

A SNAPSHOT IN TIME:

Sponsor and participant reactions during the COVID crisis

Empower's commitment to clients

Plan sponsor perspectives

Participant behavior trends



COMMITMENT TO CLIENTS

Supporting our employees and our communities

98% OUR EMPLOYEES ARE WORKING FROM HOME
AND DELIVERING UNINTERRUPTED SERVICE

\$250,000 DONATION TO SUPPORT
LOCAL RELIEF EFFORTS



INCREASED OUR
DONATION MATCH **2:1**

Through our Associates Acting Together
(ACT) Program, we are matching
employee contributions **two to one**

Serving our customers during challenging times



Website volumes peaked
with an **increase of 25%**



Majority of calls answered
within **20 seconds**



Reliable access to
web and systems



New **research** initiatives
through Empower Institute

COMMITMENT TO CLIENTS

Helping our clients react to CARES Act provisions

INDUSTRY LEADERSHIP

Waived distribution and loan fees **for all plans**.
Demonstrated leadership to guide participants.

INSIGHTS AND EDUCATION

Held webinars with our legislative and operations subject matter experts for **7,200 advisors and sponsors**.

OPERATIONAL READINESS

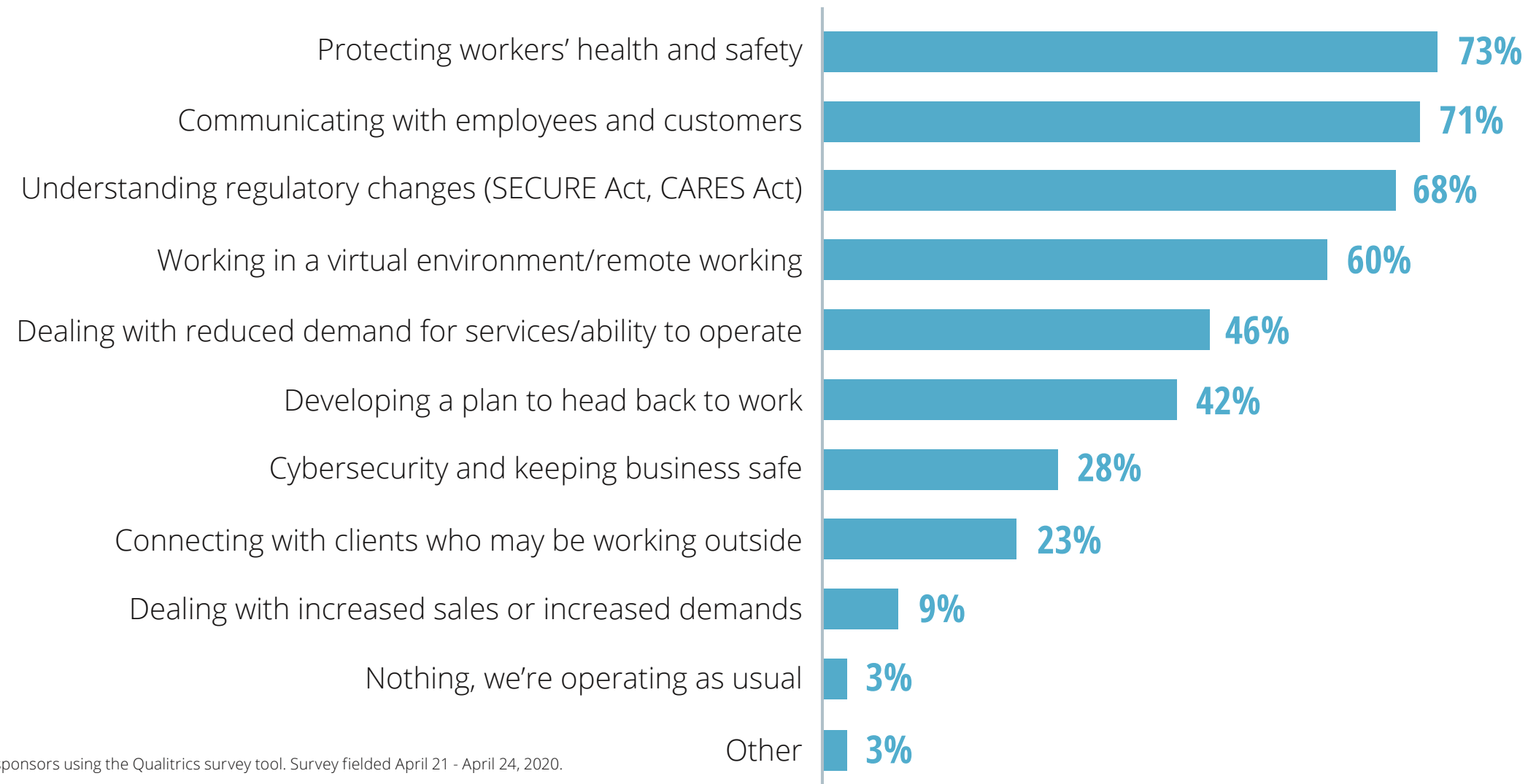
Rolled out CARES Act provisions to more than **34,000 plans**, including **5.4 million participants** within **1 week**.

SURVEY: PLAN SPONSOR PERSPECTIVES

Employers are focused on a new reality

Current priorities for plan sponsors

(among all plan sponsors)



Online survey sent to plan sponsors using the Qualtrics survey tool. Survey fielded April 21 - April 24, 2020.

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SURVEY: PLAN SPONSOR PERSPECTIVES

Many plan sponsors
adapting to CARES Act

59%

HAVE ALREADY OR PLAN TO IMPLEMENT
SOME OF THE CARES ACT PROVISIONS

22%

ARE STILL UNDECIDED

Few implementing
other changes

79%

ARE NOT PLANNING ON MAKING
ANY PLAN DESIGN CHANGES

11%

SUSPENDING MATCH

5%

DECREASING MATCH

SURVEY: PLAN SPONSOR PERSPECTIVES

Most participants have not reached out to their employer

Questions received from participants about their retirement plan

67%

Haven't had any questions

17%

How do I access my money?

16%

How should I invest for the downturn/rebound?

13%

How can I get advice about my retirement plan?

8%

Are you making any changes to the retirement plan?

3%

Other

What participants are most concerned about

Since the downturn, **23%** of participants called or logged in to see their balance

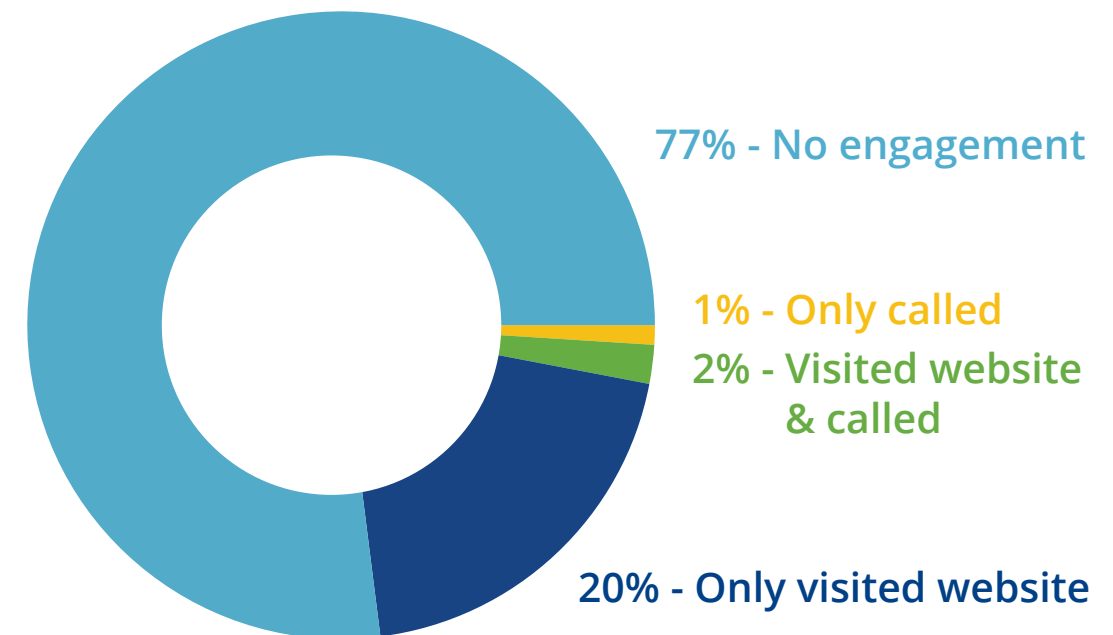


Our research indicates that most people don't want to look at their savings until the markets stabilize.

Majority of those who have checked only checked once.

Although some days saw high volumes, overall engagement was slightly below normal.

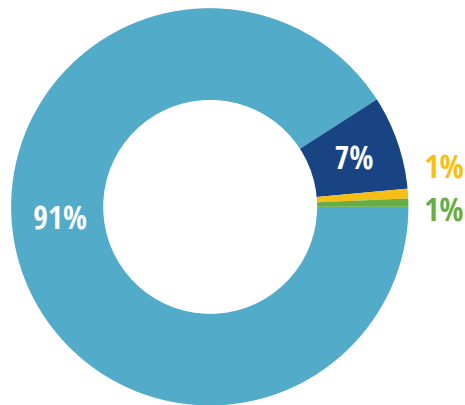
Engagement post 2/24/20



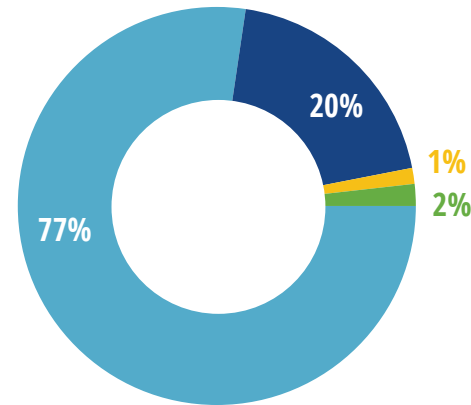
PARTICIPANT BEHAVIOR TRENDS: CALL CENTER AND WEB

Those with higher balances are more engaged

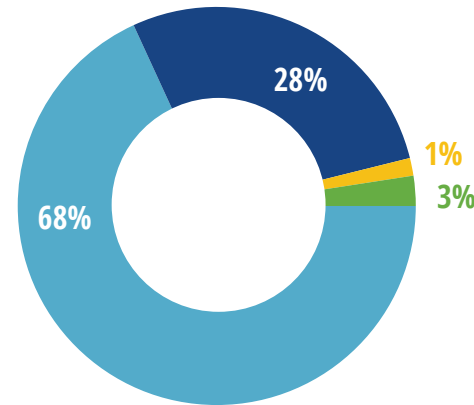
Engagement by
<\$5K



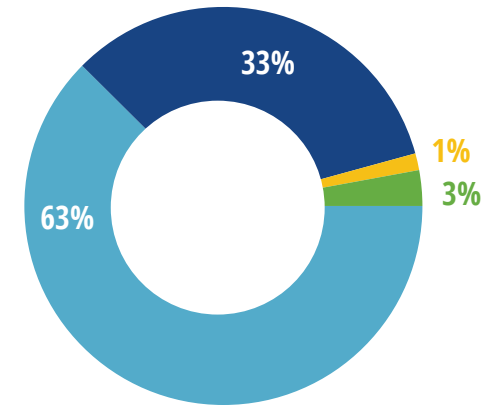
Engagement by
\$5K-\$50K



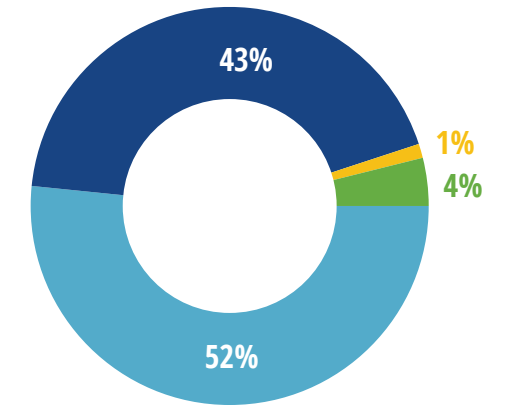
Engagement by
\$50K-\$100K



Engagement by
\$100K-\$250K



Engagement by
>\$250K



■ No engagement ■ Only visited web ■ Only called ■ Visited web & called

48% of participants with balances over **\$250,000** are engaged.

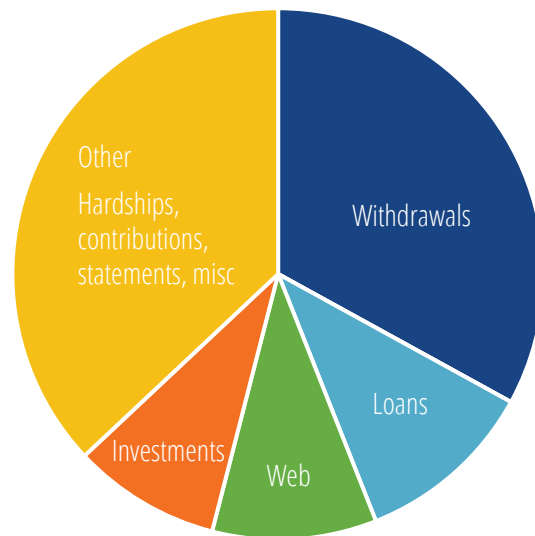
Engagement reduced greatly the last two weeks of March and did not return to normal levels until the CARES Act implementation in early April.

PARTICIPANT BEHAVIOR TRENDS: CALL CENTER AND WEB

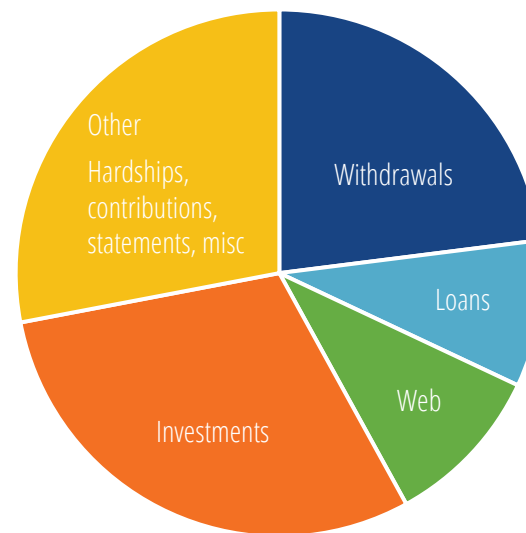
Call topics have evolved during the crisis

Types of calls evolved over the weeks. Investment-related calls spiked in early and mid-March with market volatility. CARES Act-related calls have become 21-23% of our daily call volume since early April.

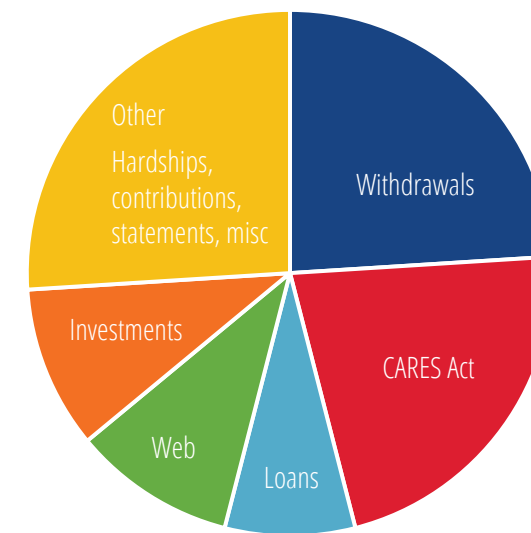
Mid-January



Mid-March



Mid-April



PARTICIPANT BEHAVIOR TRENDS: CONTRIBUTIONS

Participants are continuing to contribute to their retirement plan

3.5% OF PARTICIPANTS CHANGED CONTRIBUTION RATES

January is a time when we often see participants increasing contribution rates. However, fewer participants increased contributions during the downturn than in the few months prior.

CONTRIBUTION RATE ACTIVITY

PRE-MARKET DOWNTURN	DURING DOWNTURN
26% decrease	38% decrease
74% increase	62% increase

PARTICIPANT BEHAVIOR TRENDS: INVESTMENTS

Participants are staying the course with their investment strategy

Overall, 1.5% of participants actively reallocated investments, with most activity occurring in early March.

Participants with high balances were more likely to move assets.

Of the participants who reallocated investments:

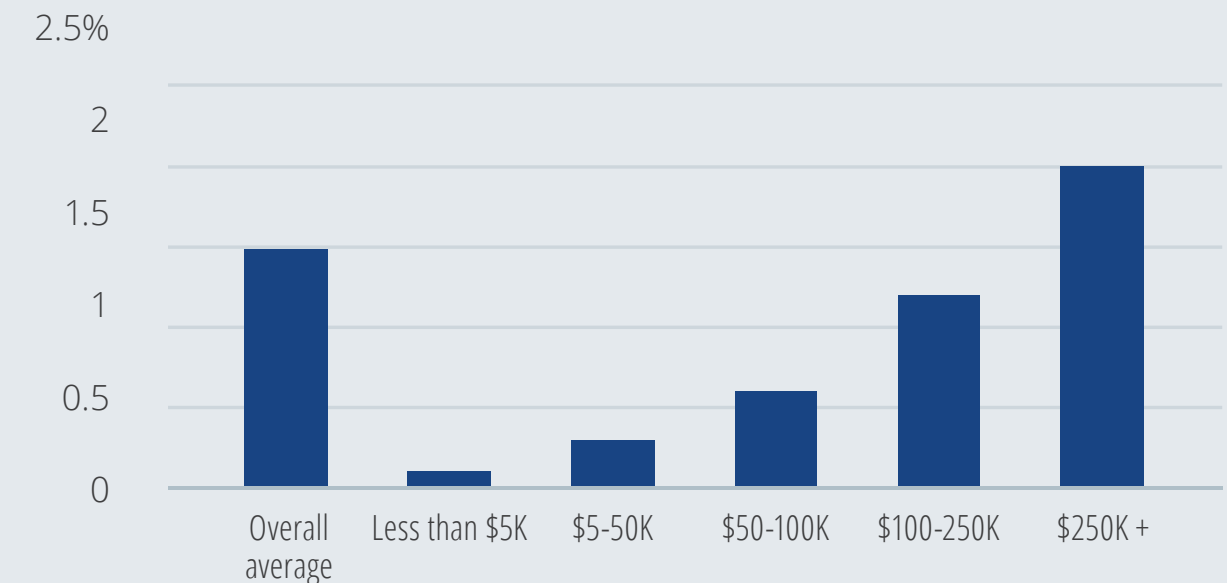
50% WENT FROM EQUITY TO FIXED INCOME

26% WENT FROM FIXED INCOME TO EQUITY

24% MOVED BETWEEN TARGET DATES AND EQUITIES/FIXED INCOME

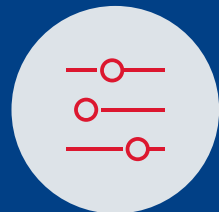
98.5% ARE STAYING THE COURSE

Percent of participants moving investments



PARTICIPANT BEHAVIOR TRENDS: FINANCIAL WELLNESS AND 1:1 ADVICE

FINANCIAL WELLNESS



22% increase in the use of our digital financial wellness tools, including the Next Step Evaluator



12% decrease from normal volume of participants reading content from our Learning Center



Of those who have used the Next Step Evaluator, **47%** reached out for one-on-on advice



ADVISORY SERVICES

99.5% of our Advisory Services participants have retained the service, with enrollments increasing over the last month

Increased Advisory Services activity

Call volume up **36%** vs. 25% for Do it myself

Call length up **14%**

One-on-one scheduled appointments up **109%**

0.3% of managed accounts reallocate investments vs **2.6%** of do-it-myself

PARTICIPANT BEHAVIOR TRENDS: CARES ACT PROVISIONS

Early transaction volume is low



Only **23,000** CARES Act withdrawals completed through April 24, a fraction (0.4%) of eligible participants
Average disbursement is **\$22K**, with only **5%** taking the max of **\$100K**

Participants are taking on average **46%** of their balance, with **28%** of participants taking **100%**

6,000 loan deferments to date. Loan volume, as expected, is very low, with **370 taken so far**.

Airlines, entertainment and manufacturing show highest initial activity

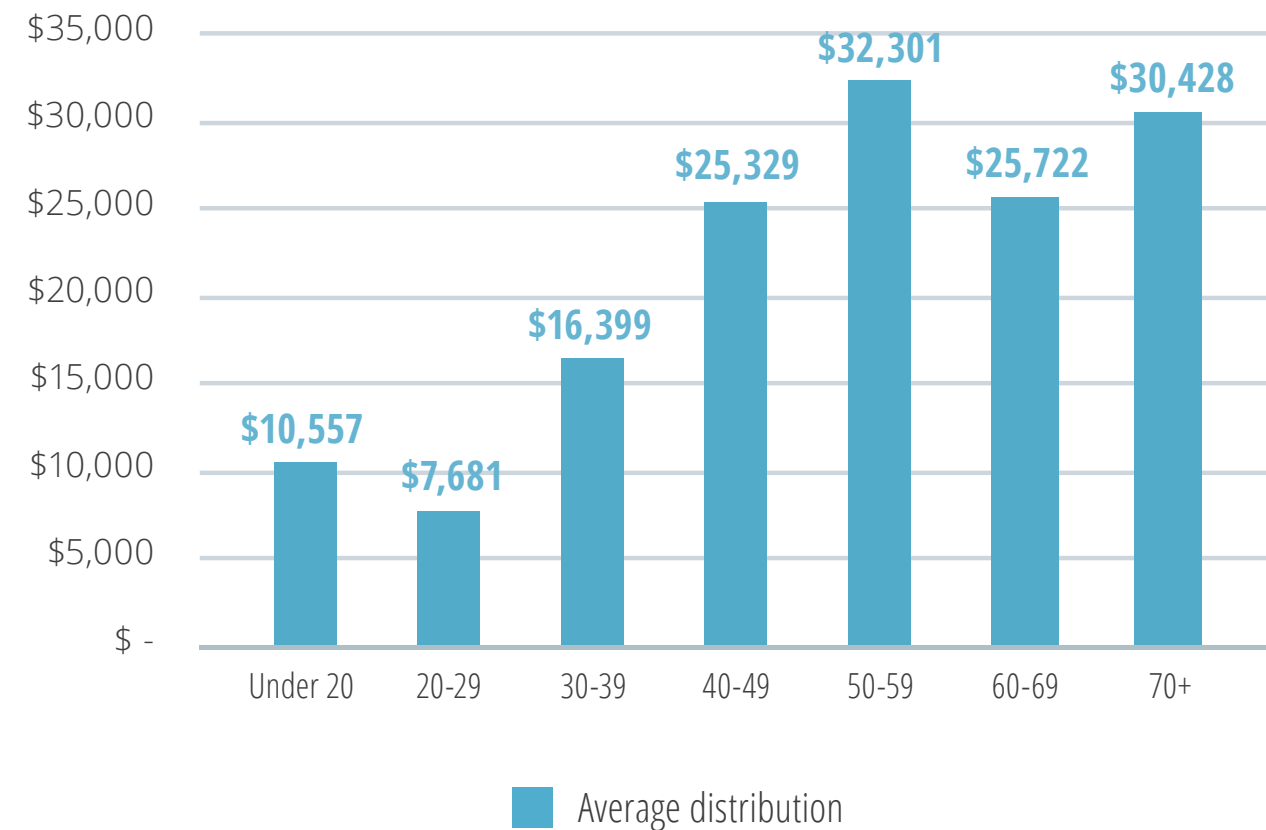
PARTICIPANT BEHAVIOR TRENDS: CARES ACT PROVISIONS

Average distributions higher for those closer to retirement

Highest volumes come from participants **ages 40-49**.

Highest average withdrawal amounts are from the pre-retiree population **ages 50-59**.

Distributions by age



Thank you



For additional information about sponsor and participant trends, visit empower-institute.org.



Contact your Empower service team for additional or plan-specific details.

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