Janus Henderson INVESTORS

TOP DC TRENDS AND DEVELOPMENTS

1Q22 Edition

At Janus Henderson, we seek to benefit clients through the connections we make. This includes the flow of ideas between investment teams, the insights we offer to inform clients and our engagement with companies to make a positive difference.

This is central to what active management stands for and to the outperformance we seek to deliver to clients.

We're invested in connecting.

INVESTED IN CONNECTING

1

Active because active matters

We selectively invest in what we believe are the most compelling opportunities. Our investment teams are free to form their own views and seek to actively position portfolios to connect clients with their objectives.

2

Global strength to deliver local solutions

We offer true global reach with a presence in all major markets, combined with the responsiveness, tailored solutions and personal touch you would expect from a local partner.

3

Empowering clients with *Knowledge Shared*

We connect our clients with insights and knowledge that empower them to make better investment and business decisions.

WHAT'S INSIDE

Our quarterly Top DC Trends and Developments is designed to help CEOs, CFOs, treasurers, human resource and benefits professionals and investment committees stay up-to-date on recent events that could have an impact on plans or plan participants.

Inside you will find the following information:

- **Quarterly Highlights:** Best practices for plan sponsors
- **Participants' Corner:** Timely insights about the retirement readiness of plan participants
- **Legislative Review:** A summary of new and pending legislation
- **Regulatory Review:** News from the Department of Labor and other regulatory bodies
- **Legal Review:** An update on high-profile ERISA cases
- **Global Headlines:** A brief synopsis regarding global retirement issues

QUARTERLY HIGHLIGHTS

QUARTERLY HIGHLIGHTS

Applied Industrial Technologies Boosts Two-Factor Authentication Adoption

- The Cleveland, Ohio-based distributor of industrial supplies reached out to participants who had not yet secured their retirement accounts through two-factor authentication
  - The human resources team called 57 people with account balances greater than $50,000 and sent email communications to the rest
- As a result, the number of participants with unsecured accounts greater than $50,000 declined from 57 to 4 and the number of participants with unsecured balances of less than $50,000 dropped from 694 to 583
  - Notably, the largest unsecured account balance fell from more than $1 million to $78,000

QUARTERLY HIGHLIGHTS

Missouri State Employees' Retirement System Uses Videos to Engage Employees

- The Missouri State Employees' Retirement System (MOSERS) launched a money saving campaign called "TipToks" during the 2021 America Saves Week
- The campaign featured 15 TikTok-style videos posted on YouTube to help participants learn more about the state's deferred compensation plan, how to save for the future and improve their financial wellness
- The 30-second videos featured only MOSERS employees, and in some cases spouses and children, and received more than 12,000 views in a week

QUARTERLY HIGHLIGHTS

Rosie the Riveter Encourages Employees to Stay Stronger at ProHealth Care

- The Wisconsin-based health care provider used the image of World War II icon, Rosie the Riveter, to help encourage employees to stay strong – both physically and financially – during the COVID-19 pandemic
- A modern-day Rosie was featured in personal protection equipment (PPE) and urged participants to not only protect themselves against the virus but to safeguard their future financial well-being
- Among other calls to action, the campaign encouraged employees to ensure they were registered to access their accounts online and update their beneficiary designations

QUARTERLY HIGHLIGHTS

University of California Adds Deferred Income Annuity Option

- Participants between the ages of 62 and 69 in the University of California 403(b), 457(b) and DC plans have been given the option to transfer a portion of their target-date fund balance to a qualified longevity annuity contract (QLAC)
  - The transfer must be from the 2020 or income fund "vintages"
  - Purchases can only be made one time
- The income start date is age 78 and participants can select from a single life, 50% joint and survivor and 75% joint and survivor lifetime income options

QUARTERLY HIGHLIGHTS

Short-Term Savings Program Launched by KFC Foundation

- The KFC Foundation, an independent 501(c)3 nonprofit organization primarily funded by KFC franchises and headquartered in Louisville, Kentucky, introduced MyChange, an emergency savings program for KFC employees
  - The program was created in partnership with SaverLife, a national nonprofit fintech company
- The primary objective was to help KFC employees build at least $500 in short-term savings while also instilling lasting positive savings behaviors
- Employees who signed up received a $20 bonus from the foundation, and by saving $10 a month, received a dollar-for-dollar match of up to $40 over a six-month period

QUARTERLY HIGHLIGHTS

Uniform Supplier Outgrows SIMPLE IRA

- Inventory Trading Company, a leading supplier of police, fire and FBI security staff garments, offered a SIMPLE IRA , but converted to a 401(k) plan when the company exceeded the 100-employee limitation
  - SIMPLE IRA sponsors must not have more than 100 employees who earned $5,000 in compensation during the prior calendar year
- As part of the new 401(k) plan, the company chose a safe-harbor automatic contribution arrangement (QACA) option and automatically enrolled employees at 6%, which provided them the full 3.5% match
- The company has a 91% participation rate

QUARTERLY HIGHLIGHTS

Arvest Bank Revamps 401(k) Plan Design

- The Bentonville, Arkansas-based regional bank recently lowered the age requirement for plan eligibility from 21 to 18, increased the automatic enrollment rate from 3% to 6%, and raised the automatic escalation maximum deferral from 6% to 10%
- Arvest also introduced Wellthy, a child-care and caregiving program that provides support and resources to help individuals with disabilities or special needs and family caregivers
  - The program matches an employee with a dedicated care coordinator – many having a background in social work
  - The coordinator guides employees through a care plan, advocates for loved ones and deals with legal, housing and medical issues

PARTICIPANTS' CORNER

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PARTICIPANTS’ CORNER

2021 PLANSPONSOR Benchmarking Results of Approximately 3,000 Organizations

	<$5M	$5M-$50M	>$50M-$200M	>$200M-$1B	>$1B
Offers automatic enrollment	22%	47%	66%	83%	89%
Automatic deferral equal to or less than 3%	65%	51%	44%	33%	35%
Uses a target-date fund as a default investment	68%	76%	67%	82%	91%
Uses an investment committee for DC plan	41%	79%	97%	96%	100%
Uses an Investment Policy Statement for DC plan	57%	81%	90%	89%	97%

PARTICIPANTS' CORNER

2021 PLANSPONSOR Benchmarking Results of Approximately 3,000 Organizations

	401(k)	403(b)	457
Offers systematic withdrawals at retirement	45%	61%	67%
Offers in-plan retirement income products	11%	29%	27%
Offers plans with immediate eligibility upon hiring	38%	81%	73%
Offers participants one-on-one meetings with financial advisor/planner outside of the plan	51%	66%	60%

PARTICIPANTS' CORNER

NEPC Finds Growing Use of Index Funds

- In NEPC's Defined Contribution Plan Trends and Fee Survey of nearly 140 DC retirement plans with $230 billion in aggregate assets, one of the most prominent trends identified in the past year is a move toward ndex-style funds
- Highlights included:
  - An index target-date fund is offered in 38% of plans
  - 70% of plans provide a "tier" of three or more index funds in the core menu
  - The median percentage of plan assets invested in core menu index funds is 15%
- Other findings regarding core menu fixed income options were:
  - 32% of plans offer Treasury Inflation-Protection Securities
  - 12% of plans offer high-yield fixed income
  - 11% of plans offer real estate investments

PARTICIPANTS' CORNER

Callan DC Trends Survey Finds that Fees Continue to Be in Focus

- Callan's 2022 DC Trends Survey of large retirement plan sponsors found that fees continue to be a high priority
- Within the year, the survey found:
  - 83% benchmarked their plan fees
  - 33% reported a reduction in fees following their most recent fee analysis
  - Nearly 7 out of 10 calculated their all-in fees (including administration, participant transaction fees, compliance, custody and communications) within the past 12 months
  - Investment management fees were most often paid entirely by participants (85%), while a much lower percentage of administrative fees (58%) were paid entirely by participants
- In the upcoming year, 72% are somewhat or very likely to conduct a fee study, 60% plan to evaluate managed account fees and 58% are likely to move to lower-cost investment vehicles

PARTICIPANTS' CORNER

MetLife Offers New Perspectives on Stable Value

- A survey of 222 organizations conducted by MetLife found that 49% of plan sponsors offer only a stable value option, 33% offer both a stable value option and money market fund, 15% offer only a money market fund and 3% offer some other capital preservation option
- Reasons for offering a stable value option included superior returns compared to money market funds (91%) and were based on a recommendation from the plan advisor (45%)
- The most important attributes in selecting a stable value product were financial strength of the contract issuer (91%), fee levels (88%) and the rate that is credited to the plan participants (82%)
- 53% of plan sponsors reported that their documentation for the selection of their capital preservation option included a quantitative analysis of each option's risk and return characteristics

PARTICIPANTS' CORNER

Voya Finds Success Reframing the Saving Decision

- In "Reducing Saving Gaps Through Pennies Versus Percentage Framing," Voya found success in increasing overall company participation rates by encouraging employees to save one penny per dollar and increasing that amount by one penny per year rather than the traditional 1% of compensation language
- According to the study, this behavioral intervention has the potential to boost retirement income by almost 20% if implemented throughout the entire accumulative phase of a person's career

PARTICIPANTS' CORNER

New Research Suggests Leakage is Worse Than Previously Thought

- According to a report issued by the Congressional Joint Committee on Taxation, between 2003 and 2015 distributions from DC plans and IRAs to individuals ages 50 or younger were equal to 22% of the contributions made by this group
- Job separations corresponded with an increase in the probability of leakage of more than 200%; job separations generating the receipt of unemployment insurance (a proxy for an involuntary separation) were associated with higher leakage than non-involuntary separations
  - Other types of events such as income shocks, home purchases and the onset of tuition payments were also positively associated with leakage

PARTICIPANTS' CORNER

New Schwab Data: Virtual 401(k) Education May Be Here to Stay

- Largely due to the pandemic, Schwab Retirement Plan Services reported an increase of 33% in participant viewership of virtual live and on-demand educational sessions while onsite in-person meetings dropped to near zero
- Of the participants who attended a virtual session in 2021, approximately four in 10 chose to watch an on-demand session rather than attend a live meeting while cancellations and reschedules declined 69% from 2019
- According to the post-event survey, 93% of participants said they were better prepared to take their next financial step and 95% were confident they knew where to go for more information

PARTICIPANTS' CORNER

Principal Finds a Lack of Confidence Among Savers

- Principal's latest Retirement Security Survey found that 71% of respondents listed "living comfortably in retirement" as a top life goal along with good health and financial wellness, but only 49% have confidence that their savings will be enough
- Other findings from the survey include:
  - The majority (64%) indicated a lack of confidence that Social Security will be available to them, including 73% of Gen Z workers
  - Only 30% have created a retirement savings goal based upon creating an "income floor" and 73% admitted that they lack the knowledge of how to create income from savings
  - About half (47%) are confident that they have the knowledge to make good decisions with their retirement account ahead of a job change or retirement
  - Employer matching contributions (62%) was cited as the top criteria for reaching their retirement goals

PARTICIPANTS' CORNER

Nationwide: Advisors Helping Women Gain Confidence

- According to the Nationwide Retirement Institute's Advisory Authority study, two-thirds of women investors work with an advisor (64%) and the main reason they do so is to feel more confident in their financial future (40%)
- When asked what would make them more likely to work with an advisor or financial professional, the advisor's experience (41%) was the most common factor

PARTICIPANTS' CORNER

Groom Law Group Offers Plan Sponsor Guide to Lifetime Income Options

- The Groom Law Group recently published a paper, "Guaranteeing a Secure Retirement: A Practical Guide for Selecting DC Plan Lifetime Income Options," to help plan sponsors navigate the fiduciary issues of including a guaranteed income option in a plan
- The paper addresses several questions including:
  - What does DOL think fiduciaries should consider when evaluating lifetime income?
  - How does the SECURE Act safe harbor help fiduciaries?
  - What does a fiduciary have to do to comply with the terms of the SECURE Act safe harbor?
  - Can a default income with lifetime income features be a QDIA?

LEGISLATIVE REVIEW

LEGISLATIVE REVIEW

House Passes SECURE Act 2.0

- The House of Representatives passed Securing a Strong Retirement Act of 2022 on March 29, 2022, on a bipartisan basis (414-5). The bill now heads to the Senate, which may advance the legislation later this spring. Major provisions include:
  - Require 401(k) and 403(b) plans to automatically enroll participants upon becoming eligible
  - Permit employers to make contributions under a 401(k), 403(b) or SIMPLE IRA with respect to "qualified student loan payments"
  - Increase the three-year startup credit from 50% to 100% for employers with up to 100 employees, and the amount of the credit is increased by employer contributions of up to $1,000 per employee
  - Set the Saver's credit at 50%, rather than having the percentage decline as income increases
  - Gradually increase the required minimum distribution age to 75
  - Increase catch-up contributions for individuals ages 62, 63 and 64 and require all catch-up contributions to be made on a Roth basis
  - Reduce the three-year service requirement to two years for part-time workers

LEGISLATIVE REVIEW

LIFE Act of 2022 Reintroduced in House

- U.S. Representatives Donald Norcross (D-NJ) and Tim Walberg (R-MI) reintroduced the Lifetime Income for Employees (LIFE) Act of 2022 that would allow fiduciaries to make default investment arrangements in annuities, provided certain disclosures are met
- Under the proposal, the fiduciary cannot allocate more than 50% of any periodic contribution, or immediately after a rebalancing of account investments, 50% of the value of the assets of the account, to the annuity contract

LEGISLATIVE REVIEW

Legislation Introduced to Allow Emergency Withdrawals from Retirement Accounts

- U.S. Representative Brad Wenstrup (R-OH) introduced the Enhancing Emergency and Retirement Savings Act of 2022 that would allow a penalty-free “emergency personal expense distribution” option from employer-sponsored plans and IRAs
- The proposal would allow for one emergency distribution per calendar year of up to $1,000 from the individual’s total nonforfeitable accrued benefit under the plan
  - The bill requires that the withdrawn funds be paid back to the plan before an additional emergency distribution from the same plan is allowed
- Plan sponsors may rely on an employee’s certification that the conditions are satisfied in determining whether the distribution constitutes an emergency

LEGISLATIVE REVIEW

New Proposal Encourages Reenrollment

- U.S. Senator Tim Kaine (D-VA) and Representative Kathy Manning (D-NC) have introduced the Auto Reenrollment Act of 2022
- The legislation would amend safe harbors in ERISA and the IRS code to encourage plan sponsors to reenroll nonparticipants at least once every three years, unless the individuals affirmatively opt out again

REGULATORY REVIEW

REGULATORY REVIEW

2Q22 Compliance Calendar

April

- **April 1:** Required beginning date for taking first required minimum distribution for participants who attained age 72 or who retired after age 72 in the prior year
- **April 15:** Deadline to distribute excess deferrals in excess of 402(g) dollar limits for 2021
- **April 15:** Deadline for C corporations on a calendar year to make tax deductible contributions for 2021
- **April 15:** Deadline to file Form 7004 (request automatic extension for corporate tax returns)

May

- **May 15:** Deadline to furnish first quarter 2022 benefit statement to a participant or beneficiary in an individual account plan that permits participant investment direction

June

- **June 30:** Deadline for EACA plans to refund excess contributions (failed ADP test) and refund or forfeit (if forfeitable) excess aggregate contributions (failed ACP test) for 2021 to avoid 10% excise tax

REGULATORY REVIEW

Retirement Plan Limits for Tax Year 2022

	2022	2021
Elective Deferral Limit	$20,500	$19,500
Annual Defined Contribution Limit	$61,000	$58,000
Annual Compensation Limit	$305,000	$290,000
Catch-Up Contribution Limit	$6,500	$6,500
Highly Compensated Employees	$135,000	$130,000
SIMPLE Employee Deferrals	$14,000	$13,500
SIMPLE Catch-Up Deferral	$3,000	$3,000
Social Security Wage Base	$147,000	$142,800

REGULATORY REVIEW

Three New Items that Take Effect in 2022

- The AICPA's Statement on Accounting Standards No. 136 (SAS 136) is in effect for periods ending on or after December 15, 2021
  - These new standards are a result of, at least in part, a recent study finding that nearly four out of 10 retirement plan audits contained major deficiencies leading to a rejection of IRS Form 5500
- For participant-directed plans, the initial lifetime income disclosures may be incorporated into any quarterly statement up to the second calendar quarter of 2022 (ending June 30, 2022)
  - For nonparticipant-directed plans, the disclosures must be on the statement for the first plan year ending on or after September 19, 2021 (for most plans, this will be October 15, 2022)
- Sponsors who maintain preapproved plans will have until July 31, 2022, to restate their plans as part of the "remedial amendment cycle 3"

REGULATORY REVIEW

DOL Issues Caution About Private Equity Offerings

- In late 2021, the DOL issued a Supplemental Statement clarifying earlier guidance issued in 2020
  - The 2020 guidance affirmed the ability for DC plans to have a limited allocation to private equity with several caveats
- In the Supplemental Statement, the DOL stated that it “did not endorse or recommend” offering designated investment alternatives with private equity components, and that it wanted “to ensure that plan fiduciaries do not expose plan participants and beneficiaries to unwarranted risk by misreading the 2020 letter”

REGULATORY REVIEW

DOL Warns 401(k) Plans Against Allowing Crypto Investments

- In Compliance Assistance Release No. 2022-01, the DOL is warning 401(k) plan fiduciaries to “exercise extreme care” before considering whether to include a cryptocurrency option in a plan investment menu
- The guidance identified five areas of concern facing a 401(k) plan’s investment in cryptocurrency, including:
  - Volatility and speculative nature of crypto investments
  - Difficulty of enabling informed decisions
  - Custodial and record-keeping concerns
  - Valuation concerns
  - Unstable regulatory environment

REGULATORY REVIEW

IRS Updates Safe Harbor Methods for Substantially Equal Payments

- In IRS Notice 2022-6, guidance is provided for exceptions to the 10% premature distribution penalty under substantially equal periodic payments given the issuance of new life expectancy tables and the low interest rate environment
- Individuals who begin taking substantial equal payments in 2022 or earlier and who are using the life expectancy method may continue to use to old tables or switch to the new tables; distributions that begin in 2023 or after must use the new tables
- Individuals who begin taking substantially equal payments in 2022 or after and who use either the amortization or annuitization method may use an interest rate assumption no greater than 5%, or 120% of the federal midterm rate

REGULATORY REVIEW

Surprising Clarification to Minimum Distribution Rules

- In March 2022, the IRS issued proposed regulations to clarify certain minimum distribution rules following the SECURE Act
- In a surprising move, the proposed regulations clarify that if the participant dies after their required beginning date, then the beneficiary must continue to take annual distributions based upon their own life expectancy AND fully distribute the inherited account by December 31 of the year containing the tenth anniversary of death
- Final regulations are expected later in 2022

REGULATORY REVIEW

DOL Finalized Final 5500 Rules for PEPs

- In late 2021, the DOL released final revisions to Form 5500, making several PEP-related changes
- Among the highlights:
  - Guidance that a PEP is to be treated as a MEP for fling purposes – meaning that a PEP is required to file one Form 5500 and must include other such information that is required of MEPs
  - PEP sponsors must indicate whether they have complied with Form PR filing requirements, and if so, provide the AckID number
  - Clarify that PEPs can only file Form 5500 and are restricted from filing Form 5500-SF

LEGAL REVIEW

LEGAL REVIEW

Supreme Court Weighs In on Northwestern DC Case

- The U.S. Supreme Court unanimously ruled on January 24, 2022, to reverse and remand for reconsideration the Seventh Circuit's decision in *Hughes v. Northwestern University*
  - The Seventh Circuit held that the plan fiduciaries were not liable under ERISA for offering allegedly poor investment options under the plan, based in part because the plan also offered inexpensive prudent investment options and, therefore, the participants had the opportunity to select the funds they wanted under the plan
- The Supreme Court held that the Seventh Circuit erroneously focused on a component of the duty of prudence that requires a fiduciary to offer a diverse menu of options, when it should have applied the standard articulated in *Tibble v. Edison*
  - Specifically, the Supreme Court found "if the fiduciaries fail to remove an imprudent investment from the plan within a reasonable time, they breach their duty"

LEGAL REVIEW

Citing the Northwestern Case, Judge Allows 403(b) Lawsuit to Proceed

- Two days after the U.S. Supreme Court ruled in *Hughes v. Northwestern University*, a federal court used that decision to deny a motion to dismiss a lawsuit against 403(b) plan fiduciaries
- In the case against Columbus Regional Healthcare, the plaintiffs alleged that the plan contained imprudent investments and charged excessive fees
- The defendants unsuccessfully argued that the plaintiff's complaint failed to state a claim for a breach of fiduciary duty because the plan offered a variety of investment options, including lower-cost passive investments

LEGAL REVIEW

District Court Enforces a 403(b) Plan Arbitration Clause

- A district court in Southern Florida has ruled that the plaintiffs in *Holmes v. Baptist Health South Florida* must pursue claims of a fiduciary breach in arbitration
  - The allegation included use of imprudent investments and failure to control record-keeping costs
- The use of arbitration clauses in plan documents is an emerging legal trend that has yielded mixed results for plan sponsors as the clause was invalidated in *Smith* but upheld in *Dorman*

LEGAL REVIEW

Intel Case Involving Hedge Funds and Private Equity Dismissed

- On January 8, 2022, a district court in Northern California granted a motion to dismiss claims brought by plan participants alleging a fiduciary breach in two DC plans sponsored by Intel Corporation
  - According to the allegations, Intel imprudently included hedge funds and private equity investments in the plan's custom target-date funds
- The court found that the inclusion of these investments was not imprudent per se, and the plaintiffs failed to appropriate comparisons to similar funds with the same potential aims, risks and rewards as the Intel funds
- This case is perhaps best known for the U.S. Supreme Court ruling that the three-year statute of limitation period begins when participants had actual knowledge that a fiduciary breach occurred (rather than when they should have known)

LEGAL REVIEW

Participant Sues for the Right to Defer Tips

- A participant has filed a lawsuit against the Hyatt Corporation alleging that their policy dictating employees to receive all tips in cash, rather than through payroll, limited his ability to defer more to the company's 401(k)
- According to the lawsuit, the plan document "neither excludes tip income from their compensation nor provides for Hyatt's mandatory tip policy which has the effect of discrimination against employees who receive tips as part of their income when compared to employees who do not receive tipped income"

LEGAL REVIEW

DOL Brings Suits for Failing to Remit Employee Deferrals

- DOL Secretary of Labor Marty Walsh has filed a lawsuit against Velo Corp., a courier and bike messenger service in New York City, for failing to remit all employee contributions to workers' accounts from January 2016 onward, allowing contributions to remain unsegregated in Velo's general operation account, and failure to ensure that all employer matching contributions for employees were made to the plan
- Separately, the DOL announced a judgment under ERISA against Gibson Television Services Inc., as the company failed to forward employees' 401(k) retirement plan contributions to their accounts
  - A U.S. District Court judge in Michigan ordered the reallocation of $50,764 from the defendants' individual plan accounts for unremitted funds and lost opportunity costs to the accounts of the remaining participants and beneficiaries; an additional $3,570 was reallocated to cover plan expenses, and the defendants have been barred from acting as an ERISA fiduciary in the future

GLOBAL HEADLINES

GLOBAL HEADLINES

Cerulli: European DC Plans to Grow Twice as Fast as Pensions

- According to a new study by Cerulli, DC assets in Europe are expected to grow by 6% annually, compared to 3.6% for the rest of the retirement plan market
- Continuing consolidation in the UK's DC market, the largest in Europe, is cited as the reason why the UK's estimated DC plan assets will grow to €851 billion by 2025 from the estimated €530 billion in 2020
- Total assets in the second-largest European DC plan market, Sweden, are projected to rise to €558 billion by 2025 from the estimated €451 billion in 2020
- The Future Pensions Act in the Netherlands, however, which is due to take effect in January 2023, will make the country the second-largest DC market by 2030

GLOBAL HEADLINES

German Pensions Eye Private Investments

- Germany's largest pension fund, Bayerische Versorgungskammer (BVK), with €100 billion in assets under management, has indicated plans to expand its alternatives allocation, particularly in private equity
  - According to the fund, BVK focused on private equity opportunities in North America and Europe, although the allocation to opportunities in Asia has grown
  - BVK's alternative allocation is currently 7% in private equity, 4.5% in infrastructure and 1.5% in timber
- The pension fund for doctors in the Westphalia-Lippe region (AVWL) and the Versorgungsanstalt des Bundes und der Länder (VBL), Germany's supplementary pension provider for public sector employees, have both announced plans to increase their alternatives allocations

GLOBAL HEADLINES

Canadians Concerned About Retirement Readiness

- A survey of 1,500 Canadians conducted by Pollara Strategic Insights for the Bank of Montreal found while respondents said they need $1.6 million to retire securely, just under half (44%) were confident they will have enough money saved to retire as planned
  - More than half of respondents (53%) didn't know how much money they would need to retire
- 42% of respondents who were widowed, divorced or separated said they don't have enough money to contribute toward their registered savings plan this year
- Nearly a quarter (23%) of respondents said they are planning to retire between the ages of 60 and 69, while the same number are planning to retire by age 54

GLOBAL HEADLINES

Australia Reforms Pension Eligibility Rules

- The Australian parliament passed a bill that eliminated the A$450 per month earnings threshold before employers would be required to make cash contributions for employees
  - Employers currently put 10% of a worker's gross salary into a retirement fund each month, but the A$450 per month earnings threshold meant many low-paid and part-time workers were ineligible
- The measure is also intended to help bridge the retirement savings gender gap as women, on average, earn less than men and are more likely to take time out of the workforce to raise children

GLOBAL HEADLINES

Australian Regulators Troubled by Choice Sector Poor-Performing Products

- Choice products are funds that members have actively chosen to join and are typically more complex than the low-cost, default "MySuper" products offered to all superannuation members
- The Australian Prudential Regulation Authority (APRA) found that more than 60% of choice products had returns lower than the regulator's new "Heatmap" benchmark, with 25% of options delivering significantly poor returns
  - Choice products will be subject later in 2022 to the MySuper tests, which assess five years of performance history against an objective benchmark

JANUS HENDERSON'S DEFINED CONTRIBUTION CAPABILITIES AND RESOURCES

WHY JANUS HENDERSON FOR DEFINED CONTRIBUTION?

Depth of Experience

45+ years of industry experience with products available on more than 200 record keeping platforms and utilized by the top 25 DC record keepers

Innovative Investment Solutions

A wide range of asset classes across vehicles appropriate for retirement plans including mutual funds, CITs and subadvised portfolios

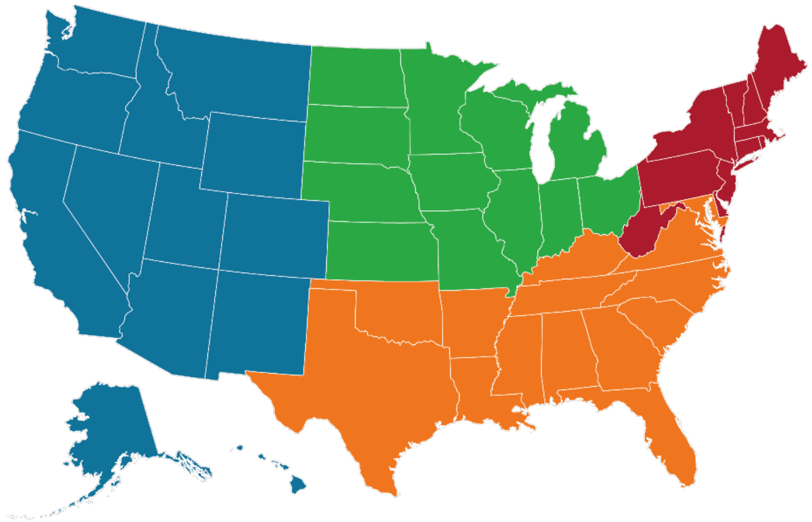
Client-Focused

National, regional and local support for retirement plan professionals, plan sponsors and participants

REGIONAL AND NATIONAL RESOURCES

Experience In:

- Fiduciary Responsibility
- Wealth Management
- Industry Trends
- Legislative and Regulatory Updates



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Important information

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