

Data Driven Participant Outcomes

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Together we'll go far



5 Key Questions

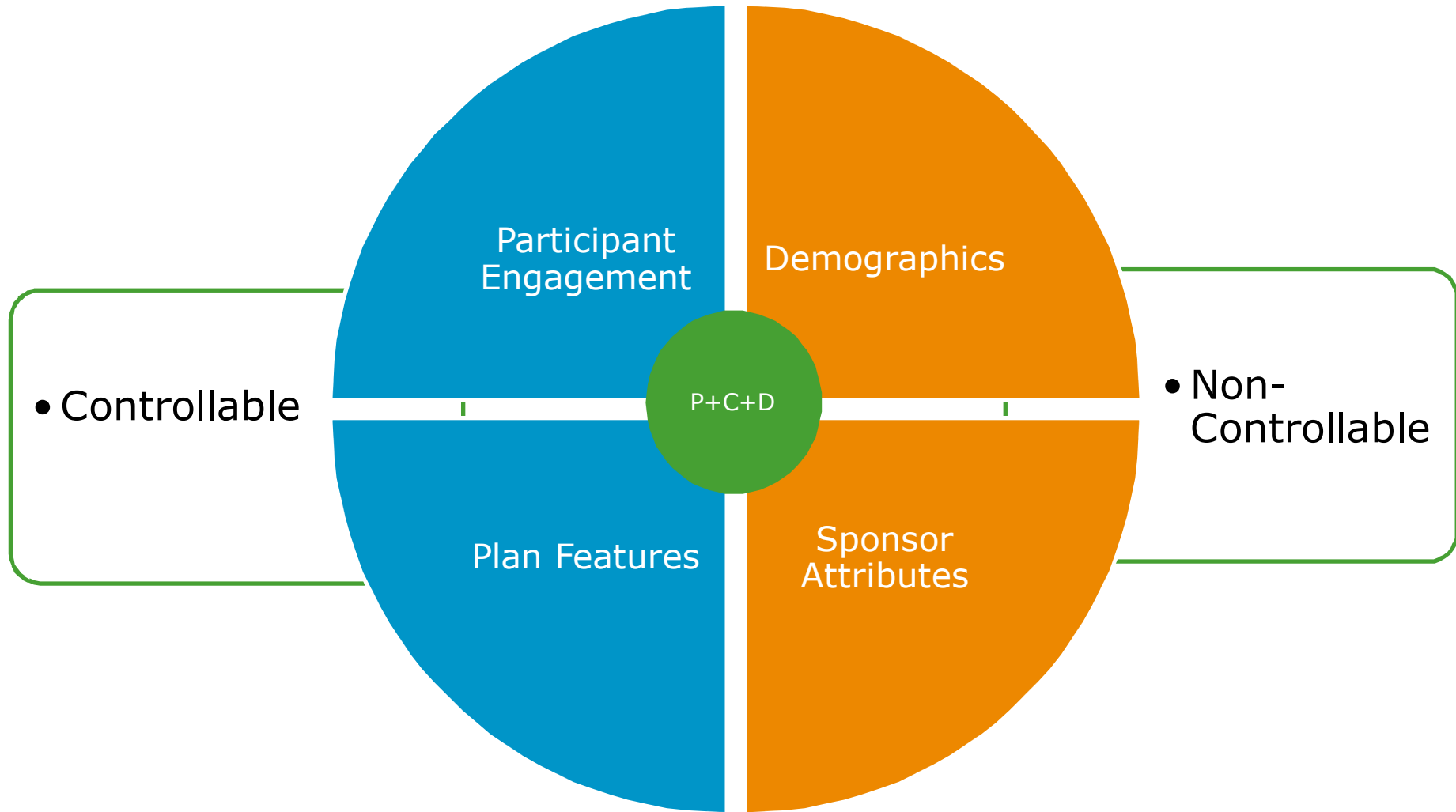
1. What are we trying to get people to do?
2. Where should sponsors focus?
3. What sorts of people are more or less likely to do these things?
4. What can plan sponsors do to drive desired behaviors?
5. How can sponsors implement features to achieve the desired results?

What are we trying to get people to do?

Participation + 10% Contribution + Diversification = Pay Replacement

- Our most recent research shows a strong statistical correlation between the behaviors that make up “Plan Health” and the goal of replacing 80% of income in retirement.

Where should sponsors focus?

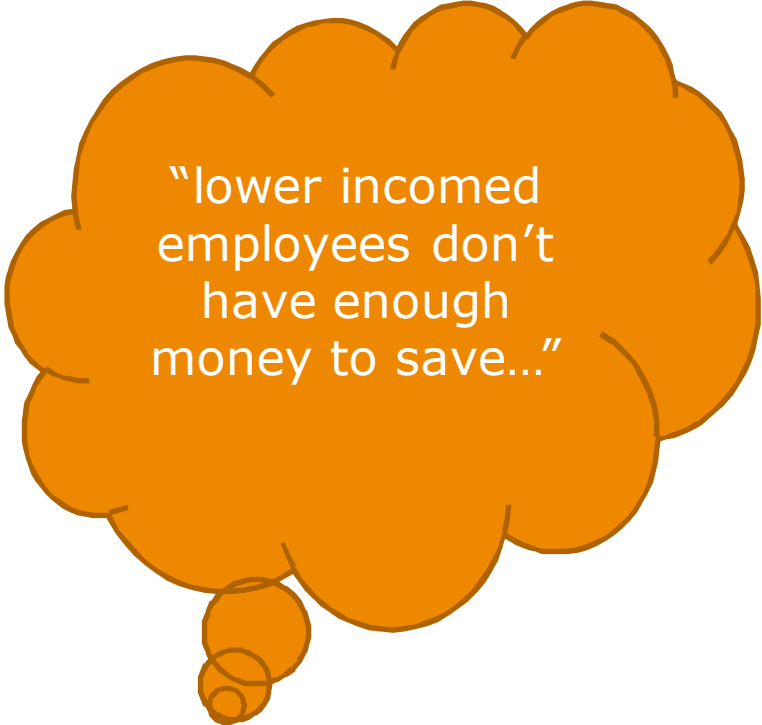


Focus on what you can control, but understand the limitations of what you can't

Controllable	Plan Features	Participant Inertia	Non-Controllable	Participant	Sponsor
Automatic Enrollment	X	X	Income	X	
Automatic Deferral Increase	X	X	Age	X	
Automatic Rebalance	X	X	Tenure	X	
QDIA	X	X	Gender	X	
Total Match	X		HCE Status	X	
Match Cap	X		Plan Size		X
Profit Sharing	X		Industry		X
Investments Offered	X		Average Tenure		X
Website Login		X	Turnover		X
Investment in Default Fund		X	When Plan Was Established		X
(...and many more)					

What sorts of people are more or less likely to do these things?

- Income, tenure, and age are the three biggest demographic influences on participant behaviors.
- There are risks of not challenging our beliefs.



"lower income employees don't have enough money to save..."

Fact: Participation went from 30.6% in 2011 to 47.9% in 2016 (56.5% increase) for participants earning less than \$20,000 per year.

If you had to choose, which would you prefer?

	Early Savers (18-39)	Mid-Career (40-51)	Near Retiree (52-70)	In Retirement (71+)
Having a strong relationship with a personal financial advisor				
Having on-call access to financial advisors, whenever you need them				
Having access to state of the art online or digital investing tools				

If you had to choose, which would you prefer?

	Early Savers (18-39)	Mid-Career (40-51)	Near Retiree (52-70)	In Retirement (71+)
Having a strong relationship with a personal financial advisor	53%	42%	52%	44%
Having on-call access to financial advisors, whenever you need them	[Redacted]			
Having access to state of the art online or digital investing tools				

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	Early Savers (18-39)	Mid-Career (40-51)	Near Retiree (52-70)	In Retirement (71+)
Having a strong relationship with a personal financial advisor	53%	42%	52%	44%
Having on-call access to financial advisors, whenever you need them	12%	21%	19%	23%
Having access to state of the art online or digital investing tools				

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Having on-call access to financial advisors, whenever you need them	12%	21%	19%	23%
Having access to state of the art online or digital investing tools	33%	29%	21%	10%

Do you currently have a written investment plan that details your personal financial goals and strategy for reaching them, or do you not have a written investment plan?

	Early Savers (18-39)	Mid-Career (40-51)	Near Retiree (52-70)	In Retirement (71+)
Yes, I have a written investment plan				
No, I do not				

Do you currently have a written investment plan that details your personal financial goals and strategy for reaching them, or do you not have a written investment plan?

	Early Savers (18-39)	Mid-Career (40-51)	Near Retiree (52-70)	In Retirement (71+)
Yes, I have a written investment plan	37%	34%	47%	43%
No, I do not	63%	65%	52%	55%

In terms of managing your investments - meaning selecting investments, monitoring them, and making changes to your investments over time -- how involved do you want to be in the process?

	Early Savers (18-39)	Mid-Career (40-51)	Near Retiree (52-70)	In Retirement (71+)
Not involved at all	3%	[Redacted]		
A little involved	15%			
Moderately involved	50%			
Heavily involved	32%			

In terms of managing your investments - meaning selecting investments, monitoring them, and making changes to your investments over time -- how involved do you want to be in the process?

	Early Savers (18-39)	Mid-Career (40-51)	Near Retiree (52-70)	In Retirement (71+)
Not involved at all	3%	2%	5%	7%
A little involved	15%	17%	16%	21%
Moderately involved	50%	48%	47%	42%
Heavily involved	32%	33%	33%	31%

Thinking about the primary financial services firm you use for your investments, which of which of the following methods of interacting with that firm is most important to you?

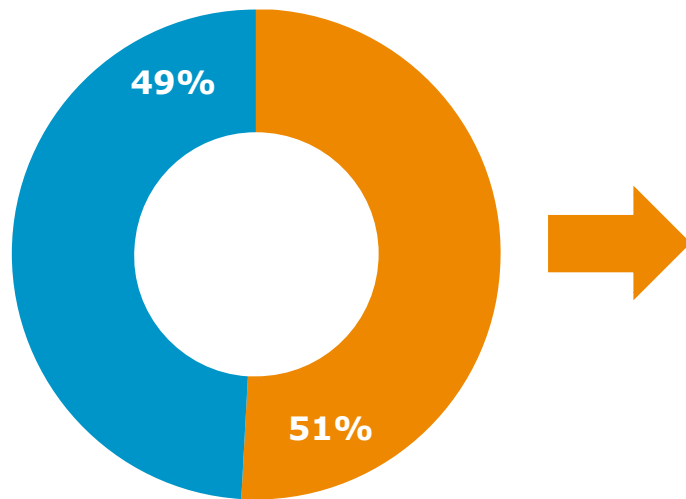
	Early Savers (18-39)	Mid-Career (40-51)	Near Retiree (52-70)	In Retirement (71+)
The website	46%	57%	34%	19%
The mobile app	20%	11%	7%	1%
Telephone	11%	16%	29%	34%
The branch office	19%			

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The mobile app	20%	11%	7%	1%
Telephone	11%	16%	29%	34%
The branch office	19%	15%	28%	41%

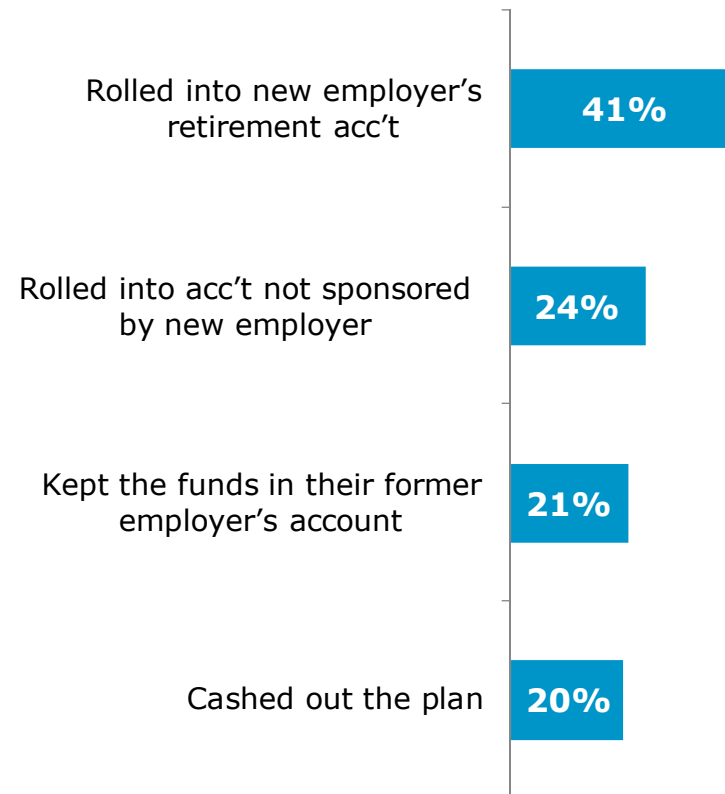
When changing jobs, many Early Savers choose to roll their retirement funds over to an account at their new employer

Previous Employer(s) Offering a Workplace Retirement Account



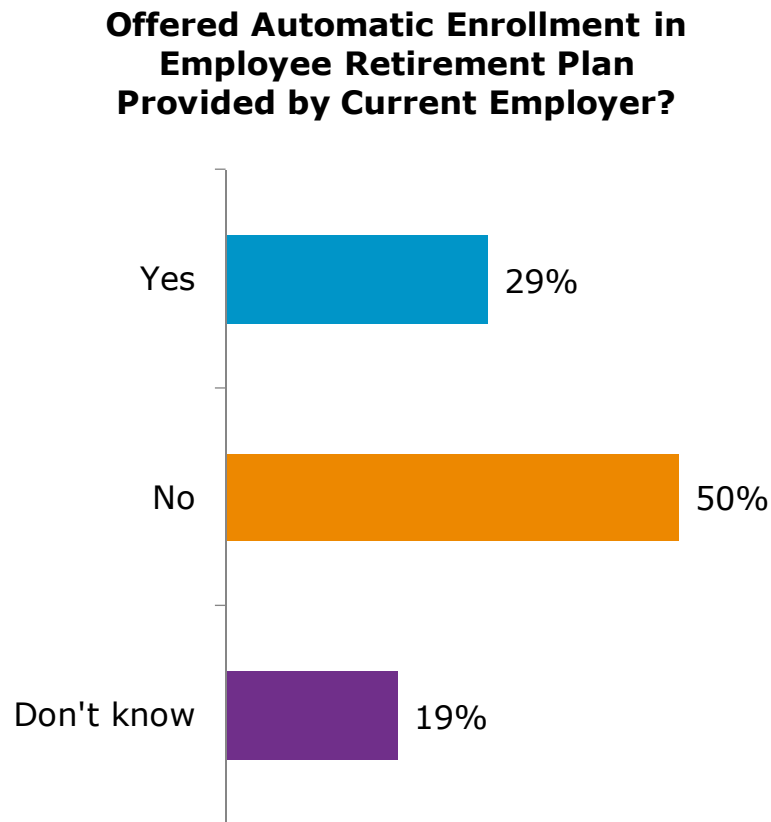
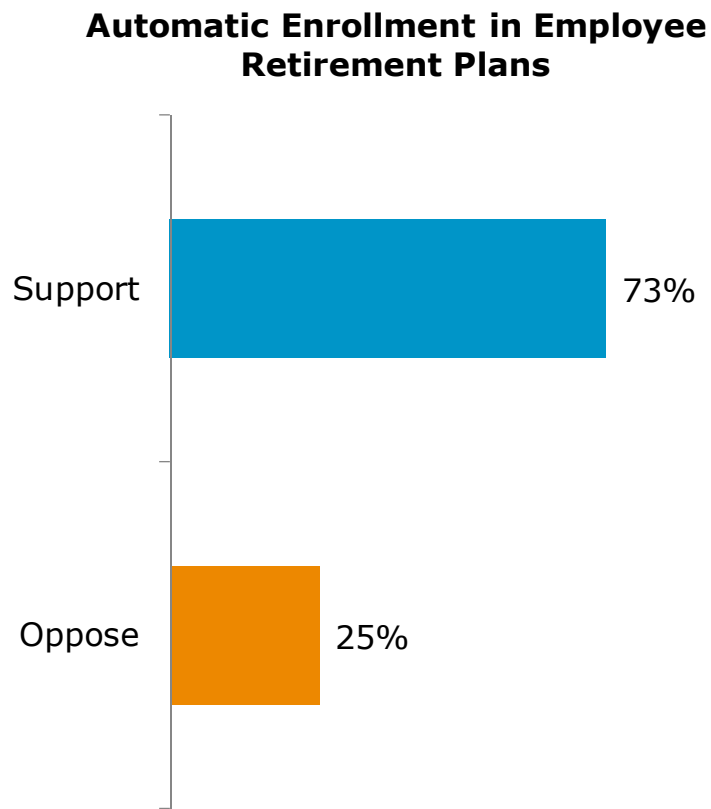
- Previous employer(s) OFFERED a workplace retirement account
- Previous employer(s) DID NOT offer a workplace retirement account

Actions Taken on Retirement Account from Previous Employer (among those offered accounts at previous employer)



Source: 2016 Wells Fargo Millennial Study
E07 When you changed employers, which of the following actions did you do with the funds in your workplace retirement account there?
[Base: Total Millennials who have worked at 2 or more employers and started saving for retirement (n=536)]
[Base: Millennials whose previous employer offered a retirement account (n=271)]

Early Savers believe automatic enrollment in employee retirement plans is a good thing – but less than a third are offered it



Source: 2016 Wells Fargo Millennial Study
E15 Some employers provide retirement plans in which employees are automatically enrolled, and a specific percentage is deducted from [Base: Total Millennials (n=1005)]
E16 Does your current employer provide automatic enrollment for retirement plans? [Base: Total Millennials (n=1005)]

What can plan sponsors do to drive these desired behaviors?

- Evaluate your plan's design
- Expand the definition of plan design to non-traditional elements
 - To meet employees where they are...

Answering the questions participants have on their journey to and through retirement

Early Saver



"I want help setting goals and a path to reach them."

Mid-career Saver



"I want to make smart choices to stay on track."

Pre-Retiree



"I want help visualizing my future."

Retiree



"I want to know if my money will last."

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I WANT HELP WITH . . .

Budgeting

Contribution limits

Repaying student loans

Managing my debt

Roth or traditional 401(k)

Buying my first home

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Debt management

Credit

Investment allocation

Health Saving Account

College savings

Insurance

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Roth or traditional 401(k)

Buying my first home

Debt management

Credit

Investment allocation

Health Saving Account

College savings

Insurance

College expenses

Health expenses

Retirement income

Health Saving Account

Long-term care insurance

Market volatility

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Repaying student loans

Managing my debt

Roth or traditional 401(k)

Buying my first home

Debt management

Credit

Investment allocation

Health Saving Account

College savings

Insurance

College expenses

Health expenses

Retirement income

Health Saving Account

Long-term care insurance

Market volatility

Withdrawal rate

Maximizing Social Security

Assets outside 401 (k)

Paycheck in retirement

Estate planning

Retirement income

How can the sponsor implement these features to achieve the desired results?

- How a plan feature is implemented is at least as important as whether or not it's implemented.



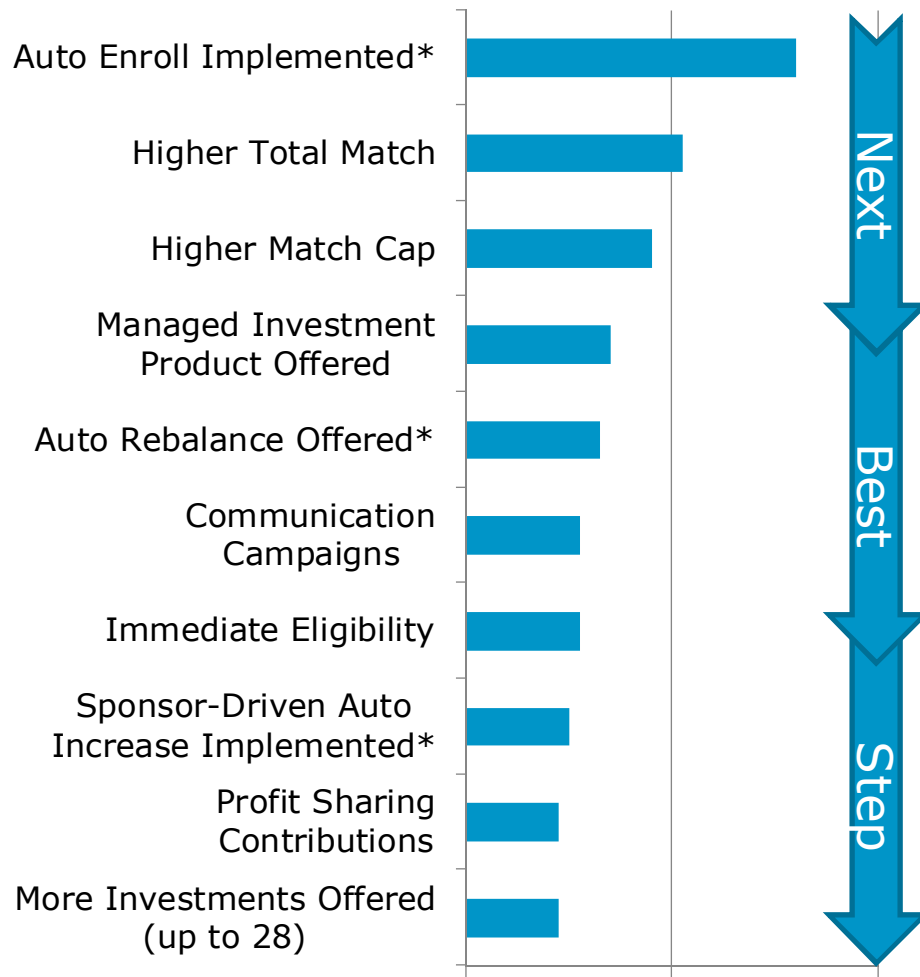
It will take a participant in a plan that automatically enrolls participants at 3% with a 1% annual automatic increase eight years to reach the 10% goal (assuming no employer contribution).



However, a plan that enrolls participants at 6% and has a 2% annual automatic increase will have participants at 10% in three years.

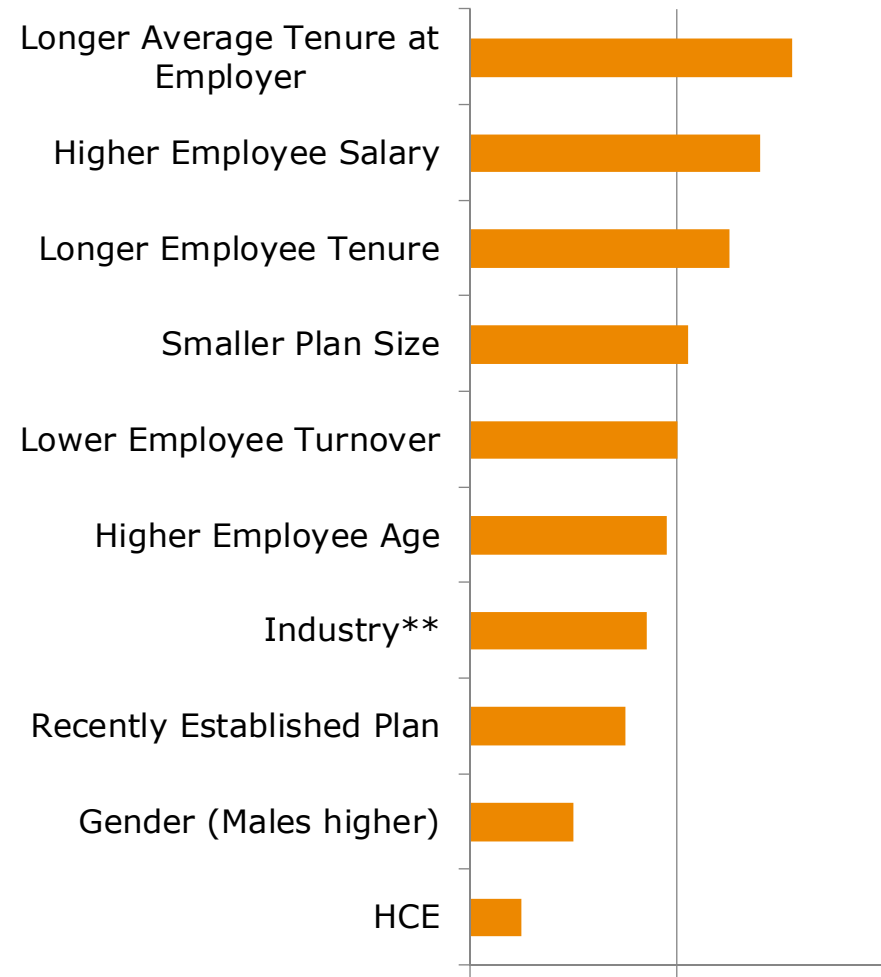
Drivers of Participation

Controllable



* Best practices for this plan feature are on PSW

Non-Controllable

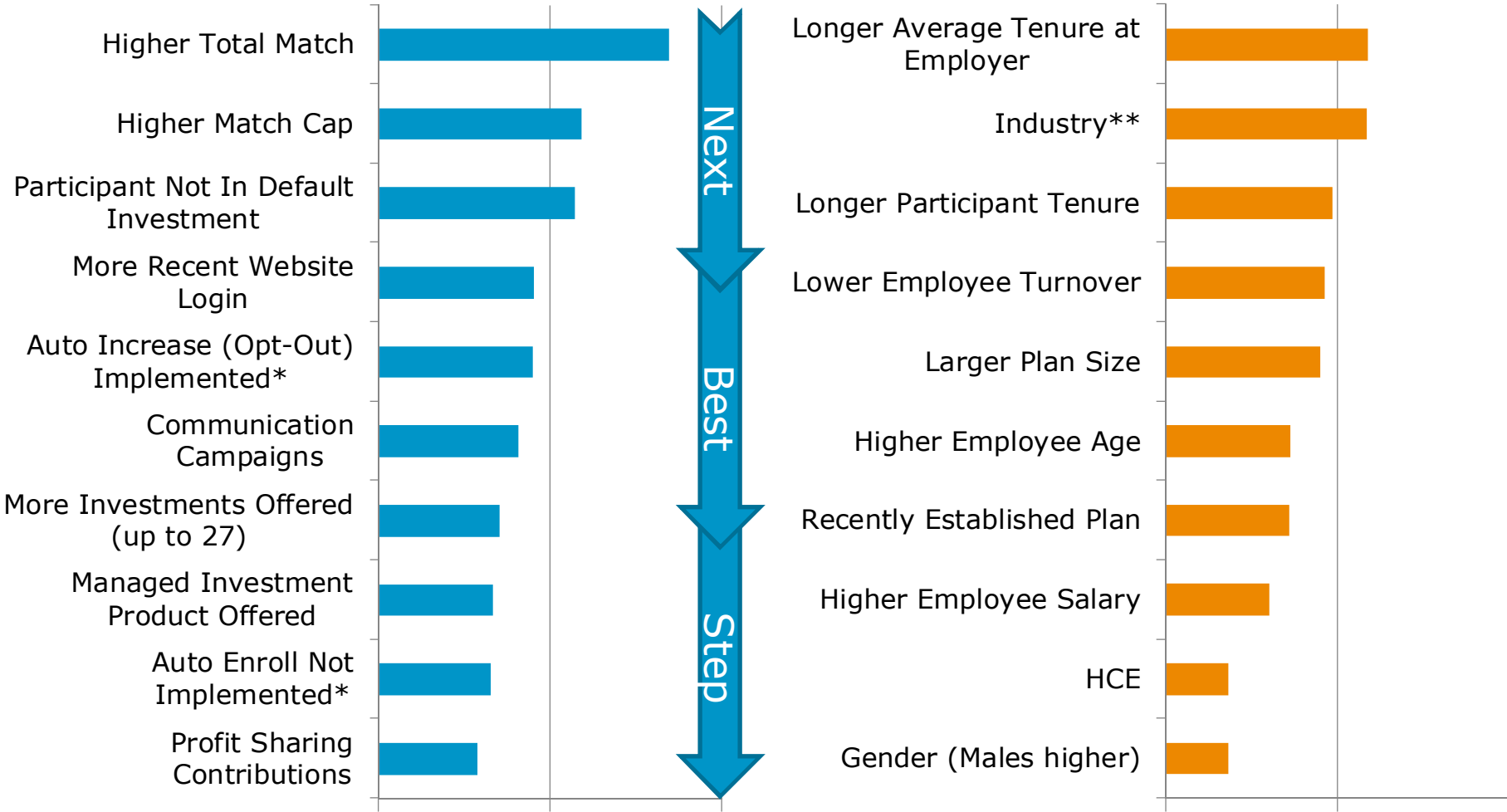


** Industries with the highest participation: Utilities, Mining, Information, and Finance

Drivers of Contributions

Controllable

Non-Controllable



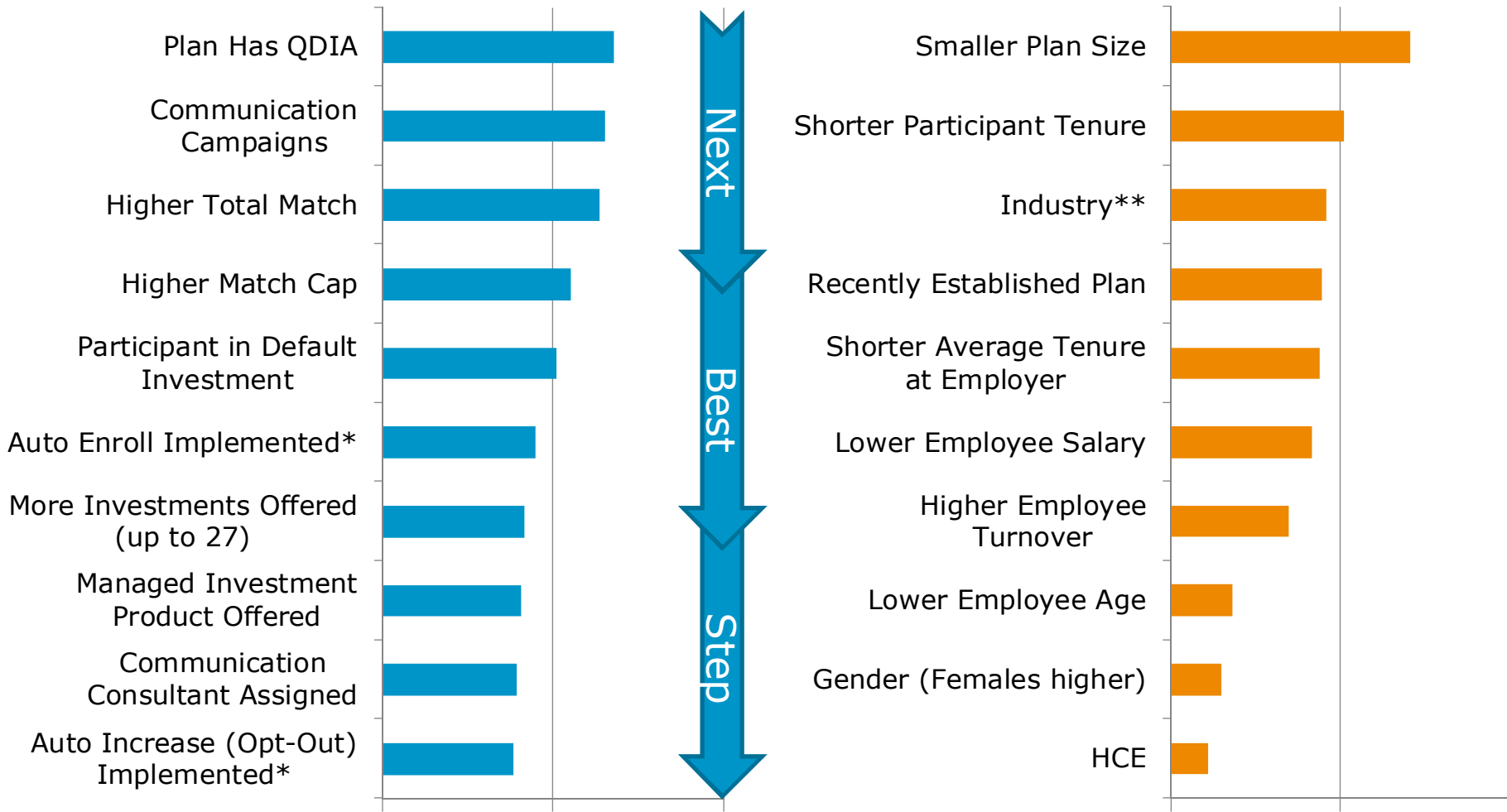
* Best practices for this plan feature are on PSW

** Industries with the highest contribution index: Education, Finance, Manufacturing, Professional Services, Wholesale

Drivers of Diversification

Controllable


Non-Controllable



* Best practices for this plan feature are on PSW


** Industries with the highest diversification index: Education, Finance, Manufacturing, Professional Services, Wholesale

Driving Plan Health 5-Year Report




Driving Plan Health — 2016


Insights from Wells Fargo's defined contribution plan data



Participant behavior



Targeted research



Plan data trends

Together we'll go far

