

# CARES Act and Market Volatility Insights



We're all navigating a lot of uncertainty with the current COVID-19 pandemic and available CARES Act provisions, and Principal® is working to provide the latest resources and answers to participant questions. We're seeing higher activity than normal on all channels – mobile app, web, and contact centers – but most participants have been staying the course.

## **CARES Act Provision Activity (as of April 13, 2020)**

- Approximately 15% of plan sponsors have responded to the CARES Act communication, with the vast majority of those plan sponsors adopting the 3 provisions – Adding the special COVID-19 withdrawal (CRD), RMD waiver for 2020, and along with increasing loan and withdrawal limits.

## **Call volume**

(Principal reporting month of March 2020 vs 2019)

- Our technology enhancements over the years have allowed us to move 100% of our contact center staff to work from home while managing increased call volume.
- The Participant Contact Center experienced 29% higher call volumes this March compared to this same time last year. Peak call volumes were experienced Monday, March 16, with nearly 14,000 calls and another 12,500 the following Monday.
- While call volume is higher, customer satisfaction scores are also high – 91% recorded a positive score of 8 - 10 for overall satisfaction.

## **Web and mobile activity**

(Principal reporting month of March 2020 vs February 2020)

- We saw mobile app and web activity up over 24% compared to the preceding month with a peak occurring on Thursday, March 12, with over 160,000 page visits. The top hits for pages visited remain Benefit Report Summary, Investment Performance and Investment detail.

## **Transaction activity**

(Principal reporting March 2020 vs March 2019)

- **Investments:**
  - Investment transfer activity is up over the previous 30 days and compared to the same time in 2019, most participants (98%) have stayed the course through the recent market volatility and haven't made any investment transfers. Nearly 3% of defined contribution assets have transferred, a rate approximately 2x higher than experienced the prior month.
  - Of those roughly 3% currently making transfers, they're typically moving into fixed income asset class with money coming from equities and balanced asset allocation.
- **Loans and Withdrawal Activity**
  - Implementation of CARES Act provisions is in the early stages. Few participants have access to the new provisions, but we anticipate these numbers changing over the next few weeks.

- The number of loans requested in March 2020, among participants with an account balance, was similar to that experienced in March 2019. There was an increase in the average amount of the loan taken, approximately 10% higher.
- Withdrawal activity remained rare, but was up slightly among those with an account balance, moving from less than 1 per 1000 (March 2019) to about 1 per 1,000 (March 2020). The average size of the withdrawal was similar.

- **Deferral Change Activity**

(Principal reporting March 2020 vs March 2019, includes individuals on the salary deferral reporting service, excludes automatic enrollment and increases)

- There's been an uptick in participants decreasing and stopping their deferral, compared to March '19.
- There's also been an uptick, to a lesser degree in participants increasing their deferral compared to March '19.

**Note:** Active participants only with service by Principal, does not include Wells Fargo Institutional Retirement & Trust.

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