

# How to Help Participants in the New Normal

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**NEWPORT**  
retirement services

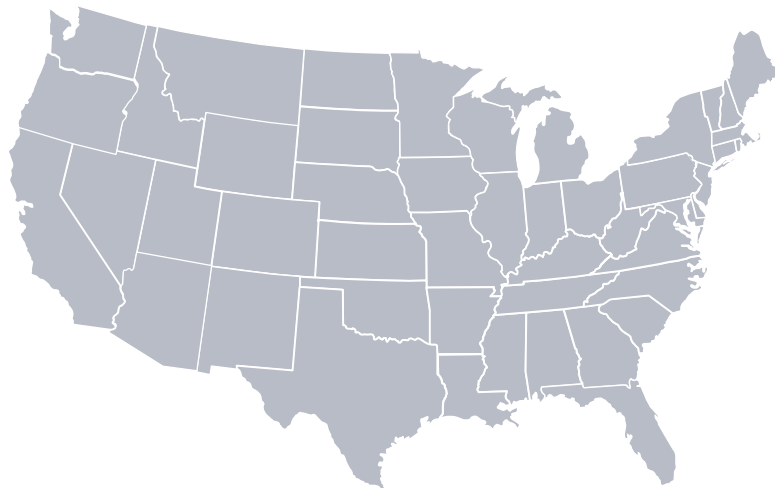




Before we begin...  
A quick poll question

# Easing Local Restrictions

- Many states and areas are **starting to ease restrictions**
- Your organization may be considering when, or if, it is time for your employees to **begin to return to a work environment**
- As you make decisions for your workforce, we want to make sure that your **employees don't lose focus on their retirement plan accounts**



# Some Statistics

## 2013 Social Security Administration Study of American behavior during the 2007-2009 Great Recession

- 39% of participants decreased contributions significantly
- Participants experiencing a decrease in earnings were more likely to stop contributing than those with stable earnings (30% vs 9%)

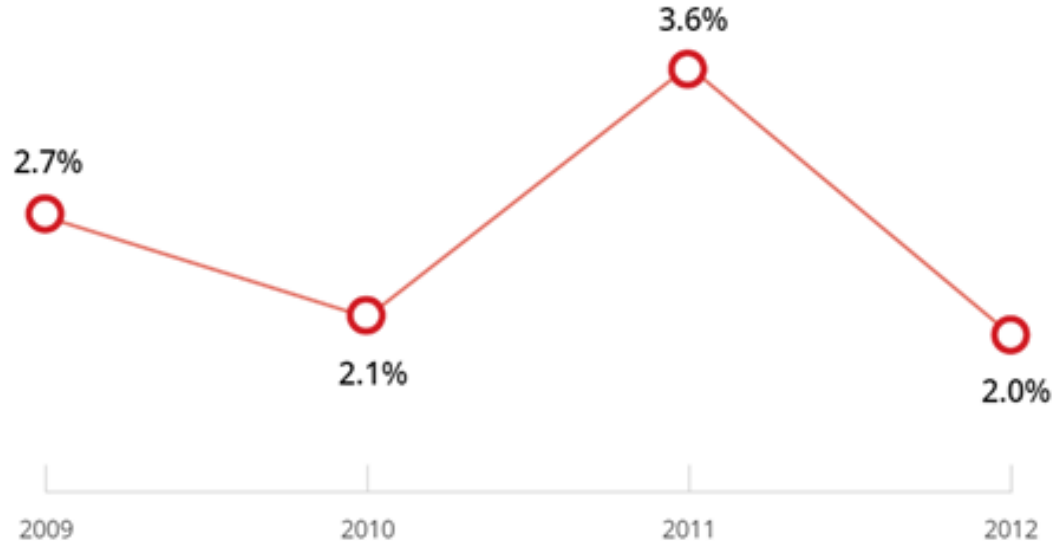
<https://www.ssa.gov/policy/docs/ssb/v73n2/v73n2p85.html>

# Some Statistics

*Source: 2019 PlanSponsor DC Survey: Plan Benchmarking*

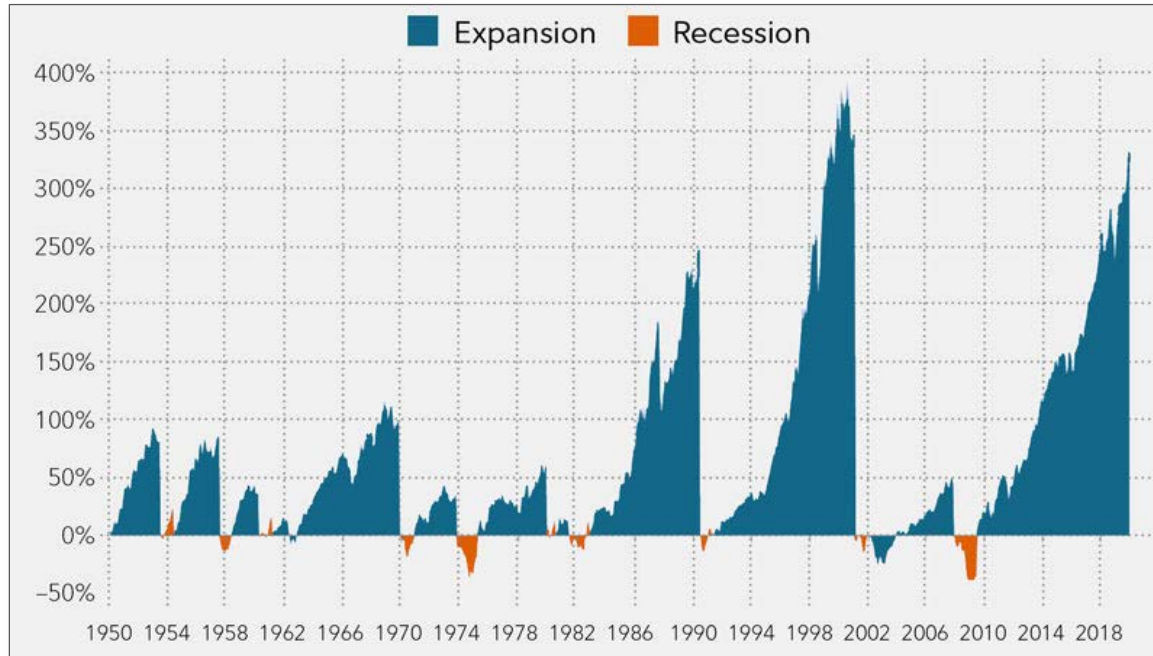
# Some Statistics

## Participants Who Took Hardship Withdrawals



Source: 2019 PlanSponsor DC Survey: Plan Benchmarking

# Some Statistics



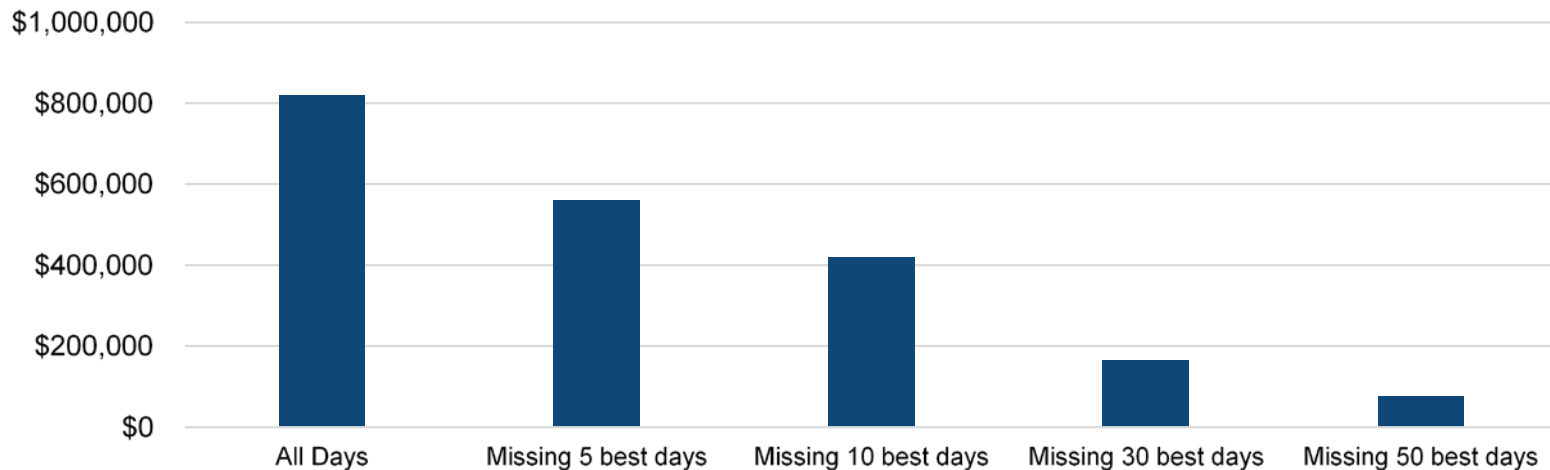
Source: Bloomberg. S&P 500 Index total annual return for January 1950 through December 2019. **Past performance is no guarantee of future results.**

# Some Statistics

## IMPACT OF MISSING THE BEST RETURN DAYS

*Growth of \$10,000 invested in the S&P 500*

**January 1, 1980 – December 31, 2019**



*Source: Graphic created from Bloomberg historical data. Past Performance is not a guarantee of future results.*



# Agenda

**Enrollment: Helping Participants Re-Enter the Plan**

**Education: Helping Participants Make Informed Decisions**

**Asset Allocation: Helping Participants Navigate Today's Markets**

# CARES Act

The Coronavirus Aid, Relief, and Economic Security (CARES) Act signed on March 27, 2020, provides special provisions regarding distributions and loans from certain retirement plans to deal with unexpected expenses and losses due to the coronavirus.

## Newport Webinars

*April 8*

The CARES Act Effect on Retirement Plans

*April 29*

Navigating the New Normal: Anticipating Plan Compliance Challenges in the Age of Coronavirus



## Participant Education and Communication

# Reengaging Your Workforce

Educating those returning to work on importance of **restarting contributions**

**Importance of contributing to the plan**, even if employer match has been reduced or eliminated at this time; or pay has been reduced

Proper **diversification**

**Increased buying power** while the market is low

Retirement readiness tool – **My Forecast**

Overall **financial wellness**

**Targeted campaign topics** for your specific workforce

# Participant Education Sessions

Live or recorded sessions

**Live** webinars

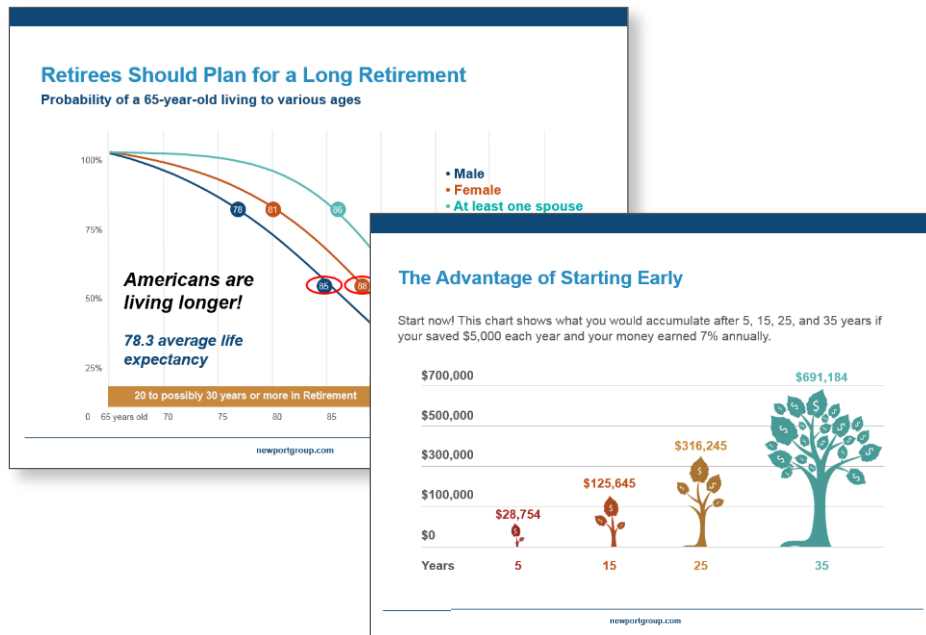
**Recorded** presentations

1 on 1 **phone consultations**

**Theme-based topics** available

Interactive and **engaging**

**Spanish** support





# Market Volatility

Pre-recorded presentation on market volatility as it relates to the current situation with COVID-19, but valid for any time.

- Keep a **long-term focus**
- Impact of missing the **best return days**
- Importance of **dollar-cost averaging**
- Review **investment mix**



# Message Board

As new communications are available, they will be posted to the Message Board on the Sponsor Website.

The screenshot displays the NewPort retirement services dashboard. At the top, there are navigation tabs: "My Dashboard", "My Plans", "My Participants", and "My Reports". A "SHORTCUTS" dropdown menu is located on the right. Below the navigation tabs is a search bar with the placeholder text "(((\*\*\*\*Select Plan ID or Company Name\*\*\*\* Plans)".

The main content area is divided into three columns. The left column is titled "Participant Requests" and shows "0 Pending" with links for "Loans (0)" and "Withdrawals (0)". The middle column is titled "Reports" and shows "0 New Reports" with a link for "View Archived Reports (0)". The right column is titled "Messages" and is highlighted with a blue box. It contains two messages: "Spring Quarterly Newsletter – Retirement Insights" and "IMPORTANT REMINDER ABOUT MARKET VOLATILITY". Below the messages is a "VIEW ALL MESSAGES" button.

At the bottom of the dashboard is a "Balance Summary" section with three metrics: "20 Participants with balances", "\$546,616 Total participant balances", and "\$27,331 Average participant balance".

# Targeted Communication Topics

Multimedia campaigns to reach all of your employees.

## Participation

Start (or restart) saving for retirement

## Increase Savings

Save more for retirement

## Maximize the Match

Max your match for retirement

## Asset Allocation

Invest wisely for retirement

## Financial Wellness

Entire financial picture

## Nearing Retirement

Preparing to retire

## Rebalance

Review investment mix

## My Forecast

Retirement readiness

# Targeted Communications

**ABC**  
SPONSOR LOGO

Your Retirement Plan

It's time to start planning for **your future,**  
Start saving today!

**know** > There's no time machine for retirement.

**do** > Start now so you don't regret it later.

Enroll now at [newportgroup.com](#)  
User ID: Your SSN (No dashes)  
Password: Your 4-digit retirement (MMDD)  
You'll be prompted to change your sign-in info.

Automated investment system available 24 hours a day, seven days a week.

Scan this QR code to watch a short video on your mobile device. Access it online at [newportretirement.com](#)

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Flier/E-flier

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Poster

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Postcard

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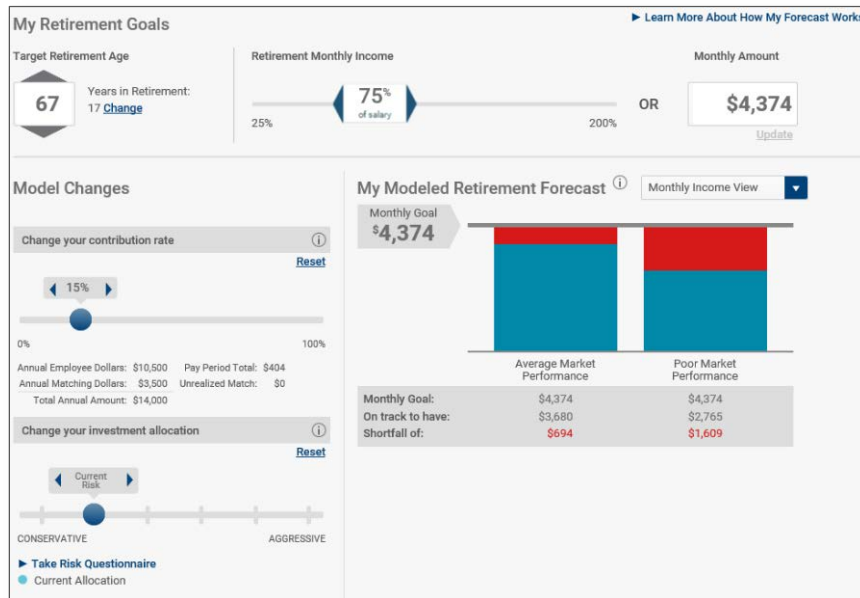


Pre-recorded Presentation

# My Forecast

**What it is:** A tool allowing participants to easily view their retirement income forecast and take action in order to “close their retirement gap.”

**What it does:** Generate and display guidance to the participant that can assist in closing their monthly retirement income gap.





# Ready to Reengage Your Workforce?

Requesting communications

## Contact your Newport representative

- Email
- Phone

## Consult with the education team

- Customized topics
- Questions about a campaign

## Measurable results

# Financial Wellness Center

Even before COVID-19, one-third of workers said personal finances have been a distraction at work. The need for help is now greater than ever.

- **More than 135 videos, tutorials, calculators, and articles covering:**
  - Retirement Planning
  - Investment Strategies
  - Debt and Credit Management
  - Education Funding
  - Healthcare and Insurance
  - and so much more
- **Participants can create their own profile and content is promoted for them based on their age, interests, and needs.**



**Launching late June 2020!**

A man with dark skin and long dreadlocks is shown from the chest up, wearing a blue denim button-down shirt. He is looking off-camera to his right with a slight smile. The background is a dark, paneled wall, and a bookshelf with various books is visible on the left side of the frame.

# Asset Allocation

# Returning to Work—What Does it Mean to Plan Participants?

Building the Right Retirement Plan for Participants



- Am I saving the right amount?
- How does my employer match work?



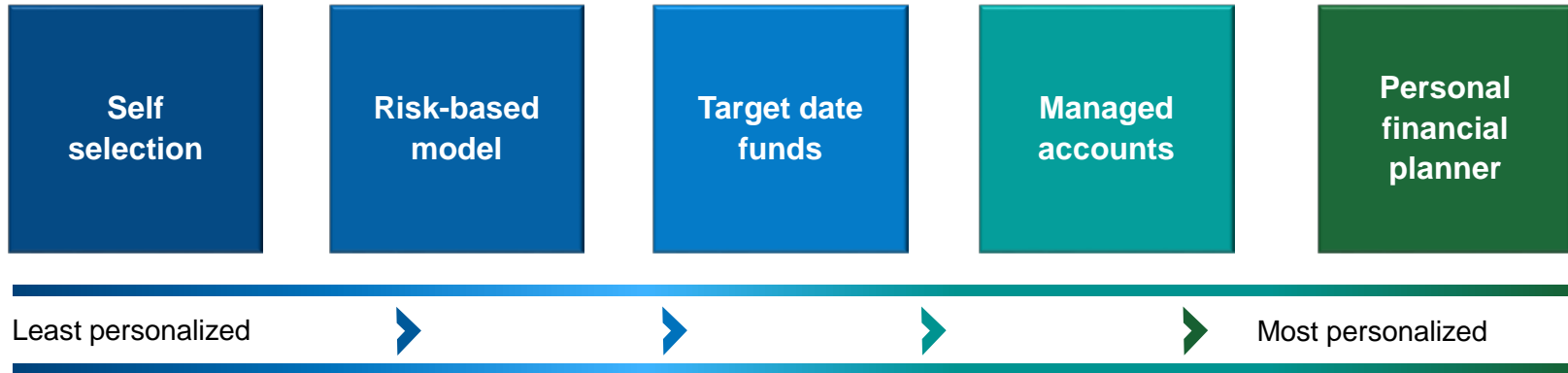
- Do I have the right asset allocation?
- Should I take more risk?



- Will I have enough retirement income?
- What age should I retire?

# The Evolution Toward Custom Solutions

Customized solutions leverage the best in what has been learned in behavioral finance and the individual participant data available.





# What is a Managed Account?

In a managed account, a professional investment advisor oversees an investment and savings strategy in a participant's retirement plan, all according to the participant's objectives and personal circumstances. From the participant's standpoint, a managed account can remove the guesswork associated with which investments to pick.

**The participant's strategy is put into place, monitored, refined, and adjusted over time.** The goal: help a participant get on track for retirement, and stay on track.

**66%** of **large market plans** offer  
professionally managed accounts

Source: 2019 Trends and Experience in Defined Contribution Plans, Alight

# Managed Account Advisory Services— Its More than Asset Allocation

Managed Accounts provide a personalized way for participants to stay on track for life, while providing plan sponsors with important fiduciary considerations that offer Safe Harbor protections.

QDIA Features	Risk Based Portfolios	Target Date Funds	Managed Accounts
DOL Compliant QDIA	✓	✓	✓
Risk Sensitive	✓		✓
Investment Horizon Responsive		✓	✓
Sytematic De-Risking		✓	✓
Health, Income and Marital Status Considerations			✓
Deferral, Balance and Retirement Income Modeling			✓
Outside Account Integration			✓
Other Income Sources Considered			✓

- ✓ Only Managed Accounts are dynamic and responsive to changing participant situations and input. Outcomes can improve as participants become more engaged.
- ✓ U.S. Department of Labor supports investment advice.
- ✓ QDIA Safe harbor protection.

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# The Participant Advantage of Managed Accounts

Managed account strategies incorporate key information about participants that are used to develop a holistic investment strategy for their retirement plan.

Participants can see real-time the likelihood of realizing their retirement income goals, and receive advice to show how they can improve that likelihood.

## Participant Inputs

- Demographic information such as age, sex, salary and employment status
- Target (desired) retirement income, in present value dollars using a calculated target or a customized amount
- External sources of income, such as spouse salary, rental income, pensions or other
- Outside financial and investment accounts through integrated account aggregation technology



## Tailored Asset Allocation Strategy

- Utilizes the plan's core menu of investment options
- Incorporates critical participant information such as deferral rate and income
- Provides forecasted wealth, income, and asset allocation
- Responsive to life events and changes in financial situation
- Communicates investment risk in a user-friendly manner
- Tips and guidance to help participants improve outcomes

# Winning Solution for Participants

**Recommendations and strategies are designed to help diverse participants with multiple investment styles reach their individual retirement goals**

**Addresses those who want to take a “hands-off” approach to the investment allocation decision**

- Automatically personalized based on available plan data

**Allows those who want a customized approach to add outside or spousal/partner assets reinforced by multiple participant touchpoints**

- On-site rollout and education meetings
- Expert online advice
- Forecasting tools - retirement income estimate
- Adapts to changing life events
- Incorporated into quarterly statements – track progress
- Feel more confident by looking at their overall picture

# Impact of Managed Accounts: More Wealth in Retirement

Studies have found that after enrolling in a managed account:

87%

After receiving recommendations to save more, 87% of people increased their savings rates.

33%

Savings rates increased by an average of 2% of salary, or nearly 33%.

29%

Increase in wealth at retirement




## POTENTIAL FOR ADDITIONAL \$5,500

A counter-point to the common presumption that managed accounts are best suited for savers closer to retirement, and not younger participants: The average 30-year-old managed account enrollee was estimated to be on track to have an additional \$5,500 in annual retirement income than they otherwise would have if they did not invest in a managed account.

Source: Designing for Change: How Managed Accounts Can Help Employees Retire. Morningstar, January 2019.

*Source: Morningstar study of more than 58,000 before and after enrolling in a managed account service.*



A close-up portrait of a woman with short, dark hair, wearing a teal collared shirt and a grey blazer. She is looking directly at the camera with a slight smile. In the background, two other people are visible but out of focus, suggesting a professional meeting or office setting.

## Questions and Answers

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