

CARES Act and unpredictable markets

How plan sponsors and participants are reacting
August 31, 2020

We're all navigating a lot of uncertainty with the COVID-19 pandemic and available CARES Act provisions, and Principal[®] is working to provide the latest resources and answers to questions. We're seeing most plan sponsors and participants staying the course.

CARES Act Provision Activity

(Principal reporting through August 31, 2020)

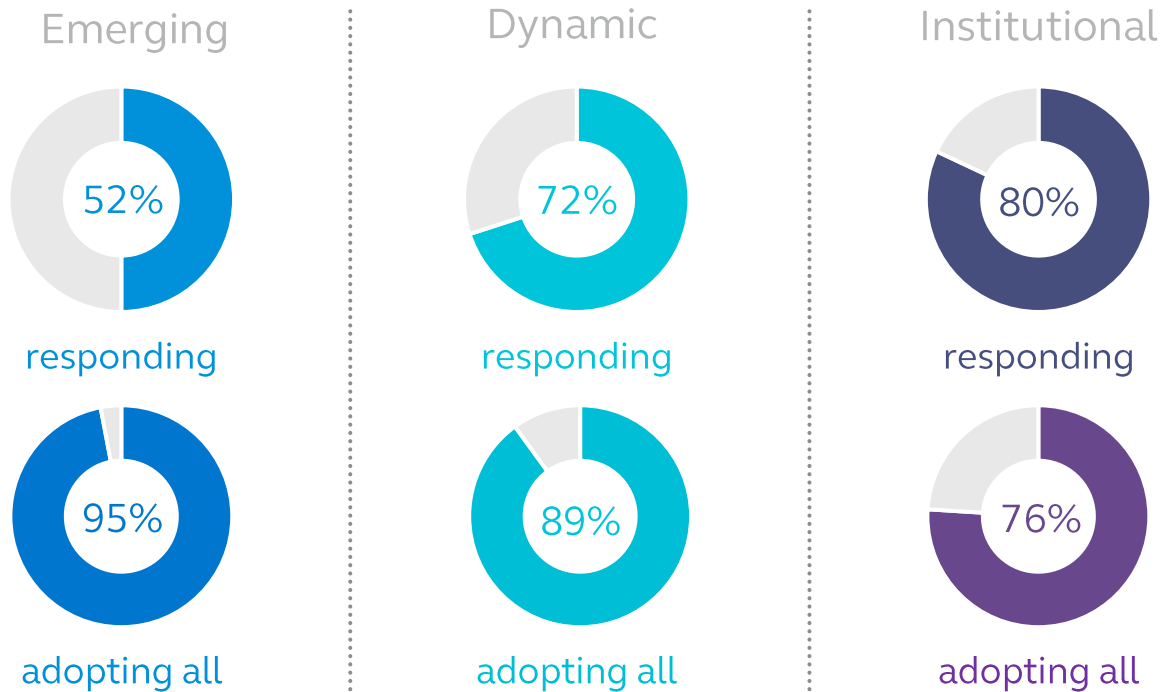
- › **Approximately 55%** of plan sponsors have responded to the CARES Act communication, with the vast majority (93%) of those plan sponsors adopting the 3 provisions – Adding the special COVID-19 related distributions (CRD), RMD waiver for 2020, and along with increasing loan limits.



CARES Act Provision Activity

(Principal reporting through August 31, 2020)

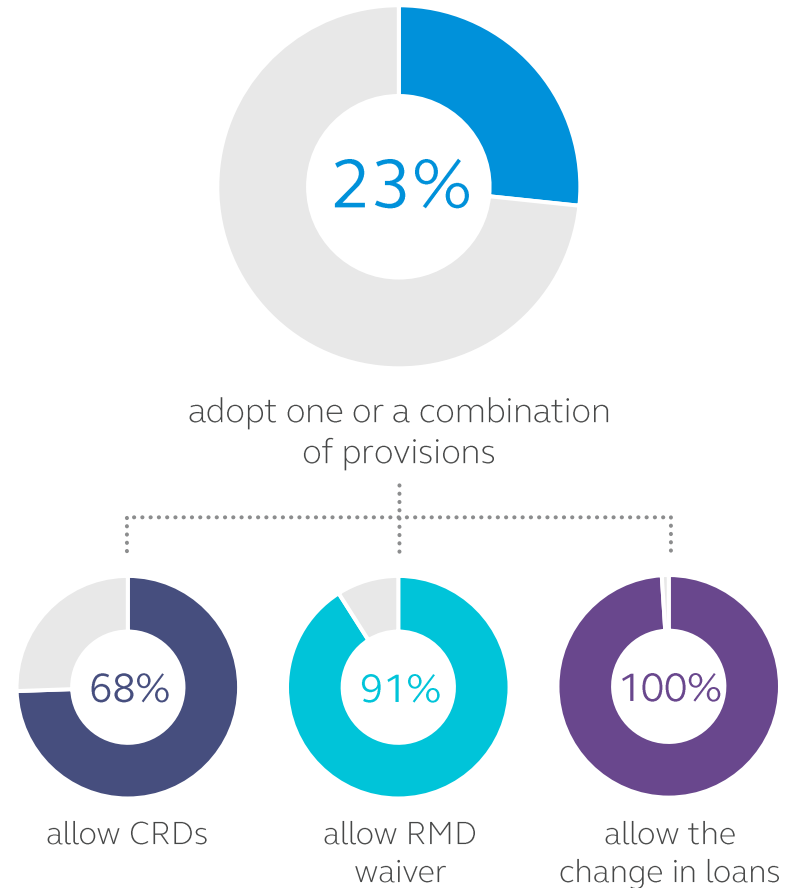
› By segment:



CARES Act Provision Activity

(Principal reporting through August 31, 2020)

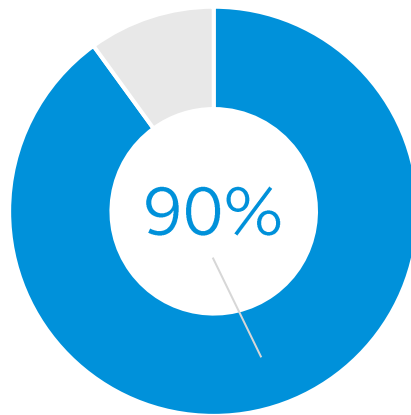
- Of the nearly 24% of institutional clients adopting one or a combination of provisions
 - 68% allow CRDs
 - 91% allow RMD waiver
 - 100% allow the change in loans
- By industry:
 - **Information:** 63% responding, 94% blanket adoption
 - **Finance & insurance:** 60% responding, 93% blanket adoption
 - **Professional/Scientific:** 55% responding, 95% blanket adoption



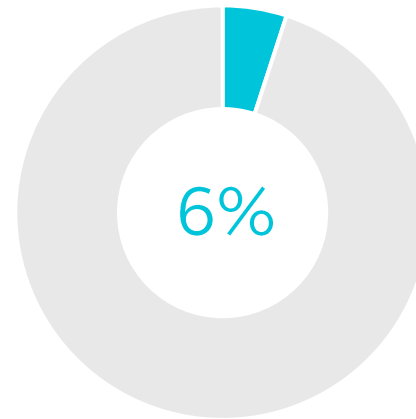
Plan sponsor activity

(Principal reporting as of August 31, 2020)


- › August plan amendments have **slowed to nearly 70% less** than those submitted in July 2020
- › **Approximately 1.1%** have plan amendments to change the employer match since March 11, 2020



Stop
employer match



Add
employer match

A man and a woman are walking together on a paved path that curves through a grassy area. They are both smiling and looking towards the right. The man is wearing a light blue polo shirt and shorts, and the woman is wearing a white lace dress and sunglasses. They are holding hands. In the background, there is a harbor with many sailboats and a city skyline under a clear blue sky. A large, semi-transparent blue circle is overlaid on the left side of the image, containing text.

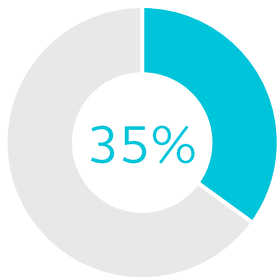
Resources to help with plan sponsor conversations:

- › Reduction in force
- › Reinstating the match
- › Managing cashflow and the economy
- › Taking care of employees

Web and mobile activity

(Principal reporting as of August 31, 2020)

- › Average daily visits were **consistent with July for web** (10% lower than June 2020) and mobile visitors combined.



Mobile accounted for **35% of visitors in June**, up steadily from 28% in January.

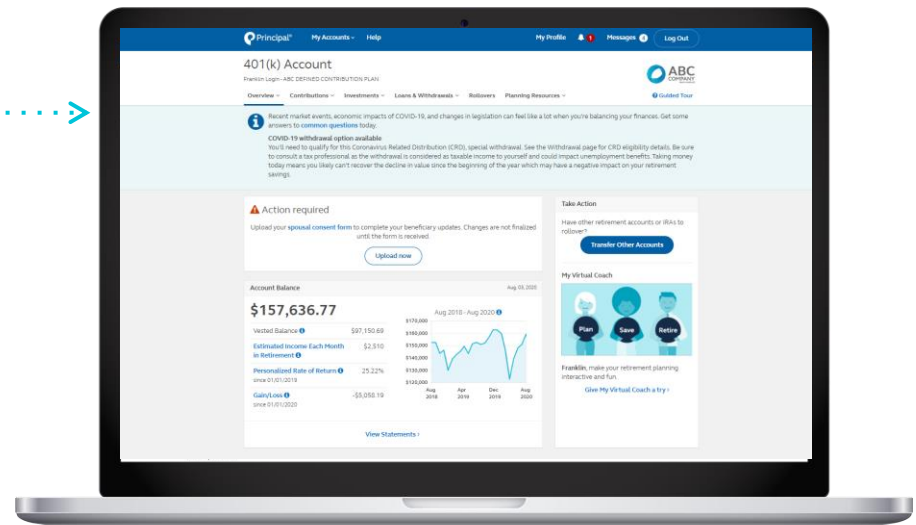


Web and mobile activity

(Principal reporting as of August 31, 2020)

> Top Page Views

- Participant landing page
- Contribution summary
- Investment dashboard
- Withdrawal information
- Loan information
- Personalized rate of return




For illustrative purposes only

Participant call volume

(Compares August 2020 to August 2019)

- › Call volume **up 17%**
- › Call duration **remains up nearly 20%**
- › Topics include:
 - › Distributions
 - › Loans
 - › Withdrawals



A photograph of two men in a professional setting. One man, wearing a grey cardigan over a maroon shirt, is smiling broadly while looking at a laptop screen. The other man, in a light blue shirt, is looking at the same screen. They are sitting at a table with some papers. A large teal circle is overlaid on the left side of the image, containing white text.

Help
participants
connect to
web/mobile
resources

Transaction activity

(Principal reporting as of August 31, 2020)

> Investments:

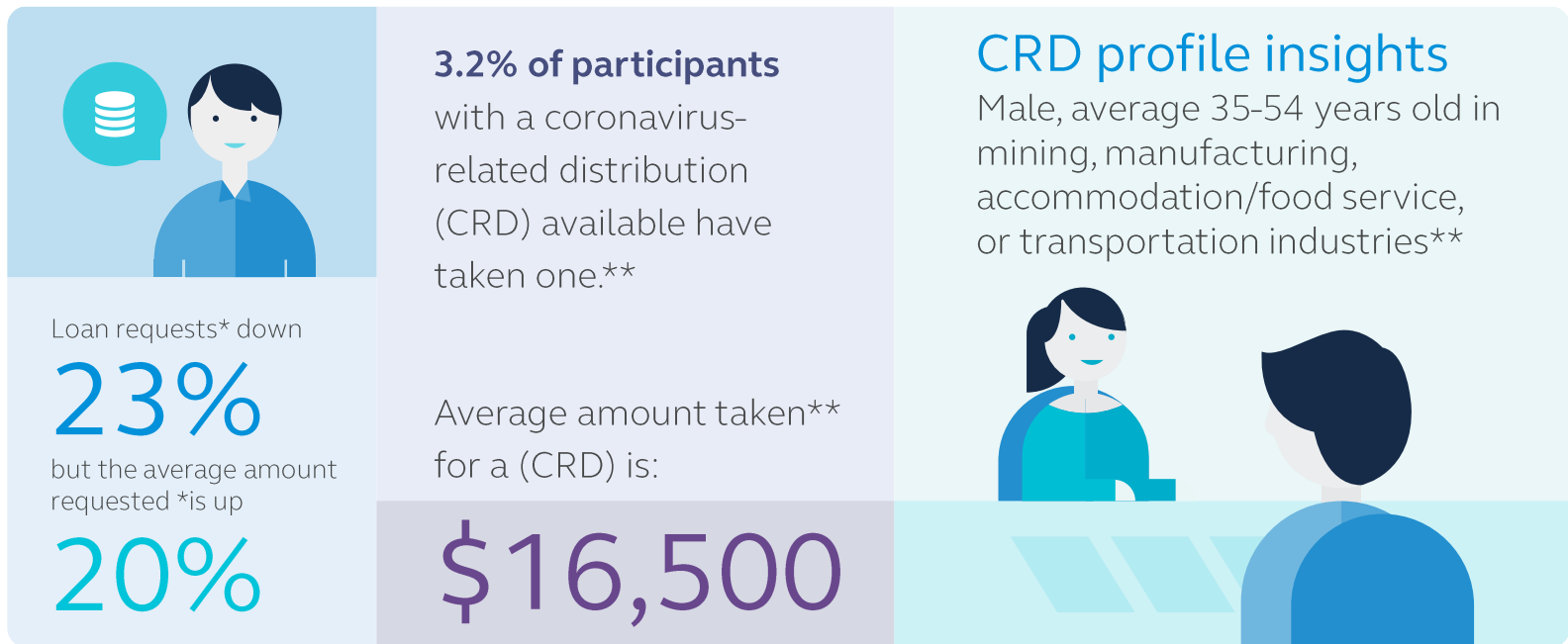
- Approximately 0.5% made a transfer in August (comparable to August 2019)
- Transfer activity continues to favor more stable/conservative investments.
- Top asset classes gaining net assets were Bond, Large Cap, and Stable Value in August.



Transaction activity

(Principal reporting *August 2020 vs. August 2019 and **March-August 2020.)

> Loans and Withdrawal Activity

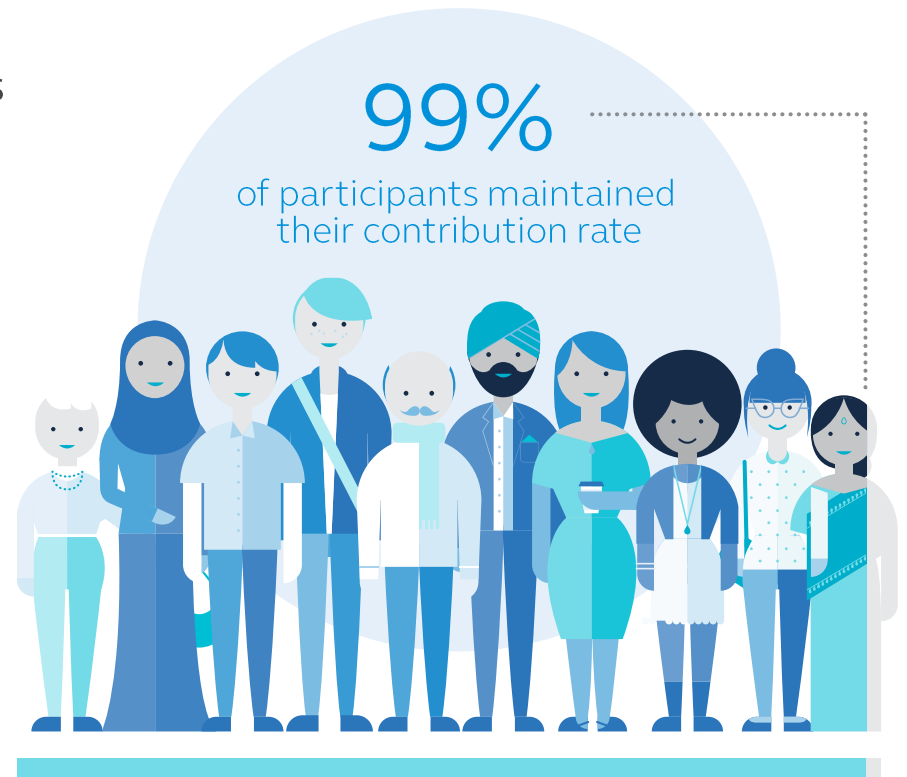


Transaction activity

(Principal reporting August 2020 vs August 2019)

› Deferral Change Activity*

- Approximately **99% of participants** maintained their contribution rate
- Of those who made a change, decreases in contributions slowed, but participants remain hesitant to increase:
 - Less than 0.1% started deferring
 - Nearly 0.2% increased deferral
 - Less than 0.1% decreased deferral
 - Less than 0.1% stopped deferring



Help participants with these resources:

- › [The true cost of a participant loan or withdrawal](#)
- › [The true cost of a participant withdrawal](#)
- › [4 options for emergency cash](#)
- › [FAQs about retirement plans, market volatility, and CARES Act](#)
- › [Coronavirus and market volatility](#)
- › [What Principal contact center reps want you to know about market volatility](#)
- › [Investing in a down market](#)
- › [Principal® Milestones – COVID-19 and your financial health](#)



Note: Active participants only with service by Principal, does not include Wells Fargo Institutional Retirement & Trust.

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