RETIREMENT INSIGHTS

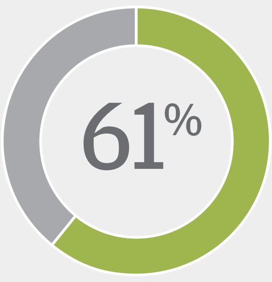
TOP RE-ENROLLMENT MISPERCEPTIONS

Re-enrollment may help put participants on the path to better retirement outcomes, but some common **MISPERCEPTIONS** could be preventing plan sponsors from leveraging this strategy.

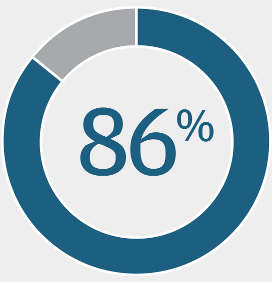
WHAT'S HOLDING PLAN SPONSORS BACK?

1 "IF I CONDUCT A RE-ENROLLMENT, MY PARTICIPANTS WILL PUSH BACK."

PARTICIPANTS SAY THEY NEED HELP.



of participants **WOULD RATHER PUSH THE EASY BUTTON**



of participants **ARE SUPPORTIVE OR NEUTRAL TOWARD EMPLOYERS CONDUCTING A RE-ENROLLMENT**

Don't forget that participants always have the opportunity to opt out.

2 "A RE-ENROLLMENT IS TOO MUCH OF A FIDUCIARY RISK."

ERISA SAFE HARBOR PROTECTION MAY BE AVAILABLE FOR ASSETS RE-ENROLLED INTO A QUALIFIED DEFAULT INVESTMENT ALTERNATIVE (QDIA).

of plan sponsors **ARE NOT AWARE OF THE POTENTIAL TO RECEIVE FIDUCIARY PROTECTION** for assets defaulted into the plan's QDIA during a re-enrollment

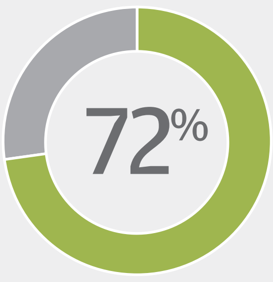
SAFE HARBOR PROTECTION

QDIA regulation provides that safe harbor protection may be available when "the participant ... had the opportunity to direct the investment of the assets in his or her account but did not direct the investment of the assets"

Source: ERISA Regulation Section 2550.404c-5(c)(2).

3 "MY PLAN IS WELL DIVERSIFIED AT AN AGGREGATE LEVEL, SO EVERYTHING IS FINE."

THE VIEW AT THE PARTICIPANT LEVEL OFTEN TELLS A DIFFERENT STORY.



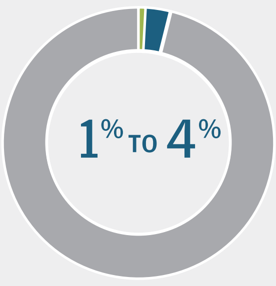
of participants **FALL OUTSIDE OF THE RANGE OF EQUITY EXPOSURE** generally considered appropriate for their age

Only 1 in 3 participants **ARE CONFIDENT** they know which of their 401(k) plan investment options they should invest in

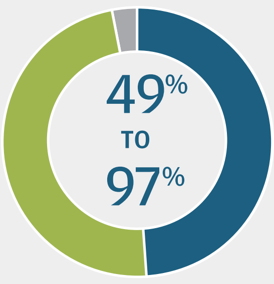
4 "I ADDED TARGET DATE FUNDS (TDFs) TO THE PLAN'S LINEUP, BUT THERE'S NOTHING I CAN DO ABOUT MY PARTICIPANTS NOT TAKING ACTION."

A RE-ENROLLMENT CAN DRAMATICALLY INCREASE TDF UTILIZATION RATES.

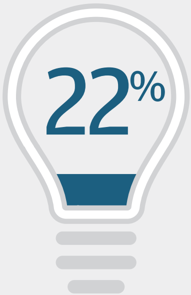
TARGET DATE FUND UTILIZATION RATES
(as % of plan assets)



Add-to-menu



Re-enrollment



of plan sponsors who had not conducted a re-enrollment said it was because they **WEREN'T AWARE IT WAS AN OPTION OR DIDN'T KNOW ENOUGH ABOUT IT**

For more re-enrollment resources or to explore our 2019 Defined Contribution Plan Sponsor Survey Findings further, visit **jpmorgan.com/dcresearch**.

J.P.Morgan
Asset Management

DID YOU KNOW?

A plan re-enrollment is a process by which participants are notified that their existing assets and future contributions will be invested in the plan's qualified default investment alternative (QDIA), which may be a target date fund based on their date of birth. All participants' assets are automatically moved into the QDIA on a certain date unless the participant makes a new investment election during a specified time period.

Before conducting a re-enrollment, a plan sponsor must engage in a prudent process for determining whether a re-enrollment is appropriate for the plan and its participants.

PARTICIPANT BENEFITS

- Potential for improved asset allocation
- Helps new and existing participants

PLAN SPONSOR BENEFITS

- Potential for protection from investing liability
- Better participant experience

Source: J.P. Morgan Plan Participant Research 2018; J.P. Morgan Plan Sponsor Research 2019; J.P. Morgan retirement research, data as of December 31, 2017.

August 2019

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