MFS RESEARCH

# 2024 MFS® DC Plan Sponsor Survey

# Building Better Outcomes

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# Introduction

This is the second year that MFS Investment Management® (MFS®) has explored employer views on a wide variety of retirement issues through a robust survey, which this year featured 166 plan sponsors, representing over $125 billion in plan assets and over 1.1 million participants.[1] This study gathered sponsor perspectives on retirement confidence and retirement income, as well as thoughts on overall investment menu and plan design.

The survey complements the MFS' 2024 Global Retirement Survey, "The Road to Better Outcomes," which surveyed more than 4,000 plan participants and retirees in four countries. In this report, we compare our plan sponsor findings with data from that survey to highlight synergies and disparities between employer actions and employee expectations.

We believe that looking through this dual lens spanning participant and employer views has given us the perspective we need to help practitioners navigate the landscape and proactively address evolving retirement challenges in 2025 and beyond.

New for this year, we have developed a plan sponsor confidence grade called the **MFS Workplace Retirement Readiness Indicator (WRRI)**. The grade is based on a subset of survey questions focused on sponsors' views on their participants' ability to confidently retire and reach desired participant outcomes.

**The average grade for the 2024 Indicator is a C+, indicating relatively low plan sponsor confidence in their participants' retirement readiness.**

However, we found a wide range of grades depending on plan size and on the types of benefits offered. This report identifies several ways in which sponsors can improve their overall confidence grade, such as through changes to plan design, reviewing their investment lineup, and providing participants with access to advice.

[1] Responses to plan size and number of participants were provided as ranges. Calculations used the conservative low end of each range to arrive at an asset size and participants. Numbers are likely higher.

# Key Themes

Our surveys revealed three overarching themes:

**1) Is Lack of Retirement Confidence and Distracted Focus Hindering Retirement Outcomes?**

We asked plan sponsors about their overall confidence levels and concerns when it comes to their participants' retirement. We queried their areas of focus for the next 12 months and what's keeping them up at night. We also probed on competing financial priorities, litigation fears and their thoughts on who should be responsible for certain actions when it comes to their DC plans. We asked many of the same questions in our global participant survey, and it is interesting to see where sponsors and participants are and are not aligned.

Only 18% of plan sponsors were very or extremely confident that their participants would be able to retire at the age they want to. This is lower than last year's result and it is more pessimistic than the participant view, with 36% of participants very or extremely confident they will be able to retire at the age they want to.

We see some distinctions by plan size and type. For example, 35% of sponsors that also have a defined benefit (DB) plan are very/extremely confident versus just 6% of DC only sponsors. When it comes to plan size, only 5% and 7% of small and medium-sized plans, respectively, are very or extremely confident versus 24% of large plans.

We also asked sponsors how concerned they are about their participants' probability of achieving an adequate and secure income in retirement. 75% said they are somewhat or very concerned; we see that number jump to 84% for those with only DC plans but fall to 65% for those who also offer a DB plan.

When it comes to areas of focus over the next 12 months, 82% of sponsors are focused on reviewing SECURE 2.0 and adopting appropriate provisions. 57% will be evaluating the investment lineup holistically, and 43% are focusing on operational issues.

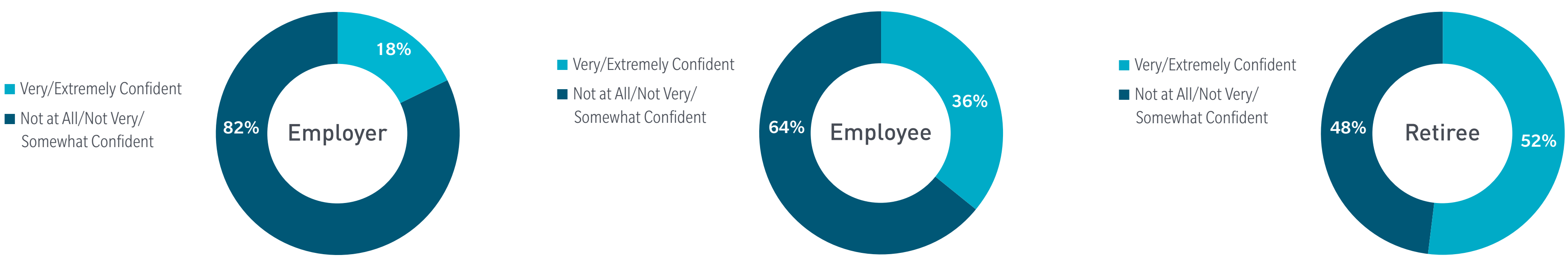
The top three issues keeping plan sponsors up at night are the changing regulatory and legislative landscape (71%), litigation risk (49%) and overall plan administration burdens (40%). Are these areas of focus and concern hindering plan sponsors in their ability to drive better outcomes for participants?

**Exhibit 1: Confidence in Retirement Readiness**

HOW CONFIDENT ARE YOU THAT YOUR PLAN PARTICIPANTS WILL BE ABLE TO RETIRE AT THE AGE THEY WANT TO?

HOW CONFIDENT ARE YOU THAT YOU WILL BE ABLE TO RETIRE AT THE AGE YOU WANT TO?

HOW CONFIDENT ARE YOU THAT YOUR EXISTING ASSETS WILL PROVIDE ENOUGH CASH FLOW TO LAST THROUGH RETIREMENT?



## 2) Retirement Income. What's the Solution?

The survey also seeks to better understand how sponsors are thinking about retirement income, including their philosophy around retirement income solutions, how they define retirement income solutions and what products or solutions they are considering adding to the menu.

Our survey shows that 39% of sponsors encourage their participants to stay in plan, while 58% are neutral on that point.

Of those sponsors who want to keep participants in plan, 54% believe providing access to trusted solutions is the right thing to do, while 43% want to maintain low investment and administrative fees. For those sponsors who are neutral, 43% feel participants are equally supported by accessible, trusted solutions inside and outside the plan.

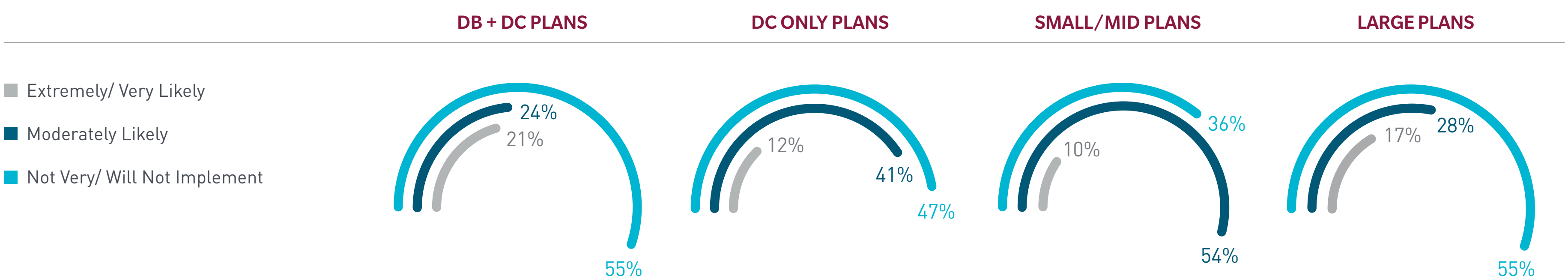
Structurally, over two thirds of plans offer advisory services to employees – either by giving participants access to an advisor or through an in-plan managed account offering. This aligns with our participant survey, which indicated 72% of participants say they would use an advisor if given access.

We asked sponsors if they have evaluated any in-plan retirement income solutions, and how likely they are to implement a solution in the next 12 to 18 months. Not surprisingly, many sponsors are evaluating in-plan retirement income solutions with 48% having their investment consultant educate them on the retirement income landscape, 36% are having conversations with asset managers about potential solutions and 35% are having conversations with their target date fund provider about retirement income solutions.

However, this evaluation process does not necessarily translate directly into action. Most sponsors told us they are not likely to implement a retirement income solution in the next 12 to 18 months, with only 9% extremely likely, and 6% very likely to do so. For the rest, 34% are moderately likely to implement, 17% specifically say they will not implement and 34% are not very likely to implement. The top three reasons given for not implementing are (1) they are happy with their current plan design, (2) there is no participant demand and (3) they are waiting for support from recordkeepers.

Somewhat surprisingly, sponsors with both DB and DC plans (21%) are more likely than DC-only plans (12%) to implement a retirement income solution in the next 12 to 18 months. Large plans (17%) are more willing than small plans (10%) to implement a retirement income solution.

**Exhibit 2: Likelihood of Implementing Retirement Income Solution 12–18 Months**



### 3) Investment Menu and Plan Design Changes

The survey focused on three key aspects of the investment menu and plan design: (1) QDIAs, (2) capital preservation options and, (3) changes to the investment menu and investment structure.

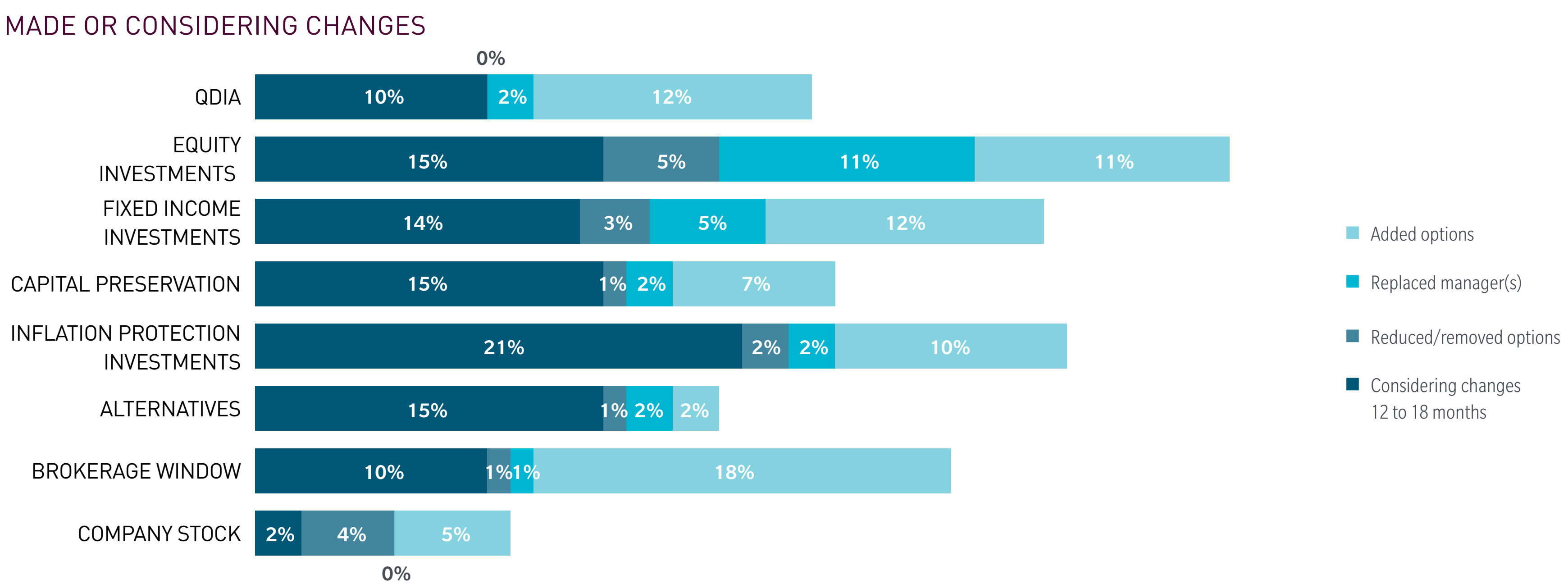
87% of sponsors tell us their QDIA option is a target date fund, with 7% indicating that a managed account is their QDIA. Target date funds offered included a variety of vehicle types, management styles and glide paths that glide to (41%) or through (59%) retirement.

When asked about characteristics of target date funds that are most important to employees 56% indicated ease of use: being able to "set it and forget it". Further down the list, only 14% indicated long-term investment performance, and only 11% noted price as a key characteristic. In our global retirement survey of participants, 28% noted long-term performance as their top answer, and only 19% said ease of use, highlighting a potential disconnect between employers and employees.

We asked sponsors about capital preservation options and found 53% use stable value, 28% use both money market and stable value and 17% use money market. For stable value users, 81% tell us that stable value is used as a broad capital preservation option that can be used in both the accumulation and decumulation stages. This is a potential indication that stable value may have an important role in the retirement income conversation.

We find that few sponsors (10%) are contemplating changes to the QDIA offering as compared to other asset categories in the core menu. The most activity is in the equity category, with 11% adding options, 11% replacing managers and 5% reducing or removing options – plus an additional 15% considering future changes. 15% indicated they are considering alternative investments in the near-term. It will be interesting to see if this rises over time, with the new Trump administration indicating a more accommodative stance towards alternatives in retirement plans.

**Exhibit 3: Changes to the Investment Lineup**



# Call to Action

## / MFS WORKPLACE RETIREMENT READINESS INDICATOR /

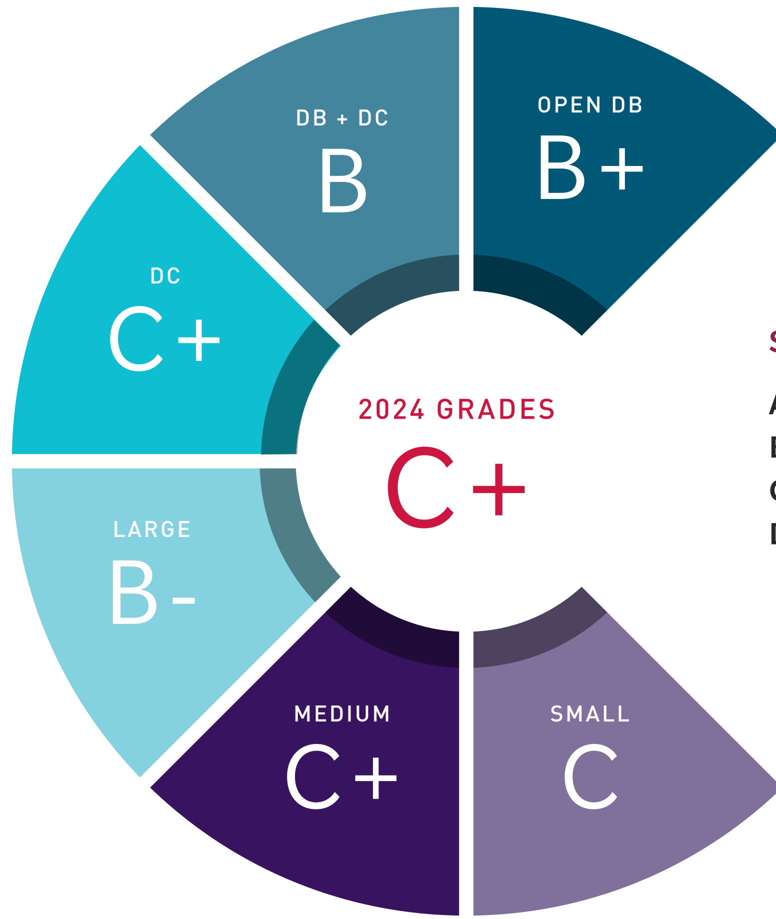
New for this year, we have developed a plan sponsor confidence grade called the **MFS Workplace Retirement Readiness Indicator**. The grade is based on a subset of survey questions focused on sponsors' views on their participants' ability to confidently retire and reach desired participant outcomes.

**The average grade for the 2024 Indicator is a C+, indicating relatively low plan sponsor confidence in their participants' retirement readiness.**

## WE FOUND A WIDE RANGE OF GRADES

depending on plan size and on the types of benefits offered. This report identifies several ways in which sponsors can improve their overall confidence grade, such as through changes to plan design, reviewing their investment lineup, and providing participants with access to advice.

MFS WRRI METRIC COMPARISON




**Scoring:**

**A** >30
**B** 20–30
**C** 10–20
**D** <10

See appendix for more details on the MFS WRRI scoring methodology.

## / CALL TO ACTION: USING THE MFS WORKPLACE RETIREMENT READINESS INDICATOR TO IMPROVE DC PLAN CONFIDENCE AND PARTICIPANT OUTCOMES. /

### PLAN DESIGN OPPORTUNITIES

**Plan Design:** Increasing participation and deferral rates can help build confidence: What steps can you take (*e.g.* auto-features, engagement tactics, encouraging specific deferral rates or policies) to encourage participants to stay with the plan?

**Responsibility:** Sponsors who see themselves as responsible for key plan functions tend to have higher levels of confidence. Consider whether your organization may want to take more ownership of responsibilities such as setting goals for participants and helping them stay on track with their retirement goals.

**Addressing Competing Financial Priorities:** Helping employees address competing financial priorities (such as through SECURE 2.0 optional provisions) can help improve overall confidence.

### INVESTMENT OPPORTUNITIES

**Review Your Investment Lineup:** Plan Sponsors that regularly review their investment lineup tend to have higher confidence scores. If an investment review is not on your 2025 agenda, perhaps it should be.

### ACCESS TO ADVICE

**Role of Advice and Access to Advice:** Participant expectations and demand for personalization continues to grow. Employers can facilitate the connection to advice, potentially improving plan engagement. Sponsors who make access available broadly (versus simply making managed accounts available) tend to be more confident. Consider whether providing access to an advisor makes sense for your workforce.

# Detailed Study Findings

## / GAPS IN RETIREMENT CONFIDENCE /

For the second year in a row, the survey highlights sponsors' lack of confidence in their participants' ability to retire at the age they wish. Only 18% of plan sponsors were very or extremely confident that their participants would be able to retire at the age they want to. This is down from 23% last year and more pessimistic than the participant view, with 36% of participants very or extremely confident they will be able to retire at the age they want to.

We see some distinctions by plan size and type. For example, 35% of sponsors that have a defined benefit (DB) plan are very/extremely confident versus just 6% of DC only sponsors. Looking at plan size, only 5% and 7% of small and medium-sized plans, respectively, are very or extremely confident versus 24% of large plans.

We also found that 75% of sponsors said they are somewhat or very concerned about their participants' probability of achieving an adequate and secure income in retirement. We see a higher degree of concern (84%) for those with only DC plans and slightly lower concern (65%) for those who also offer a DB plan.

**Exhibit 4: Confidence in Retirement Readiness**

HOW CONFIDENT ARE YOU THAT YOUR PLAN PARTICIPANTS WILL BE ABLE TO RETIRE AT THE AGE YOU WANT TO?

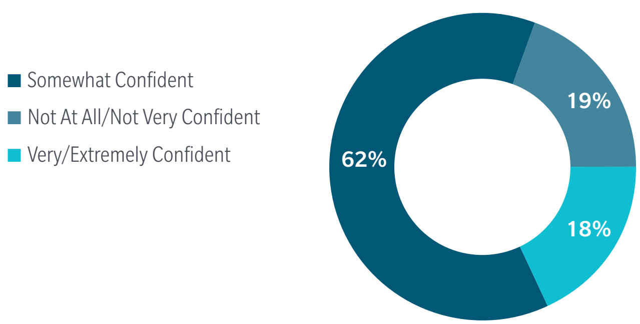
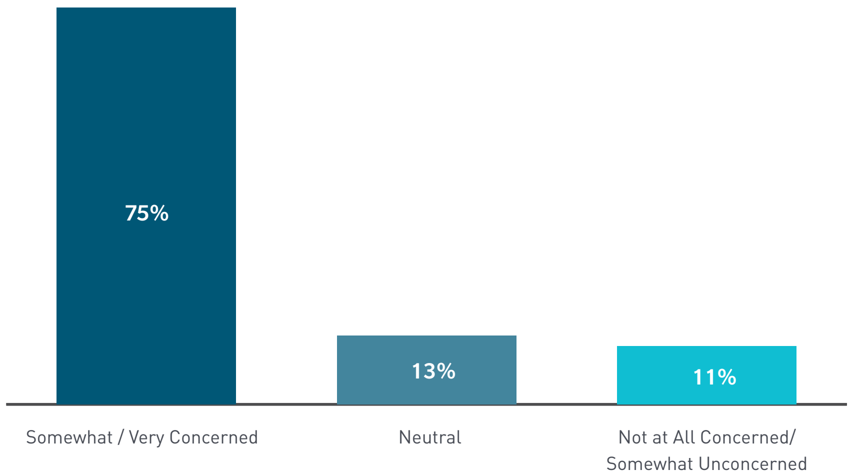



**Exhibit 5: Concerns of Achieving an Adequate and Secure Retirement**

AS AN EMPLOYER, HOW CONCERNED ARE YOU ABOUT YOUR PARTICIPANTS' PROBABILITY OF ACHIEVING AN ADEQUATE AND SECURE INCOME IN RETIREMENT?

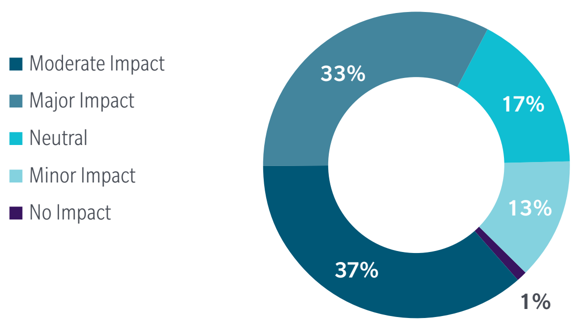


Digging deeper, the survey highlighted the impact competing financial priorities have on retirement readiness, with 70% of plan sponsors acknowledging that financial challenges such as emergency savings, student loan payments and saving for education have a major to moderate impact on their participants' ability to save for retirement. This concern is even more pronounced among DC only plan sponsors (83%) compared to sponsors who offer both DB and DC benefits (53%).

These concerns were also reflected by employees, where 83% reported that various financial obligations get in the way of their ability to save for retirement.

**Exhibit 6: Impact of Competing Financial Priorities for Participants**

IMPACT OF COMPETING FINANCIAL PRIORITIES ON PARTICIPANTS' ABILITY TO SAVE FOR RETIREMENT




70% | **BELIEVE COMPETING PRIORITIES HAVE A MODERATE TO MAJOR IMPACT ON PARTICIPANTS' ABILITY TO SAVE FOR RETIREMENT.**

We think these statistics around confidence, concerns and competing priorities highlight several key issues. First, sponsors are less confident than their participants when it comes to retirement confidence. Plan size and the type of benefits offered make a difference; with large employers and those offering DB benefits displaying higher degrees of confidence. Similarly, sponsors recognize the impact of competing financial priorities with large employers and those offering DB benefits appear to fare better than their counterparts in these areas.

## / RESPONSIBILITY /

Both sponsors and participants feel a sense of responsibility when it comes to setting and achieving retirement goals. In our Global Retirement Survey:

**65%** of participants said they were responsible for paying the fees and expenses of the plan,

**77%** felt it was their responsibility to make sure they are invested appropriately to meet their needs and goals,

**87%** said it was their responsibility to set goals for the amount they would need to save for retirement and,

**73%** said they should make the appropriate changes to their investments based on changing market conditions.

A relatively low percent of participants feel that plan sponsors should primarily own these responsibilities, with the highest percentage (32%) saying sponsors should be paying the fees and expenses of the plan.

When plan sponsors are asked the same questions, they also see participants are responsible for these functions, but not to the same degree, with

**44%** feel they are responsible for paying the fees and expenses of the plan,

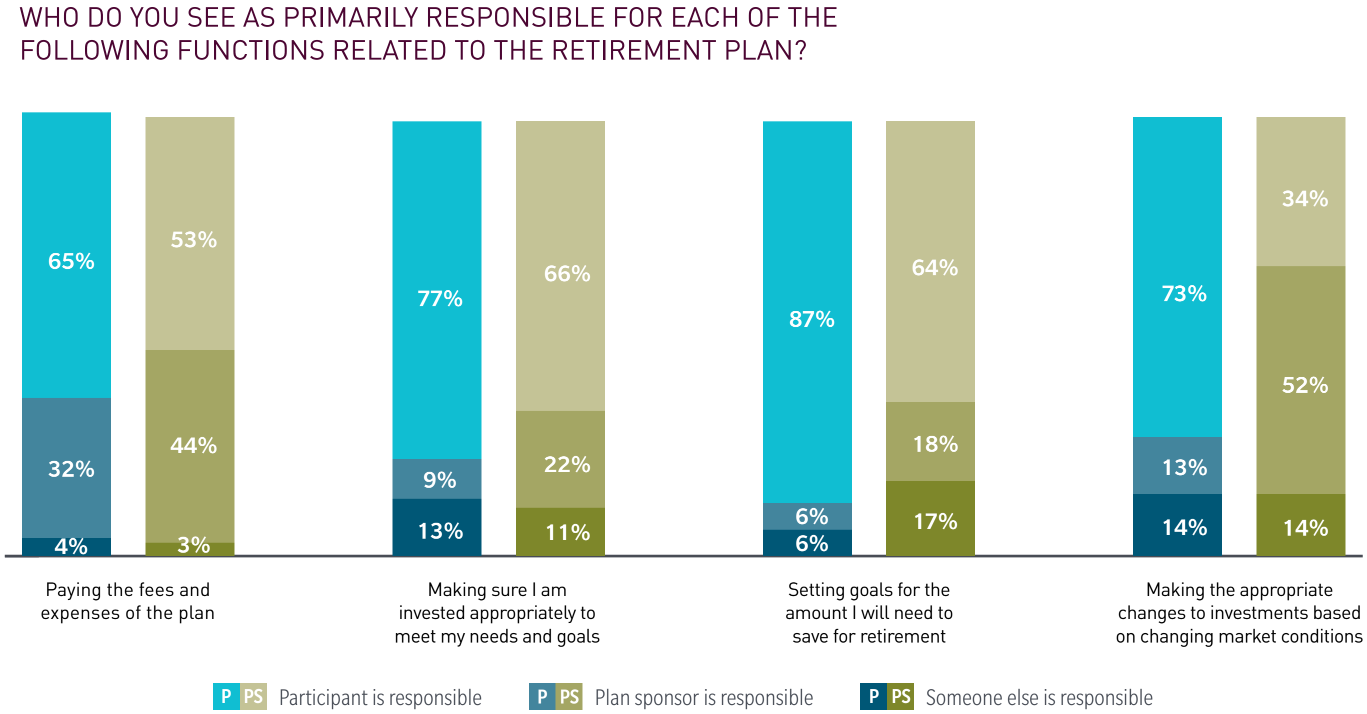
**22%** feel they should be making sure participants are invested appropriately to meet their needs and goals,

**18%** believe they should be setting goals for the amount participants will need to save for retirement, and,

Perhaps most pronounced,

**52%** believe they bear the responsibility of making the appropriate changes to investments based on changing market conditions.

**Exhibit 7: Who is Responsible?**



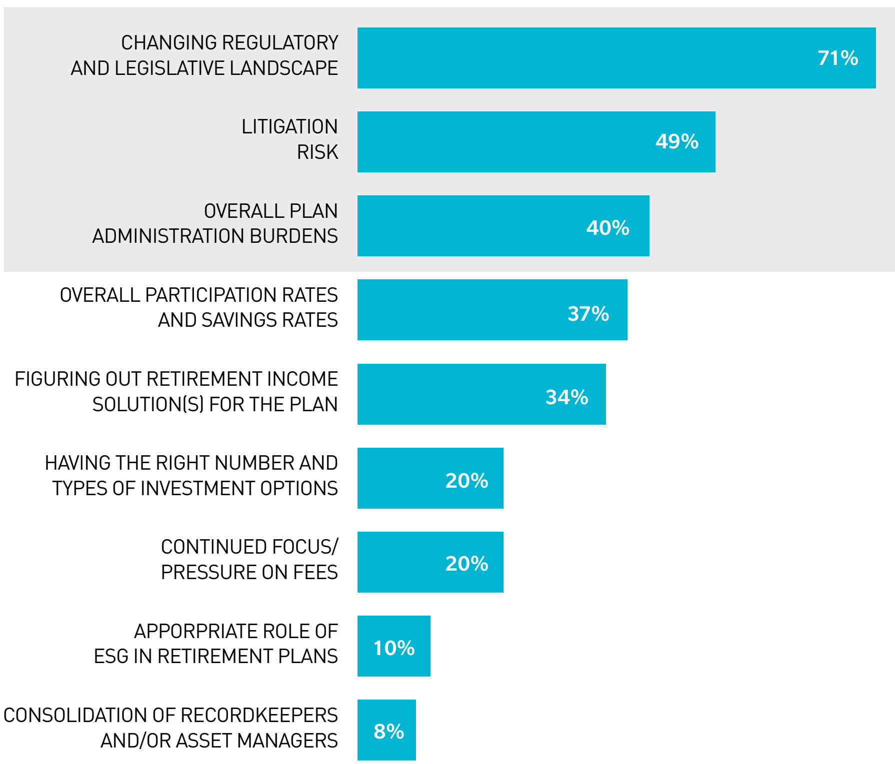

The good news is that both plan sponsors and participants feel a sense of responsibility in helping participants achieve better retirement outcomes. One criticism of the shift from DB to DC in the US has been on the burden it places on individuals to figure everything out. This data perhaps dispels some of that fear and highlights sponsors' willingness to lend a hand.

## / AREAS OF FOCUS AND MIDNIGHT DILEMMAS /

The survey asked respondents what keeps them up at night, and topping the list was the changing regulatory and legislative landscape, which increased from 55% in 2023 to 71% in 2024, followed by litigation risk.

However, the worries differ depending on plan size, as show below. While plans of all sizes are primarily worried about the changed regulatory landscape, small plans are concerned about participation rates, while large plans place more of an emphasis on litigation risk and retirement income solutions.

### Exhibit 8: What Keeps Plan Sponsors Up at Night




### Exhibit 9: Top Concerns of Plan Sponsors by Plan Size

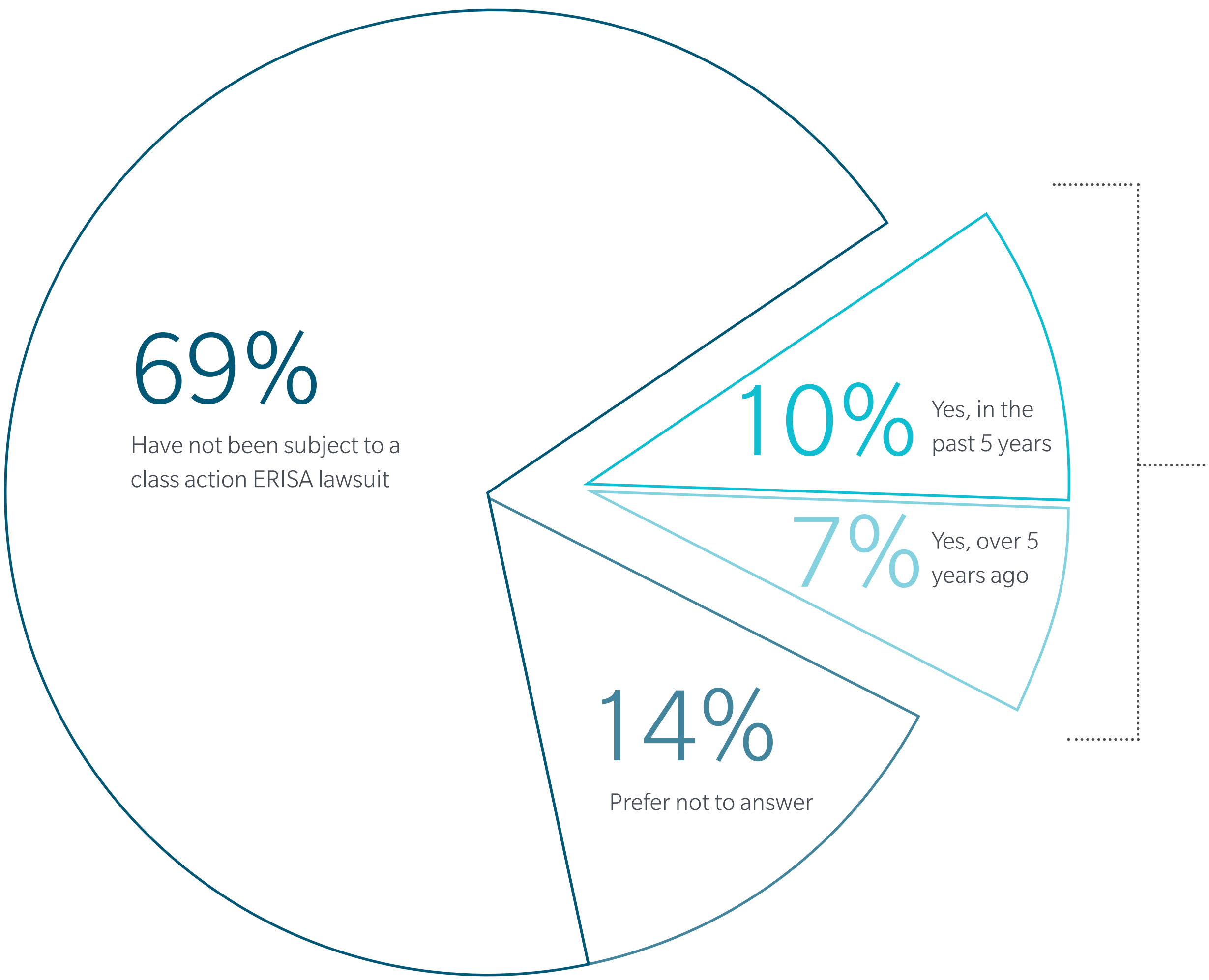
**Top three areas of concern by plan size**

| | SMALL | MEDIUM | LARGE |
|---|---|---|---|
| Top concern | Changing regulatory landscape 70% | Changing regulatory landscape 69% | Changing regulatory landscape 72% |
| Second concern | Participation rates 55% | Administrative burdens 52% | Litigation risk 55% |
| Third concern | Administrative burdens 55% | Litigation risk 52% | Retirement income solutions 38% |

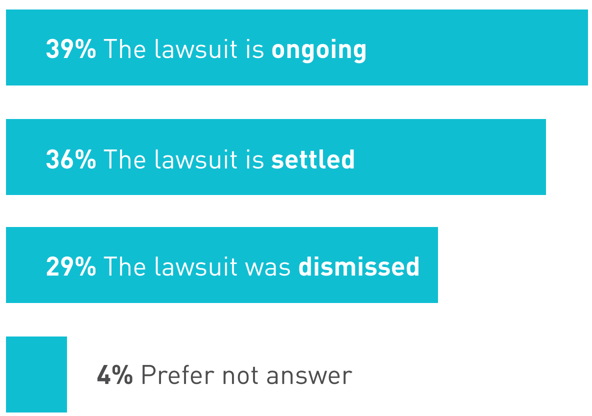
While litigation risk is keeping many sponsors up at night, less than one in five plans report having experienced one.

**Exhibit 10: ERISA Lawsuit Prevalence**

HAVE YOU EVER BEEN SUBJECT TO A CLASS ACTION ERISA LAWSUIT?



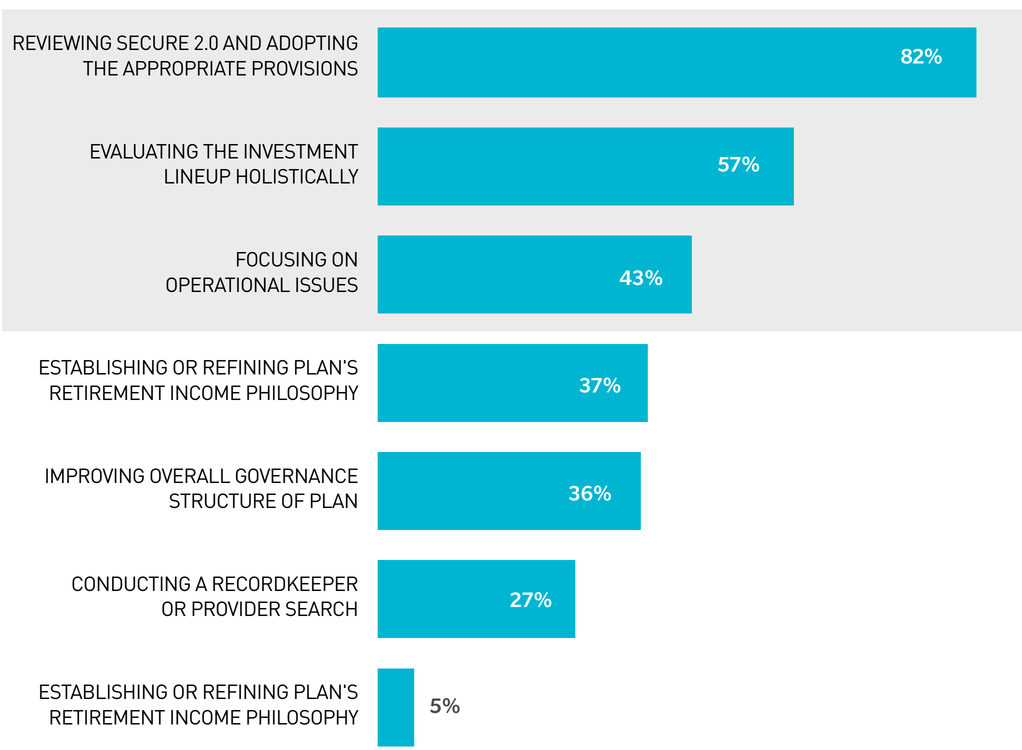

HOW DID THE LAWSUIT PROGRESS?



For the second year in a row, plan sponsors' top priority over the year is reviewing SECURE 2.0 and adopting relevant provisions. Like last year, sponsors are focused on evaluating the investment lineup and the day-to-day operations of running the DC plan. The emphasis on ESG-related issues continues to decline for plan sponsors, in part due to the heightened political sensitivity around the issue.

**Exhibit 11: Plan Sponsor Areas of Focus**

## TOP 3 AREAS OF FOCUS OVER NEXT 12 MONTHS




The differing priorities across employer sizes indicate that distinct strategies to address these challenges may be needed, but the common top line concern and area of focus on SECURE 2.0 showcases a collective, industry-wide response to evolving regulations.

## / RETIREMENT INCOME /

The survey also seeks to better understand how sponsors are thinking about retirement income including:

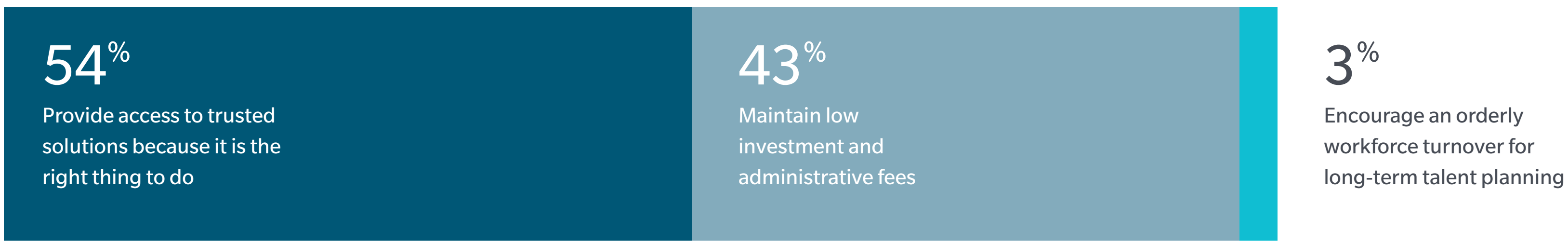
- their philosophy around retirement income solutions,
- how they define retirement income solutions, and
- what products or solutions they are considering adding to the menu.

**39%** | **OF SPONSORS ACTIVELY ENCOURAGE PARTICIPANTS TO STAY IN PLAN POST-RETIREMENT.**

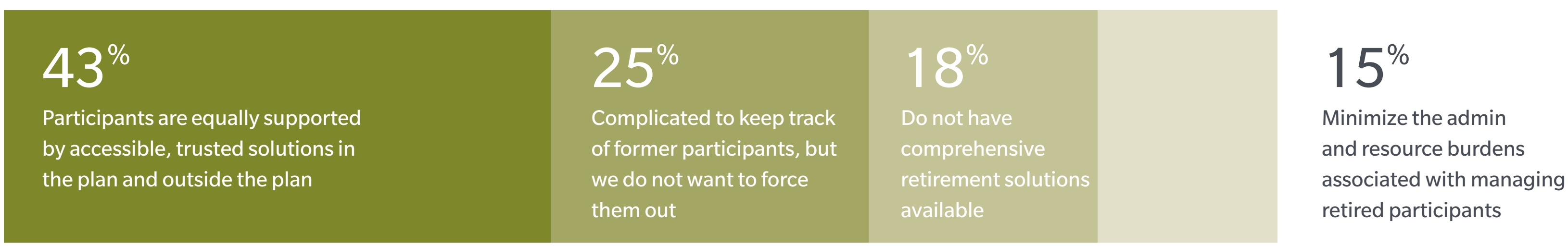
**58%** | **ARE NEUTRAL ABOUT PARTICIPANTS STAYING IN PLAN, AND THE REMAINDER DO NOT WANT TO KEEP PARTICIPANTS IN PLAN AFTER THEY RETIRE.**

**Exhibit 12: Retirement Income Philosophy**

### REASONS TO KEEP PARTICIPANTS IN PLAN




### REASONS FOR NEUTRALITY

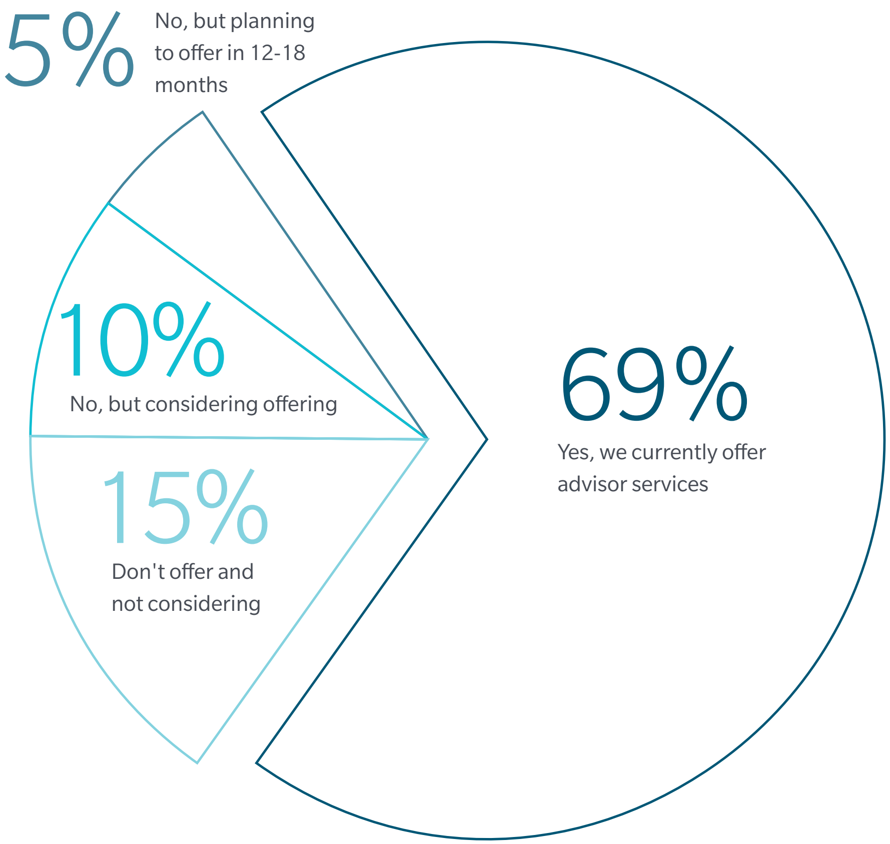


Of those sponsors who want to keep participants in plan, 54% believe providing access to trusted solutions is the right thing to do, while 43% want to maintain low investment and administrative fees. For those sponsors who are neutral, 43% feel participants are equally supported by accessible, trusted solutions inside and outside the plan.

Structurally, over two thirds of plans offer advisory services to employees – either by giving participants access to an advisor or through an in-plan managed account offering. This aligns with our participant survey, which indicated 72% of participants say they would use an advisor if given access.

**Exhibit 13: Access to Advisors**

## DOES YOUR PRIMARY DC PLAN OFFER PARTICIPANTS ACCESS TO AN ADVISOR?




## HOW TO PARTICIPANTS ACCESS THE ADVISOR?

When it comes to retirement income products, the survey shows that while retirement income has generated a lot of attention over the past few years, sponsor uptake is relatively low.

**ONLY 14% OF SPONSORS INDICATE THEY HAVE SPECIFICALLY ADDED RETIREMENT INCOME PRODUCTS TO THE MENU.**

Sponsors also seem to be taking a broad view of retirement income, with 34% of sponsors indicating that some of the plan's current investment options can be considered retirement income products.

We asked sponsors if they have evaluated any in-plan retirement income solutions, and how likely they are to implement a solution in the next 12 to 18 months. Not surprisingly, many sponsors are evaluating in-plan retirement income solutions, with 48% having their investment consultant educate them on the retirement income landscape, 36% are having conversations with asset managers about potential solutions and 35% are discussing retirement income solutions with their target date fund provider.

However, this evaluation process does not necessarily translate into action. Most sponsors told us they are not likely to implement a retirement income solution in the next 12 to 18 months, with only 9% extremely likely, and 6% very likely to do so. For the rest, 34% are moderately likely to implement, 17% specifically say they will not implement and 34% are not very likely to implement.

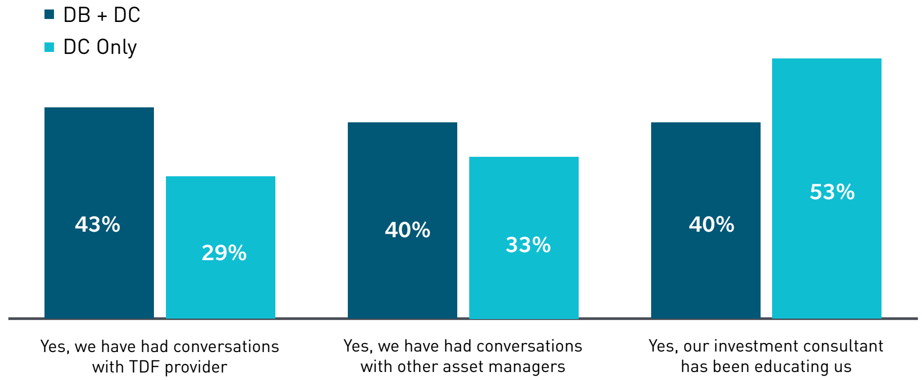
## THE TOP THREE REASONS GIVEN FOR NOT IMPLEMENTING ARE

1. **They are happy with their current plan design,**
2. **There is no participant demand.**
3. **They are waiting for support from recordkeepers.**

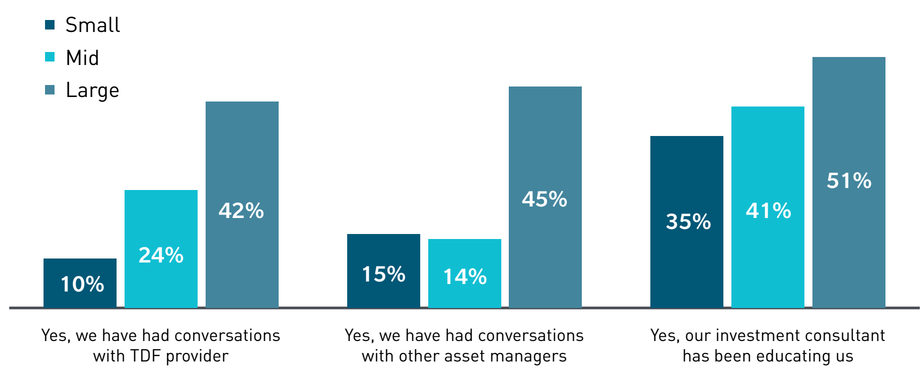
We see distinctions by plan type and by plan size, both in terms of evaluation and likelihood of implementing retirement income solutions. Large plan sponsors lead the way in evaluating solutions, and perhaps surprisingly, sponsors with both DB and DC plans (21%) are more likely than DC-only plans (12%) to implement a retirement income solution in the next 12-18 months. Large plans (17%) are more willing than small plans (10%) to implement a retirement income solution.

### Exhibit 14: In-Plan Retirement Income Solutions

BY PLAN TYPE




BY PLAN SIZE




### LIKELIHOOD OF IMPLEMENTING RETIREMENT INCOME SOLUTION IN 12 TO 18 MONTHS

| DB + DC PLANS | | DC ONLY PLANS |
|---|---|---|
| 21% | Extremely/Very Likely | 12% |
| 24% | Moderately Likely | 41% |
| 55% | Not Very / Will Not Implement | 47% |

| SMALL/MID PLANS | | LARGE PLANS |
|---|---|---|
| 10% | Extremely/Very Likely | 17% |
| 54% | Moderately Likely | 28% |
| 36% | Not Very / Will Not Implement | 55% |

Too often, we find that the retirement income conversation is almost wholly focused on investment products that can be added to a DC plan menu as the proverbial "silver bullet" solution. In our view, retirement is personal, as participants may have unique and personalized needs that a single retirement income product may not address. We encourage plan sponsors to establish a retirement income philosophy that recognizes this wide range of participant needs and provides access to advice in some capacity.

## / QDIAS AND CAPITAL PRESERVATION /

The survey showed target date funds (TDFs) continue to dominate, with 94% of respondents offering TDFs and 87% using them as their QDIA. 63% of respondents offer managed accounts, but 56% of those plans utilize managed accounts as an opt-in service rather than as the default.  59% of sponsors report using a "through" retirement glide path approach, while 41% of sponsors report using a "to" retirement glide path approach.

When asked which TDF characteristics are most important to employees, 56% of sponsors say ease of use or being able to "set it and forget it" has the most appeal to participants. However, participants rank long-term performance at 28% as the most important characteristic when it comes to target date funds, while ease of use was chosen by only 19% of participants as the most important characteristic.

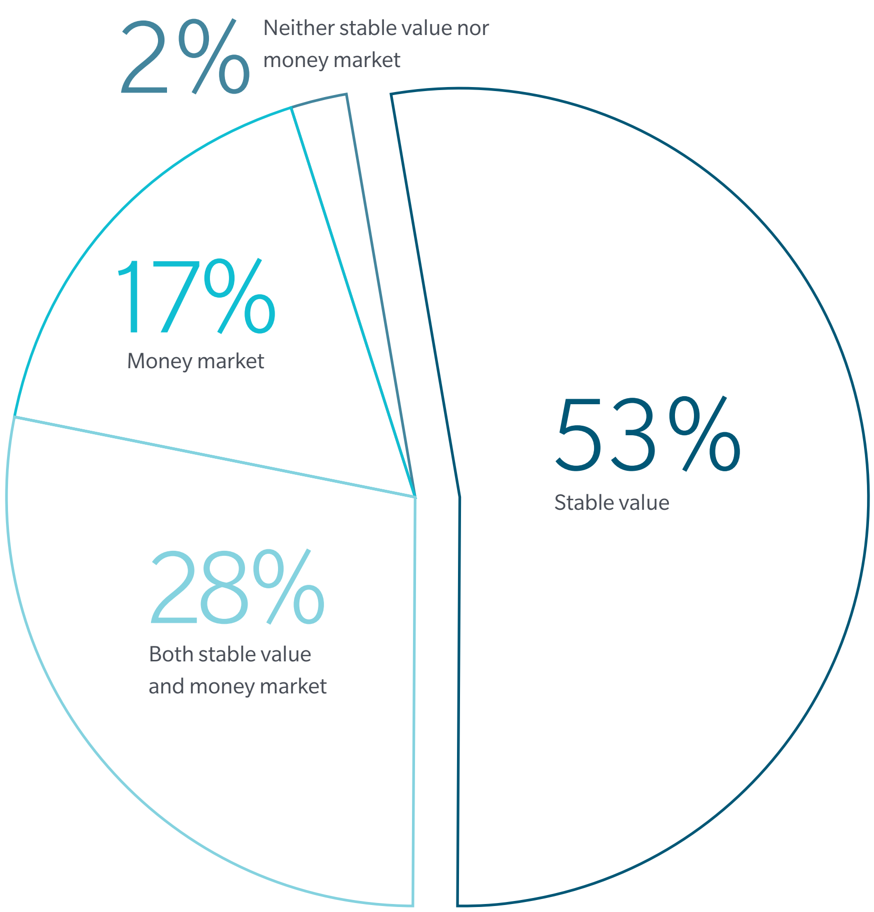
**Exhibit 15: Sponsor Views on Most Important TDF Characteristics for Employees**

| | |
|---|---|
| 56% | Ease of use *(e.g., "set it and forget it")* |
| 14% | Long-term investment performance (5+ years) |
| 11% | Price *(i.e., expense ratio of the investment)* |
| 4% | Familiarity with brand name of the fund manager |
| 4% | The mix of stocks and bonds within the fund at retirement |
| 2% | Short-term investment performance (less than 5 years) |
| 2% | The mix of stocks and bonds within the fund today |
| 2% | Fund rating *(e.g., Morningstar)* |

We also asked about capital preservation options and found stable value to be the most popular option.

**Exhibit 16: Capital Preservation Options**

## WHAT DO YOU USE FOR A CAPITAL PRESERVATION OPTION?




> Target date funds continue to dominate the QDIA space, and stable value is the most popular capital preservation option in DC plans. Sponsors that offer stable value feel it can be used in both the accumulation and decumulation stages, which can provide them with more flexibility on the core menu to deliver retirement income solutions.

## WHAT DO YOU VIEW THE ROLE OF THE STABLE VALUE FUND?

81%

Broad capital preservation option that can be used in both the accumulation and decumulation stages

15%

Capital preservation option for participants, primarily used in the accumulation stage

4%

Retirement income option primarily for the decumulation stage, since participants can't access stable value products outside of the plan

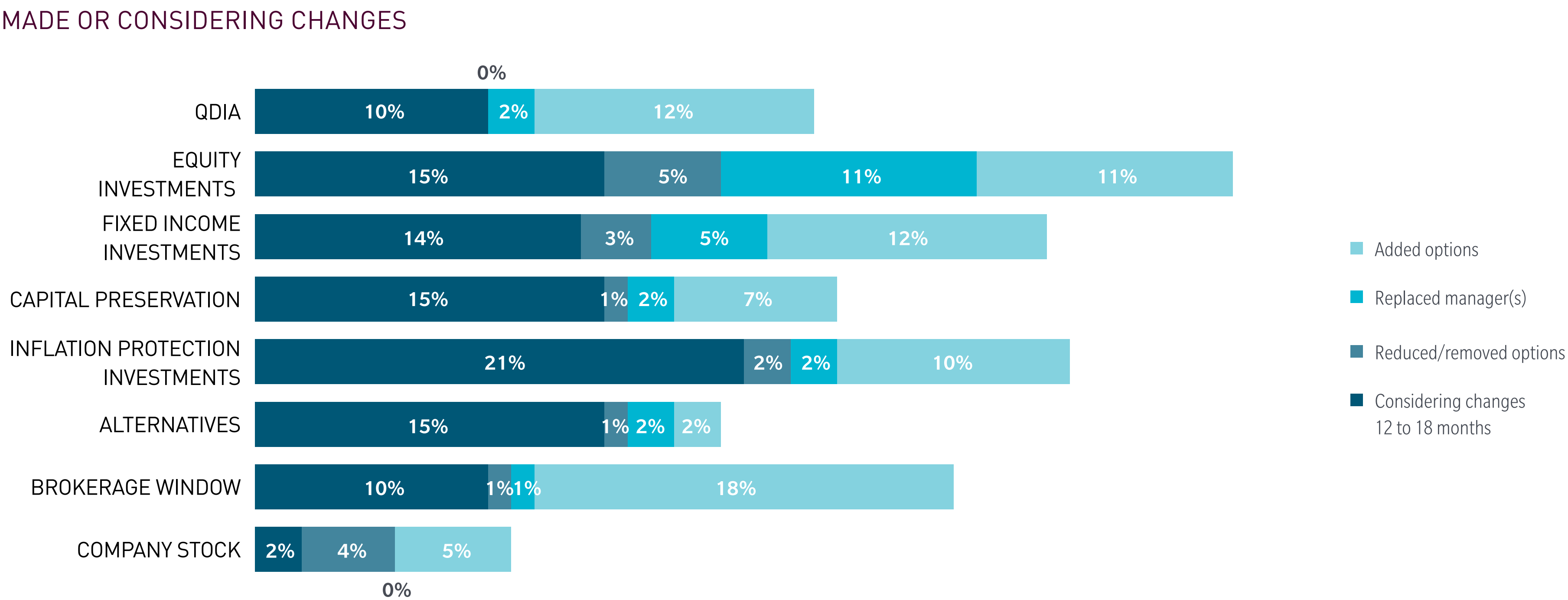
## / CHANGES TO THE INVESTMENT MENU /

DC plan investment menus have become increasingly influenced by the widespread adoption of target date funds as the default investment option in plans. While this has been a great outcome for disengaged participants who are mapped to an age-appropriate asset allocation, sponsors should consider whether the core menu is meeting the needs of those participants who are engaged and prefer to make their own investment decisions. These participants may display more willingness for active management, better understand investing principles and need more tailored strategies, particularly as they approach retirement. We believe a core menu should have the right building blocks of both equity and fixed income investment options and provide both active and passive options for participants.

**ONLY 10%** | **OF SPONSORS ARE CONTEMPLATING CHANGES TO THE QDIA OFFERING.**

The most activity is in the equity asset class, with 11% adding options, 11% replacing managers and 5% reducing or removing options — plus an additional 15% considering future changes. 15% indicated they are considering alternative investments in the near-term, and it will be interesting to see if this rises over time, with the new Trump administration indicating a more accommodative stance towards alternatives in retirement plans.

**Exhibit 17: Changes to the Investment Lineup**




Even with potential lineup changes on the horizon, simplicity is key as most sponsors provide a streamlined investment menu, with 73% offering fewer than 14 investment options. Simplified investment menus can help improve overall plan efficiency while also helping to reduce decision paralysis among participants. That said, sponsors need to ensure that their core menu has the right blend of active and passive options that can allow for engaged participants to build portfolios tailored to their unique needs and risk profiles.

# Appendix

## / 2024 MFS DC PLAN SPONSOR SURVEY METHODOLOGY /

A quantitative, blind survey was conducted from September to October 2024 of 166 plan sponsors of varying asset sizes. All survey respondents were promised anonymity, and none are identified in this report. Plan sponsors were based in the United States and sourced through the DCIIA Plan Sponsor Institute (PSI). DCIIA, an independent third-party research provider, conducted the study. MFS was not identified as the sponsor of the study. MFS Investment Management nor its subsidiaries is affiliated with DCIIA or its Plan Sponsor Institute (PSI).

The asset size classes of plan sponsors were identified as such:

- Small plans: <$9 million
- Mid-size plans: $100 million to $999 million
- Large plans: $1 billion or more

Industry practitioners were screened and selected using the following criteria:

- Offered defined contribution plan (401(k), 403(b), and/or 457) or other defined contribution plan, defined benefit plan or other non-qualified deferred compensation plans.

## / RESPONDENT PROFILE /

| PLAN TYPES OFFERED | % |
|---|---|
| 401(k) | 84 |
| Defined benefit or pension | 43 |
| 457 | 18 |
| 403(b) | 8 |
| Other defined contribution plan | 14 |
| Other non-qualified deferred compensation plans | 46 |

| PRIMARY PLAN | % |
|---|---|
| 401(k) | 72 |
| Defined benefit or pension | 15 |
| 403(b) | 6 |
| 457 | 5 |
| Other defined contribution plan | 2 |

**RESPONDENTS W/DB PLANS (43%)**

| CURRENT PLAN STATUS | % |
|---|---|
| Open to all employees | 40 |
| Closed to new hires | 29 |
| Plan frozen for all participants | 31 |

| INTENDED FUTURE STRATEGY IF PLAN IS CURRENTLY FROZEN OR CLOSED | |
|---|---|
| Continue plan in current state for foreseeable future | 81 |
| Reopen the plan | 2 |
| Terminate plan in near term | 16 |

| TOTAL VALUE OF ASSETS IN PRIMARY DC PLAN | % |
|---|---|
| Less than $25 million | 7 |
| $25 million to $99 million | 5 |
| $100 million to $249 million | 4 |
| $250 million to $449 million | 6 |
| $500 million to less than $1 billion | 7 |
| $1 billion or more | 70 |

| EMPLOYEES PARTICIPATING IN PRIMARY DC PLAN | % |
|---|---|
| Less than 100 | 4 |
| 100 to 499 | 5 |
| 500 to 999 | 4 |
| 1,000 to 4,999 | 13 |
| 5,000 to 9,999 | 17 |
| 10,000 or more | 57 |

| PRIMARY DC PLAN GOVERNED BY ERISA? | |
|---|---|
| Yes | 85 |
| No | 15 |

## / RESPONDENT PROFILE /

### EMPLOYEE PARTICIPATION RATE (%)

| | ALL | SMALL | MEDIUM | LARGE | DB+DC | DC ONLY |
|---|---|---|---|---|---|---|
| LESS THAN 50% | 5 | 10 | 3 | 4 | 0 | 9 |
| 50% TO 89% | 32 | 45 | 38 | 28 | 28 | 35 |
| 90% + | 63 | 45 | 59 | 68 | 72 | 56 |

### AVERAGE DEFERRAL RATE (%)

| | ALL | SMALL | MEDIUM | LARGE | DB+DC | DC ONLY |
|---|---|---|---|---|---|---|
| LESS THAN 6% | 15 | 20 | 10 | 15 | 4 | 23 |
| 6% TO 10% | 66 | 55 | 62 | 68 | 79 | 55 |
| 10% + | 19 | 25 | 28 | 16 | 17 | 21 |

### NUMBER OF INVESTMENT OPTIONS

| | ALL | DB+DC | DC ONLY |
|---|---|---|---|
| 0-9 OPTIONS | 28 | 29 | 27 |
| 10 - 14 OPTIONS | 45 | 53 | 39 |
| 15+ OPTIONS | 27 | 18 | 34 |

## / MFS WORKPLACE RETIREMENT READINESS INDICATOR (WRRI) METHODOLOGY /

The MFS Workplace Retirement Readiness Indicator is based on a subset of questions from our 2024 MFS DC Plan Sponsor Survey that were indicators of higher sponsor confidence in the ability of their participants to retire comfortably.

A range of points was assigned to each question (noted in parenthesis below) based on the relative importance of each question.

The maximum score available is 46 points.

Sponsors who answered the first question noted below as “extremely” or “very” confident had an average score of 28.2 points (B+ grade).

Sponsors who answered the first question below as “not at all” or “not very” confident had an average score of 13.5 points. (C- grade).

The average score for all survey respondents was 19.1 points (C+ grade).

## / QUESTIONS ASKED /

How confident are you that your plan participants will be able to retire at the age they want to? (0-7).

How concerned are you about your participants probability of achieving an adequate and secure income at retirement (0-7).

What impact to competing financial priorities have on your participants ability to save for retirement? (0-7).

What is the average/typical age that your workers retire? (0-2).

Does your primary DC plan offer participants access to an advisor? (0-2).

How do DC plan participants access the advisor? (0-2).

What actions have you taken with regards to your DC investment lineup (added options, Removed options, Replaced manager, No changes but considering, no changes) (0-3).

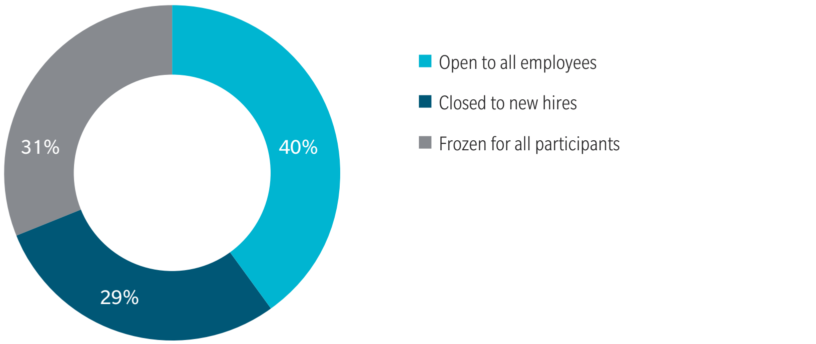
Who do you see as primarily responsible for the following functions (setting goals for the amount participants will need, making sure participants stay on track to meet their goals, making sure participants are invested appropriately to meet their needs and goals) (0-6).

Approximately what % of the employees who are eligible to participate in your DC plan are currently contributing or have a balance in the plan? (0-4).

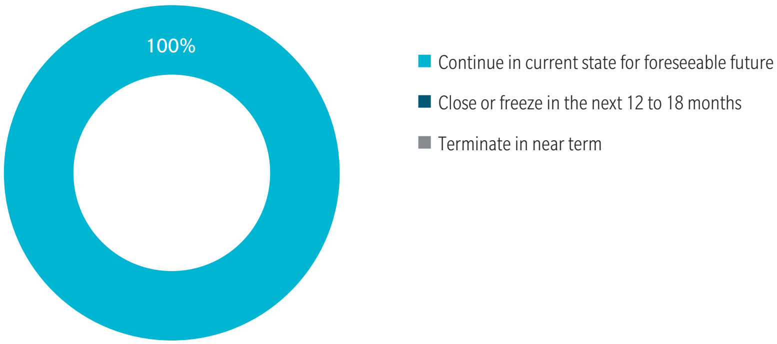
What is your DC plan participant’s average deferral rate? (0-4).

## / DETAIL ON SELECTED SURVEY QUESTIONS /

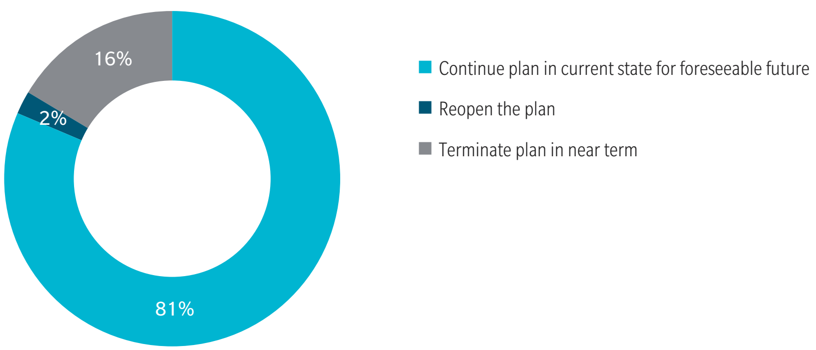
### Q3: Which statement best describes the status of your primary DB plan?




### Q4: If your DB plan is open to all employees, what is your intended future strategy for this plan?

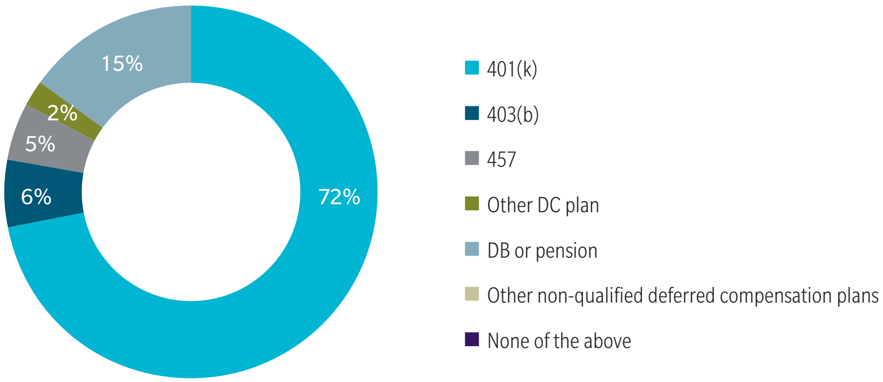



### Q5: If your DB plan is closed or frozen, what is your intended future strategy for this plan?

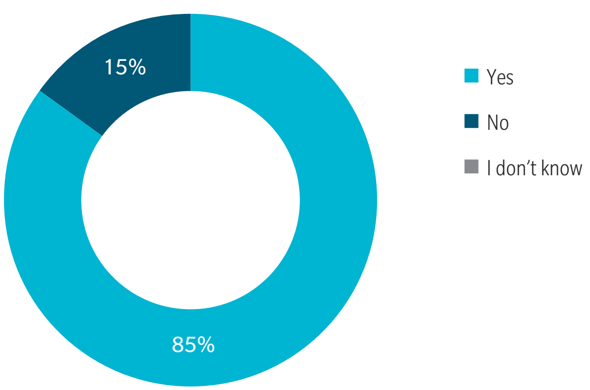



Q3: n = 72 Q4: n = 29 Q5: n = 43

Q6: Which plan would you consider the primary plan that benefits the most active participants in your organization?

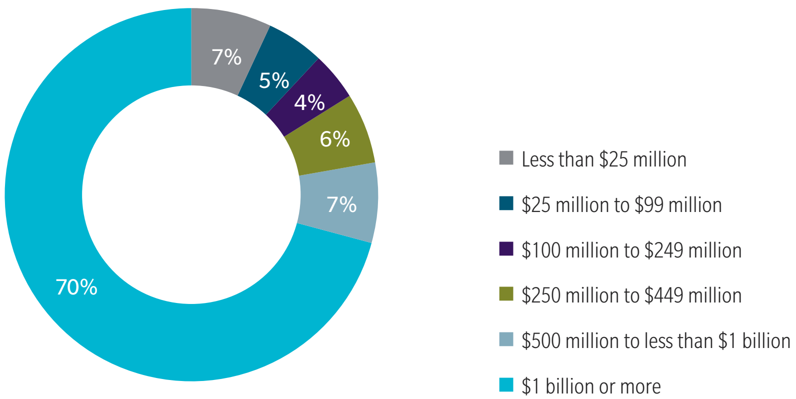



Q7: Is your primary DC plan governed by ERISA?

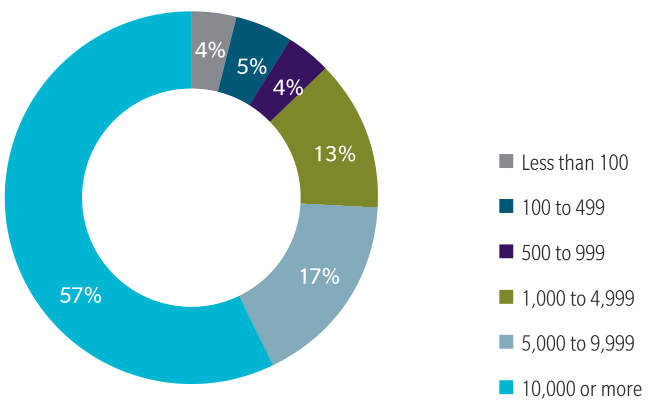



Q6: n = 166 Q7: n = 166

## Q8: What is the total value of the assets in your primary DC plan?

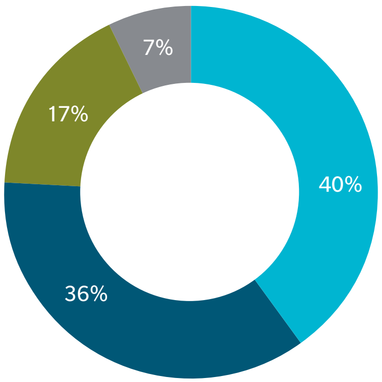



## Q9: How many employees participate in your primary DC plan?



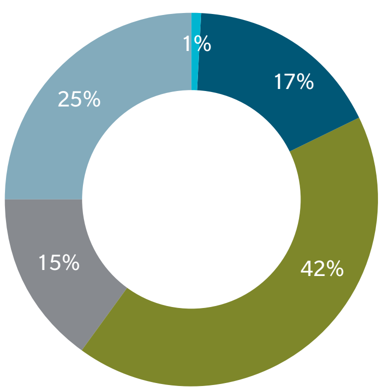

Q8: n = 166 Q9: n = 166

## Q10: Which of the following best describes your role in the evaluation and selection of investments and investment managers for your organization's DC plan?




- I am a member of a committee or board that is responsible for investment decisions.
- I have input regarding investment decisions, but the final decisions are made by others.
- I help administer benefits with service providers but am not a part of decision-making.
- I am not involved at all in investment decisions.

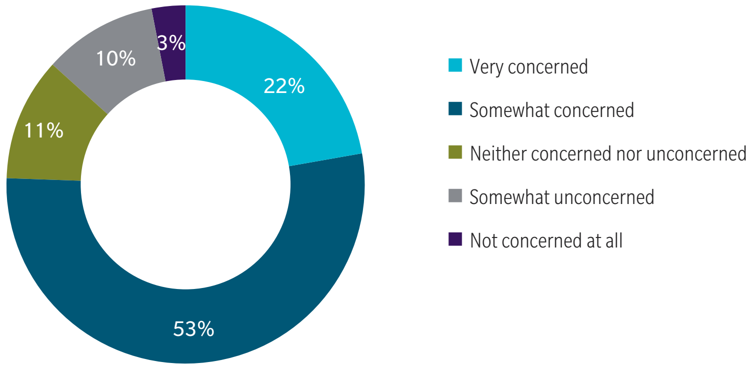
## Q11: How many members comprise the investment committee that governs your retirement plan?



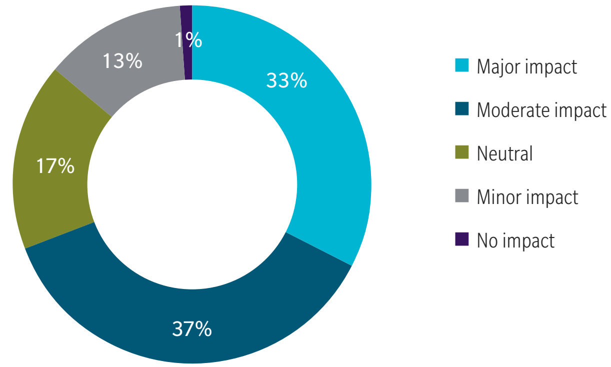

- 1-2
- 3-4
- 5-6
- 6-7
- 7+

Q10: n = 166 Q11: n = 166

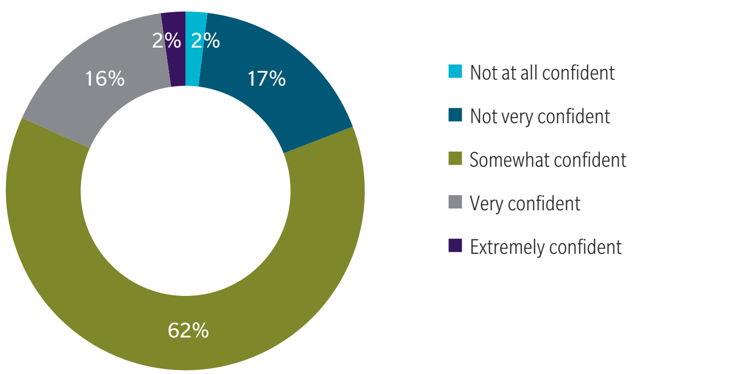
Q13: As an employer, how concerned are you about your participants' probability of achieving an adequate and secure income in retirement?




Q14: What impact do competing financial priorities (e.g. saving for emergencies, saving for education, student loan payments, living paycheck to paycheck) have on your participants' ability to save for retirement?



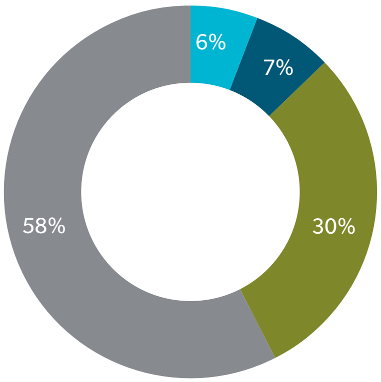

Q15: How confident are you that your plan participants will be able to retire at the age they want to?




Q13: n = 166 Q14: n = 166 Q15: n = 166

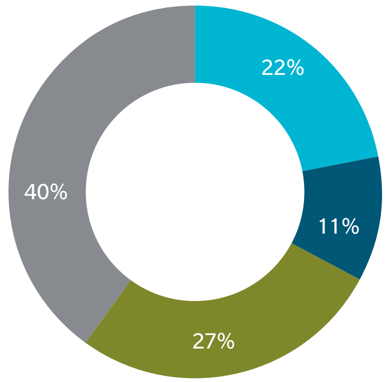
## Q17: Please indicate the current status on the potential Secure 2.0 changes in your primary plan:

### Emergency savings vehicle



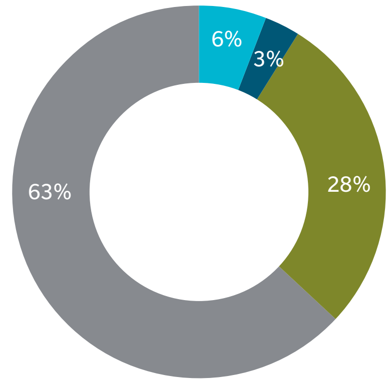

- Currently implemented
- Actively implementing in the next 12 months
- Considering implementing
- No plans to implement

### Ability to withdraw emergency savings from 401(k)



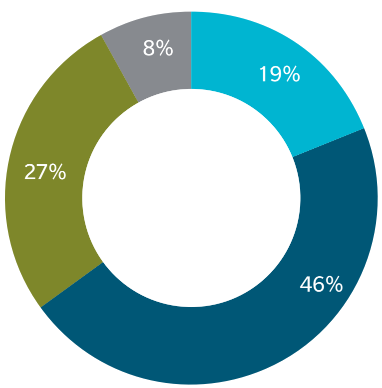

- Currently implemented
- Actively implementing in the next 12 months
- Considering implementing
- No plans to implement

### Matching student loan payments



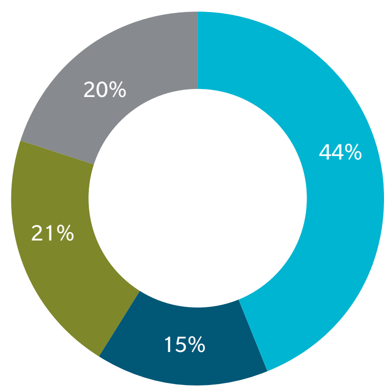

- Currently implemented
- Actively implementing in the next 12 months
- Considering implementing
- No plans to implement

### Roth catch-up contribution requirement




- Currently implemented
- Actively implementing in the next 12 months
- Considering implementing
- No plans to implement

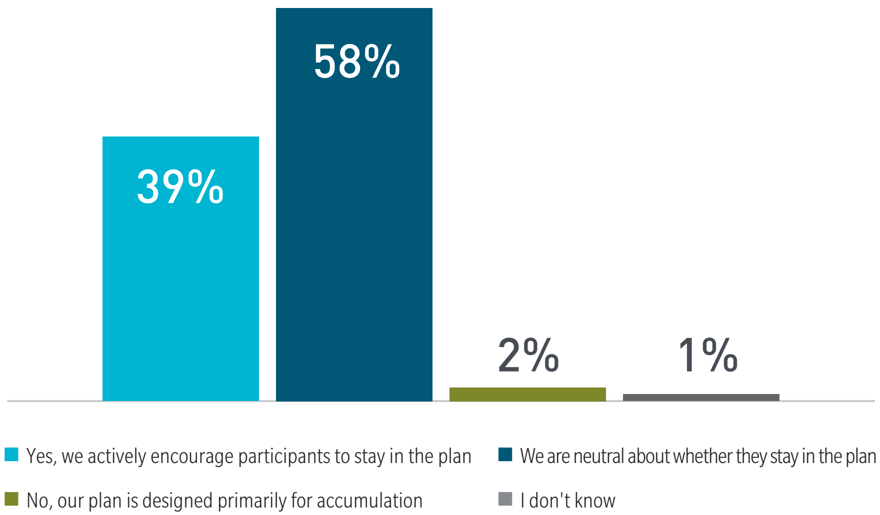
### Self-certification for hardship withdrawals




- Currently implemented
- Actively implementing in the next 12 months
- Considering implementing
- No plans to implement

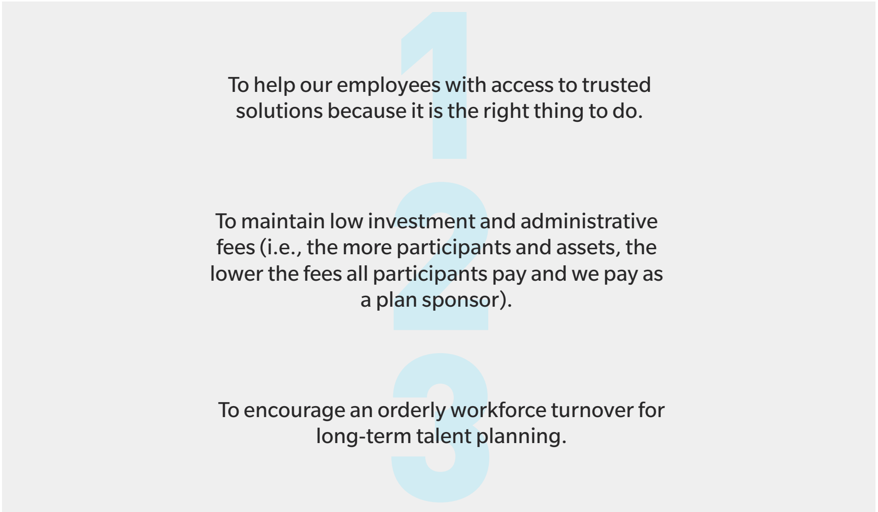
Q17: n = 166

Q18: Does your plan want to keep participants' assets in the plan after they retire?

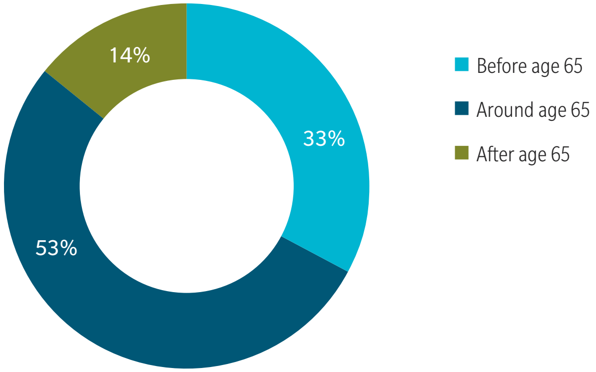



Q20: Rank in order of importance why you are neutral about whether participants stay in the plan after they retire.


Q19: Rank in order of importance why you want to keep participants in the plan after they retire.

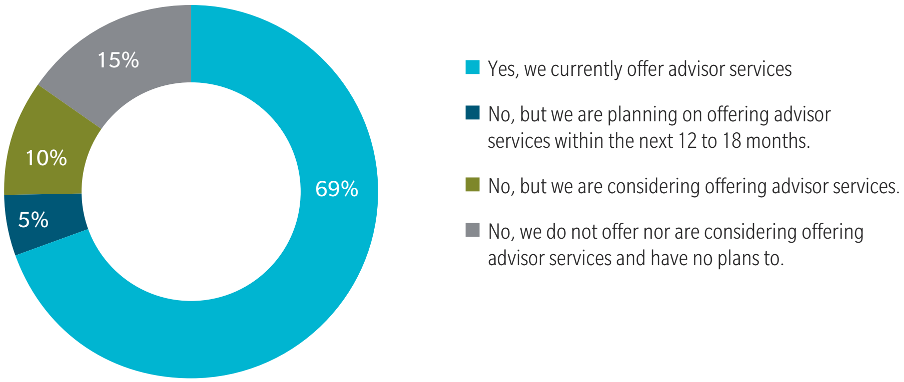



Q22: What is the average/typical age that your workers retire?

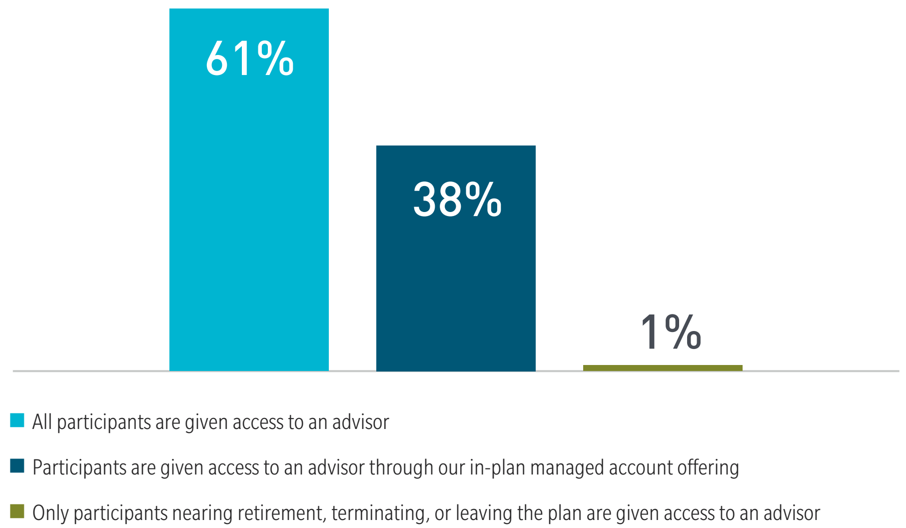



Q18: n = 166    Q19: n = 65    Q20: n = 96    Q22: n = 166

## Q23: Does your primary DC plan offer participants access to an advisor?



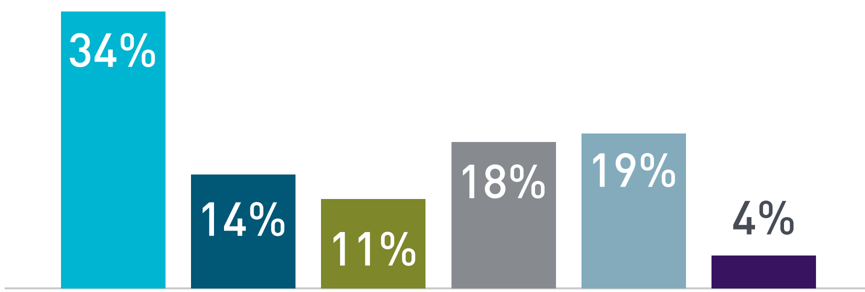

## Q24: How do DC plan participants access the advisor?




## Q25: Does your plan offer participants any retirement income planning tools? (e.g., budgeting tools, income calculators)?

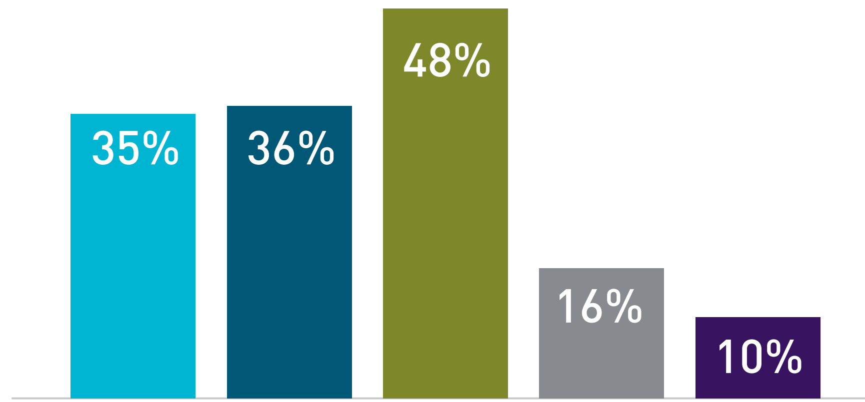

Q23: n = 166 Q24: n = 115 Q25: n = 166

## Q26: Which statement best describes your primary DC plan's current use of retirement income investment products? (e.g., investment options that provide income or help distribute income)



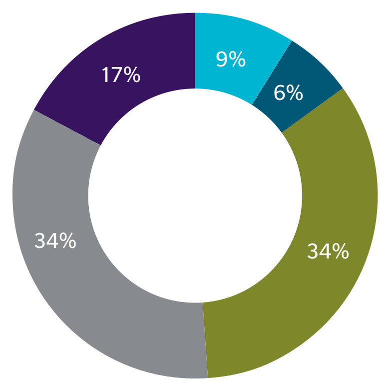

- Some of our investment options can be considered retirement income products (e.g., TDF income vintage, conservative fixed income options in the core menu).
- We have specifically added retirement income products (e.g., guaranteed income/annuity-based products).
- We do not currently offer income products but are considering adding them to our investment menu in the next 12 to 18 months.
- We do not currently offer income products, but are considering adding them in the next 3 to 5 years
- We do not offer income products and have no plans to add them at this time
- I don't know

## Q27: Have you evaluated any in-plan retirement income solutions? These could be part of the QDIA or offered as a standalone offering and could include guaranteed income or non-guaranteed income. Select all that apply.




- Yes, we have had conversations with our target date provider about their retirement income solution
- Yes, we have had conversations with other asset managers about their retirement income solutions
- Yes, our investment consultant has been educating us on the retirement income landscape.
- No, we have not had these discussions but we are interested in learning more.
- No, we have not had these discussions nor are we interested.

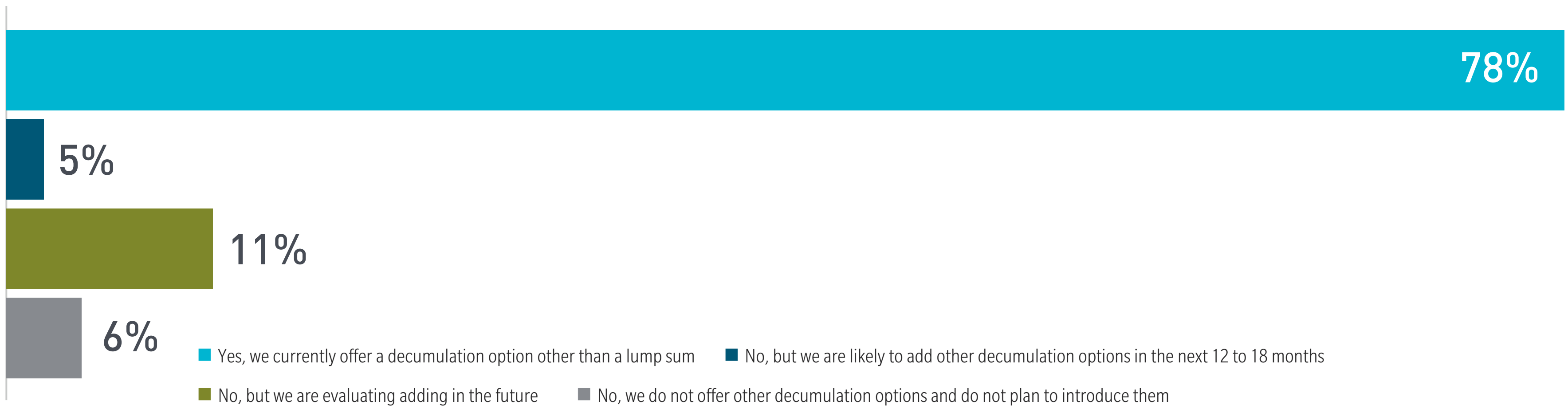
## Q28: How likely are you to implement a retirement income solution in the next 12 to 18 months?



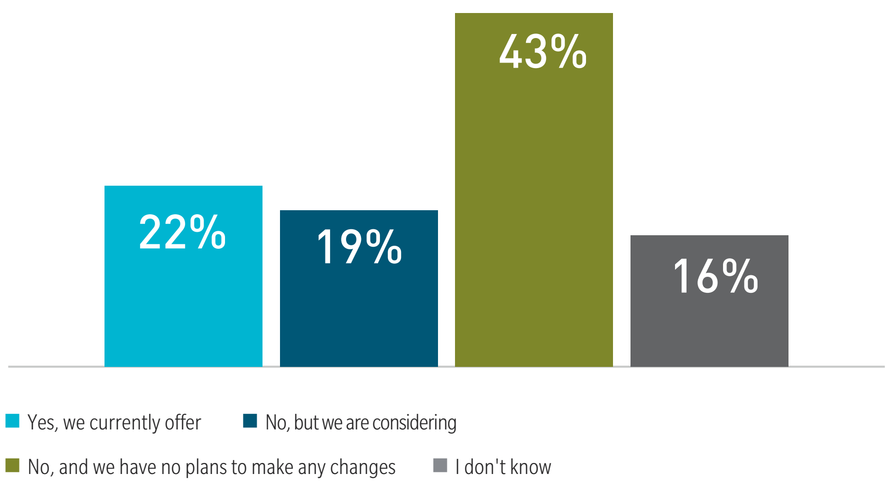

- Extremely likely
- Very likely
- Moderately likely
- Not very likely
- We will not implement a solution in the next 12-18 months

Q26: n = 166 Q27: n = 166 Q28: n = 124

Q30: Does your primary DC plan offer decumulation options for participants other than a lump sum?

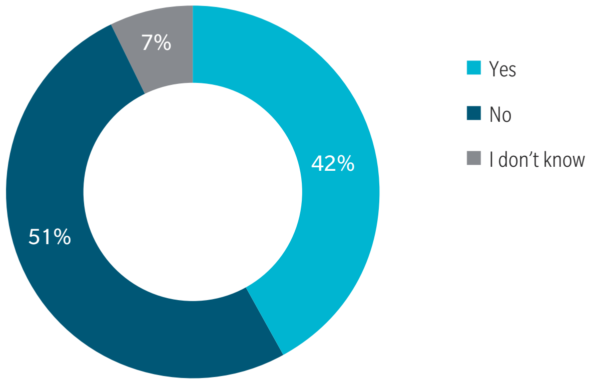



Q31: Do you currently have programs in place that allow employees to have a more gradual employment transition into retirement where they reduce hours rather than a hard stop?

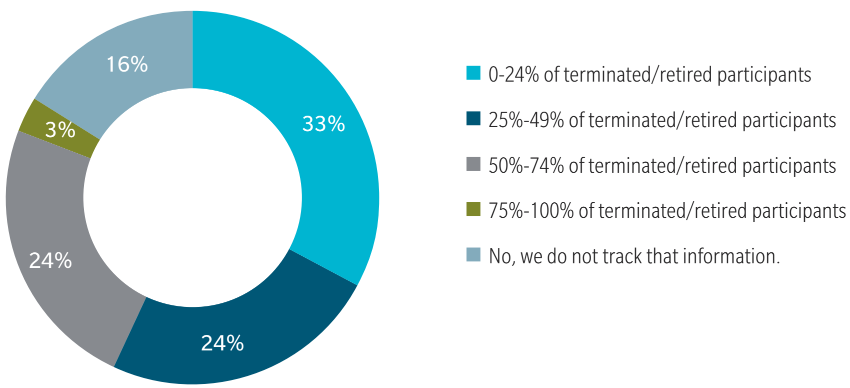



Q30: n = 155 Q31: n = 166

Q32: Do you track the action(s) participants take after they terminate or retire? This could include tracking withdrawals or rollovers, leaving funds in the plan, etc.

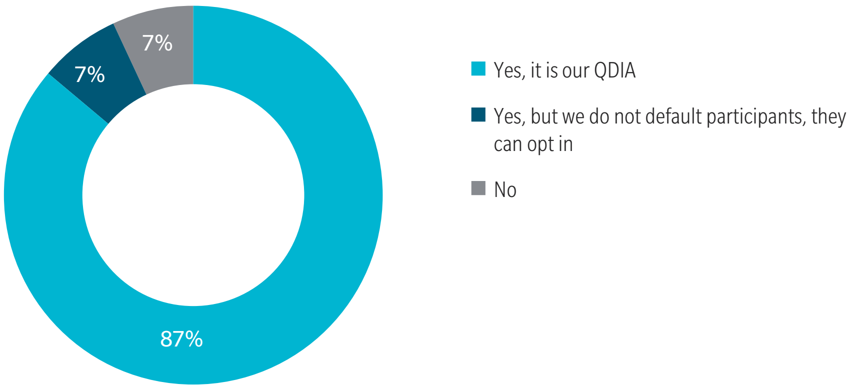



Q33: Are you aware of how many terminated and retired participants leave the plan through a withdrawal and/or roll over their assets to an IRA post-retirement (within 5 years of employment termination)?

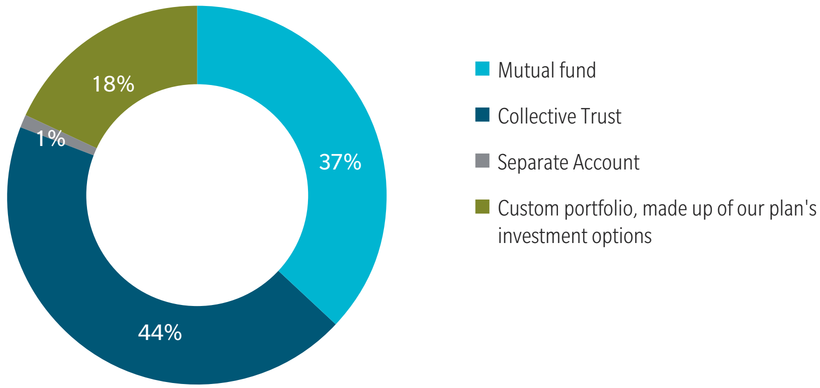



Q32: n = 166 Q33: n = 70

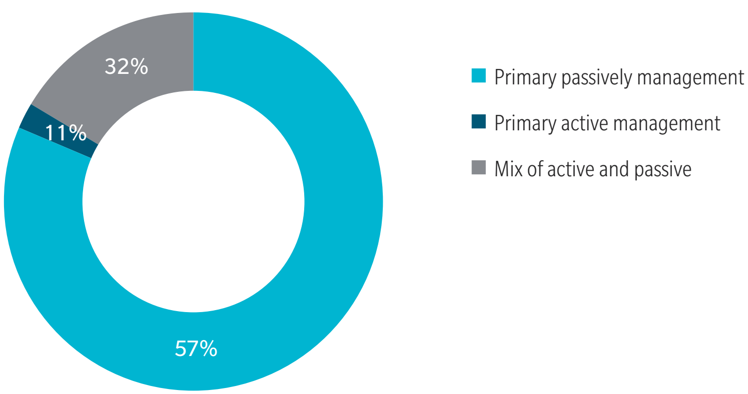
## Q34: Does the primary DC plan offer target date funds (TDFs)?



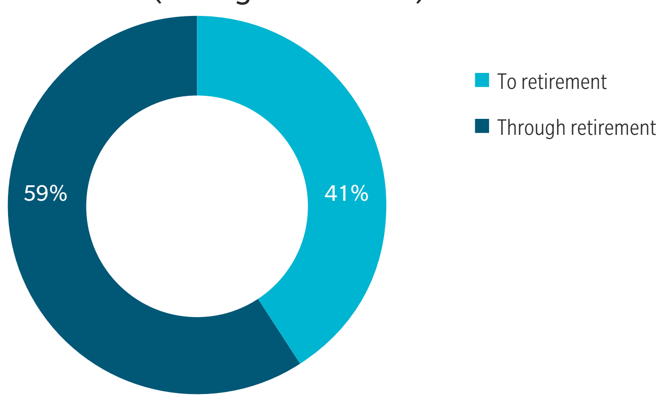

## Q35_1: What type of vehicle do you use for your TDF?




## Q35_2: How is your TDF managed?




## Q35_3: Does the glide path end at retirement age (to retirement) or does the portfolio continue to get more conservative through retirement (through retirement)?



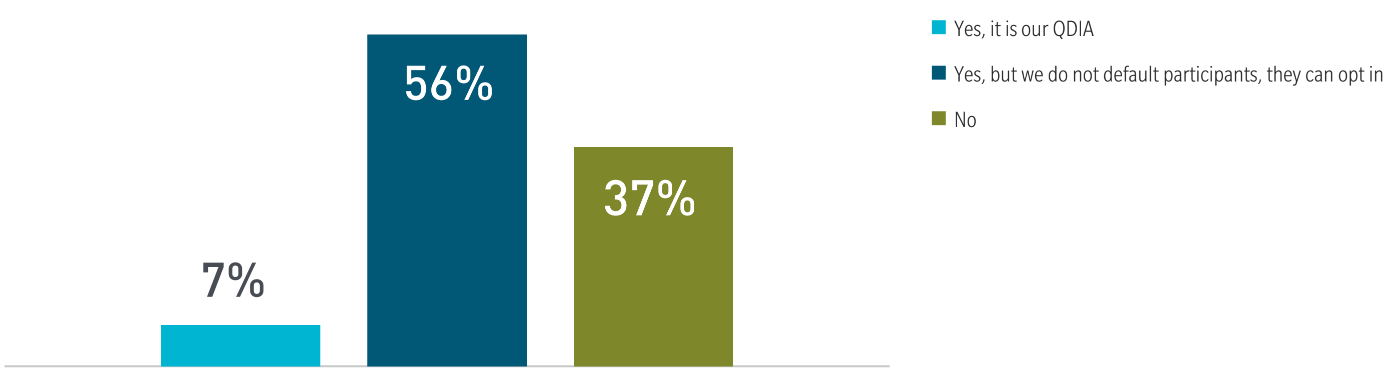

Q34: n = 166 Q35: n = 155

## Q36: What do you believe are the most important characteristics to your employees when they are selecting a target date fund?

Please select only the top 3 characteristics that you believe are most important to them.  Selected Choice

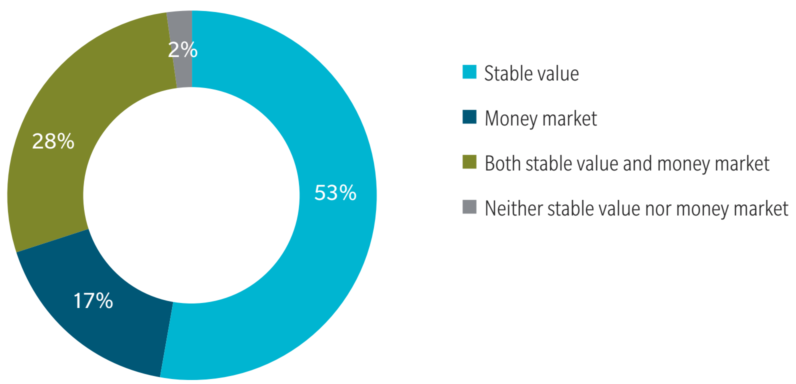
1. Ease of use (e.g., "set it and forget it")
2. Price (i.e., expense ratio of the investment)
3. Long-term investment performance (5+ years)
4. The mix of stocks and bonds within the fund today
5. Familiarity with brand name of the fund manager
6. The mix of stocks and bonds within the fund at retirement
7. Short-term investment performance (less than 5 years)
8. Fund rating (e.g., Morningstar)

## Q37: Does the plan offer managed accounts?

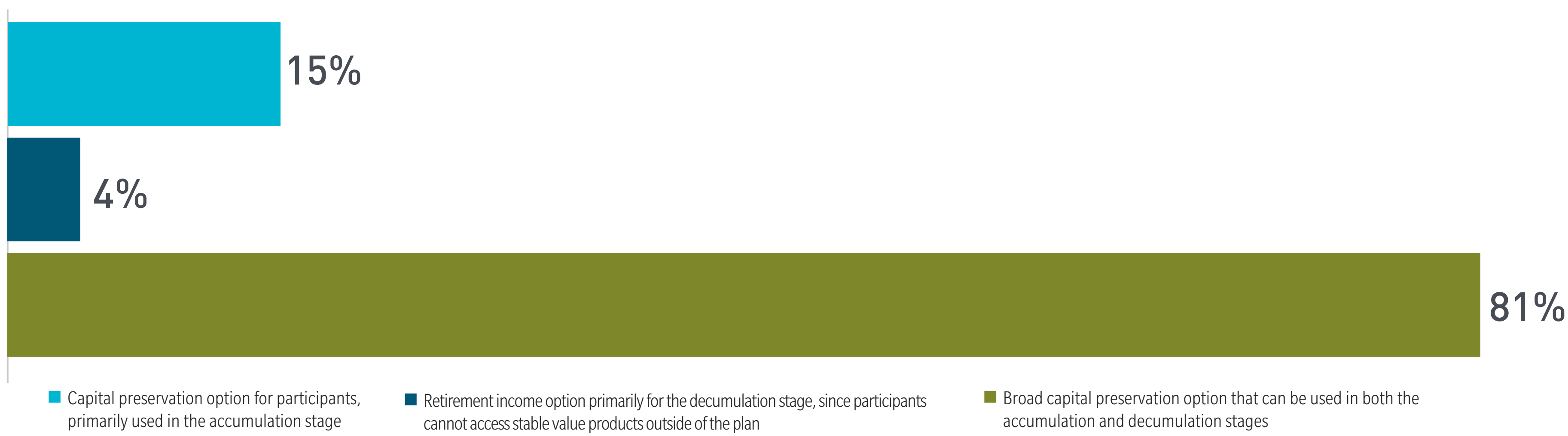



Q36: n = 166 Q37: n = 166

## Q38: What do you use for a capital preservation option?



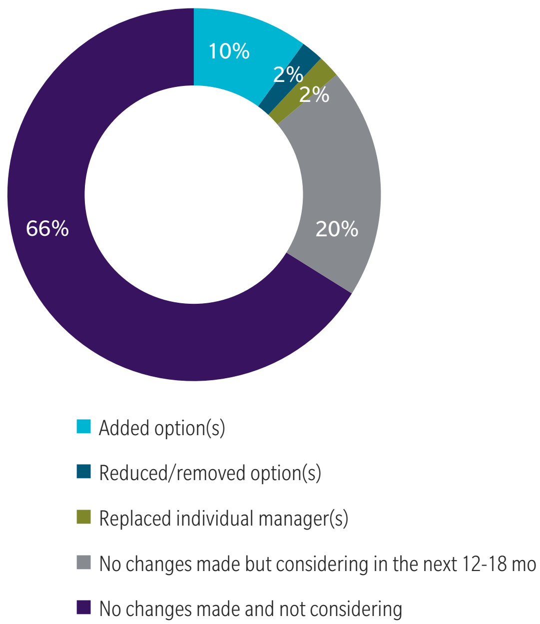

## Q39: What do you view as the role of the stable value fund?



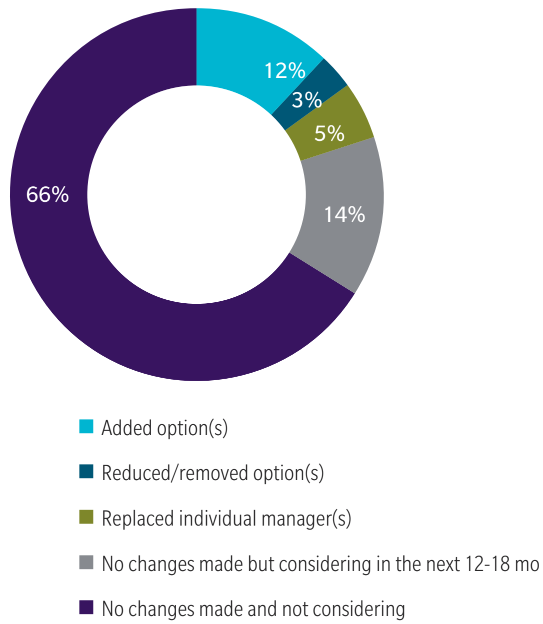

Q38: n = 166 Q39: n = 135

## Q40: What changes have been made or are being considered to the plan's investment lineup?

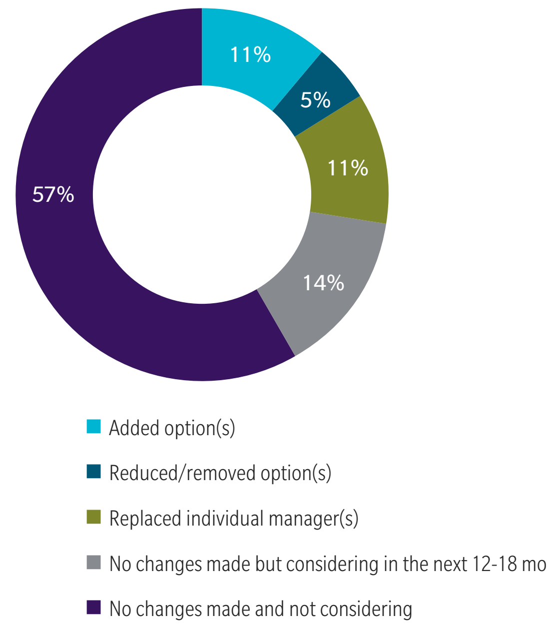
### Inflation protection investments



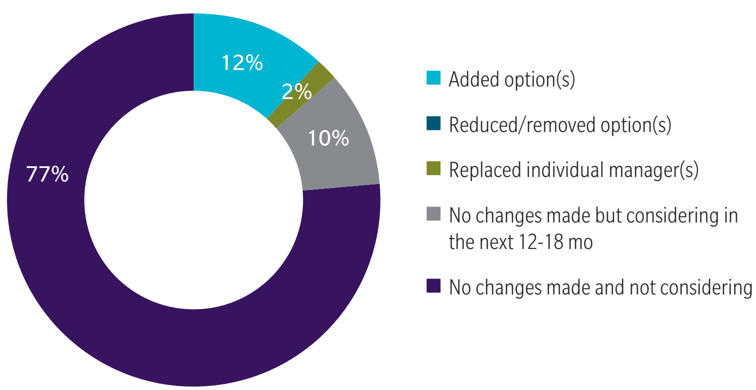

### Fixed income investments



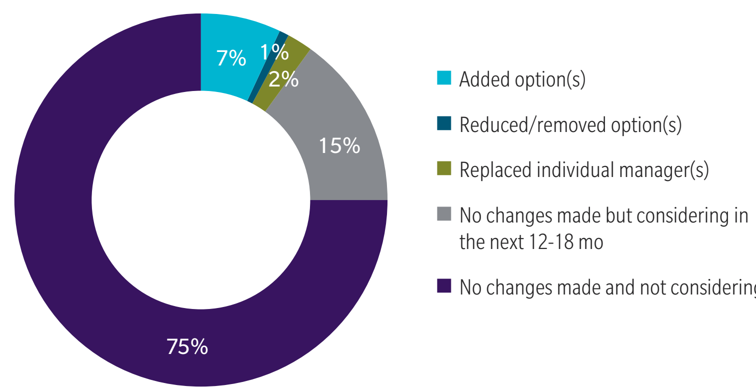

### Equity Investments




### QDIA



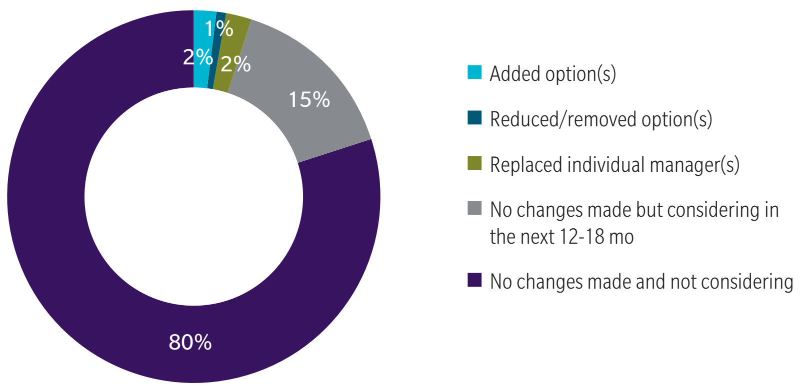

### Capital preservation



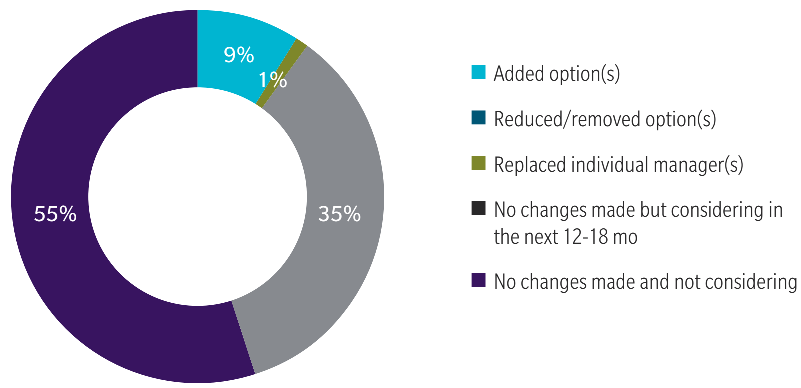

Q40: n = 166

## Q40: What changes have been made or are being considered to the plan's investment lineup? (CONT.)

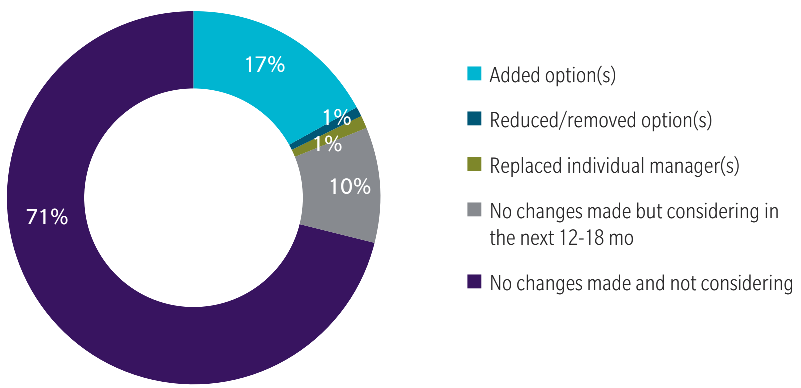
Alternatives



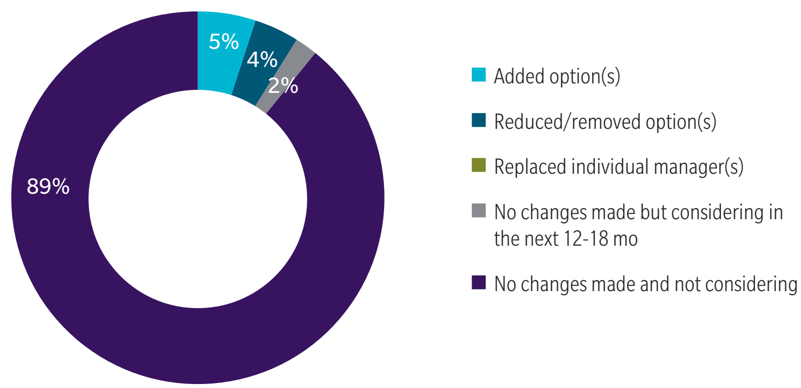

Retirement Income Solutions




Brokerage Window

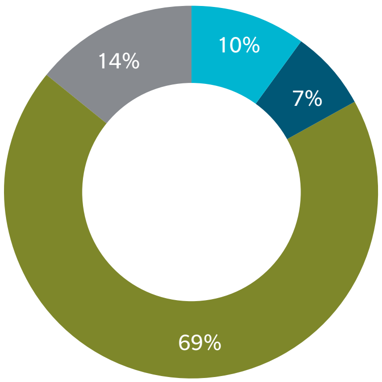



Company Stock



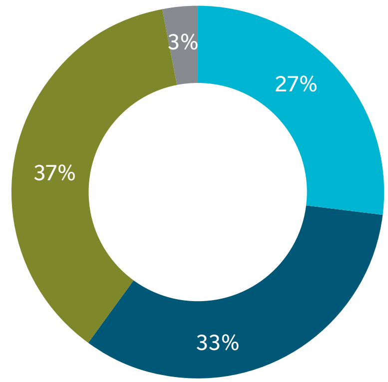

Q40: n = 166

## Q41: Have you ever been subject to a class action ERISA lawsuit? Select all that apply.



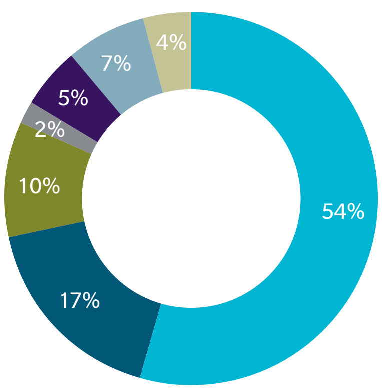

- Yes, we have been subject to a class action ERISA lawsuit in the past 5 years
- Yes, we have been subject to a class action ERISA lawsuit, but it was over 5 years ago
- No, we have not been subject to a class action ERISA lawsuit
- I prefer not to answer

## Q42: If yes, how did the lawsuit progress?




- The lawsuit was dismissed
- The lawsuit was settled
- The lawsuit is ongoing
- I prefer not to answer

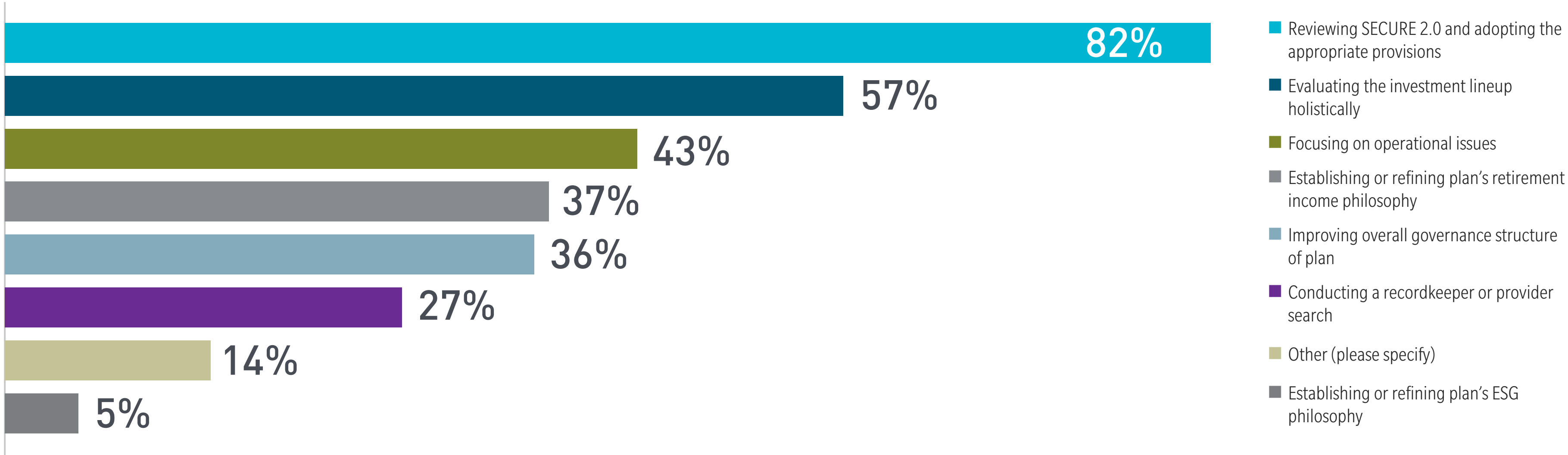
## Q43: Which statement best describes use of sustainable investments or ESG in your plan?



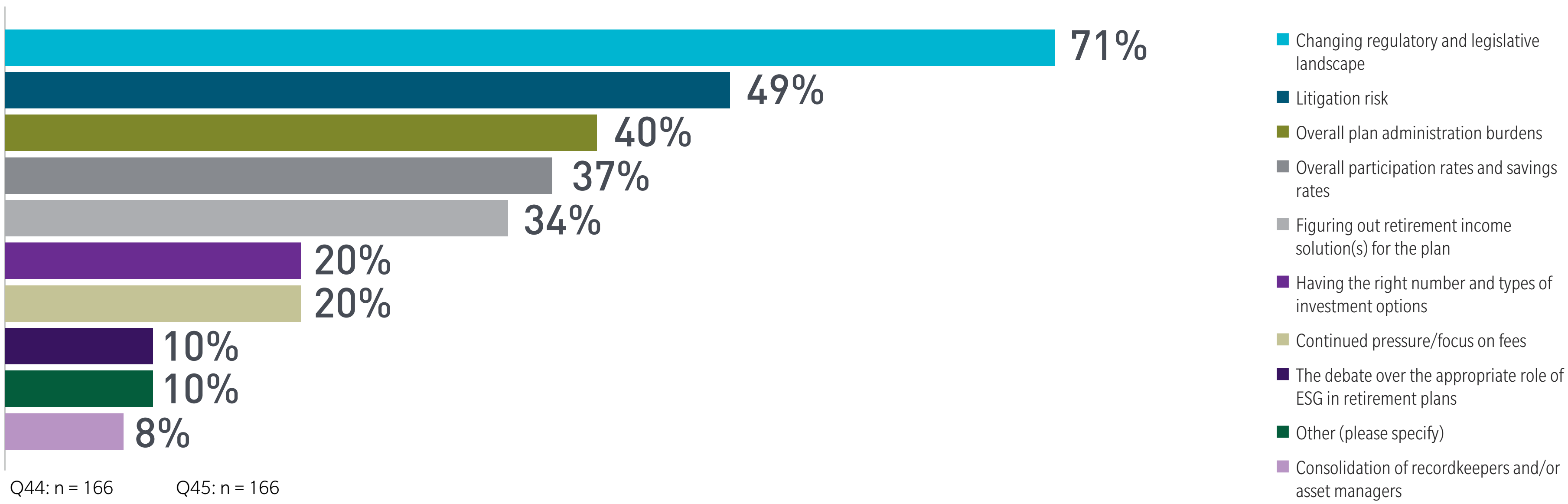

- We do not offer any ESG options
- We offer at least one ESG labeled option
- We make at least one ESG labeled option avaialable in the brokerage
- We offer at least one investment option with sustainability embedded in the investment process
- We are considering adding an ESG option
- I don't know
- Other

Q41: n = 166  Q42: n = 166  Q43: n = 166

Q44: What are your plan's areas of focus over the next 12 months? Select only your top 3 areas of focus.



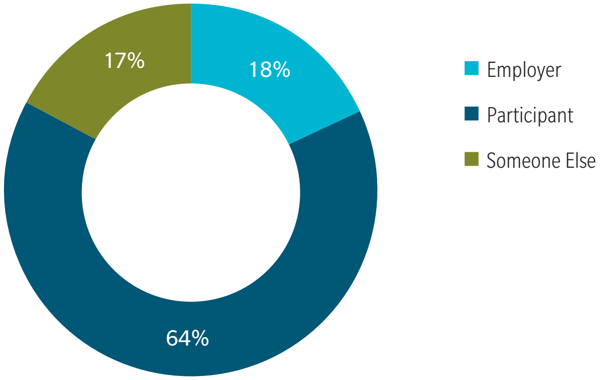

Q45: What are you worried about/what keeps you up at night? Select only your top 3 areas of focus.



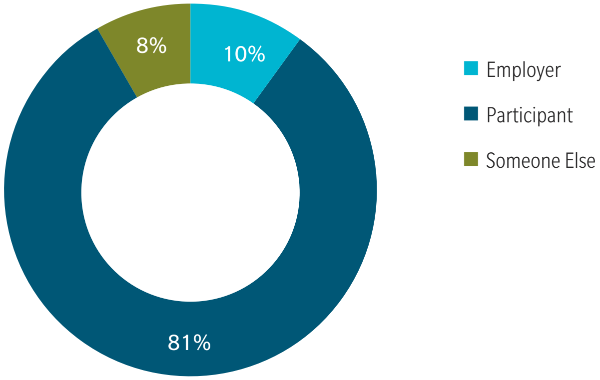

Q44: n = 166 Q45: n = 166

## Q46: Who do you see as primarily responsible for each of the following functions related to the retirement plan?

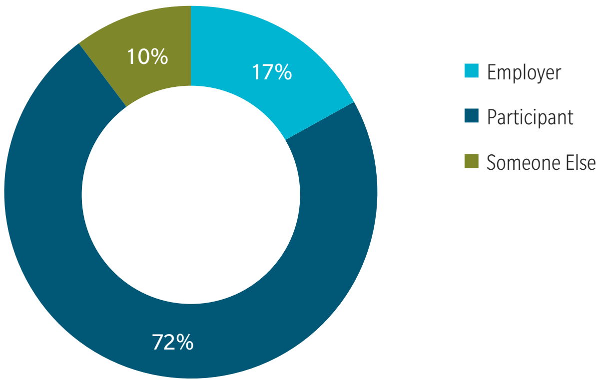
Setting goals for the amount participants will need to save for retirement



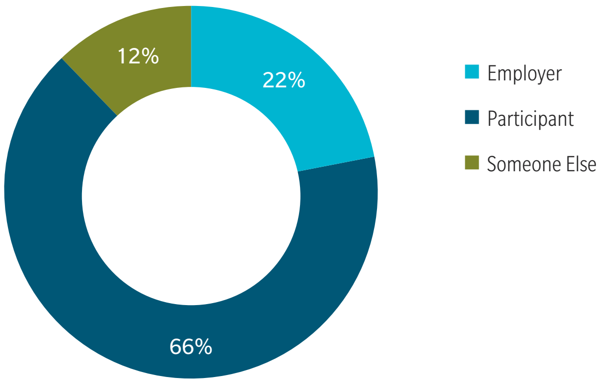

Determining how much participants should contribute to the retirement plan




Making sure participants are staying on track to meet their goals



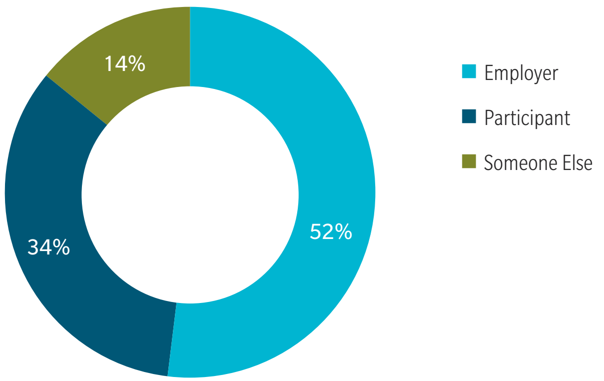

Making sure participants are invested appropriately to meet their needs and goals



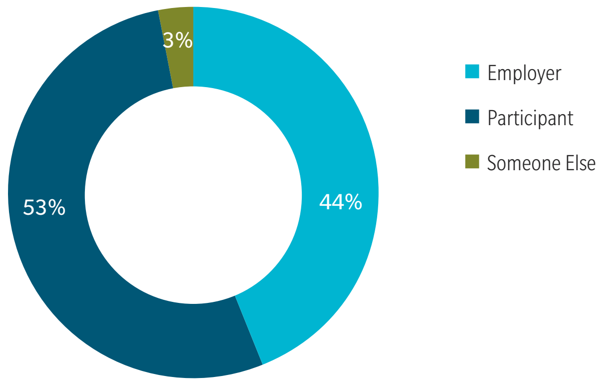

Q46: n = 166

## Q46: Who do you see as primarily responsible for each of the following functions related to the retirement plan? (CONT.)

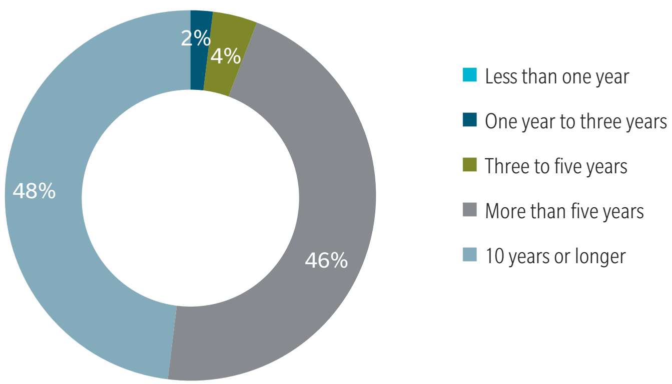
Making the appropriate changes to investments based on changing market conditions




Paying the fees and expenses of the plan

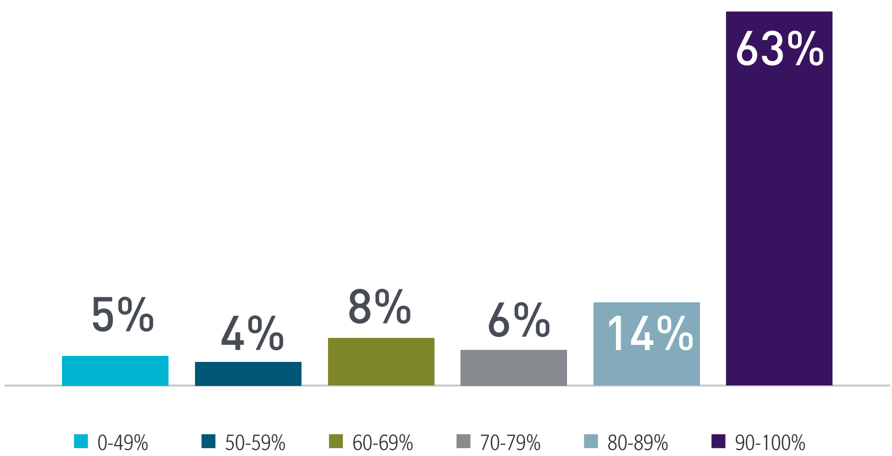



## Q47: What does long-term mean to you when thinking about retirement investments?

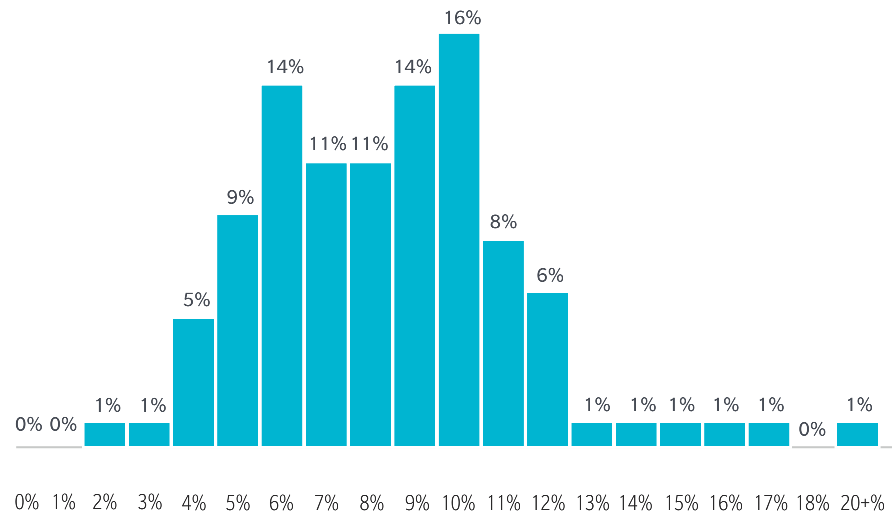



Q46: n = 166 Q47: n = 166

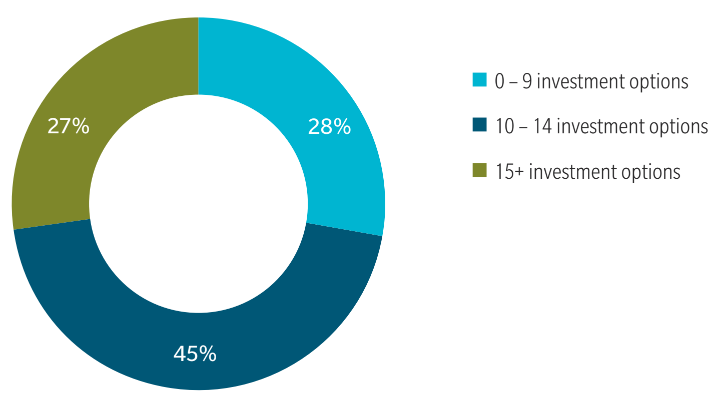
Q49: Approximately what percentage of the employees in your organization who are eligible to participate in your DC plan are either currently contributing to or have a balance in the plan?




Q50: What is your DC plan participant's average deferral rate?




Q51: Counting a target date series as one, how many different investment options do you offer in the core menu in your DC plan? Please note, exclude the brokerage window from this information.




Q49: n = 166 Q50: n = 166 Q51: n = 166

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