

Volume 3 | May 2020

# Leading through uncertain times

Addressing customer needs during the  
COVID-19 pandemic



# There are mixed emotions as people cope with the current situation, but most are still looking ahead with optimism

Overall, people are **more likely to be experiencing positive** rather than negative emotions...



Hopeful 41%



Calm 34%



Anxious 22%



Frightened 15%

...and many are taking actions to **support their money and health** during this time

33% Managing their budget (reduce spending)

18% Maintaining a healthy diet

5% Paying down or paying off debt

16% Practicing social distancing and isolation

21% Maintaining savings and investment strategies

27% Exercising and maintaining a healthy lifestyle

5% Building protection, i.e., emergency savings

7% Participating in medical check-ins



**Despite actions they are taking, only about half feel they are getting all they need to address their financial and health needs:**

#### Top financial needs

- Employment/consistent paycheck
- Access to financial aid
- Debt/loan forgiveness
- Strong and stable market conditions

#### Top health needs

- Therapy/counseling
- Access to exercise/gyms
- Access to healthcare/telemedicine
- Social interaction

# Plan sponsors are developing strategies to help move their organizations forward

## Plan sponsors are now focusing on restoring operational readiness and financial wellness<sup>1</sup>:

- Implementing strategies to restart organizations while keeping employees safe and healthy
- Helping employees re-establish financial wellness and retirement readiness
- Introducing solutions to help employees manage their mental health
- Examining business, benefits, and talent strategies
- Establishing digital solutions as a standard engagement medium

## Fidelity has developed resources to address needs:

### *“Leading Your Workforce Through Uncertain Times” Webinar series<sup>2</sup>*

**16** recent webinars on top-of-mind topics:

- Operational Considerations/Customer Trends
- Health Care and the CARES Act
- COVID-19 and Workplace Giving
- Cash Preservation and Cost Management Strategies
- Market Insights

Over **22k**  
attendees

**88%**  
of registrants  
attended

**93%**  
satisfaction  
rate

### **COVID 19 Plan Sponsor Hub<sup>3</sup>**

- **35k** visits to the hub since March
- Visitors are spending an average of **4 minutes** on the site

### **Top article downloads<sup>3</sup>**

- COVID-19 hardship withdrawals and the impact to your participants
- CARES Act and how Fidelity will process distributions
- Coronavirus Aid, Relief, and Economic Security Act (“CARES”)

Sources:

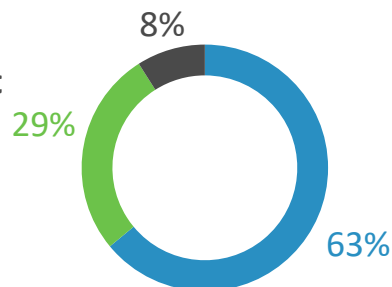
<sup>1</sup> Based on a compilation of plan sponsor and internal questions received during April-May 2020.

<sup>2</sup> Based on attendees and polling questions during weekly plan sponsor/advisor webinars, April 2020.

<sup>3</sup> Based on analysis of Plan Sponsor Webstation (PSW) channel activity during April-May 2020.

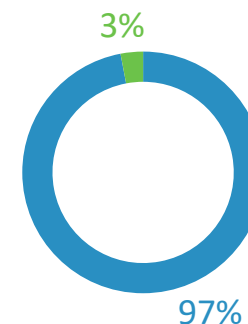
# Plan sponsors continue to focus on plan design and the implementation of new provisions related to the CARES Act

**Most plan sponsors are not considering a reduction or suspension of their company match<sup>1</sup>**



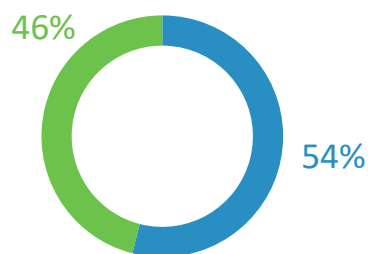
- Maintaining current match program
- Considering a match suspension/reduction
- Have already suspended/reduced match

**Nearly all plan sponsors have adopted the CARES Act distribution provisions<sup>2</sup>**



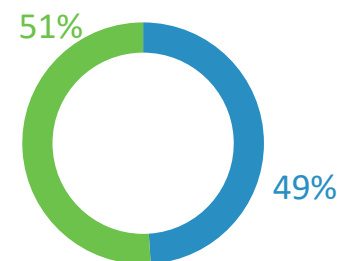
- Adopted CARES Act distributions for at least one plan
- Opted out of CARES Act distributions

**Just over half of plan sponsors have enabled loan deferments under the CARES Act<sup>3</sup>**



- Enabled loan deferments under the CARES Act
- Opted out of CARES Act loan deferments

**About half of plans able to offer new loans under the CARES Act have enabled the provision<sup>4</sup>**



- Adopted new loans under the CARES Act
- Opted out of CARES Act loans

Sources:

<sup>1</sup> Based on data from 914 attendees of Fidelity's plan sponsor webinar, April 16, 2020.

<sup>2</sup> Clients assessment as of May 8, 2020 for opt-in identification took into account all plans under the relationship. Clients that enabled at least one plan under that relationship for CARES Act distributions were considered a positive opt-in.

<sup>3</sup> Represents eligible plans with active loans present that opted-in to the loan deferment provision as of May 8, 2020.

<sup>4</sup> Represents plans that met eligibility requirements that were offered and adopted new loans under the CARES Act as of May 8, 2020.

# Satisfaction with phone and web channels remains high, and many participants are engaging via web events for help



**2%** increase in call volumes in April 2020 over April 2019<sup>1</sup>

- **10%** decrease in call volumes from March to April 2020<sup>1</sup>



**64%** of calls answered in under 30 seconds in April<sup>1</sup>



**Three of the top highest call satisfaction days ever** occurred in April and May<sup>3</sup>

April 2020 yielded our **highest participant monthly satisfaction ever**<sup>3</sup>



**8%** increase in daily activity on our participant website<sup>2</sup>

**Record attendance** for live web events with almost **8k** attendees during the week of 4/27<sup>4</sup>



**21,000** participants have attended our newest web workshops (*Navigating Market Volatility, Manage Unexpected Events & Expenses, and Weekly Market Insights*)<sup>4</sup>



**1M+** page views on our new COVID-19 participant hub, with **45%** viewing additional resources on the site<sup>2</sup>

“Website is easy to navigate, information readily and quickly available. All resources are at your fingertips. What more do you need? Perfect<sup>5</sup>.”

Sources:

<sup>1</sup> Fidelity Investments Call Volume Reporting, 4/1/20 – 5/8/20.

<sup>2</sup> Fidelity Investments Website Reporting, 4/1/20 – 5/8/20.

<sup>3</sup> Fidelity Investments Phone Survey, 4/1/20 – 5/8/20.

<sup>4</sup> Attendance data for events held 4/17/20 – 5/4/20 via WebEx and LiveStream.

<sup>5</sup> Fidelity Investments NetBenefits Survey, 4/1/20 – 5/8/20. The experience may not be representative of the experiences of all investors and is not indicative of these investors' future performance or success.

# Much of the money out transactions during the month of April were CARES Act distributions and loans

## CARES Act Distribution Activity (4/1-5/8):

- **373,242** participants have taken a CARES Act distribution, representing **1.5%** of participants
- **\$5.6B** total distributions initiated
- **\$5,200** median distribution amount
- **\$12,900** average distribution amount
- **8,576** participants have requested the full \$100k

There was a shift away from general money out transactions in favor of CARES Act provisions in April 2020. **General money out transactions dropped 60% in April compared to March.**

## CARES Act Loan Initiations (4/24-5/8):

- **4,213** participants have taken a CARES Act loan
- **\$16,000** average loan amount
- **\$5,800** median loan amount

## CARES Act Loan Deferments (4/24 to 5/8)

- **58,656** participants opted to defer loan payments
- **\$14,200** average loan deferral per participant
- **1.9%** of loans were deferred

Source:

Active DC/TEM participants with a positive balance as of 1/1/2020. Excludes TEM Pooled, Non-Qualified, and FMR plans.

Loan/Withdrawal percentages represent the number of distributions issued between 1/1/2020 – 5/8/2020. Some transactions requested but not processed as of 5/8/2020 are excluded.

# The manufacturing and health care industries currently represent the highest utilization of CARES Act distributions

	% of Total CARES Act Distributions	Average Distribution Amount	Median Distribution Amount
Construction	2.02%	\$11,900	\$5,300
Energy	3.67%	\$20,700	\$10,000
Finance & Insurance	4.15%	\$10,900	\$4,300
Health Care	<b>16.61%</b>	\$10,700	\$4,600
Higher Education	0.75%	\$17,100	\$7,800
Information Technology	6.43%	\$10,700	\$4,100
Legal/Professional Services	4.45%	\$12,300	\$3,900
Manufacturing	<b>27.12%</b>	\$14,200	\$6,300
Public Sector	0.25%	\$22,500	\$11,900
Real Estate	2.16%	\$11,100	\$4,500
Retail Trade	6.24%	\$9,100	\$3,500
Transportation	8.33%	\$18,300	\$8,500
Wholesale Trade	6.55%	\$12,100	\$5,200
Other	11.27%	\$11,800	\$5,000

Source:

Active DC/TEM participants with a positive balance as of 1/1/2020. Excludes TEM Pooled, Non-Qualified, and FMR plans.

Loan/Withdrawal percentages represent the number of distributions issued between 1/1/2020 – 5/8/2020. Some transactions requested but not processed as of 5/8/2020 are excluded.

# Most participants are maintaining contribution rates and staying the course with their asset allocation

## Contribution Rate Changes (year to date)<sup>1</sup>

11% increased contributions,  
versus 9.9% in 2019

8.6% decreased contributions,  
versus 5.3% in 2019

2.7% stopped contributing,  
versus 2.0% in 2019

Since early April, there has been a **49% decrease** in the number of participants stopping or decreasing contributions when compared to late February/March 2020<sup>1</sup>.

## Exchange Activity (year to date)<sup>2</sup>

8.3% had exchange activity in their plan, versus 6.3% in 2019  
*(including passive exchanges for those enrolled in workplace managed accounts)*

5.1% made proactive exchanges in their plan

11.6% of those who made proactive exchanges moved to 0% equity

Sources:

<sup>1</sup>Active DC/TEM participants with a positive balance as of 12/31/2018 and 12/31/2019. Excludes TEM Pooled, Non-Qualified, and FMR plans. Participants decreasing deferral refers to participants that lowered their contributions but continued to contribute to the plan. Participants that reduced their contribution to zero are excluded. Those individuals are captured in the percentage that stopped contributing.

<sup>2</sup> Exchange activity between 1/1/2019 – 5/8/2019 and 1/1/2020 – 5/8/2020 for participants that maintained a positive balance for the window.



Fidelity is focused on fostering an environment where our associates are proud to work, and our customers are proud to do business



### Delivering on our longstanding commitment to the communities in which we live and work

- Our employees participated in #GivingTuesdayNow and **a dollar-for-dollar match will be provided for up to \$2 million** of charitable donations to COVID-19 relief organizations.
- We are partnering with Feeding America to support **200 food banks and 60,000 food pantries and meal programs**.
- *Fidelity Cares Week*, our annual volunteer week, is 100% virtual and a **dollar will be donated** for every registered volunteer to support students & teachers through DonorsChoose.org.
- We are offering “FinLit Fridays”, **where employees offer up financial literacy lessons** to families with children grades K-12.



### Helping employers integrate charitable giving into their current benefits program

- Workplace Giving Program allows employees **to donate to charitable causes through their benefits platform**.
- Fidelity’s Workplace Giving Program, launched last spring, is currently accessible to about **100,000 workers across the country and has processed more than \$1M in charitable giving**.
- Most workplace giving programs allow employees to **donate as little as \$25, which makes it easy for employees to participate**—and they can choose to donate to any of hundreds of charitable groups on the platform.

# Fidelity is committed to supporting our customers during this uncertain time.

For more information, please contact your Fidelity representative.



Investing involves risk, including the risk of loss.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

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