



T. Rowe Price Retirement Plan Services, Inc.

Reactions from Plan Sponsors and Participants to the Coronavirus-Impacted Environment

6th Edition

Data as of May 29, 2020

Confidential: This material is intended for T. Rowe Price clients as well as consultants and advisors who work with T. Rowe Price.

New to this edition—click to skip ahead:

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- 2** PARTICIPANT CARES ACT PROVISION ACCESS BY INDUSTRY
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CARES ACT REMAINS KEY FOCUS AREA

PLAN PROVISION ADOPTION

63%

of plans with assets
>\$25M* have adopted
at least one CARES
Act provision

15%

of plans with assets
\$25M* have adopted
at least one CARES
Act provision

<2%

of plan sponsors have
suspended or reduced
employer match

PARTICIPANT TRENDS TO WATCH

41%

of participants using
the loan repayment
suspension (LRS)
service have also
taken a CRD

PARTICIPANT PROVISION USAGE

3.0%

of those who have
access to coronavirus-
related distributions
(CRDs) have taken at
least one

5.3%

of those who have
access to loan
repayment suspension
(LRS) and have an
active loan have used
the provision

<1%

of those who have
access to increased loan
limits (ILL) have used
the provision

15%

of participants who took
a coronavirus-related
distribution (CRD)
withdrew the maximum
distribution amount

A photograph of a man with light brown hair, wearing a dark blue button-down shirt, sitting at a wooden dining table. He is holding a white coffee cup in his right hand and looking directly at the camera with a neutral expression. A young child with dark hair, wearing a green long-sleeved shirt, is seated next to him, facing away from the camera towards the right side of the frame. On the table in front of them is a white bowl containing what appears to be cereal or oatmeal with a spoon in it. To the right of the man, a laptop is open and resting on a dark notebook. In the background, there's a window with a view of a building across the street, some indoor plants, and a small potted plant on the windowsill. The overall atmosphere is one of a busy, modern family life.

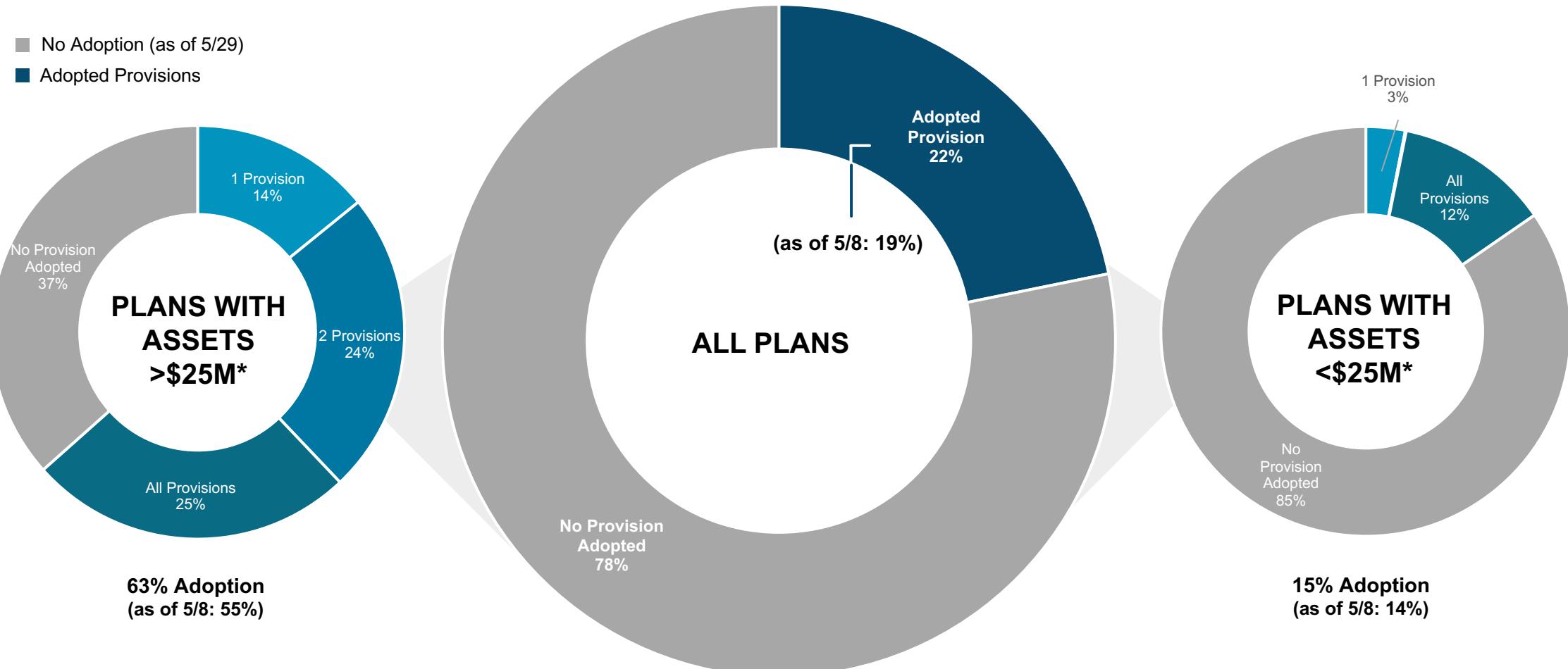
Plan Sponsor Trends



More than 6 in 10 plans with greater than \$25M in assets have adopted at least one of the optional CARES Act provisions.

CARES ACT ADOPTION

Larger plans are more likely to adopt provisions, with one in every four plans with >\$25M in assets adopting all three optional provisions.



*Asset size is approximate and could vary.

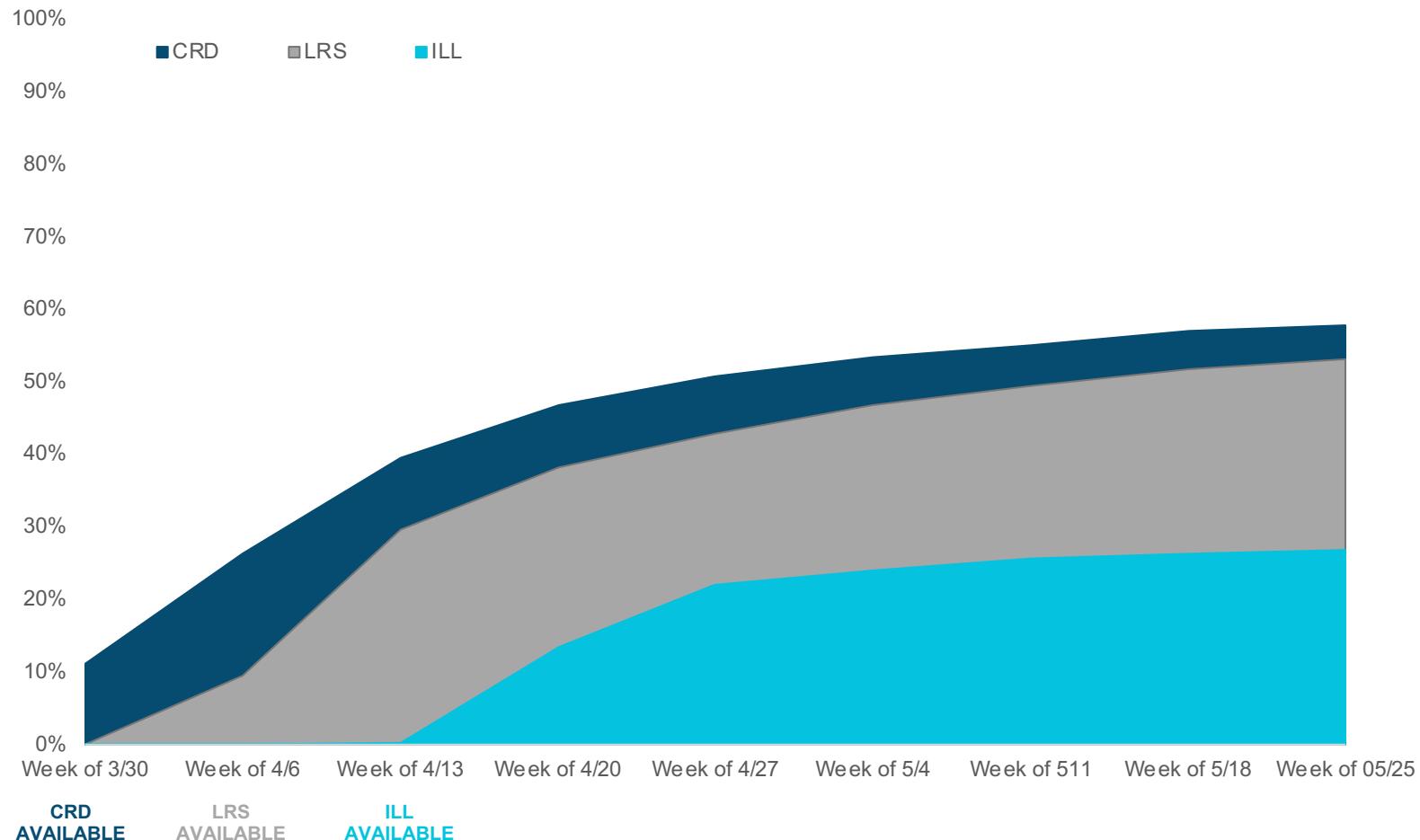
Data as of May 29, 2020.

Implementation of coronavirus-related distributions began for some plans as early as April 13. Different plans and provisions have different service implementation start dates.

SPONSOR CARES ACT ADOPTION TRENDS

Most plans that adopted CARES Act provisions did so early in the implementation phase.

CARES PROVISION ADOPTION BY WEEK



Current CARES Act Provision Adoption

Coronavirus-related distribution (CRD)

58%

Loan repayment suspension (LRS)

53%

Increased loan limits (ILL)

27%

Outside of CARES Act provisions,

<2%

of plan sponsors have suspended or reduced employer match

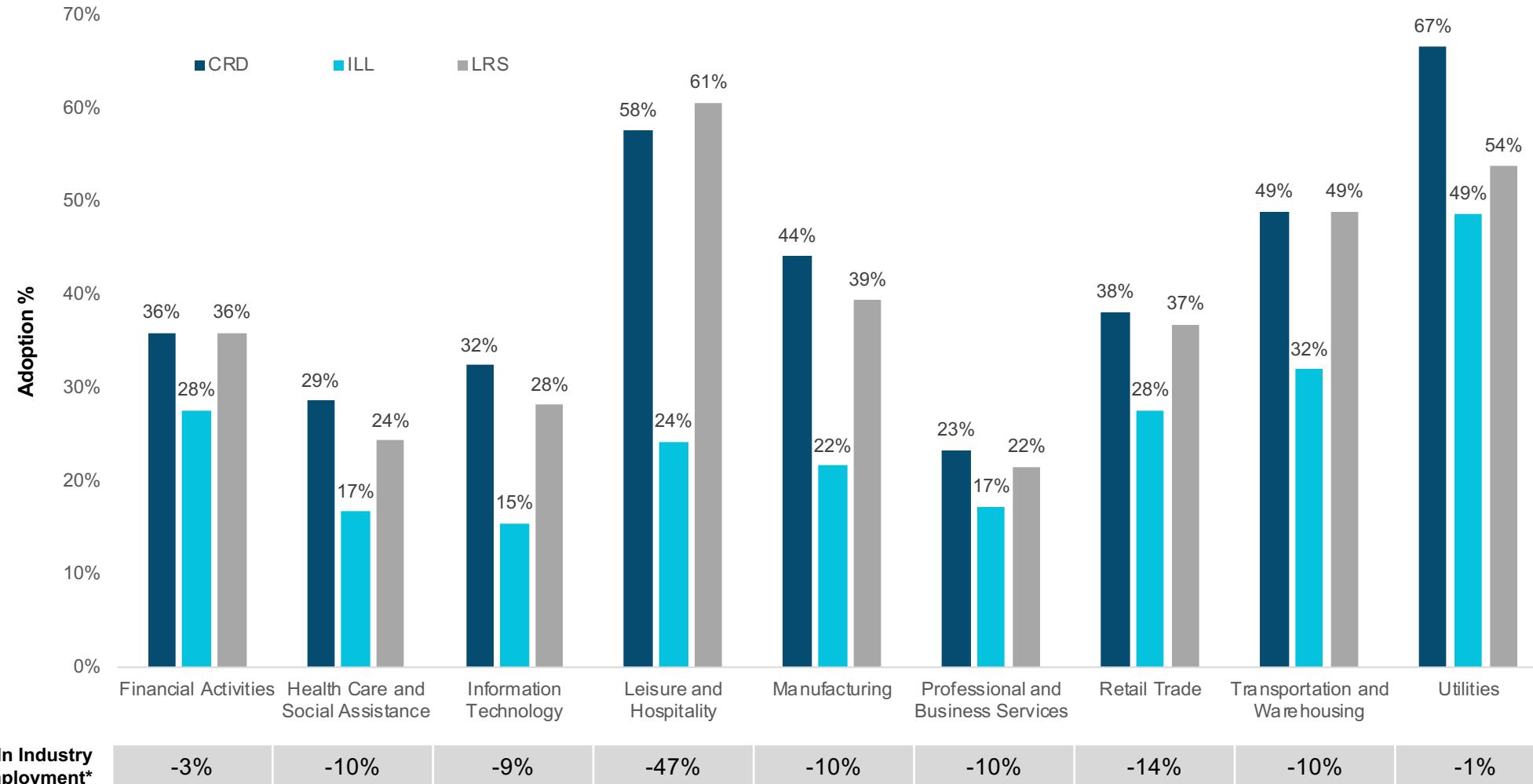
Plans with assets >\$25M only.

Data based on plan selection through May 29, 2020.

The ILL service became available to participants after May 11, 2020, which may partly explain the lower plan sponsor adoption of this provision to date.

CARES ACT ADOPTION BY INDUSTRY

The Leisure and Hospitality and Utilities industries have higher-than-average adoption rates.



All T. Rowe Price plans.

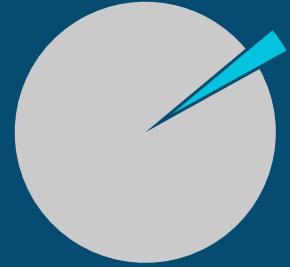
*Source: Bureau of Labor Statistics. From March to April 2020.

Plan-level adoption rates through May 29, 2020.

A photograph of a smiling father holding his young son on his shoulders outdoors. The son is laughing joyfully. The background is a bright, sunlit forest. A semi-transparent teal overlay covers the upper half of the image, containing the text.

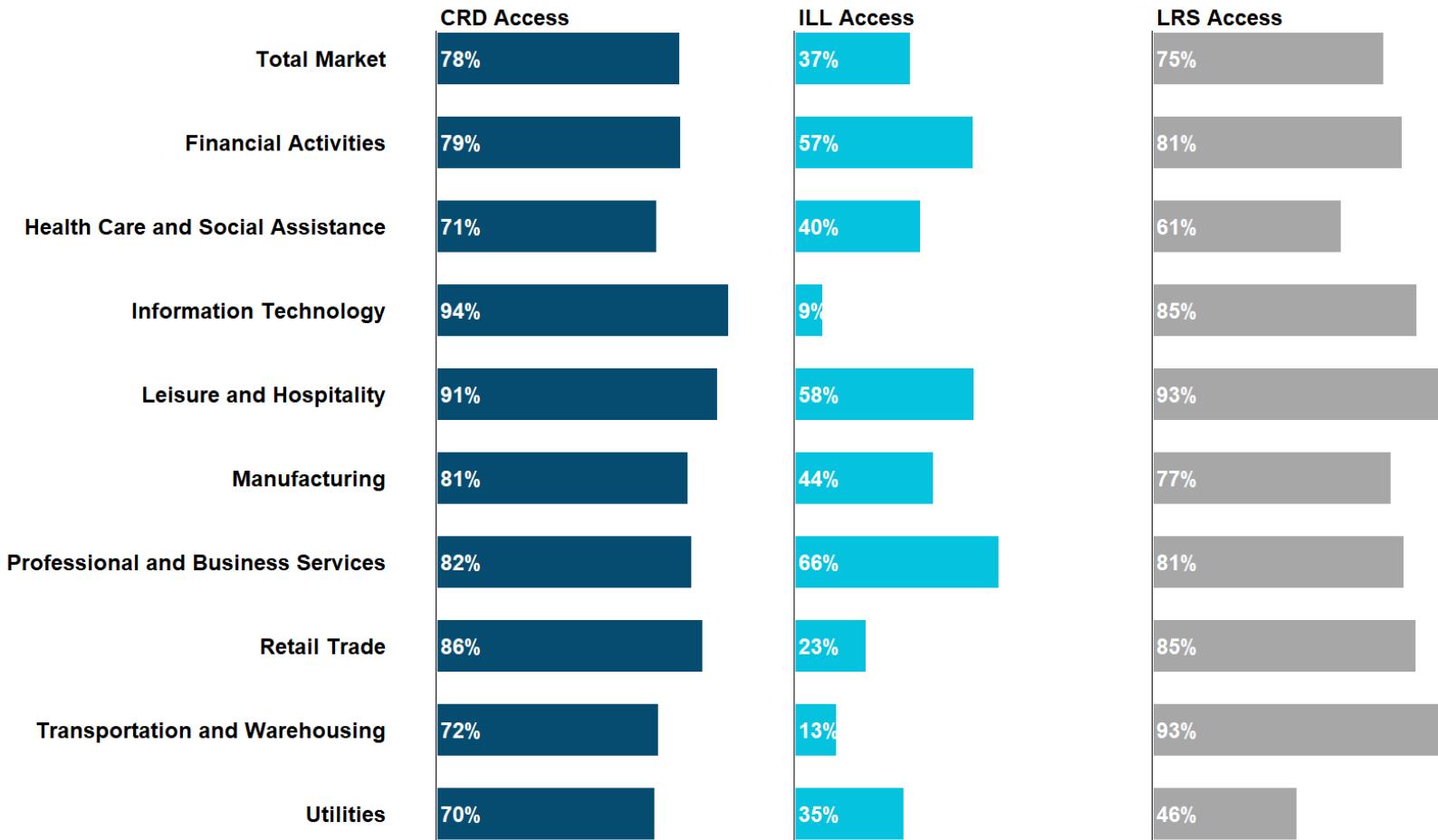
Participant Trends





3% of participants with access to CARES
Act provisions have used at least one.

PARTICIPANT CARES ACT PROVISION ACCESS BY INDUSTRY



Nearly three out of every four participants have access to the CRD and LRS services.



Across all industries, fewer plans offer participant access to the ILL service.

All T. Rowe Price plans.

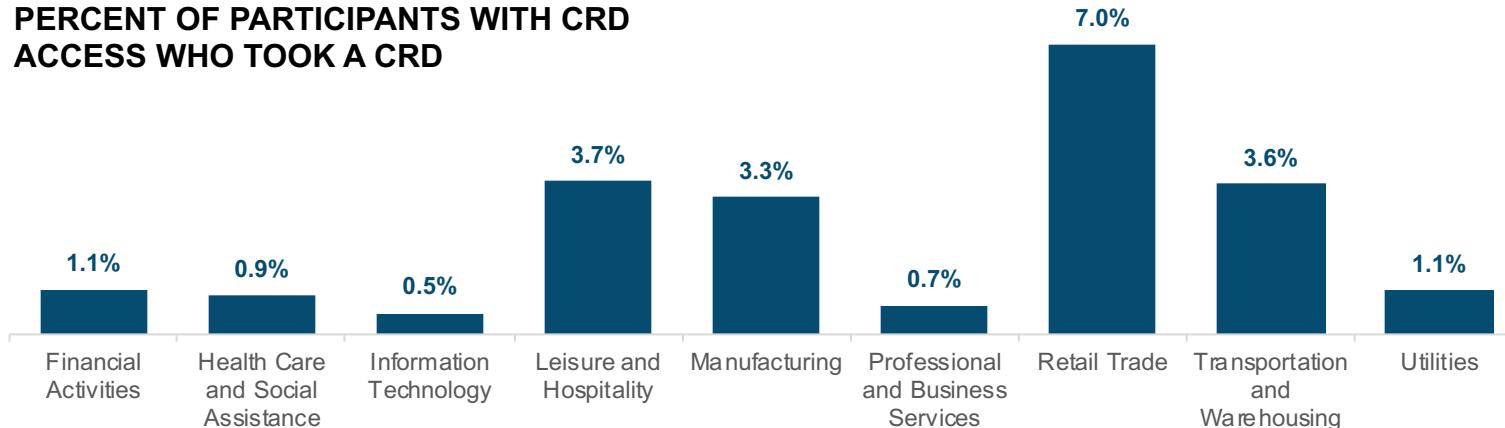
Participants must self-certify that they meet eligibility criteria.

Data through May 29, 2020.

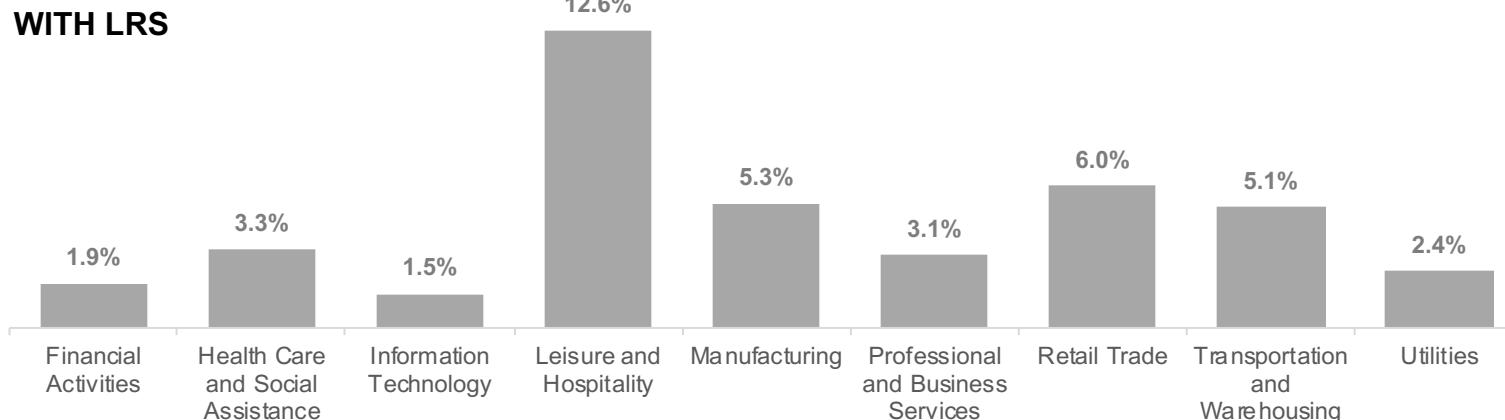
The ILL service became available to participants after May 11, 2020, which may partly explain the lower plan sponsor adoption of this provision to date.

PARTICIPANT UTILIZATION OF PROVISIONS

PERCENT OF PARTICIPANTS WITH CRD ACCESS WHO TOOK A CRD



PERCENT OF LOANS WITH LRS



Participants must self-certify that they meet eligibility criteria.

Plans with assets >\$25M only.

Data through May 29, 2020.

3.0%

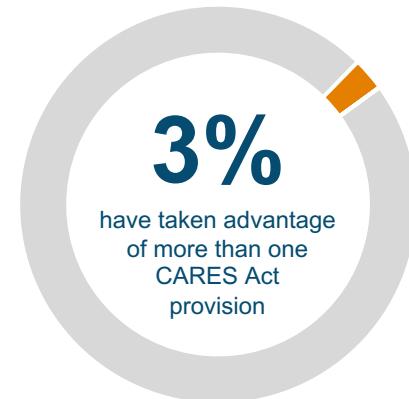
of those who have access to **CRDs** have taken at least one

5.3%

of those who have access to **LRS** have suspended their repayment

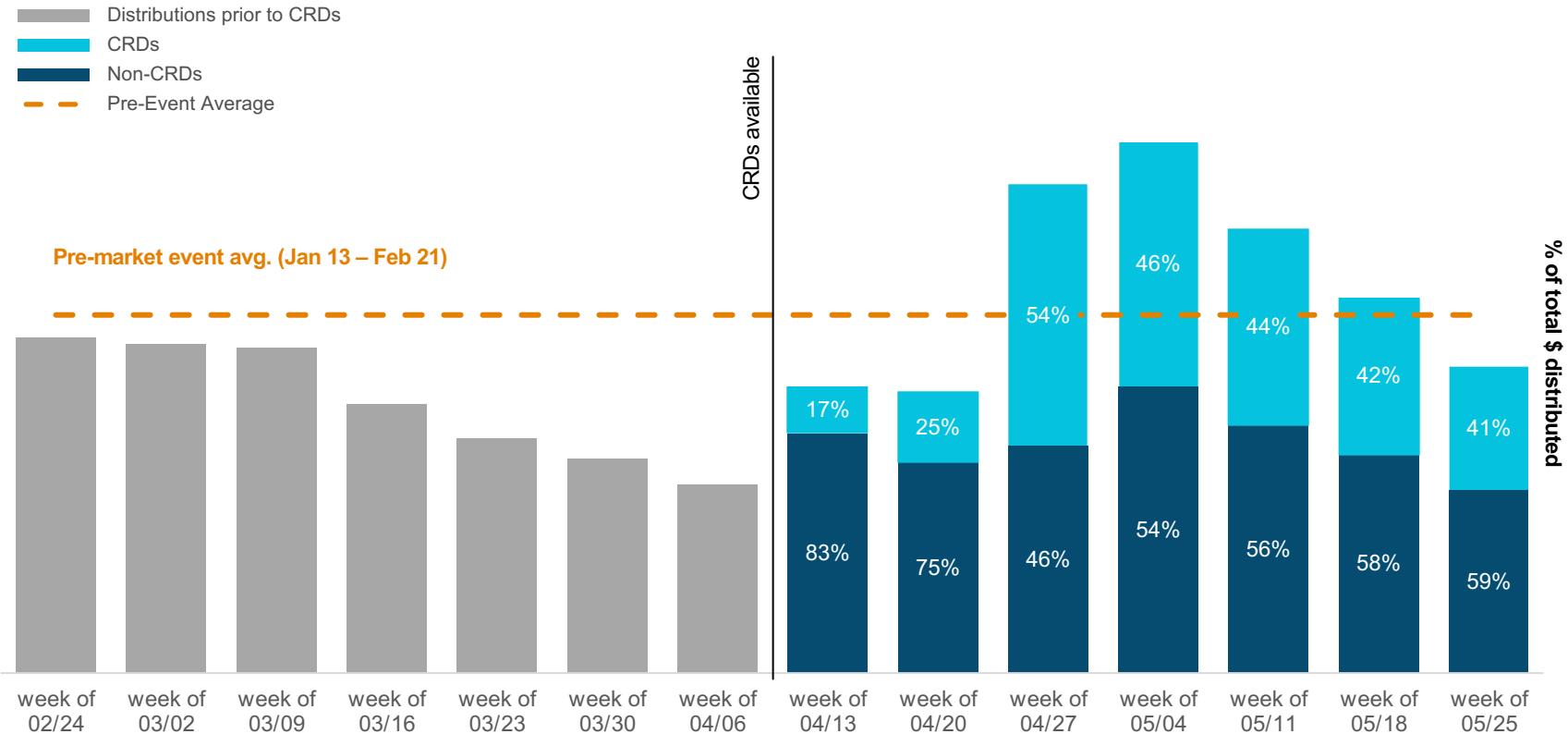
<1%

of those who have access to **ILL** have used the provision



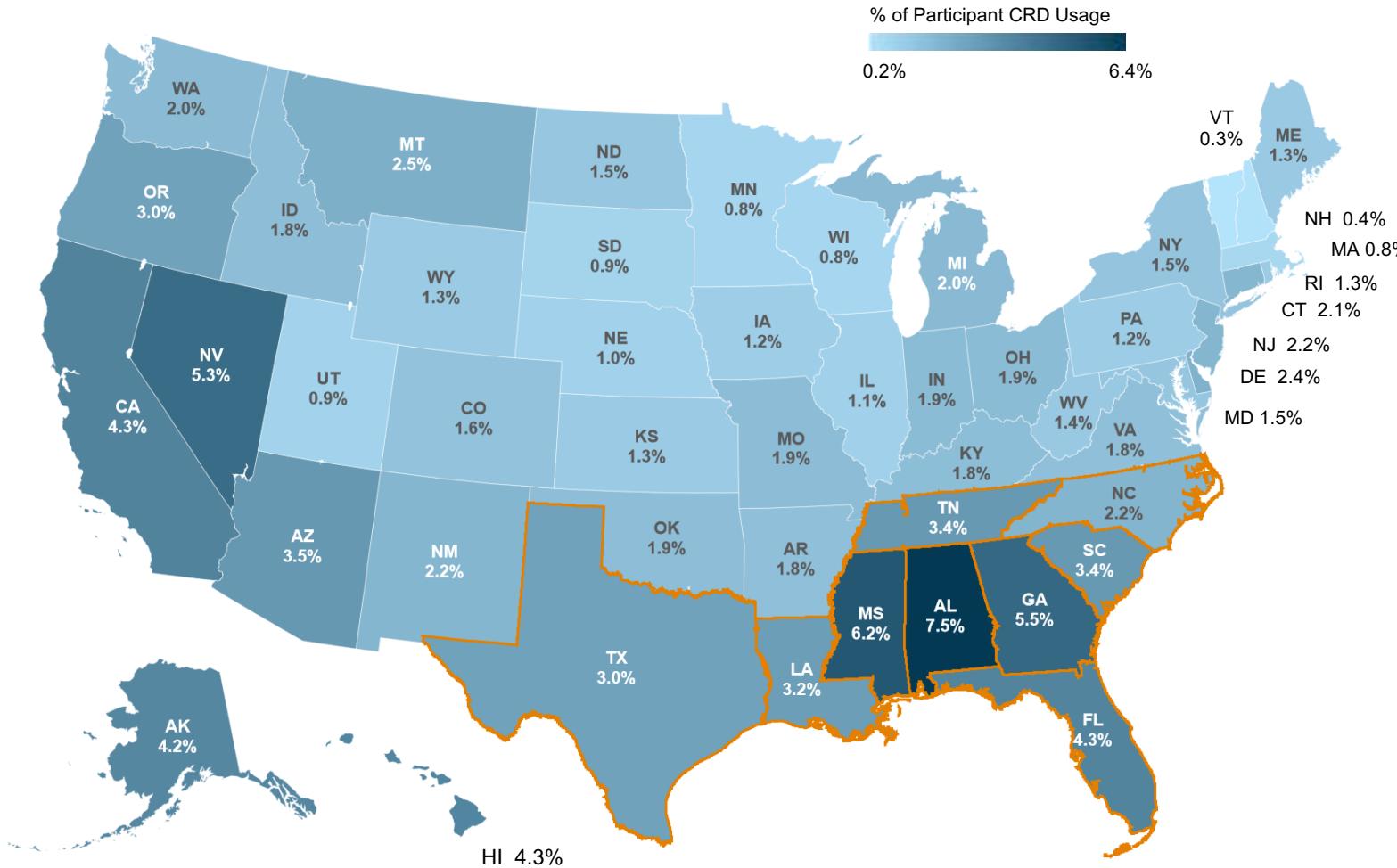
CARES ACT DISTRIBUTION TRENDS

While the addition of CRDs initially increased participant distributions, overall distributions decreased below the pre-market event average during the week of 5/25.



56%
of CRDs in May
were completed
using our new
online experience

PARTICIPANTS ELECTING CORONAVIRUS-RELATED DISTRIBUTIONS (CRDs) BY STATE



Distributions from plans with assets >\$25M.

Data through May 29, 2020.

Darker shades represent greater usage.

*Average balance as of January 2020; pretax deferral rate as of April 2020.

Participants living in select southern states have elected to take CRDs

50%

more than people living in other parts of the country.

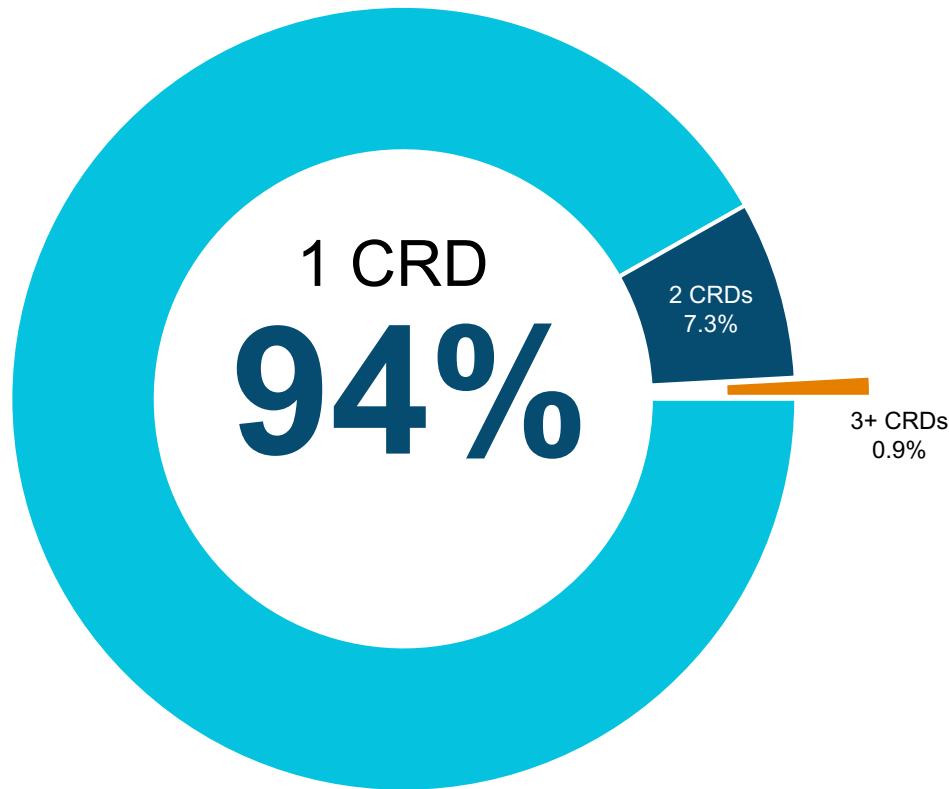
California, Nevada, Arizona, Alaska, and Hawaii also experienced higher usage.

Profile of average CRD user*:

- Age: 43
- Balance: \$106K
- Deferral Rate: 5.4%
- Tenure: 12 years

PROFILE OF CRD USAGE

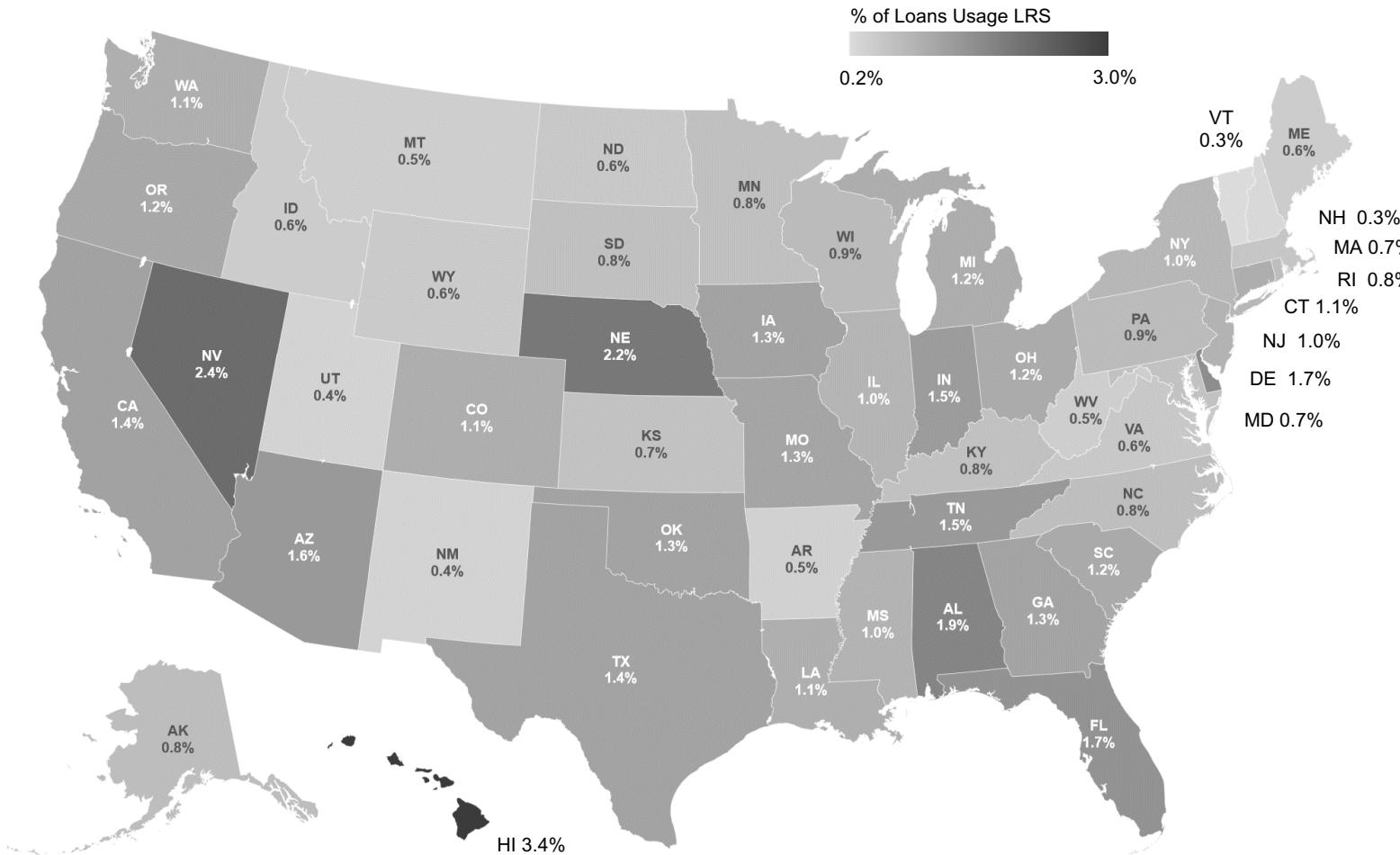
Among participants who have used the CRD provisions, 94% have taken only one CRD, and 15% took the maximum distribution.* On average, participants who took 3+ CRDs had lower account balances.



	All Participants	1 CRD	2 CRDs	3+ CRDs
Avg. Age	44	43	43	45
Avg. Tenure (years)	9	13	13	11
Avg. Balance (Jan. 2020)	\$92K	\$117K	\$94K	\$56K
Pre-Tax Deferral Rate (Apr. 2020)	7.6%	5.6%	5.2%	5.2%
Avg. CRD	-	\$21K	\$13K	\$9K
Avg. Total Distribution	-	\$21K	\$26K	\$28K

*T. Rowe Price bases maximum distribution on an amount of 95%+ of available balance or \$100K.
Plans with assets >\$25M only.

PARTICIPANTS ELECTING LOAN REPAYMENT SUSPENSION (LRS) BY STATE



Loans from plans with assets >\$25M.

Data through May 29, 2020.

Darker shades represent greater usage.

*Average balance as of January 2020; pretax deferral rate as of April 2020.

41%

of participants using the LRS service have also taken a CRD

\$10K

average loan size

Profile of average LRS user*:

- Age: 45
- Balance: \$91K
- Deferral Rate: 5%
- Tenure: 12 years

INCREASED LOAN LIMITS (ILL) SERVICE ACTIVITY



3X Larger

Plans with assets >\$25M only.

Data as of May 29, 2020.

*Average balance as of January 2020; pretax deferral rate as of April 2020.

While only **2.4%** of loans over the past three weeks have been under the ILL CARES Act provision, the size of the loans has been **3X larger** than standard loans.

These higher loan amounts may have long-term implications for retirement readiness.

Profile of average ILL user*:

- Age: 46
- Balance: \$223K
- Deferral Rate: 7.4%
- Tenure: 11 years

Participant Experience





Consumption of educational content increased 86% over last year, reinforcing that participants value timely, relevant content, especially during times of volatility.

HELPING PARTICIPANTS ACROSS MULTIPLE CHANNELS

Online and by phone, participants are seeking information about distributions and loans. Participant satisfaction with the mobile channel continues to increase.



30%

of calls in May were related to CRDs*



34%

increase in loan-related interactions through the participant website**



80%

participant satisfaction for the mobile apps, a 7% increase year over year**

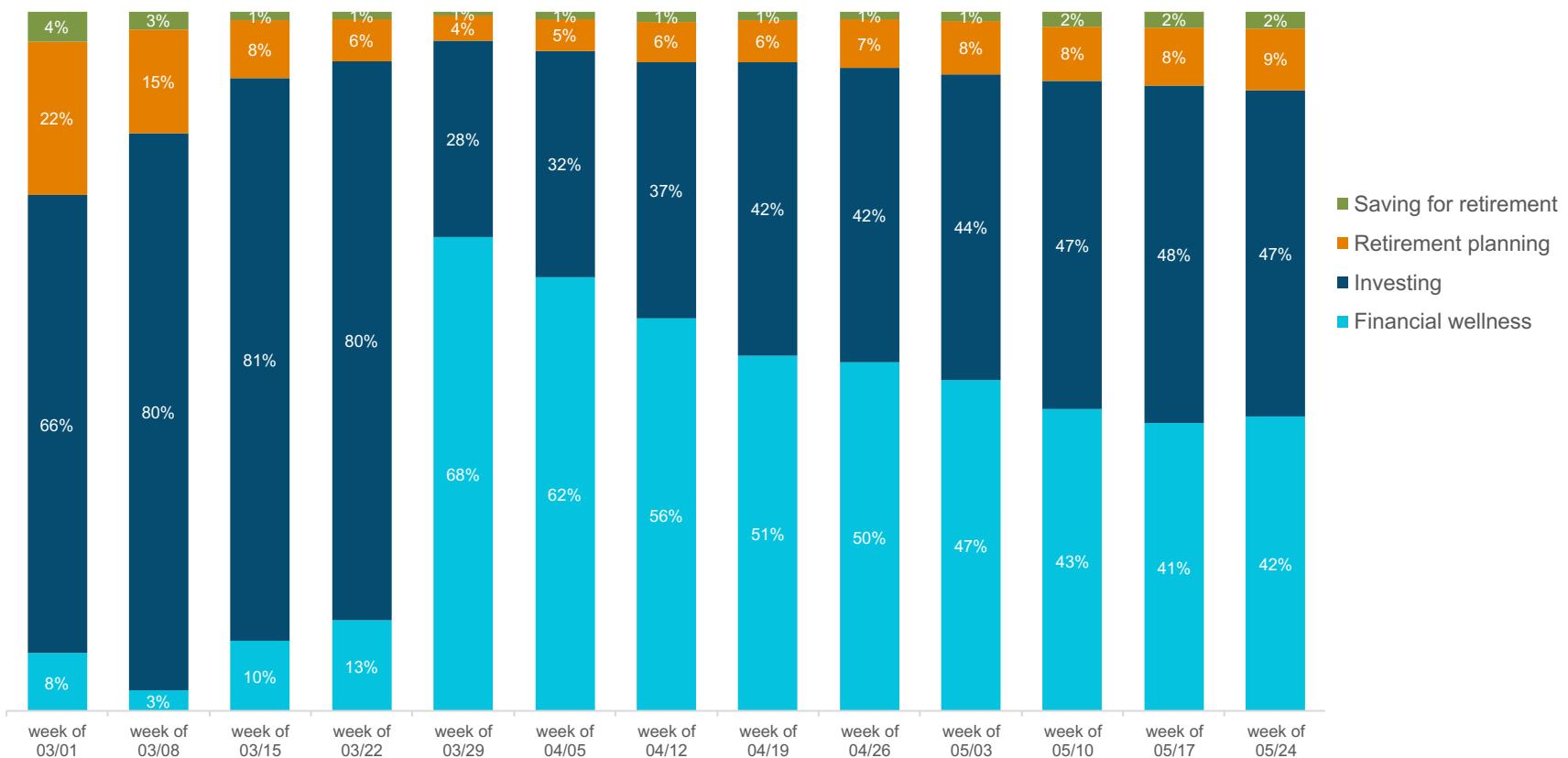
All T. Rowe Price plans.

*T. Rowe Price workforce planning management.

** Data from Participant Interaction Survey, May 2020.

PARTICIPANT EDUCATION USAGE

While participants sought investment education at the beginning of the market event, their attention switched to financial wellness topics as market volatility eased. However, over the past three weeks, participant consumption of investment education increased again.



Most Viewed Topics (week of 5/24)

47%

Investing

42%

Financial Wellness

All T. Rowe Price plans.

Data from Web Analytics.

Note: New financial wellness content was added in April and new investing content was added in May based on participant interest.

SHARING RELEVANT CONTENT

New content continues to be added to the coronavirus hub to provide ongoing support and education for participants

FINANCIAL WELLNESS

7 Steps to Take When Facing Financial Hardships

It's difficult to plan for the future if you don't have confidence in your plans for today. If you, or someone you know, is struggling with financial hardship we have some suggestions that can help you get through this trying time. [Read More](#)



FINANCIAL WELLNESS

Coronavirus Relief: What You Need to Know

Passed on March 27, 2020, the CARES Act was enacted to provide relief to Americans facing financial challenges due to the coronavirus pandemic. [Read More](#)

Article 8 minutes
April 28, 2020

Investing

The Five Stages of a Market Crisis

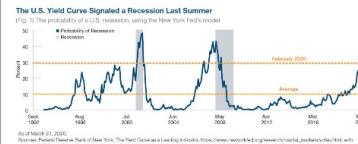
May 19, 2020 | T. Rowe Price

The Kubler-Ross model, also known as the five stages of grief, famously outlines a series of emotions experienced by terminally ill patients prior to death or by people who have lost a loved one. Beginning with denial, the model describes paths through each subsequent stage: anger, bargaining, depression, and acceptance. In my view, a similar emotional process—with a few adjustments—can be observed in market crises, including the present one, where I believe we are in the “depression” stage. Let’s look at each stage in turn.

Denial: With the benefit of hindsight, we were in denial for quite some time. In the summer of 2019, the U.S. yield curve inverted when the spread between yields of 10-year Treasury notes and three-month Treasury bills dropped to almost -50bps.¹ Using the Federal Reserve Bank of New York method for calculating probability of a U.S. recession 12 months out, the yield curve inversion assigned about a 30% probability of a recession in February 2020. This might not sound very high, but the last two occasions it reached such levels during the past 30 years were at the beginning of the recession in 2000 and just before the 2008 global financial crisis (Figure 1).

The U.S. Yield Curve Signaled a Recession Last Summer

(Fig. 1) The start of a U.S. recession, using the New York Fed's model



Source: Federal Reserve Bank of New York. The Yield Curve is a living document, https://www.newyorkfed.org/research/yield_curve.html. All data are as of March 2020. Actual data from the NYFRD. Estimated data used for U.S. general to mid-November 1982 through March 2020. The shaded areas indicate periods of recessions.

Video: Required Minimum Distributions and the Coronavirus Crisis



Video: Required Minimum Distributions and the Coronavirus Crisis

00:22 / 15:01



Senior Financial Planner with T. Rowe Price discusses how the impact of coronavirus relief on financial planning may affect required minimum distributions, or RMDs.

Video: 6 Strategies for Coping During the Coronavirus Crisis



Video: 6 Strategies for Coping During the Coronavirus Crisis

Judith Ward, CFP®, shares her thoughts on practical steps you can take to help cope during this unsettled time.

55%
of the educational content participants consumed since April has focused on **financial wellness**

38%
of the educational content participants consumed since April has focused on **investments**

T. Rowe Price Retirement Plan Services will continue to help retirement plan sponsors and their consultants or advisors manage risk and be vigilant during this period of uncertainty.

For more information, please contact your T. Rowe Price representative.
Or visit our coronavirus information hub.