
Guiding participants from intent to action

2016 Defined Contribution Plan Participant Survey Findings

Name, Title, Group

Agenda

- Overview & key findings
- The state of DC plan participants
- Effecting change
- The automatic 401(k): Participant views
- Guiding participants to secure retirement outcomes

Overview and key findings

A closer look at how plan participants are thinking and behaving

The 2016 study aims to better understand:

CONFIDENCE LEVELS

How confident are participants about being able to achieve a financially secure retirement?

SUPPORT FOR AUTOMATIC FEATURES AND STRATEGIES

What are participants' views of & experiences with automatic features, TDFs and re-enrollment?

TRENDS VS. 2012

What has changed since our 2012 survey was conducted?

Our survey methodology



Conducted by Mathew Greenwald & Associates, Inc. on behalf of J.P. Morgan

- Online survey took place January 12 to 25, 2016



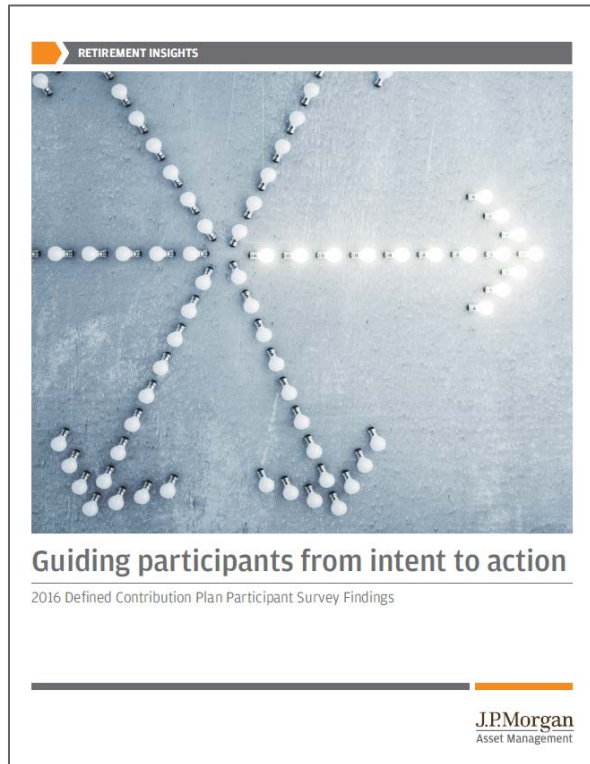
1,001 survey respondents

- At least 18 years old
- Employed full-time at a for-profit organization with at least 50 employees
- Actively contributing to a 401(k) plan in the last 12 months



Survey results weighted by age, gender and education to reflect overall makeup of general population of 401(k) plan participants

Key findings



The research reveals three defining issues with implications for the direction of DC plan evolution:

- 1** A knowledge gap remains—many participants are still not confident in their approach to saving and investing
- 2** There appears to be a very human disconnect between participant intent and action
- 3** A potential misperception about participant support for the “automatic 401(k)” may be holding plan sponsors back from strengthening their plans

The state of DC plan participants

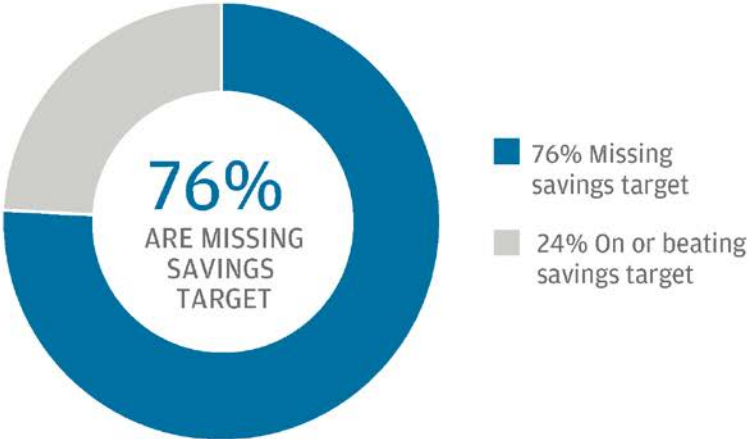
Attitudes, behaviors and confidence levels around saving and investing

Participants are aware that they are not saving enough for retirement

Percentage of participants on target vs. their stated 10% savings goal

75% of participants think they should be saving **10%** or more to be on track toward a secure retirement

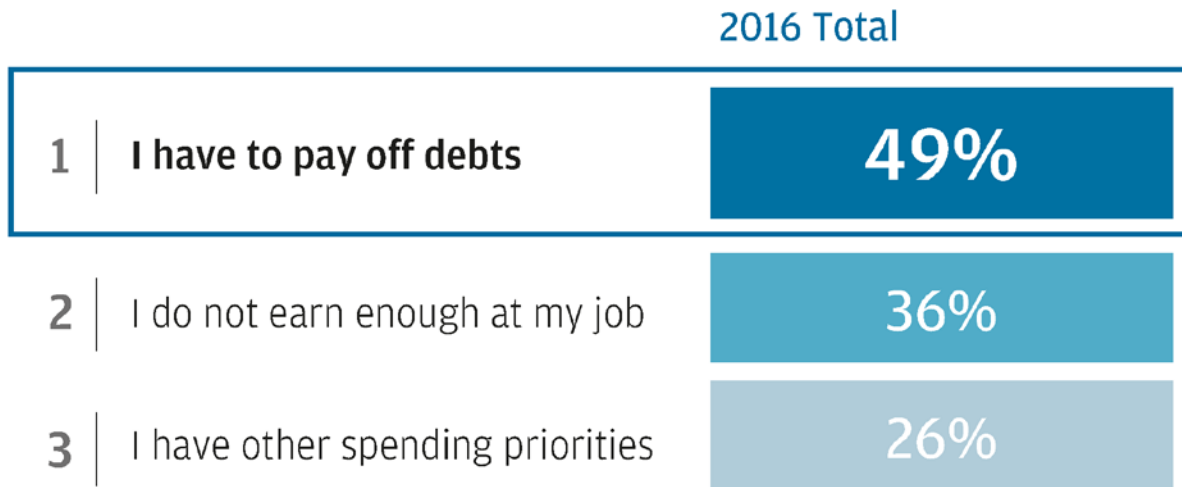
of those...



Note: Of those that responded to % of salary, before taxes, contributed to retirement plan in 2015 and say they should be contributing 10% or more to be on track in 2016 n=754.
Source: J.P. Morgan Plan Participant Research 2016.

Still, saving for retirement often takes a backseat...

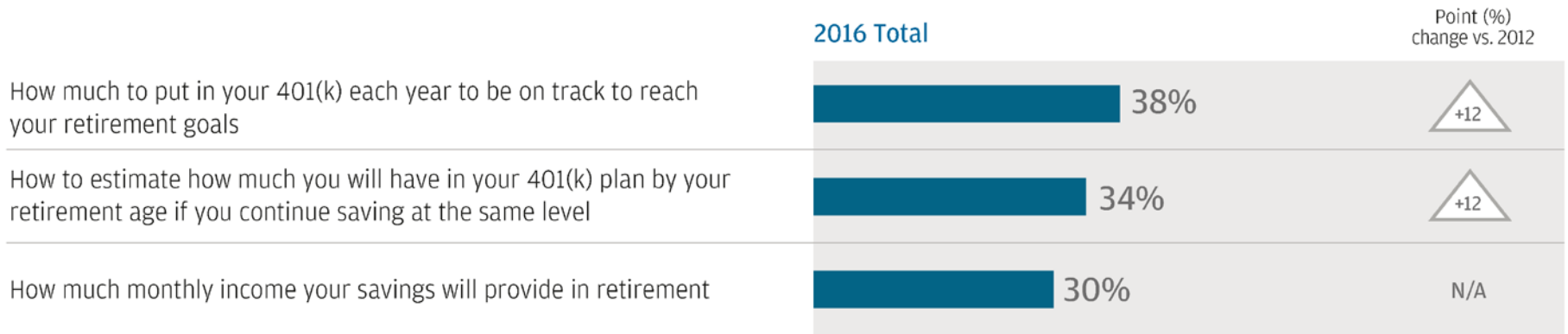
Which, if any, of the following are major reasons you are not saving more money for retirement now through your 401(k)? (Top three response choices)



Note: Of those not contributing the maximum amount n=857.
Source: J.P. Morgan Plan Participant Research 2016.

...and few have a clear understanding of how to set a retirement savings goal

How confident are you in your knowledge of each of the following aspects of 401(k) retirement planning?
(% responding “very” or “extremely” confident)



PLAN SPONSOR VIEWPOINT

53% of plan sponsors say that they evaluate the success of their 401(k) plan by the number of participants who are on track to reach a financially secure retirement¹

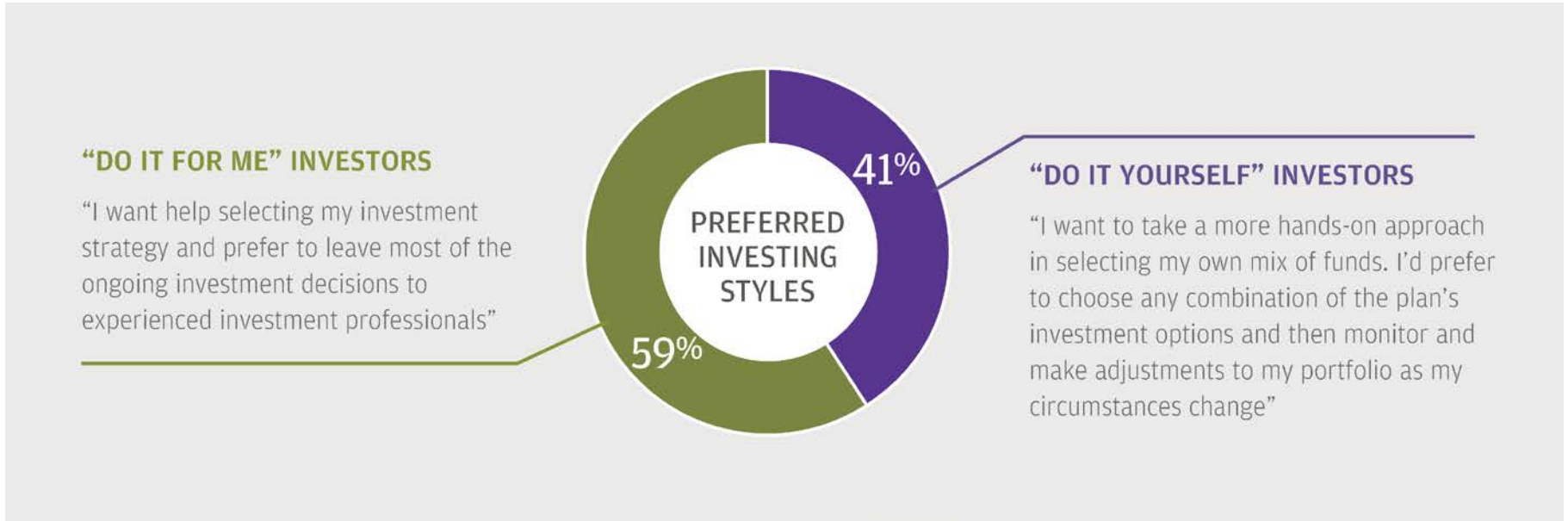
¹J.P. Morgan Plan Sponsor Research 2015.

Note: 2012 Total n=1,009; 2016 Total n=1,001.

Source: J.P. Morgan Plan Participant Research 2012, 2016.

Although there are differences in participants' preferred investing styles...

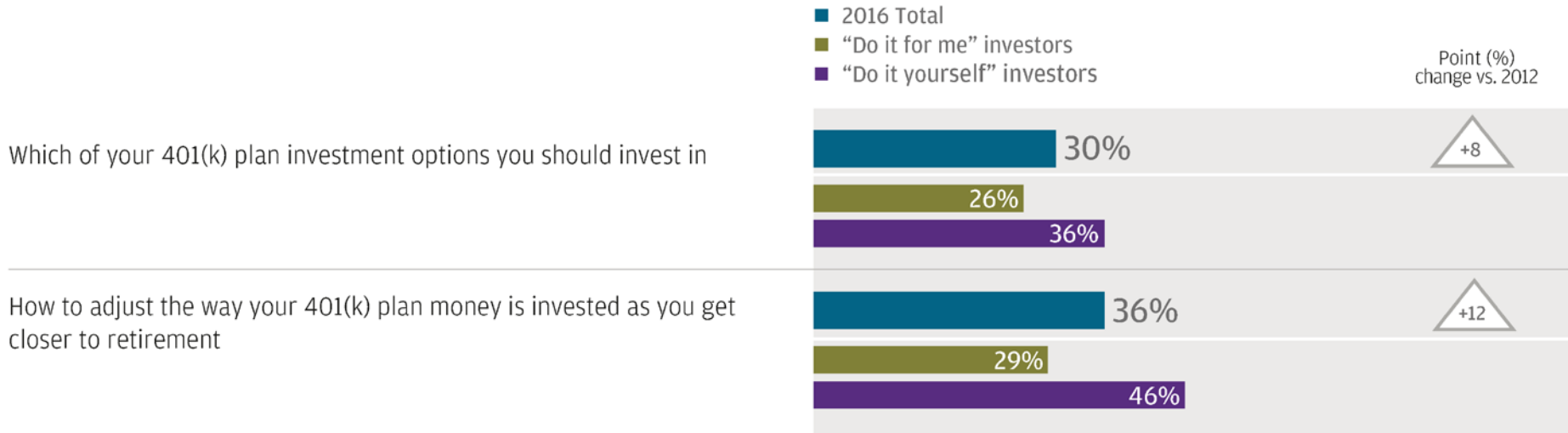
Which of the following most closely aligns with the way in which you prefer to make investment decisions in your 401(k) plan?



Note: 2016 Total n=1,001.
Source: J.P. Morgan Plan Participant Research 2016.

...few, overall, are confident in their ability to make investment decisions

How confident are you in your knowledge of each of the following aspects of 401(k) investing?
 (% responding “very” or “extremely” confident)



PLAN SPONSOR VIEWPOINT

Less than 1/2 of plan sponsors are confident that their participants have an appropriate asset allocation¹

¹J.P. Morgan Plan Sponsor Research 2015.

Note: 2012 Total n=1,009; 2016 Total n=1,001, “Do it for me” investors n=554, “Do it yourself” investors n=447.

Source: J.P. Morgan Plan Participant Research 2012, 2016.

Effecting change

A framework for strengthening DC plans

Effecting change will require a strong emphasis on...

1

Improving savings
behavior

2

Simplifying investment
decisions

3

Allowing inertia to work for,
not against, participants

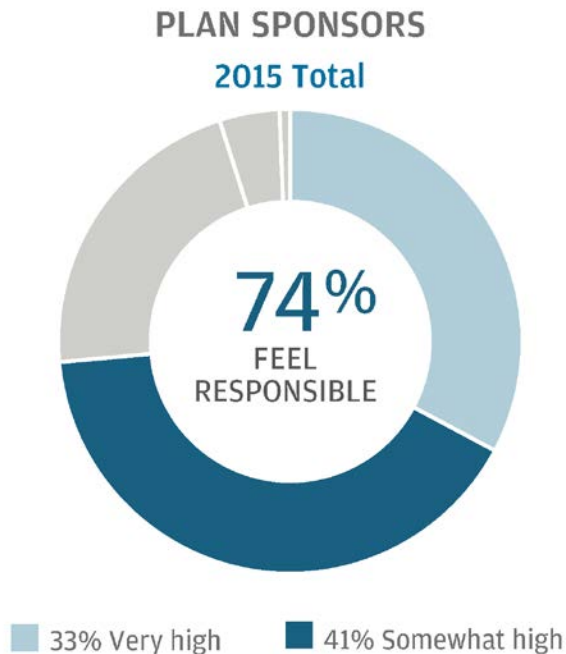
The Pension Protection Act of 2006 gave plan sponsors the tools needed to design plans that focus on achieving these three objectives

The automatic 401(k): Participant views

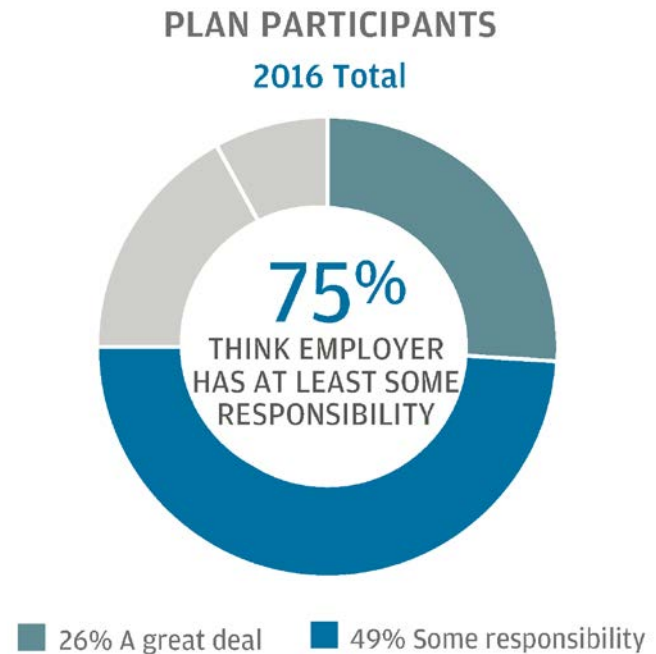
What form of support do participants want or expect from their employers?

Plan sponsors and participants agree on plan sponsor responsibility

As an employer, which of the following best describes the level of responsibility you feel for the overall financial wellness of your employees?



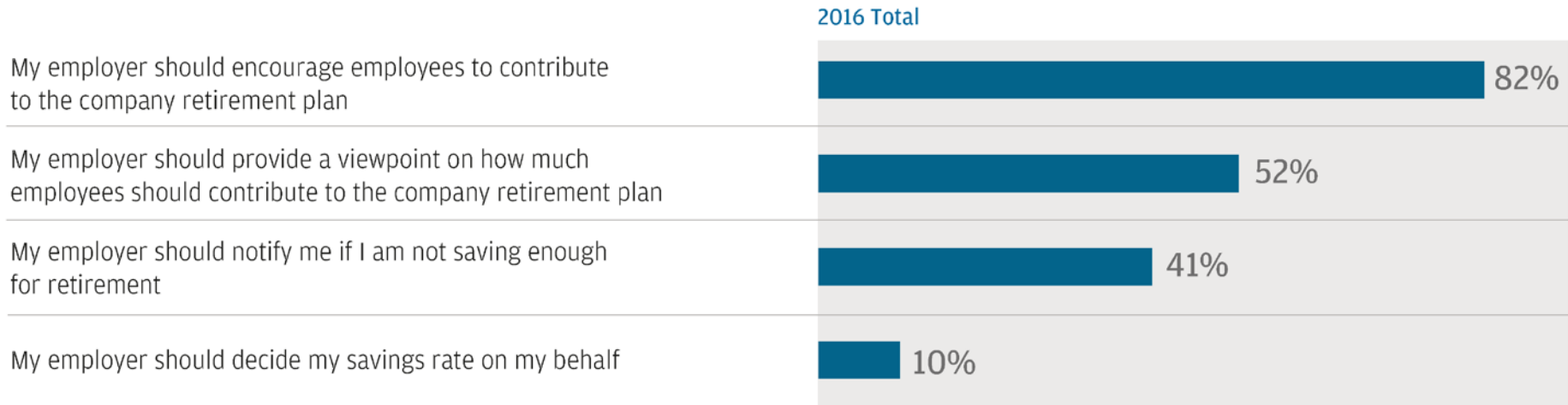
How much responsibility do you believe your employer should have for helping employees save for retirement?



Note: 2015 Plan Sponsor Total n=756; 2016 Plan Participant Total n=1,001.
Source: J.P. Morgan Plan Sponsor Research 2015; J.P. Morgan Plan Participant Research 2016.

When it comes to saving, participants want encouragement...

To what extent do you agree or disagree with the following statements? (% responding “somewhat agree” or “strongly agree”)



Note: 2016 Total n=1,001.

Source: J.P. Morgan Plan Participant Research 2016.

...and support the use of automatic features in their plans

Percentage of participants in favor of or at least neutral toward the plan feature

	Total	“Do it for me” investors	“Do it yourself” investors
Automatic enrollment	75%	73%	78%
Automatic contribution escalation ^a	74%	77%	70%
Combination of automatic enrollment and automatic contribution escalation ^b	67%	69%	66%



96% of those automatically enrolled in their 401(k) plans are satisfied



97% of those whose contributions are/were automatically increased on an annual basis are satisfied

^a Annual increases of 2% of salary up to 10%.

^b Starting contributions at 6% with automatic increases of 2% every year until contributions reach about 10% of pay.

Note: 2016 Total n=1,001, “Do it for me” investors n=554, “Do it yourself” investors n=447. Of those automatically enrolled in their 401(k) plan n=226. Of those whose contributions are/were automatically increased on an annual basis n=82.

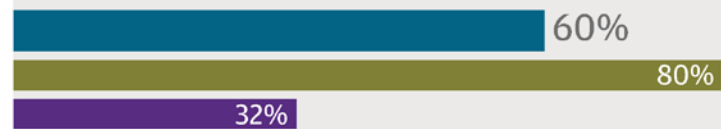
Source: J.P. Morgan Plan Participant Research 2016.

When it comes to investing, many want the help of an expert...

To what extent do you agree or disagree with the following statements? (% responding “somewhat agree” or “strongly agree”)

- 2016 Total
- “Do it for me” investors
- “Do it yourself” investors

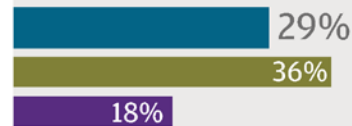
Investing is not my area of expertise; I’d rather let an expert manage my account



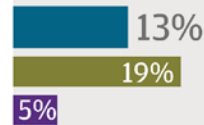
If I could push an “easy button” for retirement where I could completely hand over my retirement planning and investing to a financial professional, and not have to think about it at all, I would



My employer has an obligation to help me pick the right investments in my retirement plan



My employer should decide my investment choices on my behalf



Note: 2016 Total n=1,001, “Do it for me” investors n=554, “Do it yourself” investors n=447.
Source: J.P. Morgan Plan Participant Research 2016.

...most are receptive to target date funds...

Attitudes toward and usage of target date funds

	Total	"Do it for me" investors	"Do it yourself" investors
Appeal of target date funds (% stating "somewhat" or "very" appealing)	90%	94%	84%
Importance of target date funds in plan (% stating "somewhat" or "very" important)	75%	82%	65%
Invested in target date funds (If available in plan) ^a	62%	73%	47%



47% of "do it yourself" investors still choose to invest in target date funds

^a Of those invested in TDFs if available in plan n=550, "Do it for me" investors n=276, "Do it yourself" investors n=274.

Note: 2016 Total n=1,001, "Do it for me" investors n=554, "Do it yourself" investors n=447.

Source: J.P. Morgan Plan Participant Research 2016.

...and many are supportive of their employers conducting a re-enrollment

Percentage of participants in favor of or at least neutral toward re-enrollment

	Total	“Do it for me” investors	“Do it yourself” investors
Re-enrollment	82%	89%	72%



99% of those who have gone through a re-enrollment and allowed funds to be moved to a TDF are satisfied

A look into our survey:

How did we ask participants about their attitudes toward re-enrollment?

"Some employers believe that all employees who invest in their company's 401(k) plan should review and re-affirm their investment selections periodically to ensure they are still appropriate. In these cases, employers would notify employees that their account balances would be moved to an appropriate mix of investments based on their age (i.e. a Target Date Fund) unless they took action by opting out and selecting a different investment option. Do you favor or oppose an employer doing this?"

PLAN SPONSOR VIEWPOINT

14% of plan sponsors that have considered but did not conduct a re-enrollment felt as though they would get too much pushback from employees¹

¹J.P. Morgan Plan Sponsor Research 2015.

Note: 2016 Total n=1,001, “Do it for me” investors n=554, “Do it yourself” investors n=447.

Of those who went through a re-enrollment and allowed funds to be moved to a target date fund n=96.

Source: J.P. Morgan Plan Participant Research 2016.

Guiding participants to secure retirement outcomes

Implementing the elements of the automatic 401(k)

What plan sponsors can do

Participants support the automatic 401(k)

1

Improve savings
behavior

**ADOPT
AUTOMATIC FEATURES**

2

Simplify
investment decisions

**SELECT
AN APPROPRIATE QDIA,
SUCH AS A TDF**

3

Allow inertia to work for, not
against, participants

**CONDUCT
A RE-ENROLLMENT**

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