3rd QUARTER-2020

WORKPLACE THOUGHT LEADERSHIP

Building Financial Futures

Trends and insights of those saving for retirement across America.

Fidelity INVESTMENTS

Executive Notes

With the Coronavirus pandemic reshaping how we live and work, trends we have historically seen in retirement plans will likely be impacted by the world events. Our focus remains on helping our customers make informed decisions about their money in this continually changing world. While Q3 2020 data remained relatively steady, our commitment to tracking these trends and sharing insights will be our top priority in the coming quarters.

Defined Contribution plans

Individual Retirement Account

DC + IRA

Defined Contribution Plan trends

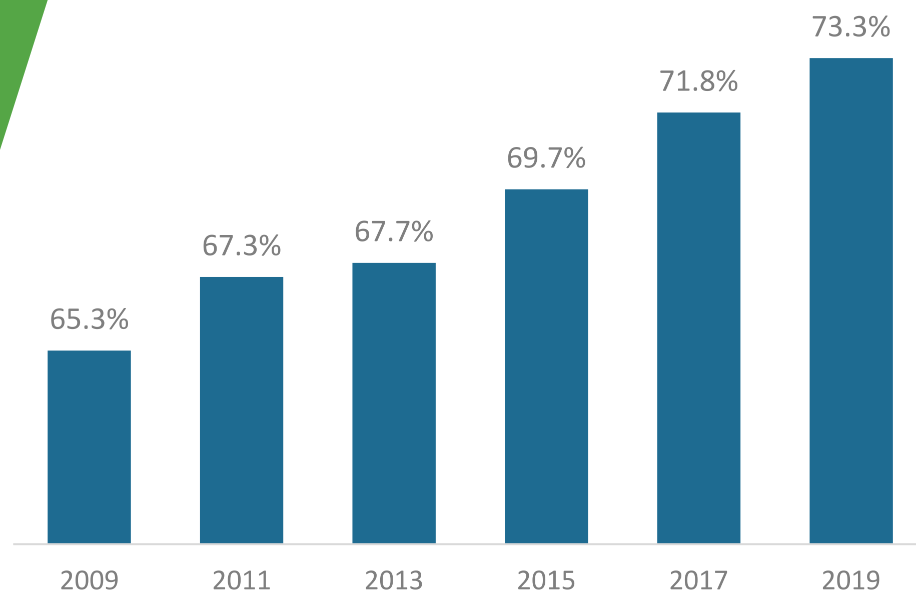
DC plan participation continues to climb

Auto enrollment (AE) proves to be a changing force as DC plan participation continues to increase.

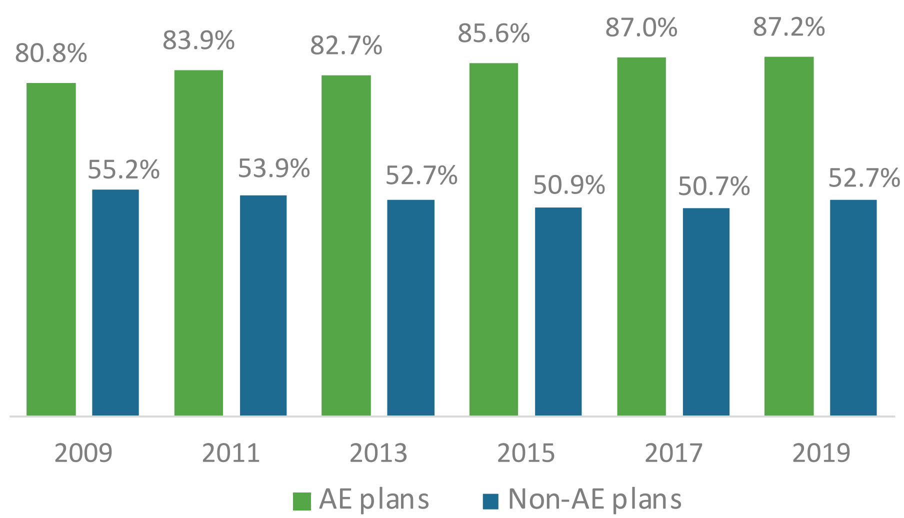
ADDITIONAL INSIGHTS[1]:

- 90% of employees who are auto enrolled don't opt out.
- Participation among millennials* has increased by 55% over the last 10 years in part due to employers adopting auto-enrollment.

Average participation rates in DC plans[1]



Average participation rates AE plans v. non-AE plans[1]



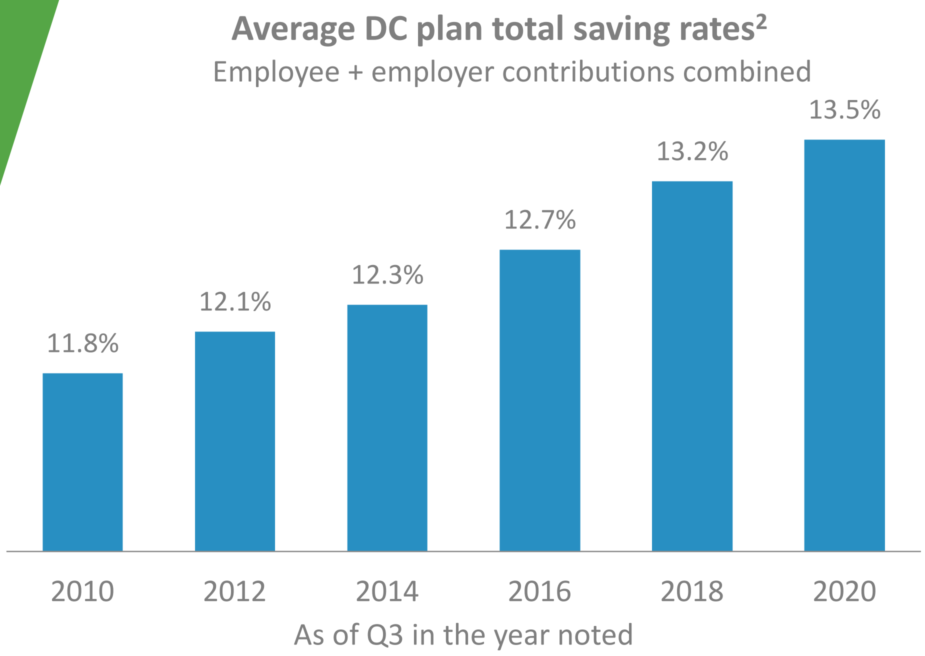
Participation data as of end of Q4 in all years. Updated annually.

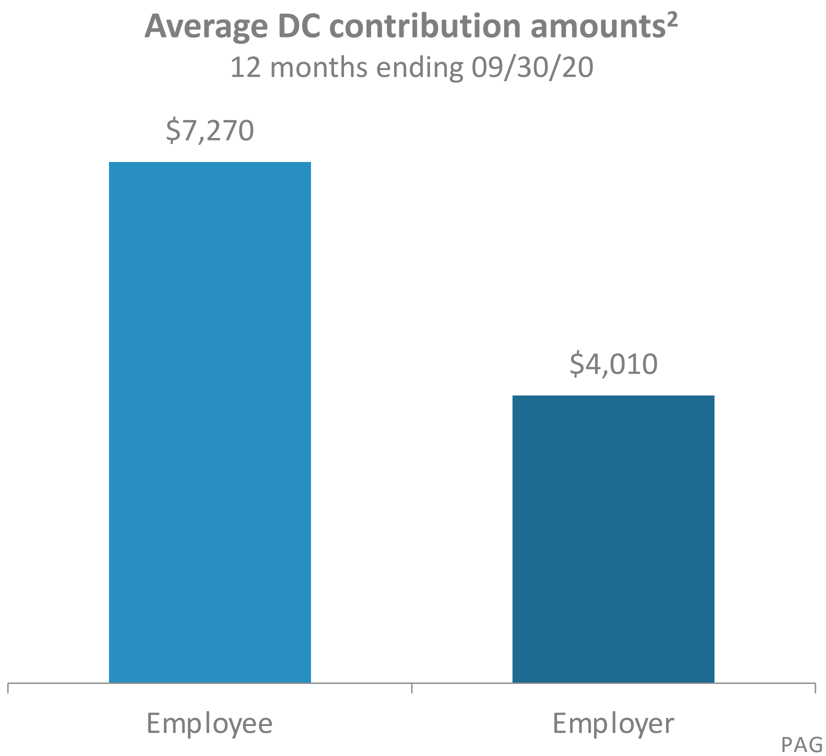
Contributions hold steady

Despite these unprecedented times, very few employees or employers have decreased savings rates.

ADDITIONAL INSIGHTS[2]:

- 9.4% of participants contributing to their 401(k) plan have decreased their deferrals during Q3 2020, up from 8.2% the year before.
- 65% of deferral increases were due to Auto Increase Programs in Q3 2020.



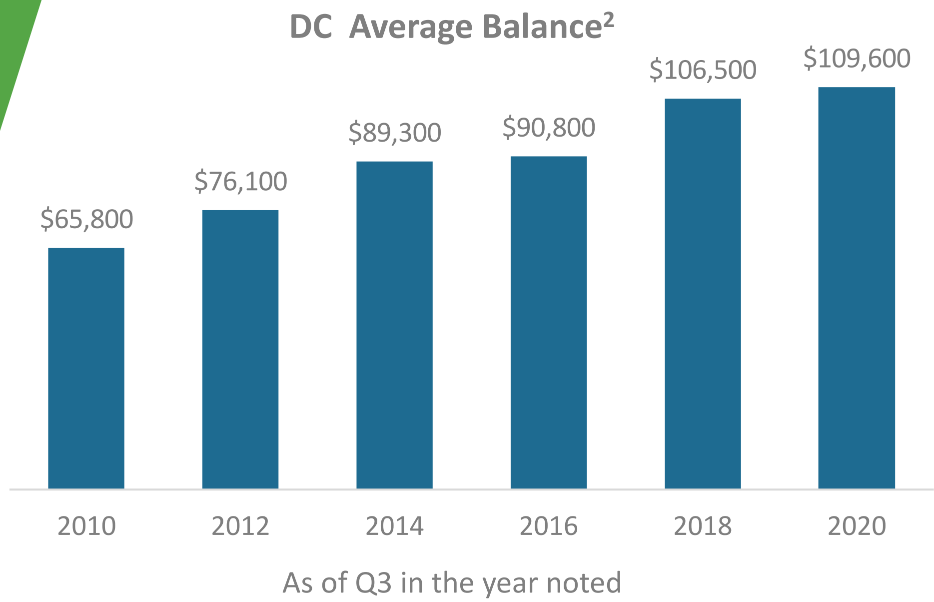


DC plan balances

With the recent market activity, balances have rebounded by 14% from the previous quarter.

ADDITIONAL INSIGHTS[2]:

- With average balances Increasing this quarter, those who have been saving over the long-term (15 years) have saved an average of $433,100.
- Millennials* who have continuously invested in their DC plan for 15 years have an average balance of $219,700 in Q3 2020.



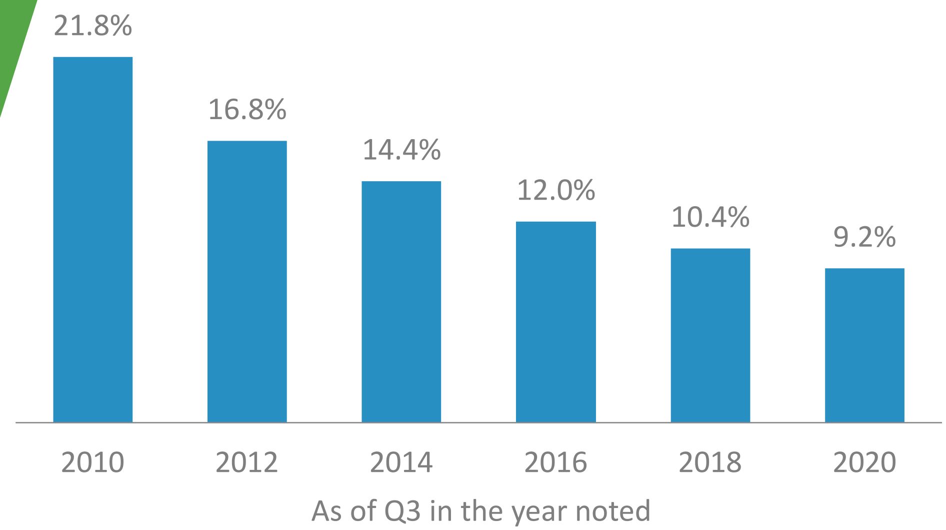
Investment diversification improves over time

With 98% of employers offering target date funds and 92% using them as the default investment option[2], employee diversification has improved greatly over the last 10 years.

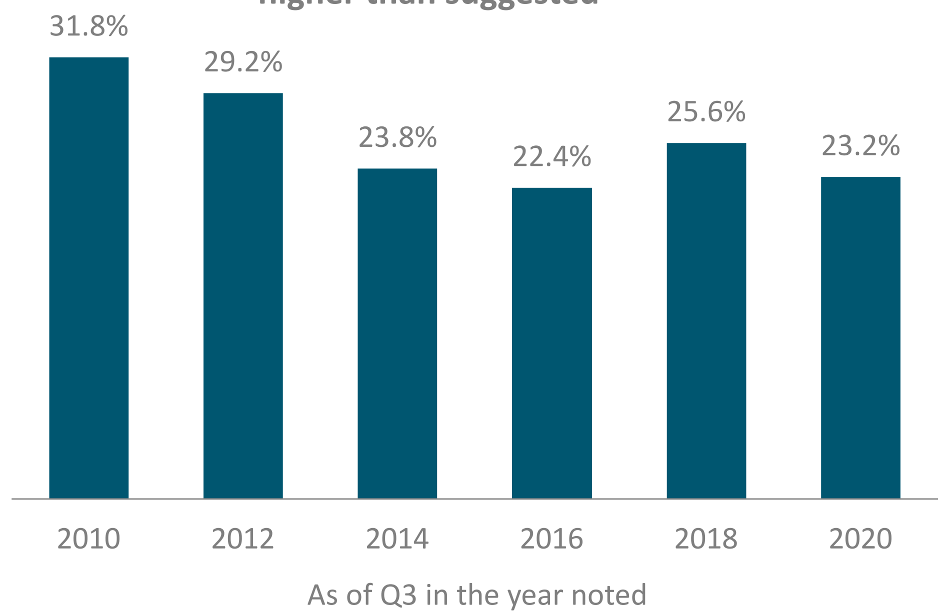
ADDITIONAL INSIGHTS[2]:

- Baby Boomers* are the most likely generation to be too aggressively invested—potentially putting them at risk so close to retirement.
- 69% of millennials* are 100% invested in a target date fund, due in part to being auto-enrolled in their 401(k) and defaulted into the option.

Percent of employees holding 100% or 0% equity[2]



Percent of employees with a stock allocation higher than suggested[2]**

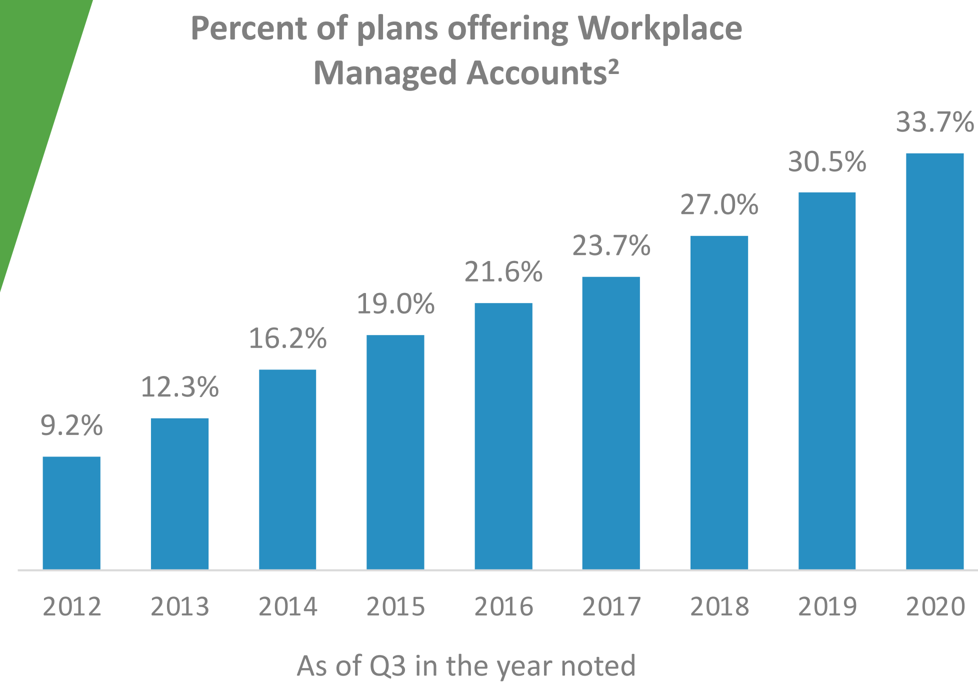


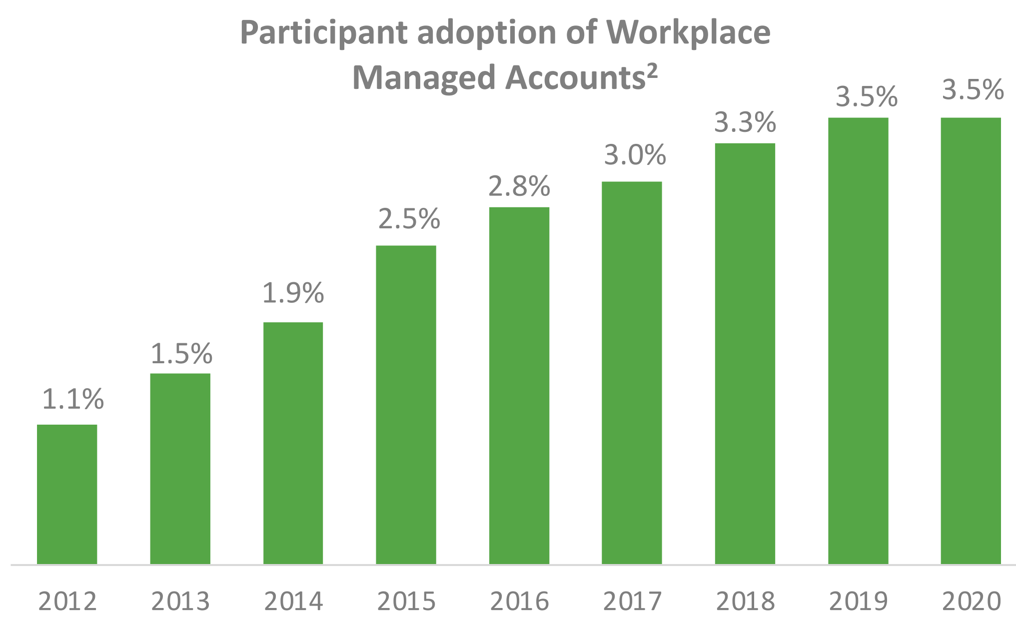
Trends in workplace managed accounts

The percent of plans offering a workplace managed account has continued to rise.

ADDITIONAL INSIGHTS[2]:

- While plan sponsor adoption of managed accounts has grown, participant adoption is still relatively low.
- 48% of larger plans (with over 1,000 participants) have adopted a workplace managed account.

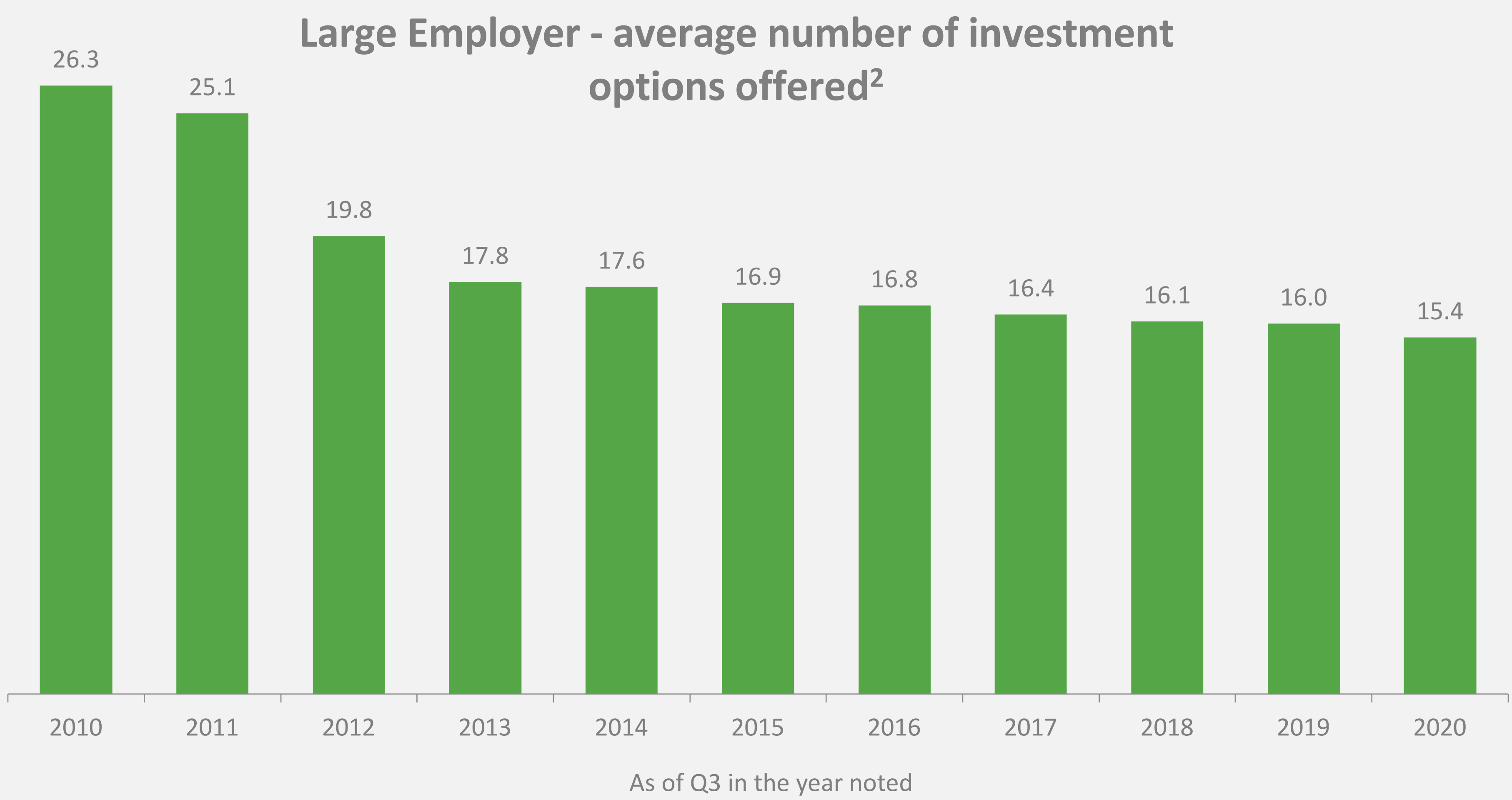




As of Q3 in the year noted

Trends in DC Investment Lineups

The largest corporate DC plan sponsors now offer around 16 investment options in their lineup[2]



Large plans are those with approximately $500M or more in DC plan assets.

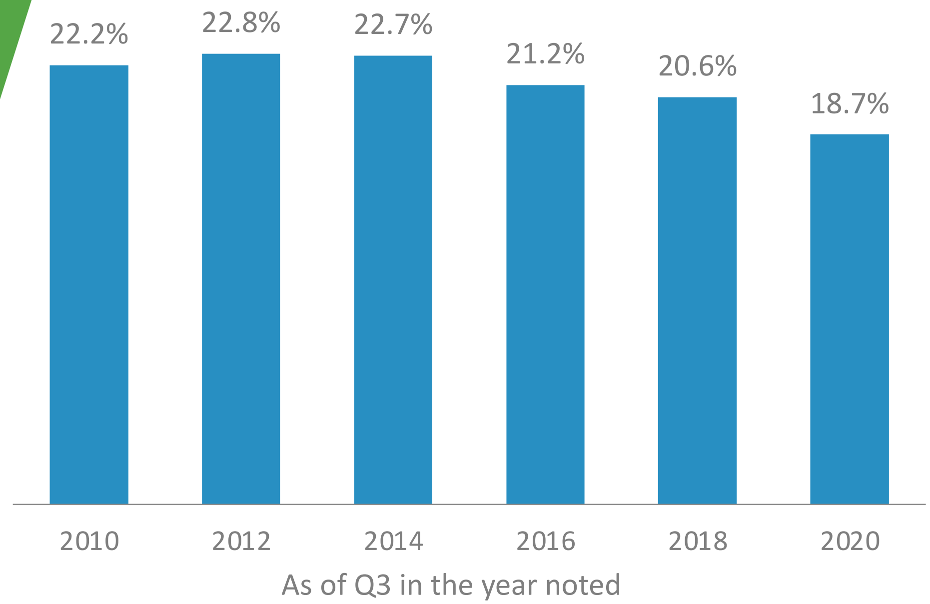
DC loans trending down

While decreasing leakage from retirement plans is important, the immediate needs of employees are top of mind for employers. With most employers choosing to adopt the CARES Act distribution provisions, many participants opted for this instead of a traditional loan, resulting in loan usage trending down during Q3. We will continue to monitor money out trends during Q4.

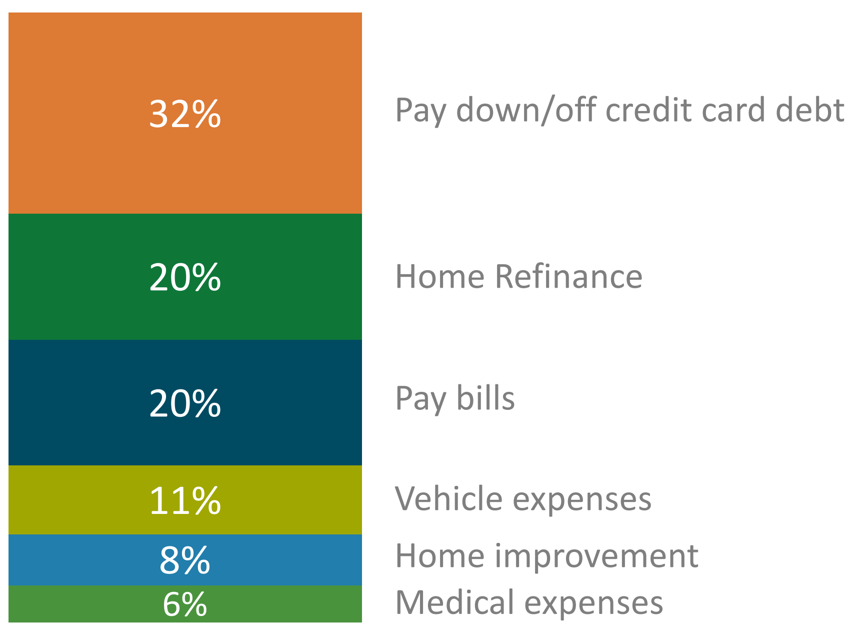
ADDITIONAL INSIGHTS[2]:

- 1.9% of the population initiated a new loan in Q3 2020.
- The average amount for loans initiated in Q3 2020 was $12,700.

Percent of participants with loans outstanding[2]



Most common reasons for taking a loan[3]



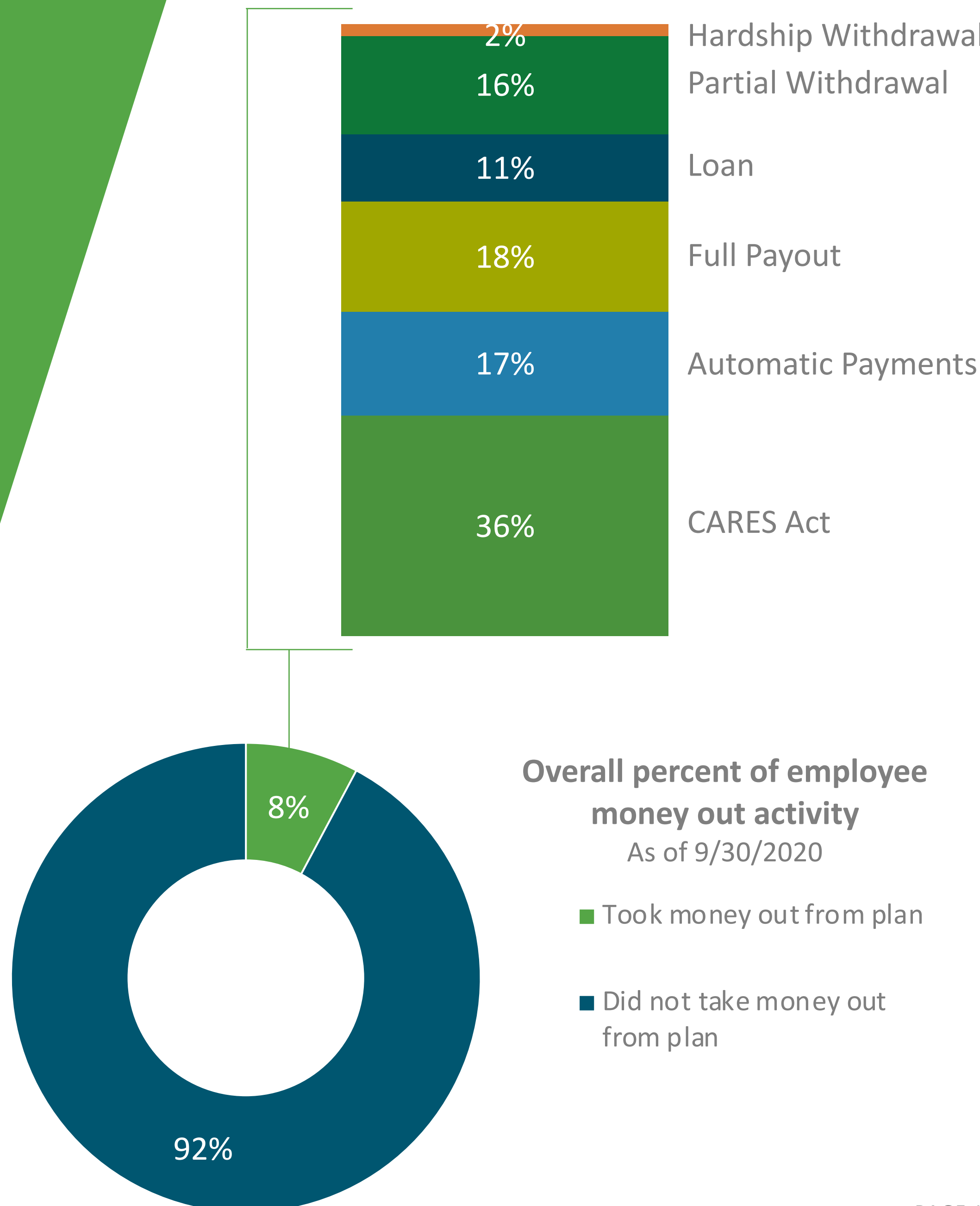
Withdrawals

While the goal is to save and invest for the long-term, unexpected events can create a need to withdraw savings to cover near-term expenses.

ADDITIONAL INSIGHTS:

- Overall money out activity was 10% higher in Q3 2020 over Q3 2019.
- In Q3 2020, 8% of participants took money from their plan, with the CARES Act distribution option representing 36% of those transactions.
- The average CARES Act distribution amount is $9,000, and the median amount is $2,400.

Percent of employee money out behavior by transaction
As of 9/30/2020



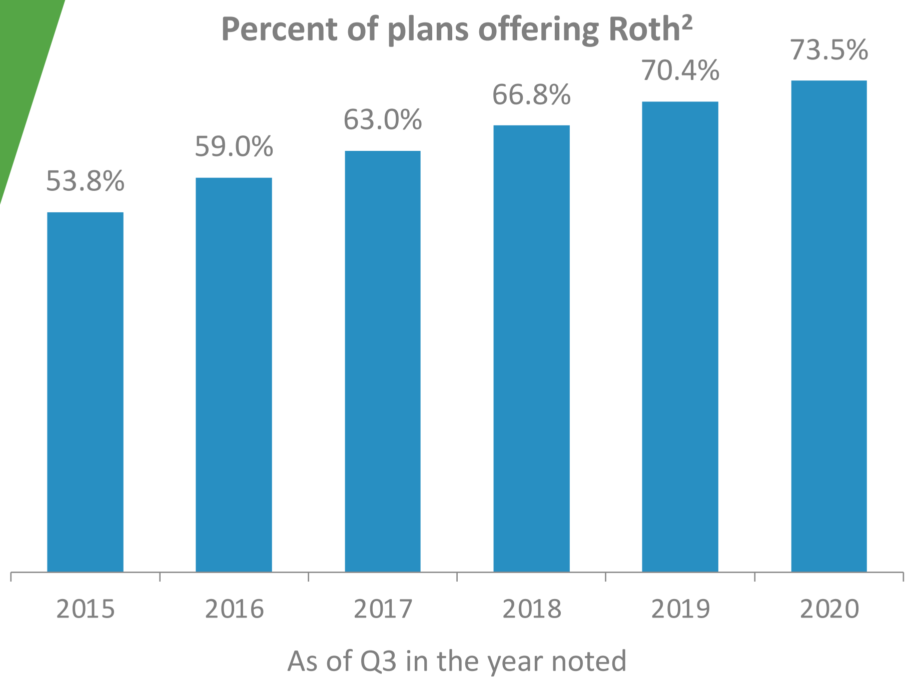
Based on Fidelity Analysis of 25.3M total DC/TEM participants during Q3 2020.

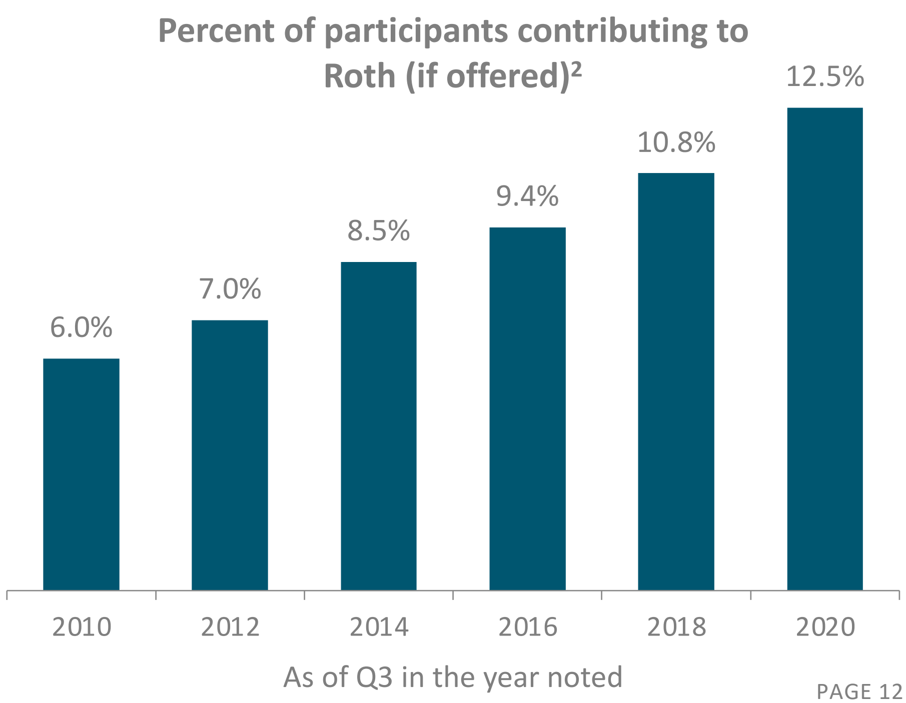
Roth 401(k)

In just the last five years, the percent of plans offering Roth in 401(k)'s has increased by 37%, and with this option being increasingly popular with younger participants, contributions are also on the rise[2].

ADDITIONAL INSIGHTS[2]:

- Millennials* are the most likely generation to be contributing to Roth, increasing from 10% to 15% in the last 10 years.
- 24% of plans offer employees the ability to convert pre-tax assets to Roth, twice the number who offered this option in 2015.





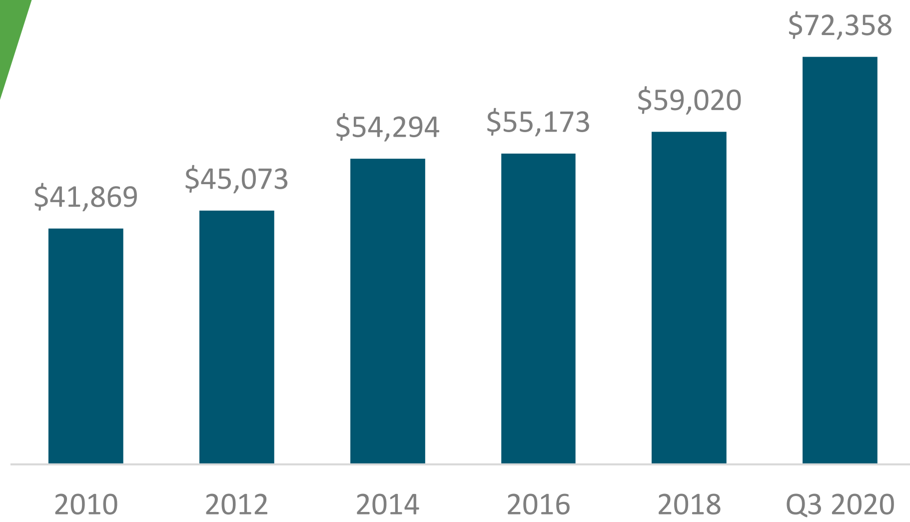
Tax-exempt workers making strides

Tax-exempt companies, such as religious, healthcare, higher education and governmental organizations are increasing retirement savings through engagement and education.

ADDITIONAL INSIGHTS[4]:

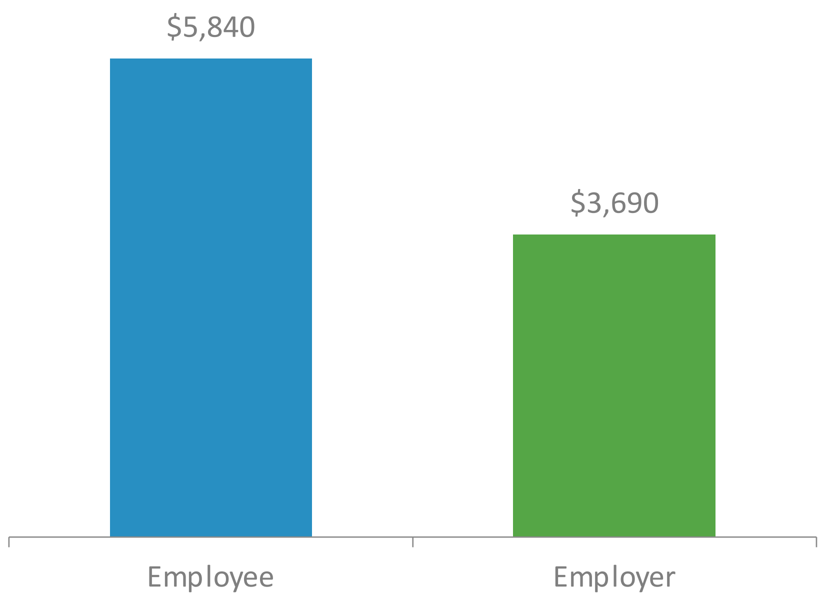
- With recent market activity balances have increased 10% from two years ago; increased 6% from Q2.
- 45% of all assets in tax-exempt plans are invested in target date funds.

Average Balance - Tax-exempt plans[4]



Average tax-exempt plan contribution amounts[4]

12 months ending Q3 2020



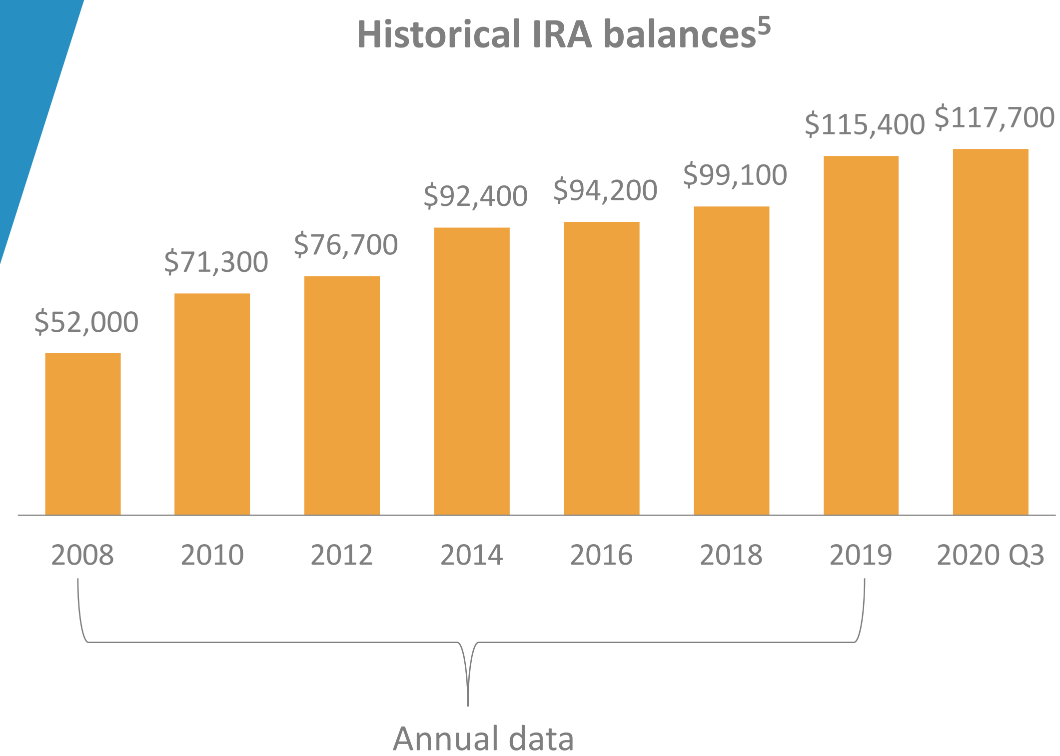
IRA Trends

IRA balances

8.3 million people are saving and investing for retirement through 10.5 million IRA accounts where the number of accounts has grown by 9.2% and average balances have increased 6.8% between Q3 2019 and Q3 2020.[5]

ADDITIONAL INSIGHTS[5]:

- Female millennials* owned IRA accounts increased by 24.7% between Q3 2019 and Q3 2020.



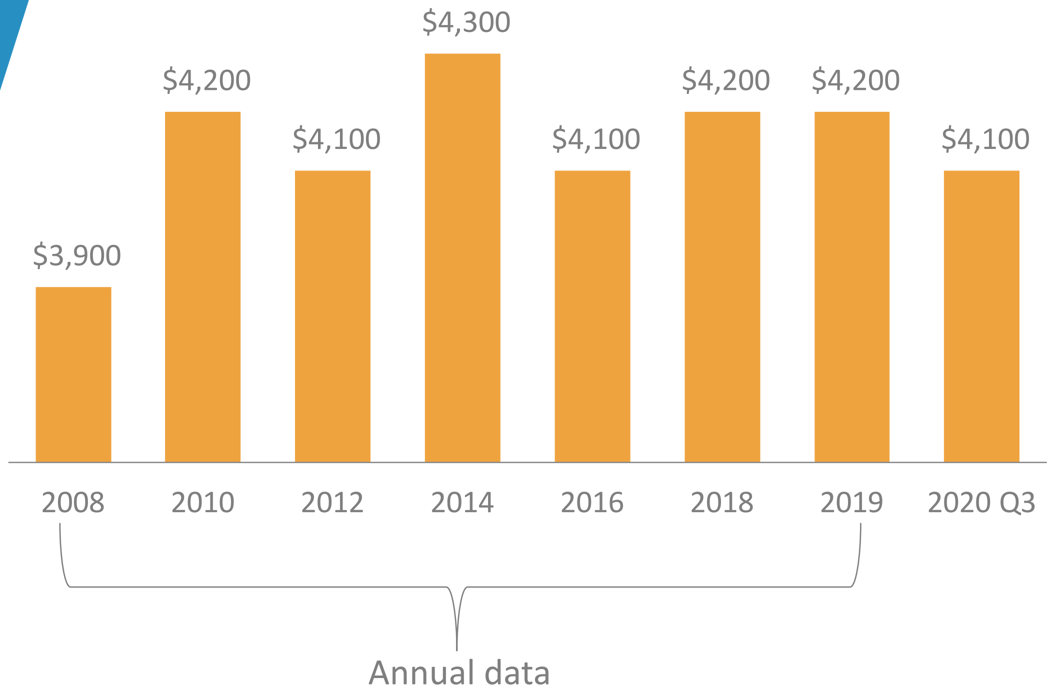
IRA contributions

While not all account holders contribute to their IRA on an annual basis, the number who do has increased by 29.6% between YTD Q3 2019 and YTD Q3 2020.[5]

ADDITIONAL INSIGHTS[5]:

- Across the generations*, Roth IRAs are the savings vehicle of choice with 58.0% of all IRA contributions going to Roth in YTD Q3 2020.
- Contributing millennial* Roth IRA accounts increased 45.4% between YTD Q3 2019 and YTD Q3 2020, with an overall dollar contributions increasing 62.8%.

Average IRA contribution amount historical[5]



401(k)-IRA trends

Insights on those saving in both a DC retirement plan and an IRA

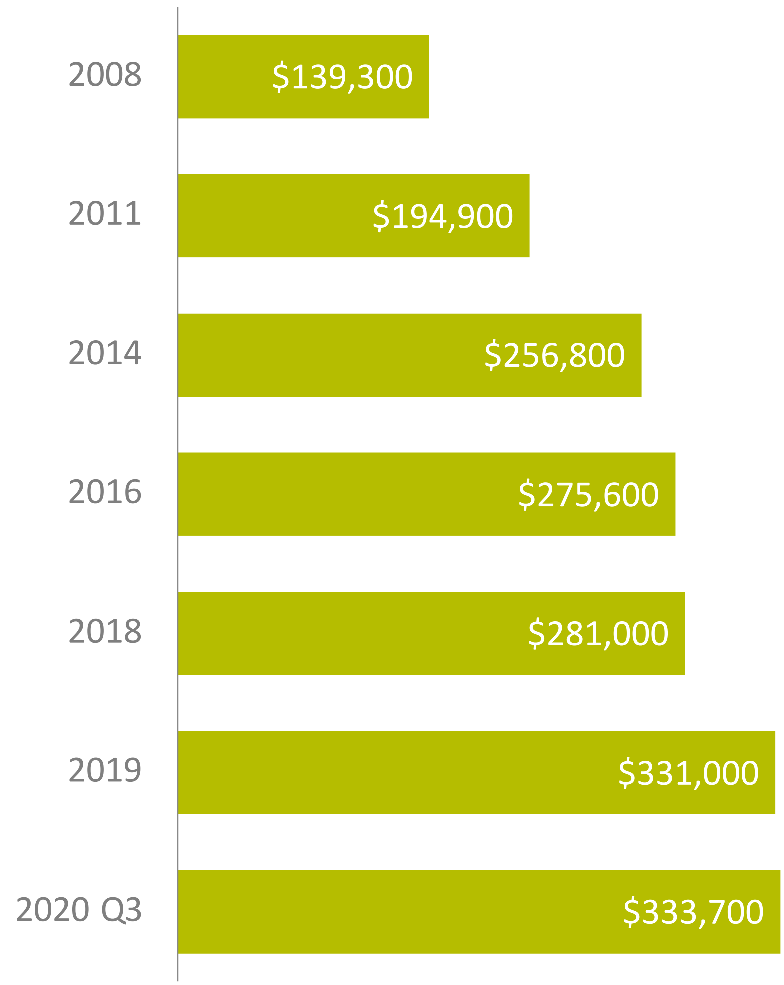
Combined balances

The people with balances in both a DC retirement plan and an IRA, are maximizing their savings opportunities in the pursuit retirement readiness.

ADDITIONAL INSIGHTS[6]:

- Average combined assets for millennials* increased 15.8% from Q3 2019 to Q3 2020.

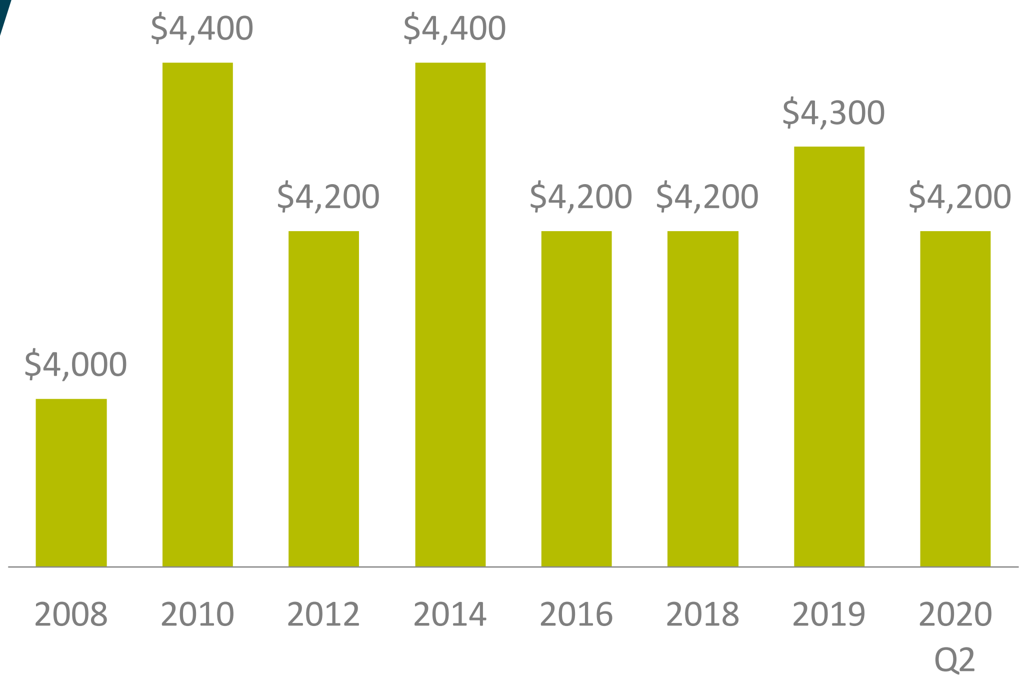
Combined average balances for savers with both a workplace retirement plan and an IRA[6]



Contributions

Contributing to more than one retirement plan takes budgeting and dedication. Contribution rates have recovered following the financial crisis of 2008/2009 and have remained steady the last several years[6].

Average IRA contributions amounts for “DC/IRA” savers[6]



3 things for employees to consider while saving for retirement

During these unprecedented times, employees may begin to consider decreasing their contributions to their retirement account(s), taking money from their savings plan, or changing their investment options. It's important to encourage them to think through what may be necessary in the short-term while keeping their long-term goals in mind. Below are three things employees should keep in mind to help them stay on track.

1. **Making changes to your contributions:**
   - If you have to lower your contribution, try to contribute enough to get any available company match—don't leave free money on the table.
   - Revisit your saving contributions regularly and consider adjustments as we get through these uncertain times—even 1% more can make a big difference over time.
2. **Accessing money from your plan in a financial emergency:**
   - Options vary depending on your employer's plan rules, including hardship withdrawals and loans, so be sure to understand what's available based on your personal situation.
   - Make sure your bank and personal information is up to date. This helps us send your money faster with direct deposit.
3. **Making changes to your investments**:
   - To help you feel more confident about your investments, it's important to understand how your retirement account is invested. Factors to consider include the numbers of years until you retire, your financial situation, and how much risk you are willing to take on.
   - Decide if you want to manage your own investments or get help. If you don't want to do it alone, consider a target date fund or managed account.

Footnotes

*Baby Boomers are those people born between 1946 and 1964.
*Gen X are those people born between 1964 and 1980.
*Millennials are those people born between 1981 and 1997.

Investing involves risk, including risk of loss.

**For "Asset Allocation" purposes, the participant's current age and equity holdings are compared with an example table containing age based equity holding percentages based on an equity glide path. The Fidelity Equity Glide Path is an example we use for this measure and is a range of equity allocations that may be generally appropriate for many investors saving for retirement and planning to retire around ages 65 to 67. It is designed to become more conservative as participants approach retirement and beyond. The glide path begins with 90% equity holdings within a retirement portfolio at age 25 continuing down to 24% equity holdings at age 93. Equities are defined as domestic equity, international equity, company stock, and the equity portion of blended investment options. The Fidelity equity band is not intended as a benchmark for individual investors; rather, it represents a range of equity allocations that may be appropriate for many investors saving for retirement. Investors should allocate assets based on individual risk tolerance, investment time horizon, and personal financial situation. A particular asset allocation may be achieved by using different allocations in different accounts or by using the same one across multiple accounts.

Target Date Funds are an asset mix of stocks, bonds and other investments that automatically becomes more conservative as the fund approaches its target retirement date and beyond. Principal invested is not guaranteed.

[1] Based on Fidelity analysis of 23,000 corporate DC plans (including advisor-sold DC) and 17.1 million participants as of 12/31/2019.
[2] Based on Fidelity analysis of 23,300 corporate DC plans (including advisor-sold DC) and 19.0 million participants as of 9/30/2020.
[3] Fidelity analysis of 39,700 unique users of the Loan Decision Interactive as of 3/31/2020.
[4] Based on Fidelity analysis of 10,400 Tax-exempt plans and 6.8 million participants as of 9/30/2020.
[5] Fidelity business analysis of 10.5 million IRA accounts as of 9/30/2020.
[6] Fidelity business analysis of people saving in both a DC retirement plan and an IRA as of 9/30/2020.

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