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Is Your DC Plan Successful? How Do You Know?

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Challenges to Measuring Participants' Success

- DC plan evolution
- Employee turnover
- Social Security
- Other retirement plans
 - DC
 - DB

What Makes Participants Successful?



Saving phase

- Healthy contributions
- Good investment results



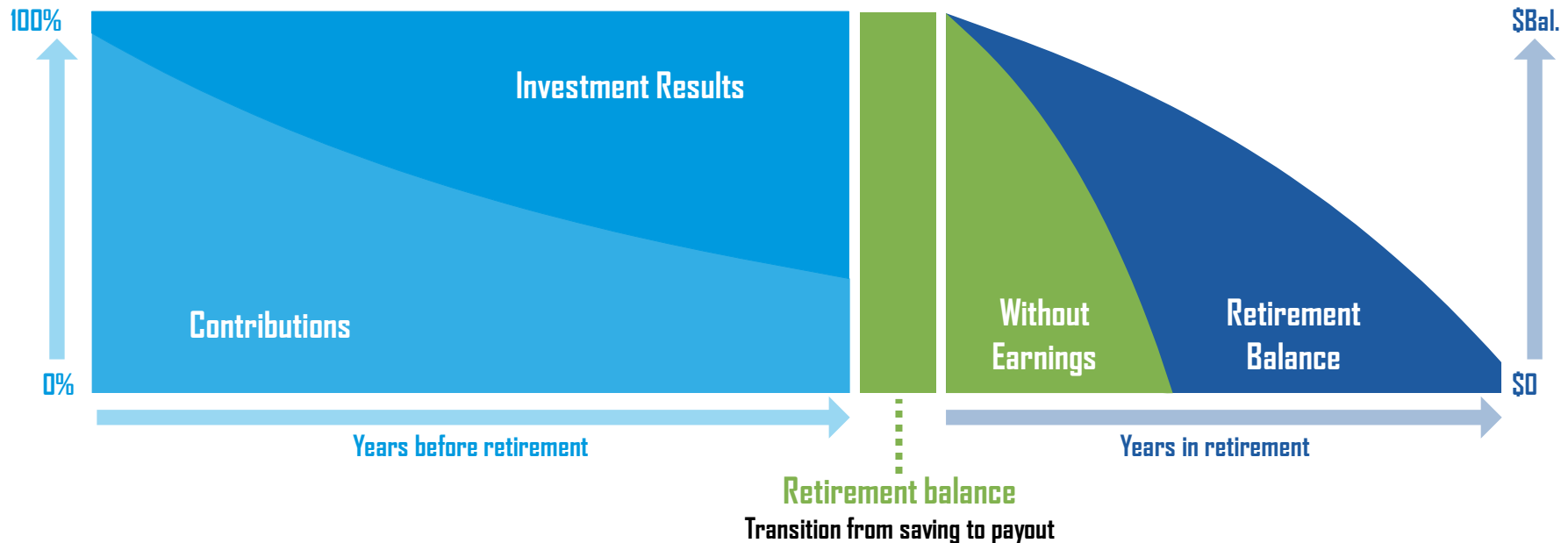
Spending phase

- Reasonable payout
- Good investment results

What Participant Success Looks Like

Saving phase

- Healthy contributions
- Good investment results



What Makes a DC Plan Successful?

▶ Set goals



Participation rate



Savings rates



Investment results

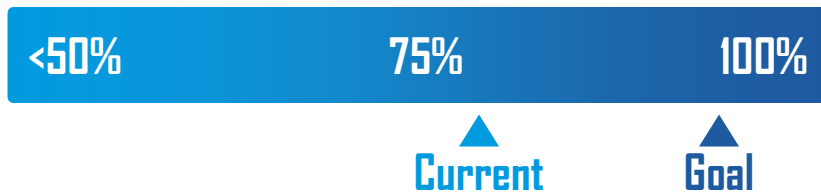
▶ Influence what you can

▶ Measure the impact

Participation Rate



Set your goal



Influence what you can

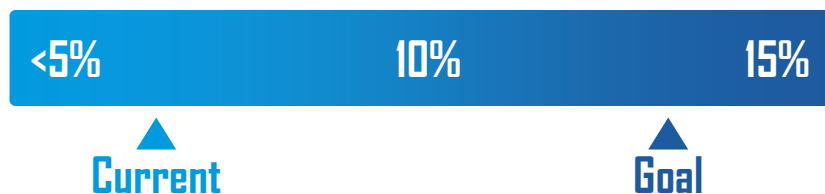
Auto-enrollment

- New hires
- Current employees
- Make it annual

Savings Rates



Set your goal

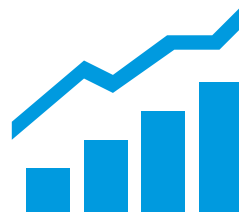


- Rule of thumb: 12%-15%
- Aim for continual progress

Influence what you can

- Default rates
- Auto-escalation
- Match formula

Participant Investment Results



Set your goal

<TDF

=TDF

▲
Current

▲
Goal

- Benchmark results to your QDIA

Influence what you can

- QDIA
- Investment re-enrollment
- Simplified menus
- Objective-based investment names

Take Action

▶ Measure



Participation rate



Savings rates



Investment results

▶ Direct your efforts to meet plan goals

▶ Measure again

Case Study: XYZ Corp.

Plan characteristics

- Assets: \$850 million
- Participants: 6,500
- Investment options: 12
- DB plan? Yes, closed in 2008

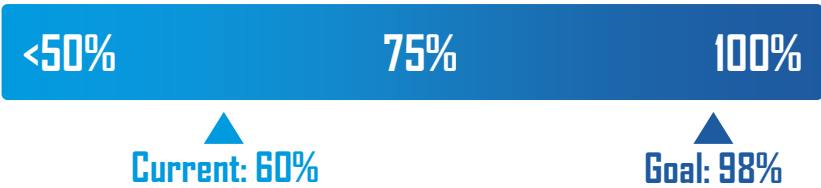
Company Objective

Serve as a true retirement plan

- Provide a means for all participants to save enough
- Use behavioral finance to promote successful outcomes
- Let retirees take income while benefiting from plan features

Success Metrics

Participation rate



Average savings rate



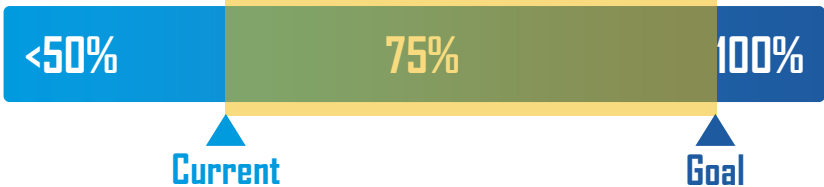
Average trailing one-year return



Opportunities



Participation rate



Savings rate



Investment results



Targeted Strategies



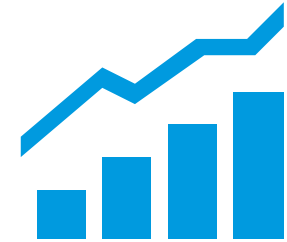
Participation

- Auto-enroll
 - New
 - Existing



Savings

- 8% default rate
- Match change
- Auto-escalate 3% per year



Investment results

- Investment re-enrollment
- Re-evaluate QDIA

Looking Ahead

The next metric: Participation in retirement



▲
Current
600 participants

▲
Goal
More participants in plan **five years**
after they retire

Looking Ahead

DC plans must work for people in retirement

- Encourage retirees to stay in plan
- Eliminate administrative obstacles
 - Withdrawal fees
 - Enable scheduled payments
- Add Tier IV for retirement income options

Summary

▶ Make your DC plan successful



Participation rate



Savings rates



Investment results



Retirees staying in the plan

▶ Influence what you can!

Important Information

Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from a financial professional and should be read carefully before investing.

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