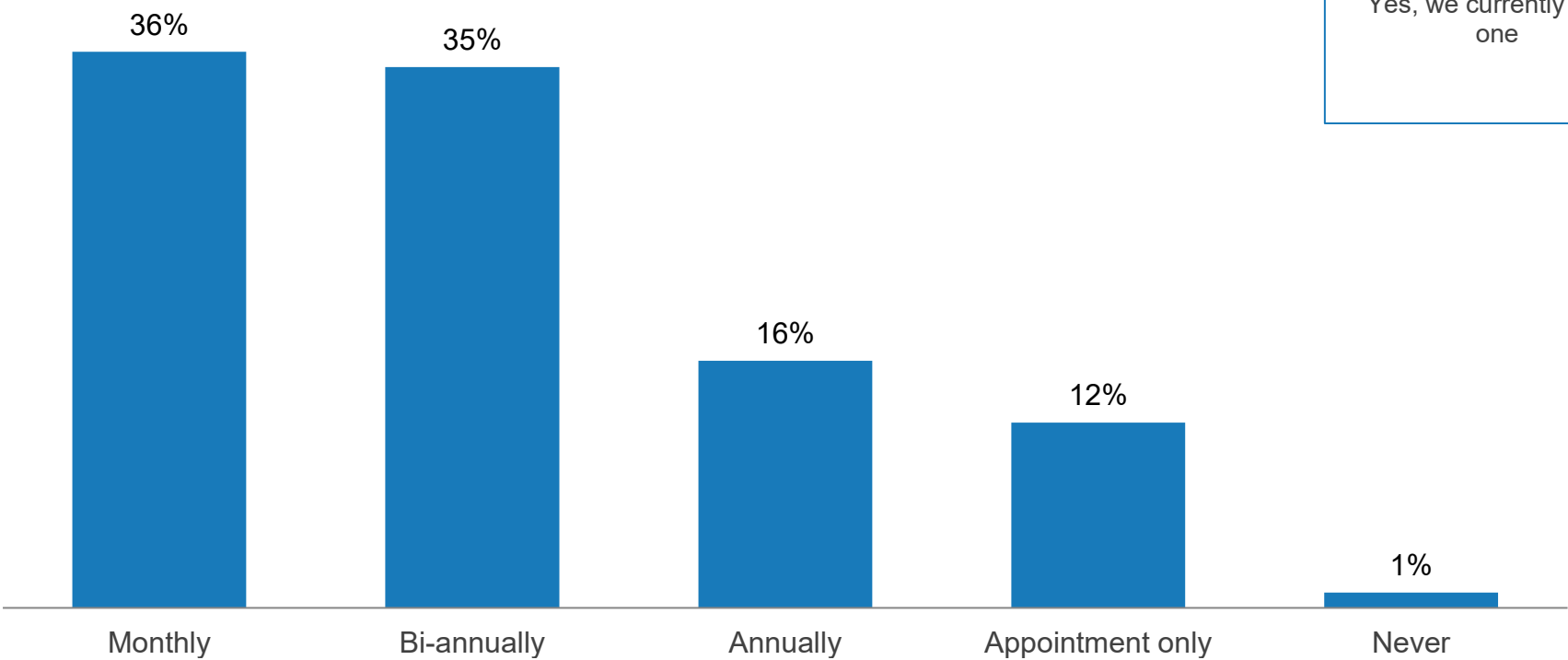
Plan design can directly impact employee participation and as a result, plan participation may play an important role in talent recruitment and retention.



Q: What is the participation rate among your eligible employees? / Q: Which of the following do you offer with your 401(k)?

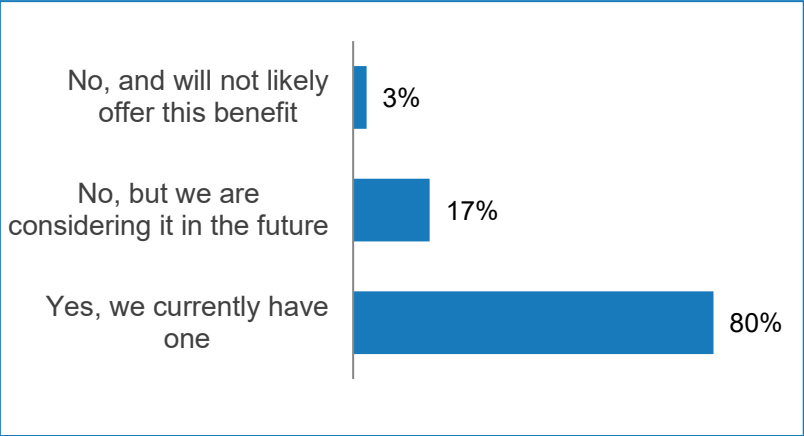
Plan financial advisors and plan participants

Plan financial advisors are meeting with plan participants anywhere from monthly (36%) to twice a year (35%).



Q: How often do financial advisors meet with participants?

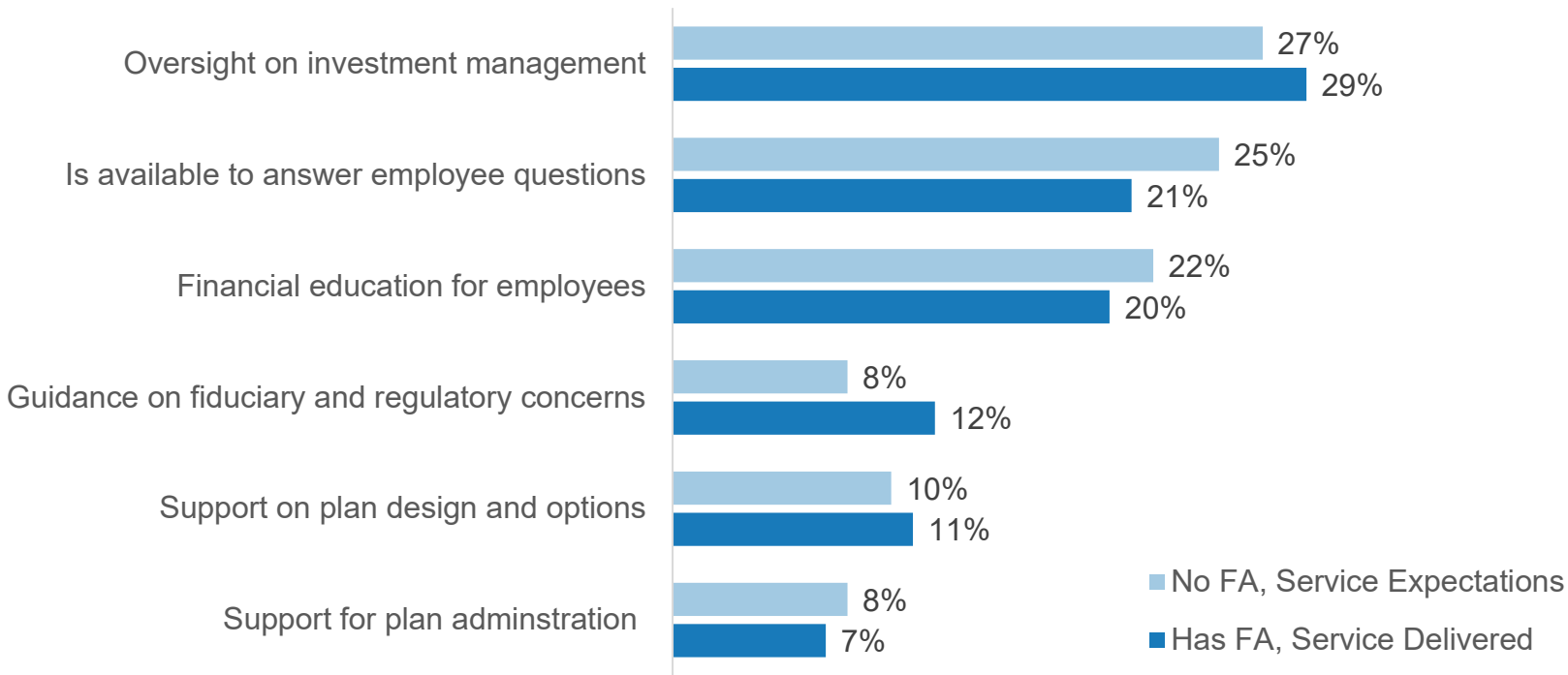
Do you have a plan financial advisor?



Services a 401(k) plan financial advisor delivers

Plan sponsors generally expect and receive services that are focused on investment management oversight and employee education and service.

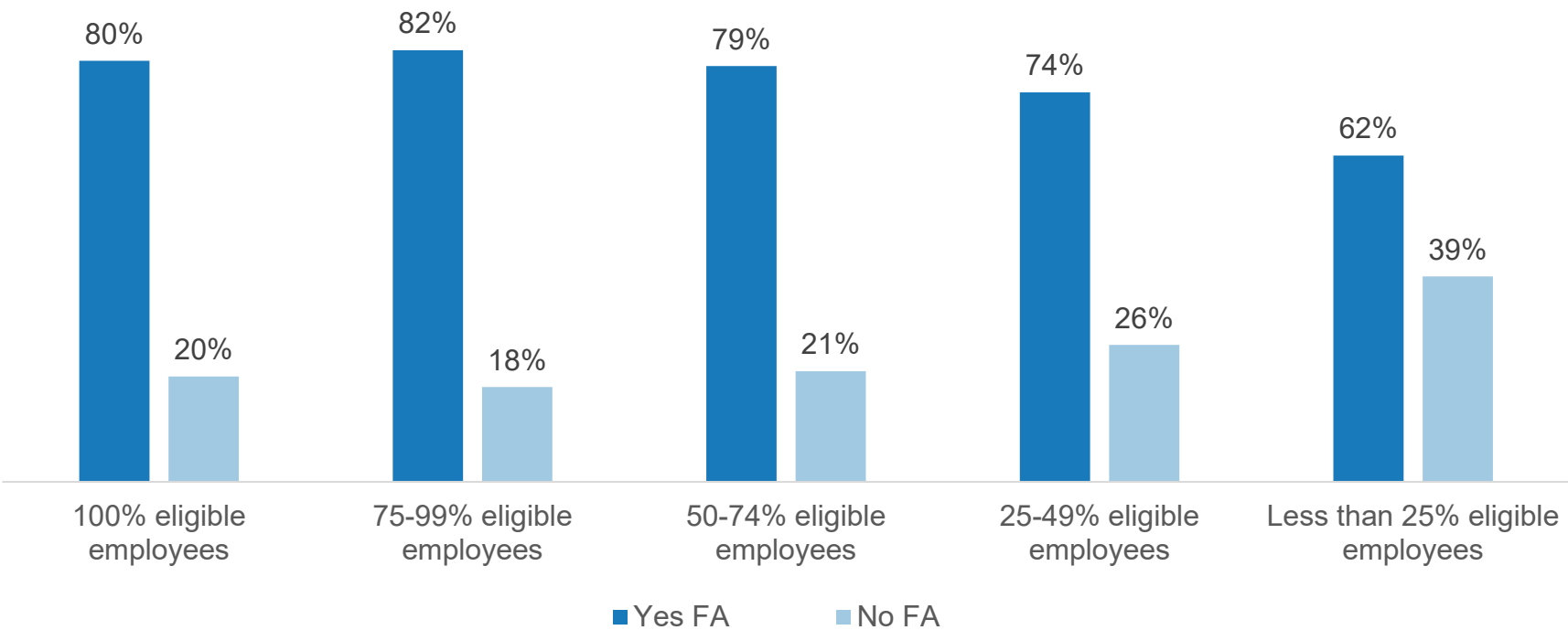
Plan sponsors who currently have a 401(k) plan financial advisor report receiving guidance on fiduciary and regulator concerns (12%), something plan sponsor without a plan advisor may not anticipate or expect.



Q: What services does your financial advisor currently provide? Select all that apply.

The financial advisor and employee participation in 401(k)

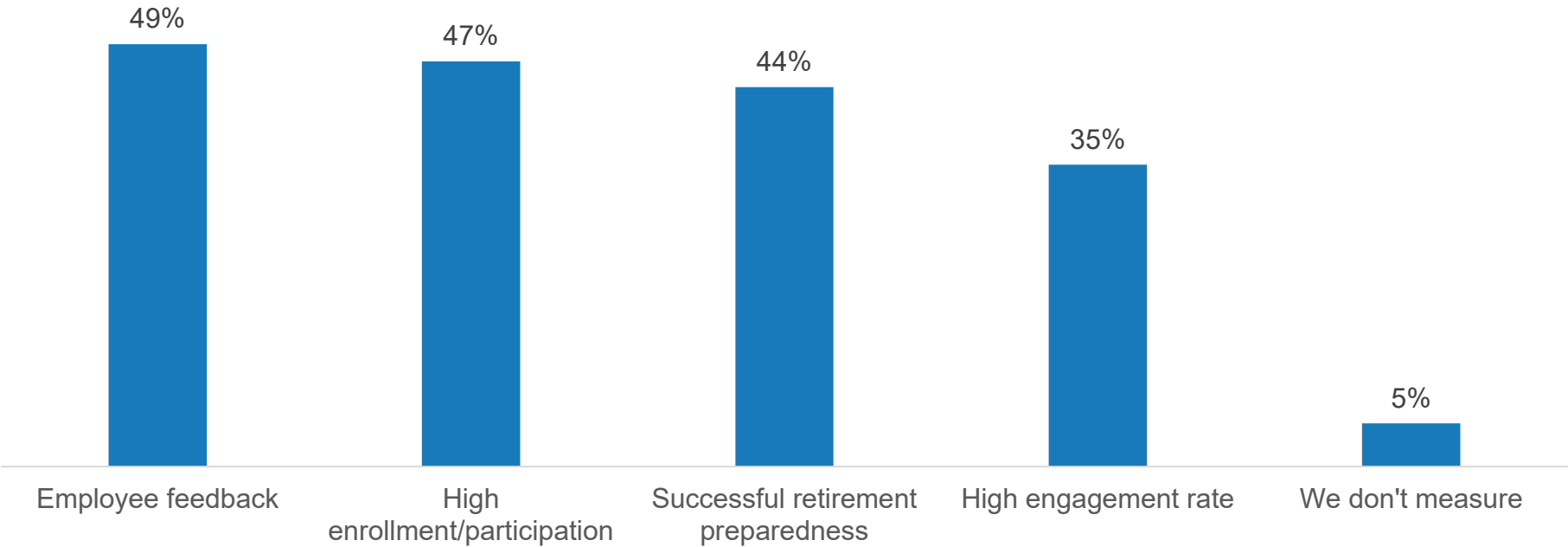
Workplace 401(k) benefit plans with a plan advisor may see better outcomes in employee participation than those without an advisor. Of those plan sponsors who reported full employee participation (n = 198), 80% had a plan financial advisor and 20% had no plan financial advisor.



Q: What is the participation rate among your eligible employees? / Current FA status

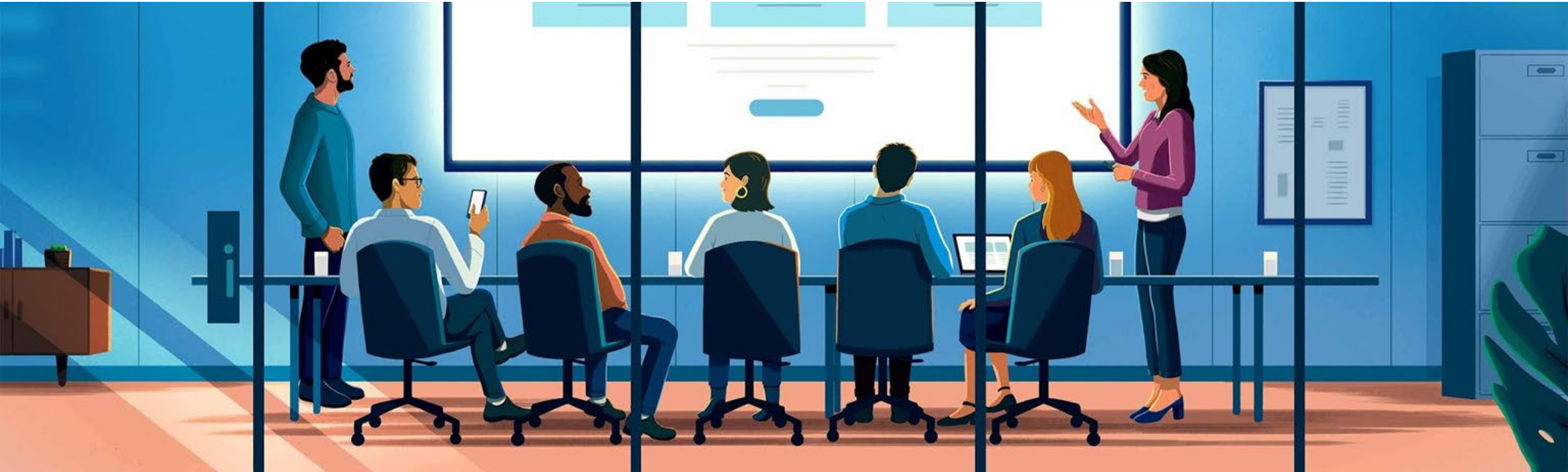
Measuring plan success

Plan sponsors rely on employee feedback (49%) and participation (47%) to determine if a 401(k) benefit plan is successful. The employee-focused success metric underscores the importance of working with plan sponsors to design an attractive 401(k) benefit plan that supports talent recruitment and retention strategies.



Q. How do you measure overall 401(k) plan success?

Top of Mind Concerns for Plan Sponsors



Themes on top of mind concerns for plan sponsors



Data Security

Plan sponsors are concerned about data security. However, it is typically “assumed” that this is something that is handled by the provider. Not every plan sponsor will ask about it.



Education

Plan sponsors remain concerned about education on 401(k) plan, financial education, and retirement readiness. Beyond that, education on factors that impact their plan are top of mind.

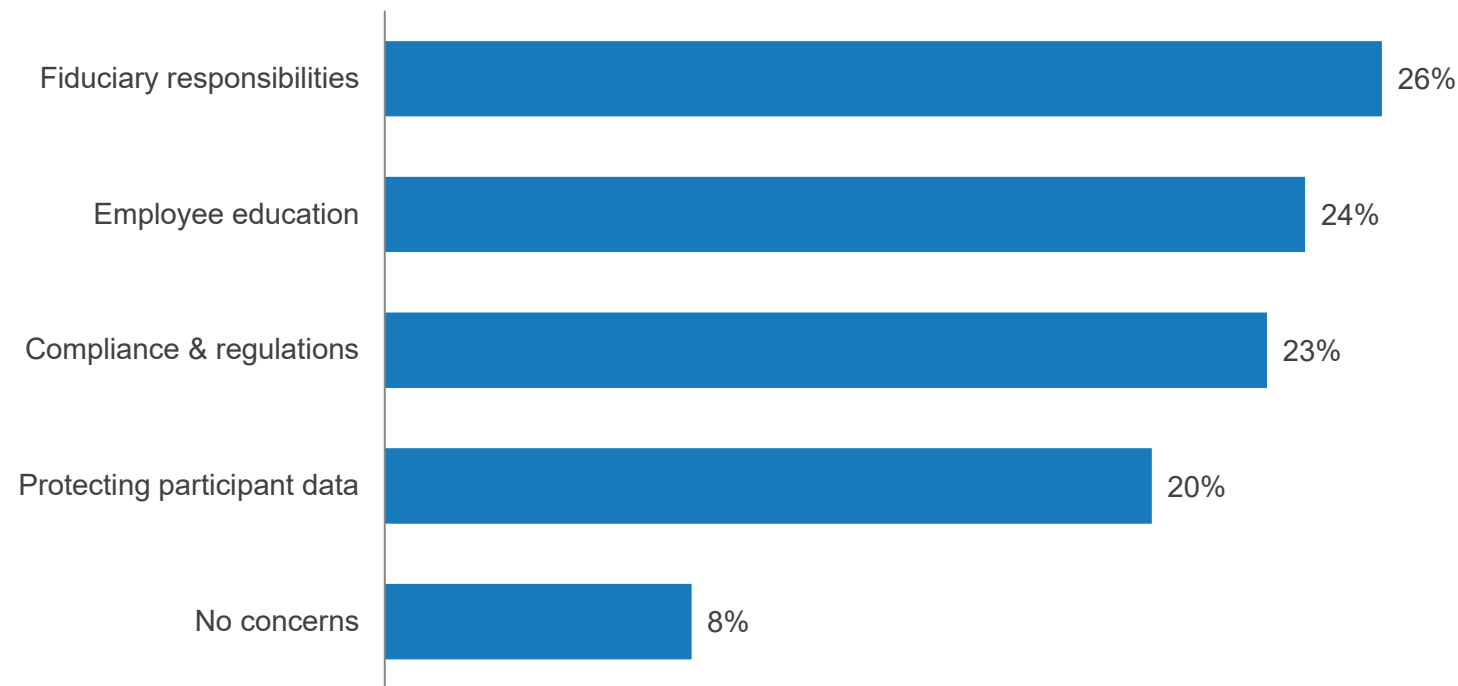


Legislation

Plan sponsors do pay attention to legislation but they rely on their plan provider and the financial advisor to keep them up to date on big changes and nuanced details.

Plan Sponsor Top Concerns

For plan sponsors, worrying comes easy. With a fairly even spread across the board, **fiduciary responsibilities (26%)** leads with slight margins as the top concern for plan sponsors as they manage company 401(k) benefit plans.



Q: Which of the following is your top concern when it comes to managing your company's 401(k) plan?



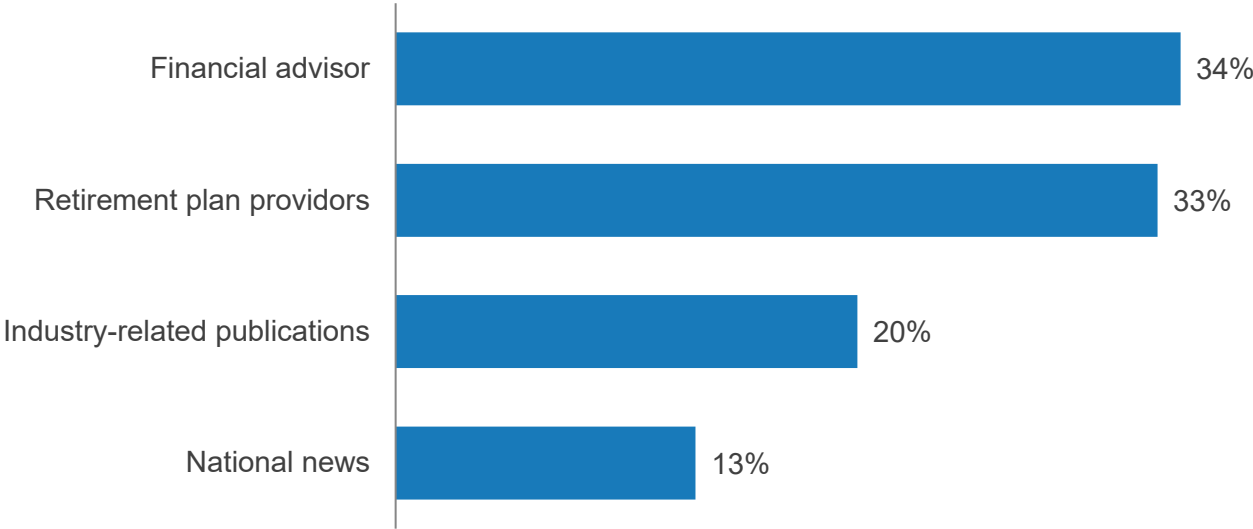
“I would like to get **quarterly changes**,
regulations changes, news.”

- Plan Sponsor, Market Focus Group

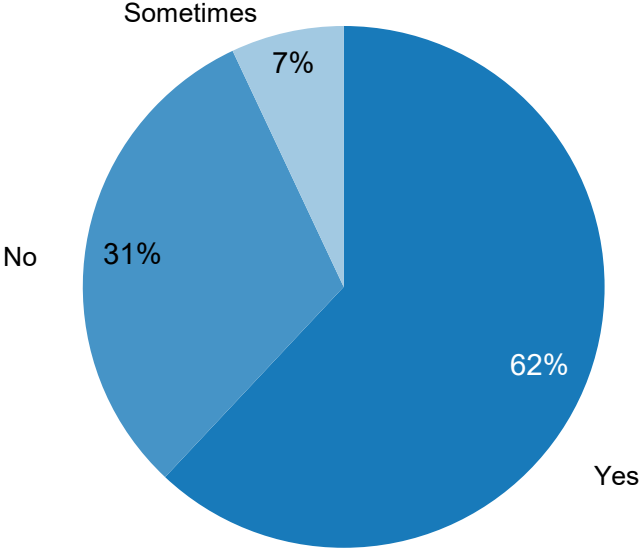
Monitoring legislation changes

The majority of plan sponsors (62%) are paying attention to legislation changes. Both the financial advisor (34%) and the retirement plan provider (33%) play an important role in keeping plan sponsors up to date on federal legislation changes and requirements.

How do monitor legislation changes?



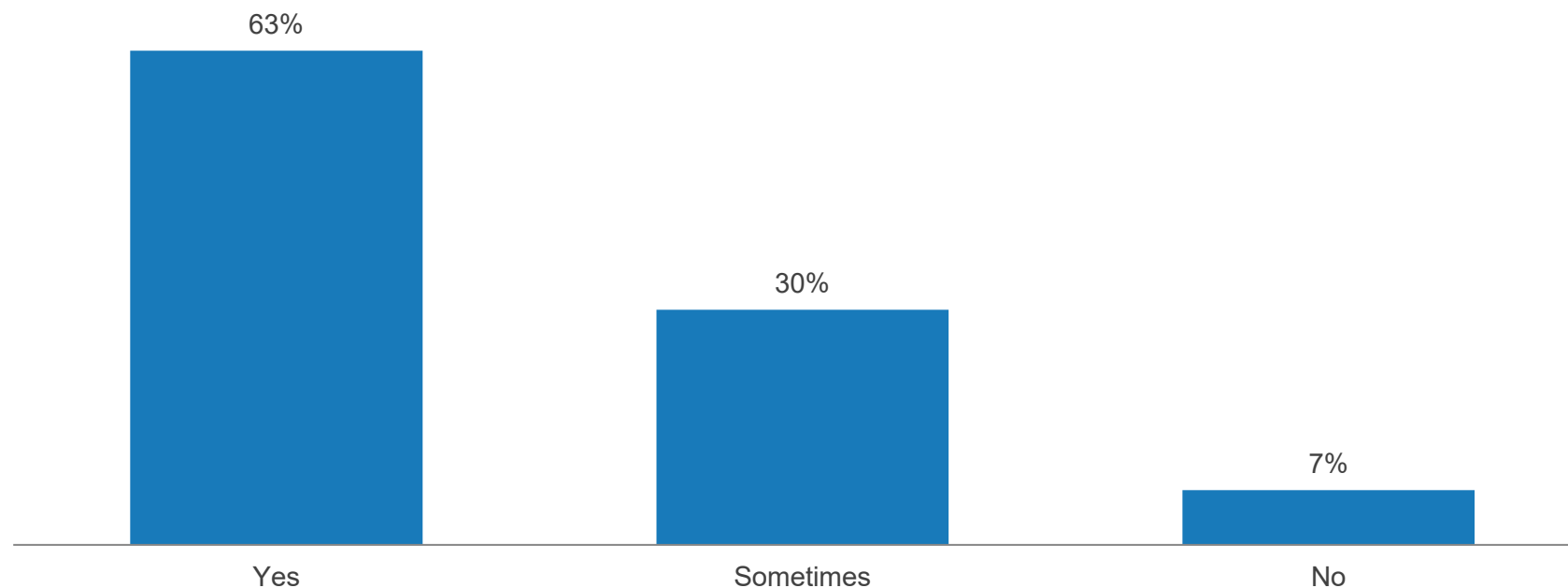
Do monitor legislation changes?



Q: Do you monitor legislation changes? // How do you monitor federal legislation changes regarding 401(k)s?

Paying attention to participant data security

Most plan sponsors report participant data is something they review regularly with their retirement plan provider (63%). However, focus group participants stated they assumed participant data security monitoring was included in their plan. As legislation focuses more on participant data, working with plan sponsors to understand their requirements in this area will be key.



Q: Is participant data security something you review regularly with your retirement plan providers?



“I just assumed it was, that [participant data] would be covered”

- Plan Sponsor on cyber security,
Market Focus Group

401(k) Plan Benefit Content Needs



Themes on 401(k) plan benefit content



Short, scannable content for the plan sponsor and the plan participant for the win. More digital, and interactive content is preferred.



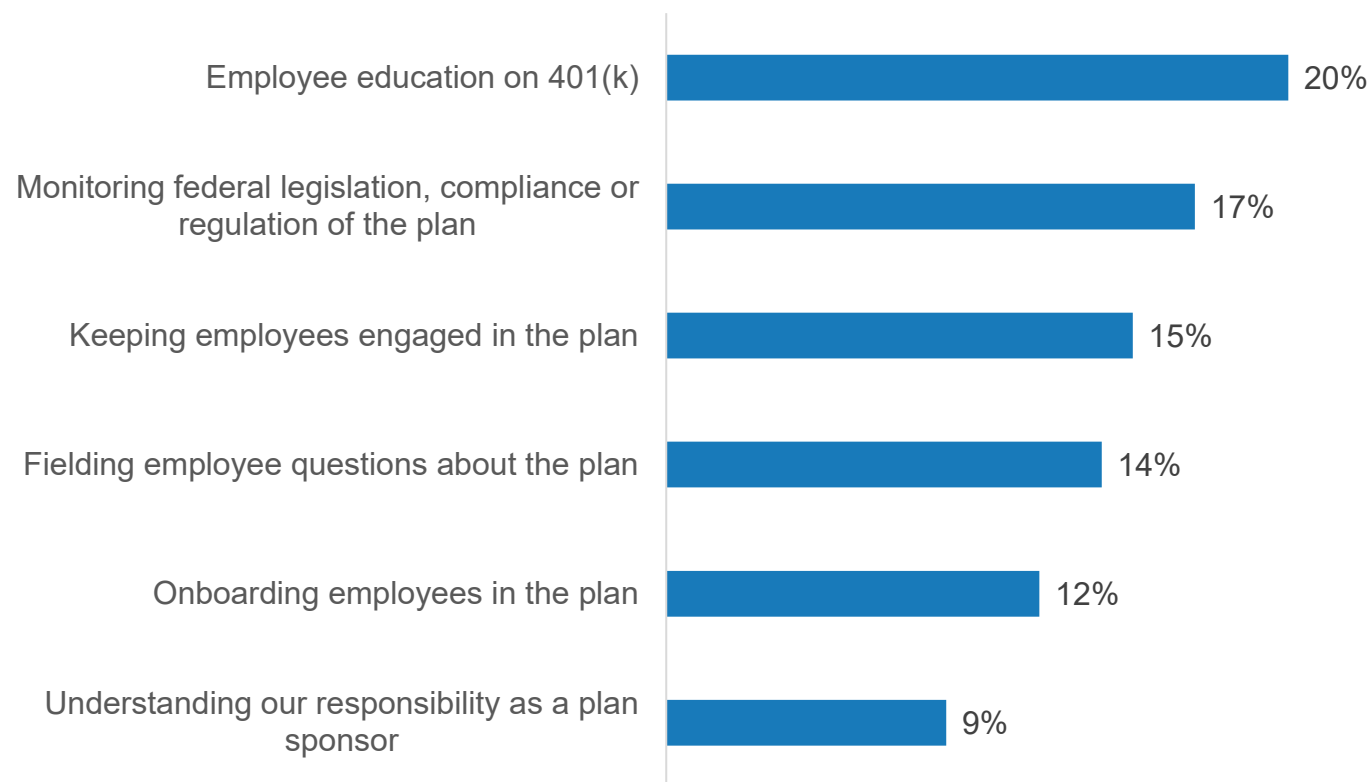
Specificity in content tailored to financial stages and life stages is important for plan sponsors to have on hand or distribute to employees.



Content that educates employees and informs the plan sponsor on factors that impact their plan are the most important priorities in the content plan sponsors need.

What is the most difficult part of managing 401(k) benefit plans?

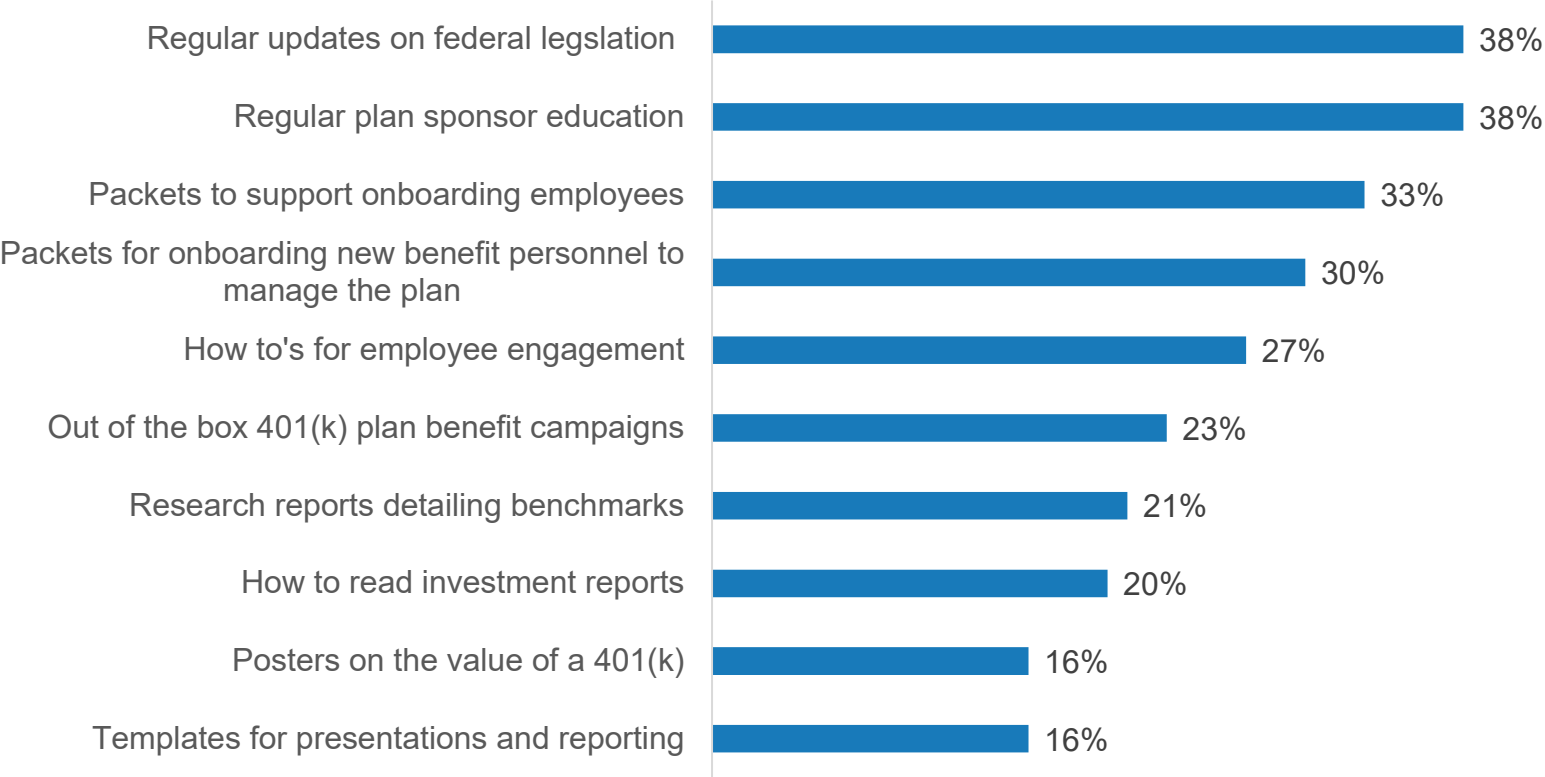
When it comes to plan management, plan sponsors (20%) agree the most difficult task is educating employees on the value of the 401(k) and the value of a financial advisor for that plan, over and above the more administrative tasks such as onboarding (12%) and required plan sponsor obligations (9%).



Q: As a plan sponsor, what is the most difficult or time-intensive part of managing your company's 401(k) plan benefit?

Resources for plan sponsors

When asked what type of resources are most helpful, plan sponsors preferred resources that either kept them informed of factors impacting their plan or resources that helped them better assist their employees.



Q. Which of the following resources would help make your job as plan sponsor easier? Select all. %'s based on respondent totals.

The most helpful content topics for plan sponsors

For specific content topics, plan sponsors found content that [addresses employee needs](#) or [factors that impact their plan performance](#) the most helpful. For example, [more timely content](#), such as navigating economic uncertainty, was considered the most helpful.

While plan sponsors agreed that all listed content would be helpful, surrounding data provides more context on content needs. Plan sponsor content addressing employee education and information focused on plan sponsor requirements and regulations are considered the highest priority.

	Very Helpful	Somewhat Helpful	Neutral	Somewhat/ Not at all Helpful
Educating employees on retirement through economic uncertainty	49%	40%	9%	2%
Investment related content	49%	40%	9%	2%
Educating near-retirees on retirement planning	48%	38%	12%	2%
Content addressing changing legislative updates	48%	37%	12%	2%
Inspiring employee engagement in their 401(k)	48%	36%	13%	2%
Fiduciary responsibilities & guidelines	47%	39%	12%	2%
Administrative responsibilities	47%	40%	10%	3%
Plan participant data & cyber-security	45%	41%	12%	2%
Combating high turnover with a 401(k)	38%	41%	18%	3%

Q: As a plan sponsors, how would you rate the helpfulness of the following content topics?

The most helpful content format for plan sponsors

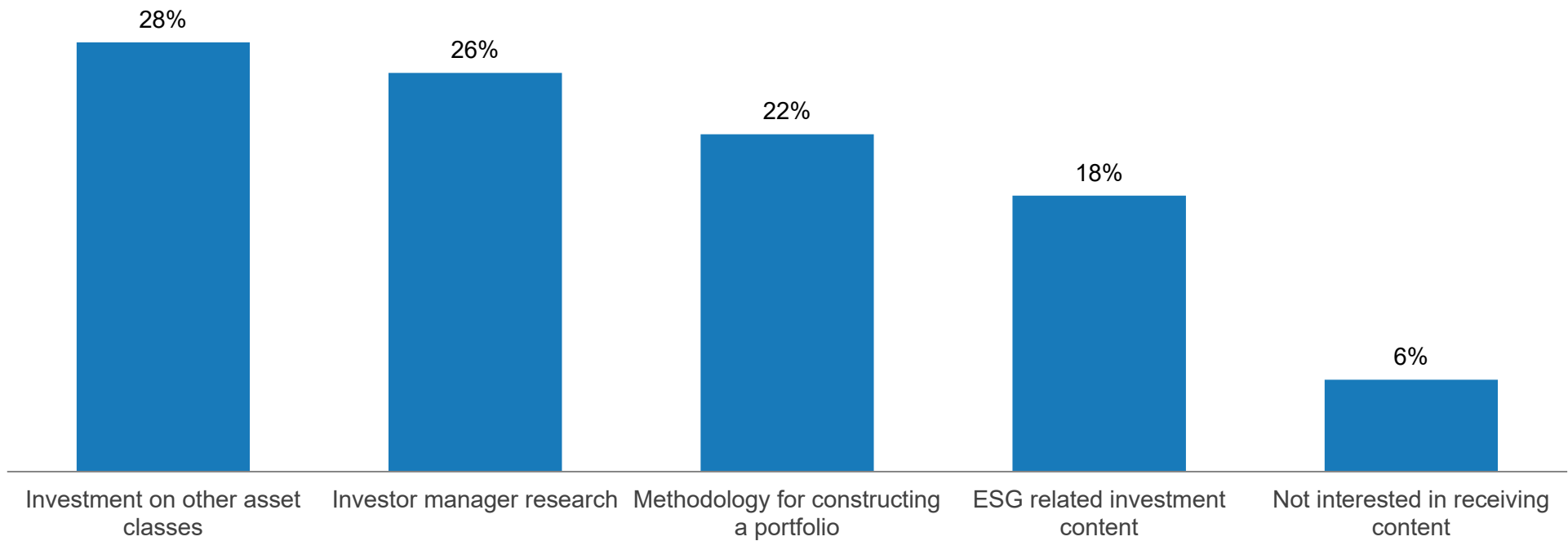
For Plan Sponsors, the most helpful content format is comprehensive reports that provide details on investment performance. After that, more bite-size, easily scannable formats are considered the most helpful for plan sponsors managing their company's 401(k) plan.

	Most helpful			Least helpful		
	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6
Detailed investment performance reporting	22%	18%	17%	16%	15%	13%
Short explainer videos (less than 3 min)	19%	21%	18%	14%	15%	13%
Digital resources, such as a web landing page with links, etc.	19%	21%	17%	15%	15%	11%
Email newsletters	16%	14%	16%	17%	16%	20%
Designed infographics	12%	14%	16%	20%	18%	20%
Long-form articles or thought leadership	10%	13%	14%	18%	21%	24%

Q. Rank the following content that would be most helpful to you as a plan sponsor. 1 = most helpful, 6 = least helpful

Investment related content for plan sponsors

When it comes to receiving investment-related content from plan providers, plan sponsors wish they had more topics like “Investment content on other asset classes” (28%) and “Investor manager research” (26%).



Q: Which investment-related content would you be interested in receiving from your plan provider? Select all that apply. (% based on respondent totals)

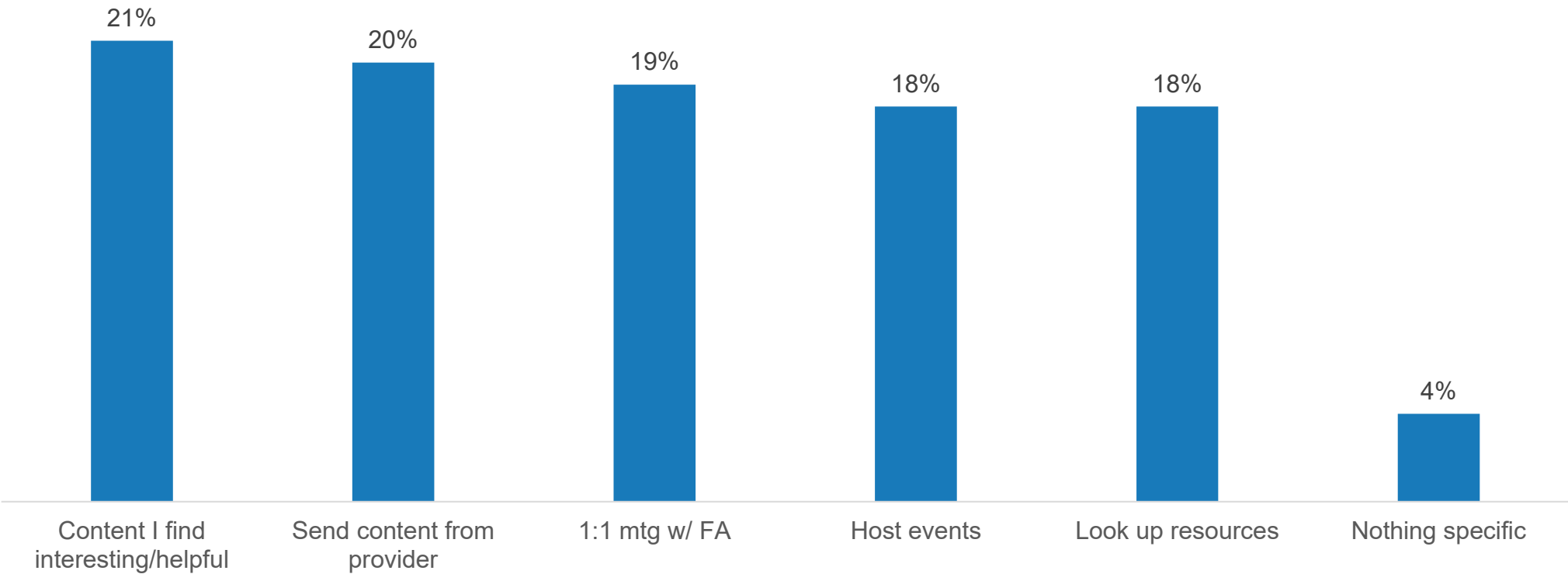


“I find it difficult to [find content for employees], because I've got a lot of other things that require my attention. I want to minimize the amount of bandwidth I have to spend on this.”

- Plan Sponsor, Market Focus Group

How they keep retirement savings top of mind for employees

In general, plan sponsors want to keep their plan participants abreast of retirement updates and information in any way they can. Oftentimes, this requires the plan sponsor to send out specific content that they themselves find interesting or helpful (21%).

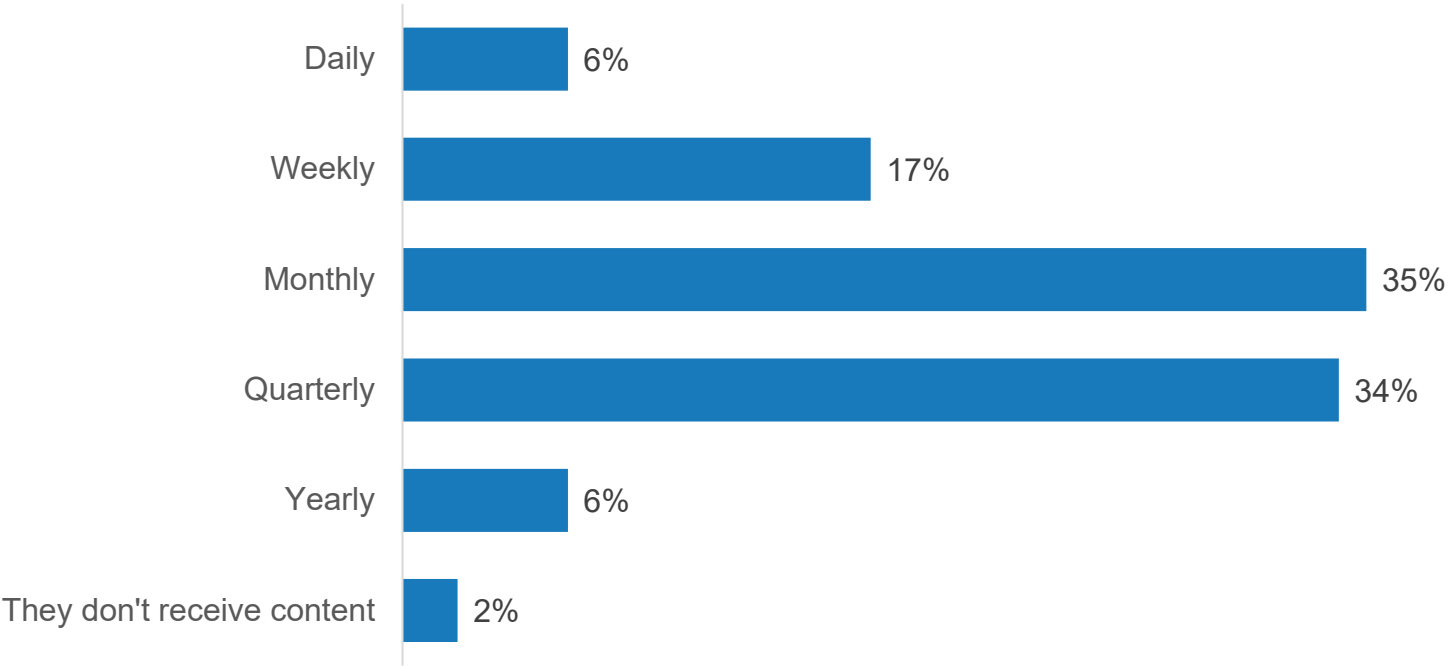


Q: As a plan sponsor, how do you keep retirement savings top of mind for employees? Select all that apply.

Frequency of plan participant content from plan providers

Plan sponsors report their plan participants receive financial education content from providers on a monthly (35%) or quarterly (34%) cadence.

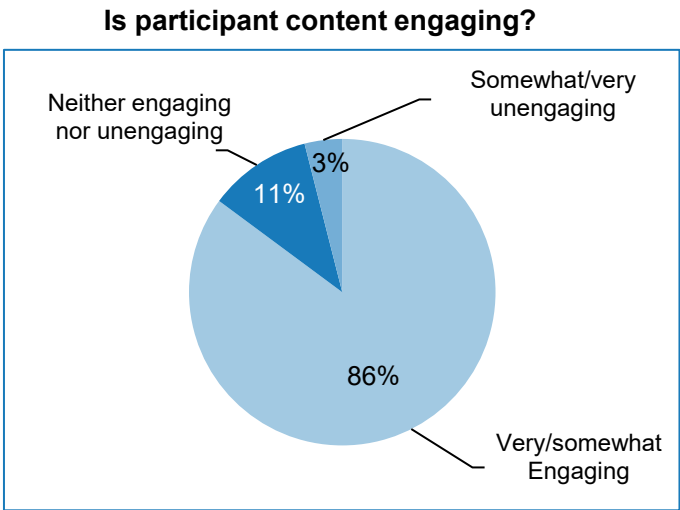
While the cadence appears to be consistent, plan sponsors still have the task of filling the gap in between, finding content for specific questions, and educating to drive engagement.



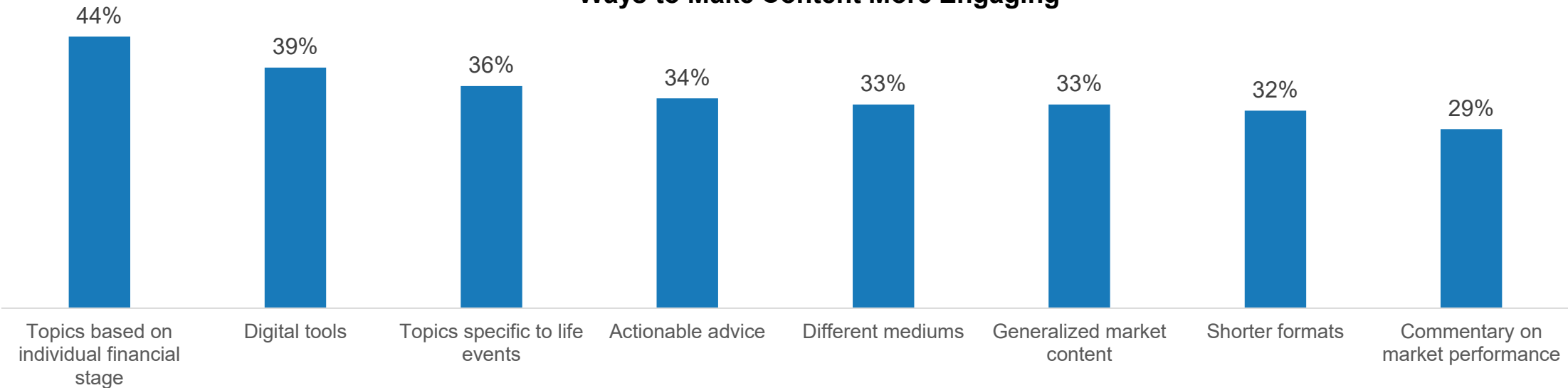
Q: How often do your plan participants receive educational content about their 401(k) from your plan provider?

What makes engaging participant content?

Overall, plan sponsors believe the content their participants receive from providers is engaging (87%). However, there were some ways to make it more engaging, including more personalized topics on individual financial stages (44%), content with digital tools (39%), and topics specific to life events (36%).



Ways to Make Content More Engaging





“...financial planning for life events, as well as the financial management, are two that everybody should learn. And I think that if you offer that to your employees, giving them that education of just learning how to manage their money better makes sense.”

- Plan Sponsor, Market Focus Group

The most helpful content format for plan participants

When it comes to plan participants, plan sponsors reported that more digital content formats – everything from short explainer videos to designed infographics are considered the most helpful formats in 401(k) education.

	Most helpful				Least helpful				
	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7	Rank 8	Rank 9
Short explainer videos (less than 3 min)	19%	17%	15%	13%	9%	9%	6%	8%	5%
Interactive content	16%	15%	13%	12%	10%	9%	10%	8%	6%
Digital resources, such as a web landing page with links, etc.	14%	15%	14%	13%	11%	9%	10%	7%	6%
Designed infographics	10%	8%	10%	11%	12%	14%	14%	11%	10%
Email newsletters	13%	13%	10%	10%	11%	13%	10%	10%	12%
Social Media posts, GIFs	7%	9%	9%	10%	12%	13%	13%	12%	14%
Podcasts	8%	8%	11%	12%	10%	11%	12%	13%	16%
Whitepapers	7%	7%	10%	10%	12%	11%	13%	18%	12%
Long-form articles or thought leadership	6%	8%	8%	9%	11%	13%	13%	13%	19%

Q: Thinking of financial education content, please rank which formats would your plan participants prefer. 1 = Most helpful, 9 = Least helpful



I find it boring...[participants are] not going to be really excited about reading some prospectus about an investment. It would be nice if they could find some way to make it interesting, to grab somebody's attention, but it's usually pretty dull stuff.”

- Plan Sponsor, Market Focus Group

Morgan Stanley
AT WORK

Thank You

Disclosures

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