

UBS Workplace Voice

Plan sponsor attitudes and behaviors

Research report presented by UBS Workplace Wealth Solutions

Issue 6

SECURE 2.0 today

How plan sponsors are navigating a new world of provisions and mandates



The SECURE 2.0 Act of 2022 (SECURE 2.0) and multiple state mandates are already having a profound impact on the retirement plan market. Yet there's still more work to do to help American workers save for a comfortable retirement. Employers are looking for guidance in navigating this dynamic environment to help themselves and their employees reach their retirement goals.

About the survey

UBS Workplace Voice is an industry-wide online survey of employee benefits. It is designed to generate insights employers can use to help participants maximize the value they receive from their company benefits such as equity awards, financial wellness and retirement. The responses represent a cross section of companies, industries and service providers. For this January 2024 edition of *UBS Workplace Voice*, we surveyed 1,200 senior level executives/business owners responsible for overseeing their organization's employer-sponsored retirement plans. Small plans are defined as those with less than \$25M in assets, medium plans are those with \$25M - <\$250M, large plans are those with \$250M+. Among this sample, there are also 300 business owners who currently do not offer employer-sponsored retirement plans to employees.

Navigating uncharted waters

So how are the employers we surveyed adjusting to this new world of SECURE 2.0? Among those currently not offering their employees access to a retirement plan, more than half are now open to it. Those who already sponsor a plan, however, continue to need help navigating the uncharted waters of SECURE 2.0 and its many provisions. And many of them share similar concerns.

Will they have available resources to manage retirement plans? What's the best way to modify current plans to support new provisions? How do they communicate with employees about pursuing their retirement goals and effectively managing their retirement savings?

The right advice and the right advisor are key

Not surprisingly, many employers are looking for advice on how best to adapt to these changes, with most turning to their financial advisor for guidance. But if adequate support is not readily available, many will look elsewhere for help.

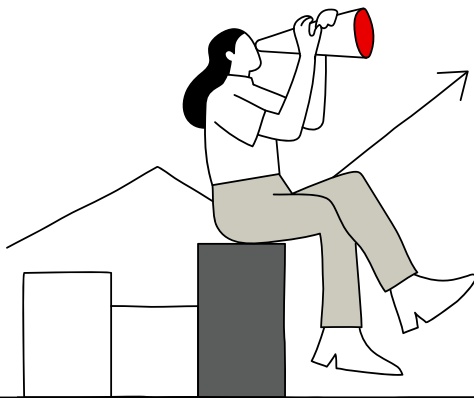
For example, more than half (56%) are highly likely to change financial advisors or retirement plan consultants over the next year. Clearly, it's never been more important to work with retirement plan advisors who bring SECURE 2.0 expertise and insight to your business and your employees.

SECURE 2.0 has been generally well-received

SECURE 2.0 has been well-received by most retirement plan sponsors. More than eight in 10 have a positive view on the impact it will have on employees' ability to save for retirement, especially among those that manage larger plans.

The majority already have a strategy in place to implement the many provisions, while many are actively looking into them. Smaller plan sponsors are less likely to have a strategy in place, and most are looking for support.

Most retirement plan sponsors have a positive view of SECURE 2.0 ...



82%

have a positive overall view of SECURE 2.0

By plan size*

91%	87%	68%
Large	Medium	Small

... and many have plans to implement the various provisions

Do you currently have a plan in place to implement the provisions in SECURE 2.0?

	Overall	Plan size*		
		Large	Medium	Small
Yes	62%	84%	68%	34%
No, but I'm actively looking for support	26%	13%	26%	39%
No, and I don't know where to begin	7%	1%	4%	17%

*Large plans include those with \$250M+ in AUM; medium plans include those between \$25M - <\$250M, small plans are those with less than \$25M.
Source: UBS Workplace Voice research report, SECURE 2.0 today, May 2024.

But for most, there's still a learning curve

Overall, less than half of employers are very familiar with some of the provisions of SECURE 2.0. Specifically, many are not clear about tax credits available to cover administrative costs and the distinction between which provisions are mandatory vs. optional.

In addition, many plan sponsors have concerns about needing additional resources to help manage retirement plans, their ability to adapt current plans to the legislation and its impact on company profits.

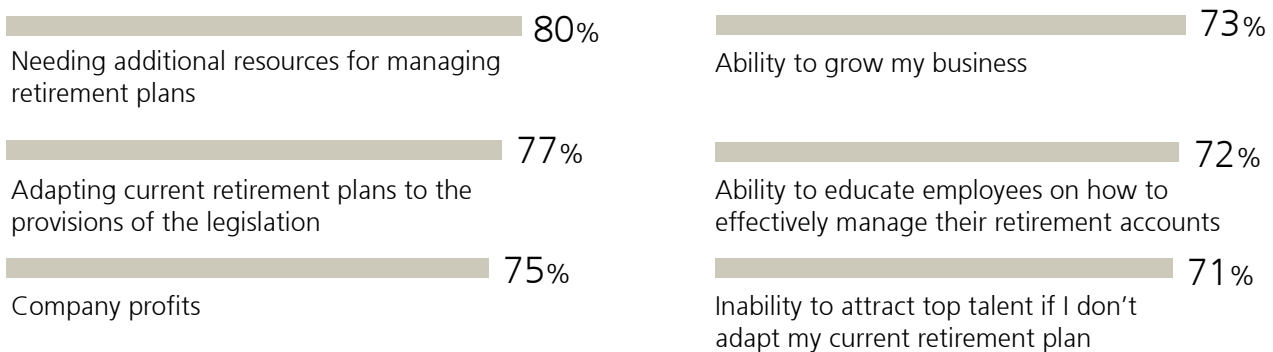
Less than half are highly familiar with the implications of these different provisions ...

% highly familiar

	Plan size*			
	Overall	Large	Medium	Small
Tax credits available to small businesses for covering administrative costs	51%	61%	58%	33%
The timeline for when each provision will go into effect	48%	63%	58%	24%
Which provisions are mandatory vs. optional	44%	56%	55%	22%

... and they are concerned about how SECURE 2.0 will impact their business

% concerned about the potential impact of SECURE 2.0 on each aspect of their business



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Challenges aside, most see SECURE 2.0 as beneficial for employees

While there is still a significant need for support that clarifies the different provisions of SECURE 2.0 and its impact, many plan sponsors agree that it will have a positive impact on employees and their retirement savings goals. More than eight in 10 agree that provisions such

as increasing the age 50 catch-up contribution limit for certain participants, automatic enrollment for new plans and expanding eligibility for long-term, part-time employees will increase an employee's ability to invest and save for retirement.

SECURE 2.0 provisions will positively impact an employee's ability to save for retirement

Provision viewed as positive

84% Increased age 50 catch-up contribution limit for participants ages 60 - 63

83% Automatic enrollment requirement for new plans

82% Long-term, part-time employee eligibility

82% Withdrawals for emergency expenses

82% In-plan emergency savings accounts

75% Employer match for qualified student loan repayments

Informed financial advisors are key to providing plan sponsor support

SECURE 2.0 created many employee benefits, but clarification is still needed. It's not surprising that 80% of plan sponsors are seeking advice on how best to implement these changes.

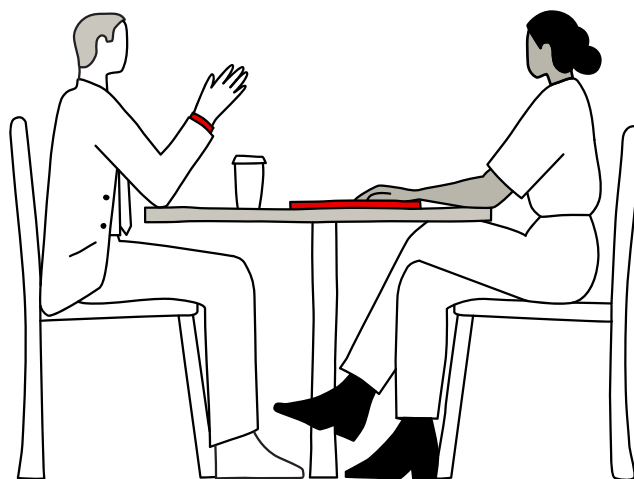
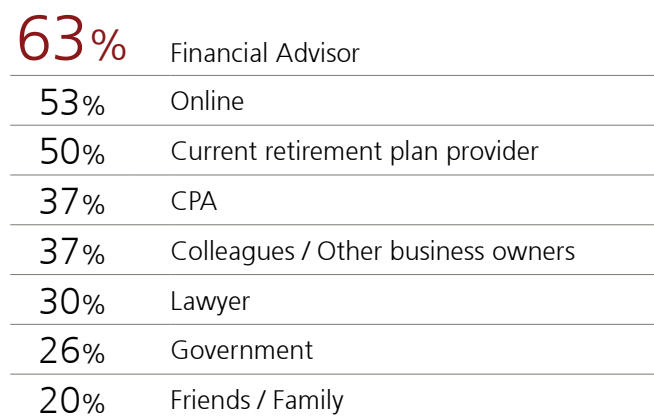
Those who manage large or medium plans are the most interested in getting advice. They also turn more often to their financial advisor for support.

8 in 10 are extremely interested in receiving SECURE 2.0 guidance



A financial advisor is the main source for more information about SECURE 2.0

Main source of SECURE 2.0 information



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Many are looking to switch retirement plan advisors for support

Many plan sponsors are looking outside for help implementing the different provisions of SECURE 2.0. More than half are highly likely to start working with a new financial advisor or retirement plan consultant within the next year. Large plan sponsors are the most likely to be

evaluating their options. More knowledge regarding SECURE 2.0 provisions, better quality of service and the ability to provide comprehensive financial education to employees are the main reasons plan sponsors are looking to make the switch.

More than half are looking to change retirement plan consultants

56%

Highly likely to start working with a new financial advisor/retirement plan consultant in the near future (6 months to 1 year)

By plan size*

76% Large 60% Medium 31% Small

Plan sponsors are looking for consultants who are highly knowledgeable about SECURE 2.0

Reasons to switch provider	Overall	Plan size*		
		Large	Medium	Small
Knowledgeable in SECURE 2.0 provisions and other legislation	66%	64%	70%	64%
Better quality of service	53%	55%	59%	42%
More comprehensive financial education for my employees	48%	51%	51%	39%
Reputable provider	39%	46%	43%	21%
Lower fees	33%	33%	33%	32%

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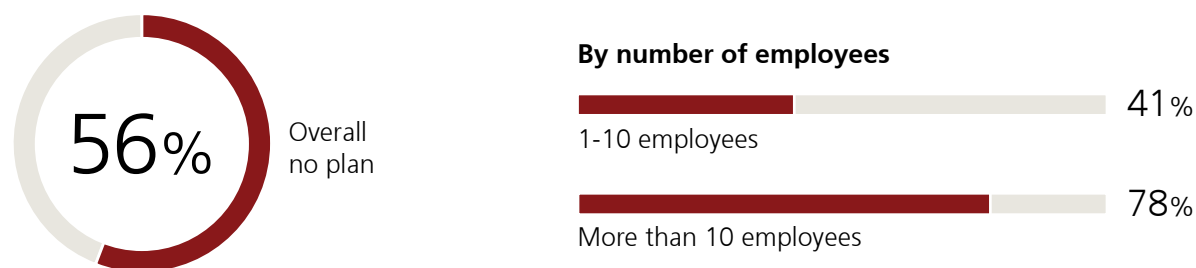
Spotlight: Those currently not offering an employer-sponsored plan

Most employers without retirement plans are considering this benefit

SECURE 2.0 had a positive impact on many employers currently not offering retirement savings plans to their employees. More than half (56%) are now more likely to offer this benefit. Helping employees save more effectively for retirement, attracting/retaining talent and contributing to their own retirement are the main reasons why.

SECURE 2.0 prompted many employers to start offering retirement savings plans

% More likely to offer a retirement savings plan as a result of SECURE 2.0



Helping employees save for retirement is the top priority

Reasons to start offering an employer-sponsored retirement plan	Overall no plan	# of employees	
		1-10	More than 10
Help my employees save for retirement	66%	59%	72%
Help attract/retain talent	57%	45%	70%
As an employer, I want to save more money for my retirement	44%	58%	30%
Take advantage of the tax breaks and deductions provided by SECURE 2.0 and other recent legislation	31%	24%	38%

Source: UBS Workplace Voice research report, SECURE 2.0 today, May 2024.

Key takeaways

1 Do a deep dive into SECURE 2.0

SECURE 2.0 has 90+ provisions. Some are optional while others are mandatory. There are also tax credits available to cover administrative costs. Connect with your financial advisor to understand the impact this legislation can have on your business and ensure you are taking advantage of its benefits.

2 Understand how SECURE 2.0 impacts employers and employees

SECURE 2.0 helps make saving for retirement easier for employers and plan participants.

- It helps make it easier and less costly for employers to offer retirement plans.
- It encourages employee participation in retirement plans.
- It helps employers offer more robust retirement options better tailored to their employees' financial goals.

3 Work with your current financial advisor

According to this research, eight in 10 employers not familiar with SECURE 2.0 are concerned that they need additional support to manage retirement plans. A knowledgeable financial advisor can identify resources to help you manage your plan so you can focus on managing your business.

4 Know the value of providing this sought-after workplace benefit

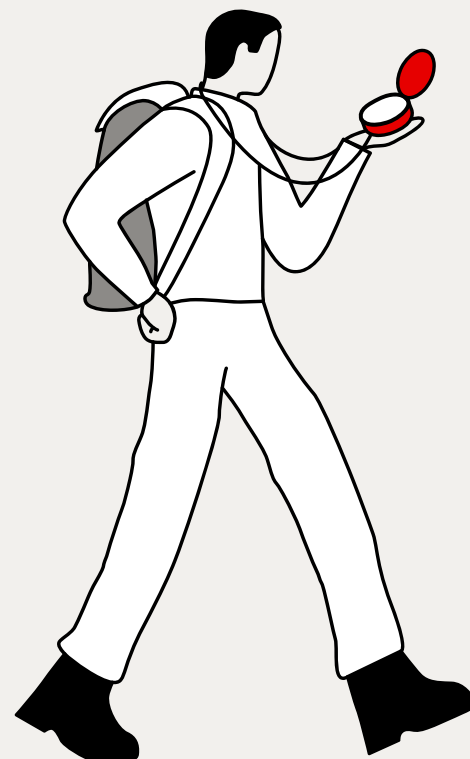
Time and again, our research has shown that saving for retirement tops employees' list of workplace benefits. If you don't already provide a retirement plan, now is the time to take advantage of the tax credits offered by SECURE 2.0.

5 Learn about your options if your state has a retirement plan mandate

State retirement mandates are popping up across the country. If you don't currently have a retirement plan, your business may soon be required to offer an employee retirement savings option if it does not already. Typically, your business has two ways to comply with these types of laws:

- Enroll your employees into a state-sponsored retirement program or
- Sponsor a plan of your own through the private market.

To learn more about the options in your state, visit ubs.com/retirementlandscape.



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UBS Workplace Wealth Solutions collaborates with corporate clients to deliver customized solutions across a range of programs for the workplace, including financial wellness, retirement and equity plans. We currently provide more than 10,000 employers and their two million employees in over 150 countries with access to financial knowledge, benefits programs that prepare them for retirement, and an integrated experience that combines the right mix of people and technology. We work side-by-side with our clients so that everyone feels rewarded at work and optimistic about realizing their long-term financial goals.

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