

CAPTRUST consultant forum takeaway

The recent CAPTRUST Consultant Forum at Vanguard provided a unique opportunity for us to share important updates while hearing what's top of mind for you. Here's a look at the highlights from the day. Feel free to share with your colleagues.

The Transformation Journey

- Vanguard partnered with Infosys to improve agility and responsiveness to changing market preferences. The partnership has allowed us to deliver a better participant experience by:
 - Tripling our technology resources.
 - Amplifying our engineering capabilities.
 - Accessing cross-industry, leading technology.
 - Positioning us to build applications faster, better, and more effectively.
- Vanguard can set the direction and strategy based on market conditions and participant needs through data and research. Looking forward, we are focused on three key areas to continue improving the participant experience:
 - Delivering deep personalization.
 - Creating a seamless experience.
 - Driving financial well-being for participants.
- Attrition and delays have created challenges through the initial implementation, but we've also had some powerful outcomes:
 - 20x more caller-satisfaction survey responses leading to deeper participant data.
 - Streamlined transactions such as contribution changes and enrollment, improving completion to under a minute.
 - 50% increase in client satisfaction with My Plan Manager™.

SECURE 2.0 Act

- The SECURE 2.0 Act increases employees' ability to save for retirement while providing ways to help them save for an emergency. SECURE 2.0 contains several provisions to make plan administration easier for plan sponsors, many of which become effective for the calendar plan year beginning January 1, 2024, but some have already started.
- We have categorized provisions in the final SECURE 2.0 Act bill across three waves based on their urgency and the impact to retirement preparedness. This allows us to prioritize solutions for the act's requirements:
 - 1 Wave 1 priorities include mandatory provisions that require urgent action, even if additional guidance or clarification from government agencies is needed.
 - 2 Wave 2 priorities include elective provisions that align with our strategy and drive participant outcomes.
 - 3 Wave 3 priorities are provisions with effective dates after 2025 to be embedded with the transformation.
- You'll hear more from us later in June around technical developments and operational team preparedness as we make sure your clients have the support they need to successfully implement any payroll or HRIS changes.

Advice methodology

Advice from Vanguard is grounded in four enduring investment methodology principles:

- **Goals:** We begin by carefully defining an investor's goals and investment considerations for retirement as well as short-term financial goals.
- **Cost:** We keep the investor's portfolio costs low through low-cost products and tax-efficient portfolio management.
- **Balance:** We use asset allocation to achieve balance within an investor's portfolio, using broad diversification to reduce exposure to risk while providing the opportunity to benefit from the market's leaders.
- **Discipline:** We help the investor maintain focus on their goals and avoid the emotional biases of investing by using daily rebalancing checks to keep portfolios aligned to their goals, risk tolerances, and personalized glide paths.

IMPORTANT INFORMATION

For more information about any fund, visit institutional.vanguard.com to obtain a prospectus or, if available, a summary prospectus. Investment objectives, risks, charges, expenses, and other important information are contained in the prospectus; read and consider it carefully before investing.

All investing is subject to risk, including the possible loss of the money you invest. Past performance is no guarantee of future returns. Diversification does not ensure a profit or protect against a loss in a declining market. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income.

Advice services are provided by Vanguard Advisers, Inc., a registered investment advisor, or by Vanguard National Trust Company, a federally chartered, limited-purpose trust company.

Investments in target-date funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the work force. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in target date funds is not guaranteed at any time, including on or after the target date.

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How America Saves preview

- Participant outcomes remained strong as plan sponsors continued to implement automatic solutions and leverage human inertia to influence decision-making, even in the face of the challenging economic environment of 2022.¹
- While average account balances decreased by 20% in 2022, which was primarily driven by negative market performance, participant behaviors mostly remained positive. Nearly 7 in 10 plans automatically increased deferrals annually while CAPTRUST plans saw an 8 in 10 increase; 58% of plans have automatic enrollment compared to 77% of CAPTRUST plans.¹
- Target-date funds (TDFs) continue to reshape participant portfolio constructions. Ninety-six percent of plans are offering TDFs (compared to CAPTRUST 98%). Sixty-three percent of plans (CAPTRUST is at 68%) saw the percentage of contributions going into TDFs increase, up from 31% in 2012. The percentage of participants with a "pure" TDF lineup is at 59%, up from 27% in 2012 (64% for CAPTRUST).¹
- The proportion of participants in professionally managed allocations increased to 66%, and 79% of participants maintained a balanced strategy, up slightly from 78% in 2021. Against a challenging market environment with increased volatility, only 6% of nonadvised participants traded, the lowest point in 20 years.¹
- Employees face many competing financial priorities, and retirement savings is just one piece of the puzzle. Student loans, health care savings, credit card debt, and emergency savings goals, and more can be daunting. Plan sponsors can help support their employees by offering cost-efficient, high-quality advice and a platform that provides guidance on financial well-being—two valuable services that meet participants where they are on their financial journey and help provide personalized solutions for their goals.

¹ Vanguard, as of December 2022.