


Top DC Trends and Developments

3Q20 Defined Contribution in Review



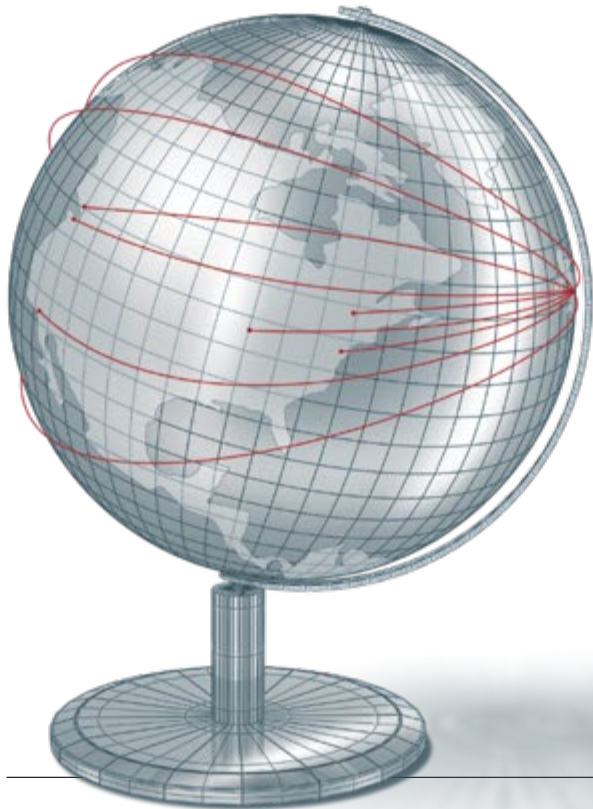


At Janus Henderson, we seek to benefit clients through the connections we make. This includes the flow of ideas between investment teams, the insights we offer to inform clients and our engagement with companies to make a positive difference.

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 abreast of recent events that could have an impact on plans or plan participants. Inside you will find the following information:

- **Quarterly Highlights:** A summary of plans and sponsors making the news
- **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

We hope you will find the information helpful, and we are happy to answer any questions you may have.

QUARTERLY HIGHLIGHTS

QUARTERLY HIGHLIGHTS

PLANSPONSOR Names Sponsors of the Year

Plan Sponsor	Category
Thermo Fisher Scientific	Corporate 401(k) >\$1B
Vision Service Plan	Corporate 401(k) >\$250M-\$1B
Phifer Inc.	Corporate 401(k) >\$100M-\$250M
Novaspect, Inc.	Corporate 401(k) >\$50M-\$100M
Bohannon Huston, Inc.	Corporate 401(k) \$25M-\$50M
Tingley Rubber Corp.	Corporate 401(k) <\$25M
Yale University	Nonprofit DC >\$500M
Cobleskill Regional Hospital	Nonprofit DC <\$500M
University System of Georgia	Public Defined Contribution



QUARTERLY HIGHLIGHTS

Thermo Fisher Develops an “M&A” Toolkit

- The Waltham, MA-based company has completed 45 integrations over the last 15 years, leading to the development of a merger and acquisition toolkit; the toolkit includes a fiduciary checklist, compliance protocols and benchmarking guidelines
- Depending upon the situation, an acquired company’s employees are transitioned into the Thermo Fisher plan immediately or over a period of 12 to 18 months
- Employees identified to receive targeted, additional information include:
 - Employees who had been automatically enrolled at 3% but have not increased their deferral rate
 - Individuals who are doing their own investment allocations, e.g., heavily allocated to company stock
 - Certain hourly employees deferring between zero and 3%



QUARTERLY HIGHLIGHTS

Vision Services Plan Rolls Out Creative Communications Strategies

- With 6,500 employees across multiple locations, many of whom do not work at computers, the vision insurance company communicates about their 401(k) through regular mail and signs in office elevators, kitchens and bathrooms
- Both the record-keeper and plan advisor conduct regular, on-site group and one-on-one educational meetings that include budgeting basics, achieving long-term financial goals and preparing for unexpected emergencies
- Adoption of auto-enrollment increased participation from 50% to 96%; the plan matches dollar-for-dollar up to 5% and a possible profit-sharing contribution of 10%
- The plan committee has weekly project calls about the retirement plan, reviews plan metrics monthly, has a formal investment committee meeting quarterly and conducts fiduciary training annually



QUARTERLY HIGHLIGHTS

Phifer Achieves 97% Participation Rate Without Auto-Enrollment

- The woven fabrics manufacturer boasts a 7.8% average deferral, achieved largely through communication and employee engagement
- The company partnered with a local community college to provide a financial literacy program to all new employees; after the program is completed, the onboarding process continues with a personalized meeting with a member of the benefits team
- Last year, a wellness program was rolled out to combat the rising costs of health care. The program provides a free primary and urgent care on-site clinic, an incentive program focusing on cholesterol, blood pressure and nicotine use; and free educational and recreational activities including aerobics, Pilates and access to a fully equipped gym



QUARTERLY HIGHLIGHTS

Novaspect Offers Generous Student Loan Repayment Benefits

- The Schaumburg, IL-based company has unveiled a new program to help employees with outstanding student loans; the program contributes \$100 per month up to a lifetime maximum of \$10,000
- A 6% 401(k) match is provided in addition to an ESOP contribution that typically ranges from 2% to 4% of compensation
- Employees receive unlimited personal time off at 100% of base salary for family emergencies, illness or personal situations
- A new rewards program was introduced as part of the self-insured medical plan; employees receive a gift card between \$25 to \$300 for choosing a below-average-cost provider



QUARTERLY HIGHLIGHTS

Bohannon Huston Offers a Diverse Benefits Package

- The civil and structural engineering firm auto-enrolls employees at 4% and auto-escalates contributions at 2% up to a cap of 10%; the company provides a matching contribution of 80% on the first 10% of employee deferrals with a six-year graded vesting schedule
- Bohannon Huston works with a 3(21) fiduciary on a flat-fee basis and last year renegotiated recordkeeping fees from 15 to 12 basis points
- Employees are eligible to earn gift cards through a wellness program which awards points for attending financial planning workshops, meeting with their financial advisor and non-retirement related activities such as getting a roof inspection or having their furnace or air conditioning serviced
- The company also makes an annual HSA contribution of \$750 (\$1,500 if dependents are also covered by the high-deductible health insurance plan)



QUARTERLY HIGHLIGHTS

Family-Owned Tingley Rubber Company Continues Decades of Evolution

- The Piscataway, NJ-based manufacturer of protective footwear and clothing started with a profit-sharing plan but added a 401(k) feature in 1986
- Presently, a traditional safe harbor matching contribution is provided with an additional 3% profit sharing contribution subject to a five-year graded vesting schedule
- With a 100% participation rate, the average deferral is 12% and average account balance is approximately \$305,000
- The plan offers 35 investment options including target-date funds and a recent fiduciary benchmark report showed that the all-in fee of 0.88% is below average for similar size plans
- Two new plan features include a plan entry date on the first day of the month that coincides with the completion of three months of service (rather than calendar quarter after three months of service) and the ability for retirees to take distributions in the form of installments



QUARTERLY HIGHLIGHTS

Yale University Puts New Spin on Qualified Defined Investment Alternative (QDIA)

- Yale University has introduced a managed account as its QDIA, using the plan's vetted and institutionally priced core menu investments
- The QDIA is unique in that the participant's allocation will consider the amount saved in legacy annuity contracts
 - Legacy annuity contracts are treated as a fixed income allocation, therefore, the greater a participant's annuity holdings, the more equity orientated the managed account is
- The QDIA also does not use bond investments but rather an annuity investment that is guaranteed to preserve principal
- All participants were defaulted into the QDIA in 2019; 96% have remained invested
- The accounts are rebalanced quarterly if there is more than a 3% departure from its target allocation



QUARTERLY HIGHLIGHTS

Small New York Hospital Gets Institutional Pricing and Services

- Cobleskill Regional Hospital, with 26 beds and 230 employees, was able to renegotiate with its service providers to receive “affiliate pricing and services” equivalent to that of other larger hospitals within its health care system
- As part of the plan revamp, the Cobleskill 403(b) moved to a flat, per-participant administrative fee and most of the new investment options were institutional share classes with zero revenue sharing
- The plan also instituted a 3% auto-enrollment and 1% auto-escalation, and despite almost half of its employees making less than \$25 per hour, the plan has a 93% participation rate
- When employees are auto-enrolled they are required to meet with a representative from the plan’s record-keeper and are strongly encouraged to meet at least annually with the plan’s advisor



QUARTERLY HIGHLIGHTS

University System of Georgia Consolidates from 78 Plans to 2 Plans

- Prior to the restructuring, each campus had one or more of its own 403(b) and 457(b) plans totaling over 600 different investment options
- The system consolidated these plans into one 403(b) and one 457(b) that each offer a four-tier investment menu: active funds, passive funds, target-date funds and self-directed brokerage. These efforts saved \$7 million in plan fees and expenses
- The 403(b) and 457(b) are supplemental to a pension or profit-sharing plan that mandates an annual employee contribution of 6%
- A recent communication campaign has helped improve the participation rates from 3% to 16%

PARTICIPANTS' CORNER

PARTICIPANTS' CORNER

GAO Conducts Focus Groups of Women Ages 70 and Older

- In 2019, the Government Accountability Office (GAO) conducted 14 focus groups on financial security in retirement with older women (generally over age 70) in nine locations throughout the country; a total of 190 women participated
- Women in all 14 focus groups felt uncertainty or fear about their financial security; specific reasons included:
 - Inflation increasing the cost of goods and services
 - Reduced Social Security or Medicare benefits
 - Cognitive decline and financial challenges from dementia
 - Medical costs
 - Incorrectly estimating future expenses
- The top four pieces of advice for younger women include save, invest, seek financial advice and be frugal/carry low levels of debt

PARTICIPANTS' CORNER

Academic Study Finds Participants Respond to Fee Disclosures

- The National Bureau of Economic Research's paper "Out of Sight No More? The Effect of Fee Disclosures on 401(k) Investment Allocation" concluded that participants became more attentive to fund fees and to short-term fund performance following the new Department of Labor (DOL) fee disclosure regulations
- Researchers compared participant behaviors before and after the 2012 DOL fee disclosure regulations and found a statistically and economically negative relationship between higher expense ratios and reduction in holdings
- The study also found that participants became more sensitive to one-year performance after reform but there were no changes regarding the five- and 10-year performance; the researchers suggest that there was higher sensitivity to one-year performance because it is typically displayed in the first column of the performance table



PARTICIPANTS' CORNER

Education Should Focus on Life Events Rather than Generations

- A new survey by Empower, “It’s Not About Generations,” found that 80% of participants believe their views were created by individual characteristics, and not the generation they were born into; specifically:
 - 38% said their personal views and opinions were shaped by their parents
 - 33% attributed familial values for their beliefs
- According to the survey, 65% of respondents said generational differences are “overstated,” 53% noted their ideas and feelings about money varied greatly through each life stage and 40% identified more with others who are going through similar life events than those in defined generations



PARTICIPANTS' CORNER

Vanguard Finds Little Participant Use of Coronavirus-Related Distribution

- Among 1,142 plan sponsors that had adopted the coronavirus-related distribution option, only 1.9% of participants exercised the option as of May 31, 2020
- Among the participants that did take a distribution:
 - The median age was 43 and median income was \$62,000
 - 91% took only one distribution while 9% took multiple distributions over a two-month period; the average participant distribution was \$20,690 and the median amount was \$10,413
 - On average, the distribution was approximately 60% of the participant's balance
 - Nearly 80% maintained or increased their deferral rate
- The survey, “How America Saves 2020: The Cares Act,” calculated a median opportunity cost of approximately \$25,000

PARTICIPANTS' CORNER

Survey Finds Company Matching Formulas are Increasing

- According to T. Rowe Price's 2020 Reference Point survey, matching contributions are increasing on average, moving from 3% to the 4% or 5% range based upon data collected in 2019
- The formulas that experienced the greatest increases from 2018 to 2019 were:
 - 100% up to 3%, plus 50% up to 2%: 18.1% of plans (up more than 3%)
 - 100% up to 3%, plus 50% up to 3%: 7.1% of plans (up almost 2%)
 - 100% up to 5%: 8.7% of plans (up almost 2%)
- The 50% up to 6% match formula experienced the greatest decrease, falling more than 5% to 21.7% of plans in 2019



PARTICIPANTS' CORNER

Retirement Assets Not Used to Remedy Financial Strain

- A new survey by Empower, “Retirement as a Last Resort: How Americans Cope with Financial Need,” found that the first step participants take if they need money is to reduce spending (36%), dip into an emergency fund (20%), defer student loan payments (13%) and sell something of value (12%)
- For comparison purposes, only 12% would stop contributing to their retirement savings account and 8% would take money out of their retirement savings account
- Consistent with other industry surveys, only 1.4% of Empower participants took a CARES Act-related withdrawal; other key findings include:
 - The average disbursement was \$20,000, and only 4% of participants have taken the maximum disbursement of \$100,000
 - Only 1,823 participants took a CARES Act-related 401(k) loan
 - Employees in the airline, entertainment and manufacturing industries showed the highest initial loan and withdrawal activity

PARTICIPANTS' CORNER

Millennials Proceed Cautiously Following Pandemic Outbreak

- A Vanguard survey of 885 millennials ages 24 to 39 in May 2020 found that the words most likely associated with investing include cautious (46%), fearful (28%) and skeptical (27%); prior to the pandemic the words most likely associated with investing were cautious (32%), optimistic (29%) and motivated (23%)
- Nearly a quarter of millennials (23%) are overwhelmed with the thought of investing amid the pandemic – a higher percentage than Generation Z (20%), Generation X (16%) and young baby boomers (11%)
- Despite the cautious outlook, only one in 10 millennials has canceled or postponed contributing to a retirement account because of COVID-19
- The majority of millennials have never received professional advice, but nearly half say COVID-19 has increased their interest in obtaining it

PARTICIPANTS' CORNER

Participants Expect Almost Half of Retirement Income to Come From 401(k)s

- A survey conducted by Charles Schwab of 1,000 plan participants found that 44% of retirement income is expected to come from 401(k) plans; additional sources of income include Social Security (17%), savings and investments (15%), pensions (10%) and part-time work (4%)
- Roughly 33% are not sure how long their retirement savings will last; this uncertainty jumps to 40% for women compared to 25% for men
- 77% of those surveyed are offered an HSA, and 45% use it; the majority are using their HSA to cover immediate health care costs but 41% are using it to save for health care costs in retirement
- Almost half (49%) say they would be very confident about making investment decisions with the help of a financial advisor, while 32% are comfortable making their own investment decisions

LEGISLATIVE REVIEW



LEGISLATIVE REVIEW

Biden Proposal Would Revamp 401(k) Savings Plans

- A proposal introduced by the Biden presidential campaign would replace pre-tax contributions to employer-sponsored retirement plans and IRAs with a refundable tax credit
- The credit, believed to be 26%, would be the equivalent of a 20.5% tax deduction
- If enacted, lower income taxpayers would receive a greater tax benefit from retirement plan contributions while higher income taxpayers would receive less of a tax benefit



LEGISLATIVE REVIEW

Senate Introduces Two Bills to Improve Retirement Security

- Senator Warren (D-MA) introduced the Retirement Savings Lost and Found Act of 2020 that would require the Treasury Department to build an online system to track participant accounts; the bill would also make it easier for plan sponsors to move balances of terminated participants into target-date funds if no instructions are provided
- Senators Cruz (R-TX), Tillis (R-NC), Perdue (R-GA) and Loeffler (R-GA) unveiled the Addressing Missed-savings Opportunities for Retirement due to an Epidemic Act (AMORE Act); this legislation would permit special catch-up contributions in 2021 and 2022 for individuals who did not maximize their contributions in 2020



LEGISLATIVE REVIEW

Two States Advancing Retirement Programs

- Colorado's legislature passed an automatic enrollment payroll deduction IRA; participation is mandatory for employers who have been in business for at least two years, have five or more employees during the previous year and have not offered a retirement plan in the last two years
- The plan would establish:
 - An auto-enrollment rate of 5%, unless the employee opts out
 - A menu of low-risk, target-date funds and other investment choices
 - A cap of 1% on fees for the first five years and 0.75% thereafter
- A similar bill is pending in Maine

REGULATORY REVIEW

REGULATORY REVIEW

4Q20 Compliance Calendar

October 15	December 1	December 31
<ul style="list-style-type: none">▪ Extended deadline for Form 5500 filing for calendar year plans after the plan sponsor files a Form 5558 to request an extension▪ Extended deadline for individual and/or corporate tax returns and final contribution deadline for deductibility for these entities▪ Deadline for adopting a retroactive amendment to correct IRC Section 410(b) coverage and IRC Section 401(a)(4) nondiscrimination failures	<ul style="list-style-type: none">▪ QDIA Notice (for plans with a QDIA) deadline▪ Safe Harbor Notice (for plans with a safe-harbor match) deadline▪ Automatic Contribution Arrangement Notice deadline	<ul style="list-style-type: none">▪ Processing deadline for ADP/ACP corrective distribution for prior year testing failure▪ Deadline for ADP/ACP QNEC corrective contribution for prior year testing failure

ADP: Actual Deferral Percentage

ACP: Actual Contribution Percentage

QNEC: Qualified Non-Elective Contribution



REGULATORY REVIEW

New Proposed Fiduciary Rule Released

- On June 29, 2020, the DOL issued a proposed fiduciary rule allowing investment fiduciaries to receive compensation that would otherwise result in a prohibited transaction provided certain requirements are satisfied
- These requirements are part of an impartial conduct standard that includes:
 - Best interest standard
 - Reasonable compensation standard
 - Best execution duty
 - Requirement not to make materially misleading statements
- The proposal also reinstates the 1975 five-part test to determine whether a person renders investment advice
- With respect to rollover recommendations, the DOL officially withdrew its 2005 Deseret Letter and states that rollovers are considered investment advice using the five-part test



REGULATORY REVIEW

IRS Issues New 402(f) Safe Harbor Notice

- Plan administrators are required to provide rollover-eligible participants with a 402(f) notice
- Previously the IRS has provided two safe-harbor notices, one for payments from a non-Roth account and the other for payments from a Roth account, that can be used to satisfy the requirement
- The notices have been updated to reflect qualified birth and adoption distributions and the change from age 70½ to 72 for required minimum distributions
- Plan administrators may use the new safe-harbor notices to satisfy the 402(f) requirements for any changes in the law as of August 6, 2020



REGULATORY REVIEW

IRS Offers New Guidance for Qualified Plan Loan Offsets

- On August 17, 2020, the IRS issued regulations to clarify the changes that the Tax Cuts and Jobs Act of 2017 made to qualified plan loan offsets
- Effective January 1, 2018, solely in the case of plan termination or a participant's severance from employment and if the offset occurs within one year, the deadline for making a loan offset rollover is extended until the due date, including extensions, for filing a participant's tax return for the year in which the offset occurs



REGULATORY REVIEW

DOL Issues Guidance on Lifetime Income Illustrations

- On August 18, 2020, the DOL issued an interim final rule that provides guidance for complying with lifetime income illustrations required by the SECURE Act
- The rule requires plans to provide at least annually the monthly amount that a participant's account balance would pay in the form of both a life annuity and qualified joint and 100% survivor annuity
- Calculations are required to reflect certain assumptions, including: the income stream must begin on the last day of the statement period; the participant is age 67 (or actual age if older); if married, that the spouse is the same age as the participant; utilization of the 10-year constant maturity Treasury (CMT) rate as the interest rate; and to use the gender-neutral mortality table
- A detailed explanation is required to accompany the illustration, and the interim rule provides model language that may be used



REGULATORY REVIEW

Vesting Clarification for Long-Term Part-Time Employees

- The SECURE Act requires that employees who have three consecutive 12-month periods with at least 500 hours of service may be allowed to make elective deferrals in an employer's 401(k) plan; 12-month periods beginning before January 1, 2021, however, are not considered when determining the three years of service eligibility
 - The current, more restrictive, eligibility rules may continue to apply for purposes of employer contributions and compliance testing
- In Notice 2020-68, the IRS clarifies that for vesting purposes the employer must generally consider each 12-month period for which the employee has at least 500 hours of service starting on the date of hire, including periods before January 1, 2021



REGULATORY REVIEW

IRS Addresses Several Qualified Birth or Adoption Distribution Questions

- The SECURE Act added a new in-service distribution for qualified births and adoptions; in addition, a new exception to the 10% premature distribution penalty applies on withdrawals up to \$5,000 for each child/eligible adoptee from an eligible plan or IRA
- In Notice 2020-68, the IRS addresses several open questions including:
 - Plan sponsors are not required to offer this new in-service distribution; in these cases an otherwise eligible participant may claim relief from the 10% penalty on their tax return
 - Plan administrators may rely on participant representation that they are eligible to receive the distribution
 - Each parent is eligible to receive a penalty-free distribution of up to \$5,000 per child
 - Plans must allow a recontribution if the plan permits qualified birth and adoption distributions, the individual making the recontribution received the distribution from the plan, and if the individual is eligible to make rollover contribution at the time of the recontribution



REGULATORY REVIEW

GAO: More Information Needed on QDROs

- A qualified domestic relations order (QDRO) is used to divide the qualified plan in the event of a divorce or separation
- Through a study of large private-sector plans, record-keepers and practitioners, the GAO found that the process for obtaining a QDRO is complex and fees for the preparation and review vary widely
- In addition, many orders fail to meet the requirements because the dollar amount or percentage of benefit was missing or was not compatible with plan provisions, basic information was missing or required the plan to provide a benefit not allowed
- The GAO recommends that the DOL explore how fees are assessed and take steps to ensure the process for obtaining a QDRO is accessible



REGULATORY REVIEW

DOL Issues Proposal on Proxy Voting

- In September 2020, the DOL issued a proposal regarding the fiduciary duties for proxy voting, replacing IB2016-01 with new regulatory language
- The proposal outlines the obligations that fiduciaries must comply with when voting proxies, a provision that states fiduciaries must vote proxies only when the matter has an economic impact on the plan and new process for documentation

LEGAL REVIEW



LEGAL REVIEW

Motion to Dismiss Filed in Abbott Laboratories Case

- Both the plan sponsor and record-keeper filed motions to dismiss a lawsuit involving a plan data breach that stole \$245,000 from a participant's account
- The record-keeper's motion stated it merely provided administrative services to the plan and possessed no power or discretion in distributing the funds to participants; the motion also states that the record-keeper is not a fiduciary to the plan
- Abbott argued that only the record-keeper had the power to direct distributions and perform identity verifications and, therefore, the company cannot be held liable as a fiduciary and committed no breach
- The Northern District of Illinois will have to decide if either or both parties violated a fiduciary duty with respect to the stolen funds



LEGAL REVIEW

New Allegations Regarding the Use of Participant Data

- A suit has been brought against Shell Oil Company alleging a breach of fiduciary duty when plan service providers were permitted to profit from the use of personal plan participant information; the suit claims that “cross-selling” activities using participant data are plentiful and do not require “cold calling”
- The courts will have to decide if participant data is included within the definition of a “plan asset” under ERISA
- Similar allegations were made in a case against Vanderbilt University; the case settled in 2019



LEGAL REVIEW

Excessive Fee Lawsuit Thrown Out Against CareerBuilder

- In Martin v. CareerBuilder, the U.S. District Court for the Northern District of Illinois has dismissed a lawsuit alleging the plan fiduciaries allowed the plan to incur unreasonable expenses and retain underperforming options; the \$180M plan offered 23 options with fees ranging from 0.04% to 1.04%
- The court ruled that although lower-cost share class or index funds could have been offered, the plan did provide lower cost options; similarly, while some investments underperformed, others performed adequately
- The ruling reinforces the importance of offering a diverse menu with ample choice for participants



LEGAL REVIEW

Lawsuit Brought for Using an Unproved CIT

- Participants in the Astellas retirement plan have brought a suit against their employer for inappropriately replacing all the plan's mutual funds with six collective investment trusts, five of which were managed by the firm's consultant
- According to the lawsuit, the CITs had less than a three-year history and during that time, underperformed the benchmarks selected by the plan advisor
- In addition, the plaintiffs allege that the CITs also underperformed the comparable mutual funds they replaced on the plan's investment menu



LEGAL REVIEW

Princeton University Settles Excessive Fee Lawsuit

- Princeton University has agreed to pay \$5.8M to settle a lawsuit alleging excessive fees for recordkeeping and investments
- In addition, university officials have agreed to the following actions:
 - No increase in plan fees for at least three years
 - Use commercially reasonable best efforts to attempt to reduce recordkeeping fees
 - Conduct an RFP for recordkeeping and outside independent consulting services
- The settlement also includes processes for the investment committee, including:
 - Amend respective charters and/or operating documents to adopt and follow best 403(b) practices
 - Meet no less than four times per year to evaluate investment performance and fee structure



LEGAL REVIEW

American Airlines 401(k) Not Required to Offer a Stable Value Fund

- A federal district court in Texas dismissed a lawsuit against American Airlines alleging the company violated its fiduciary duty by offering a credit union deposit fund, rather than a stable value fund, as the plan's capital preservation option
- Specifically, the court found:
 - Since stable value funds carry more risk than a guaranteed deposit fund, the two products are not interchangeable
 - The plaintiffs failed to prove that no reasonable fiduciary would have offered the credit union fund
 - To establish a fiduciary breach, a reasonable benchmark such as the return of a similar credit union fund rather than the return of a stable value fund needed to be provided



LEGAL REVIEW

Stock Drop Case With a Different Twist

- The Fourth Circuit Court of Appeals has remanded a stock drop case involving Gannett Co. back to the district court for renewed deliberations
- Unlike many stock drop cases that have been dismissed following the Supreme Court's Dudenhoeffer decision, a unique feature of this case was the 2015 transaction that split Gannett into two publicly traded companies: Gannett Co. and Tegna Inc.
- The court found that post-spin-off new Gannett employees were not employees of Tegna, and although historically connected, Gannett and Tegna were two different companies; as of June 2015, Tegna stock represented 22% of assets in the new Gannett plan
 - Tegna stock declined 19% in 2015 and 16% in 2016

GLOBAL HEADLINES



GLOBAL HEADLINES

DCIIA Provides Global Summary of COVID-19 Withdrawal Provisions

- A new paper by the Defined Contribution Institutional Investment Association (DCIIA) provides a comprehensive list of countries that have enacted new legislation to permit COVID-19 related distributions and a summary of the provisions
- Only Australia, Malaysia, Peru and the United States have enacted COVID-19 related withdrawal provisions
- Canada, Chile, Denmark, Hong Kong, Ireland, Japan, New Zealand, Singapore and the United Kingdom have not enacted legislation



GLOBAL HEADLINES

Proposal Made to Consolidate Small DC Plans in the UK

- The Department of Work and Pensions (DWP) has made a proposal that would drive consolidation of smaller DC plans (assets under 100 million British pounds sterling) by requiring trustees to consolidate their plan into a larger plan if they cannot demonstrate value (performance and costs) for members
- The proposal would also facilitate wider use of illiquid assets within plans
- The effective date of the proposal is October 5, 2021



GLOBAL HEADLINES

International Best Practices to Address the Pandemic

- The Organization for Economic Cooperation and Development (OECD) has developed a series of recommendations for policy makers, industry participants and other stakeholders for retirement plan design and structure in light of COVID-19
- Some recommendations include:
 - Emphasis on the importance of continuing to contribute to retirement plans
 - Avoid policies intended to provide relief in the short-term that can have long-term unintended consequences, especially on retirement income adequacy
 - Address the risk of disruptions to ensure the continuity of operations



GLOBAL HEADLINES

Canadians Reducing Retirement Savings Due to COVID-19

- According to a recent survey by Fidelity Investments Canada, more than one-third of pre-retirees have a negative outlook on their life in retirement, the highest percentage since 2014
- Separately, 40% of respondents have experienced a decline in salary or earnings as a result of the pandemic and of this group, half are reducing the amount they are able to save and invest
- Among respondents ages 45 and older, 80% of pre-retirees and 92% of retirees with a written financial plan said they feel positive about their future financial lives



GLOBAL HEADLINES

Almost 20% in the UK Will Rely on Inheritances to Fund Retirement

- In a Wealth and Assets survey, the UK's Office for National Statistics (ONS) found that nearly one in five are looking to an inheritance to cover the cost of retirement
- The survey also revealed that among those ages 65 and older, over one-third do not believe they will be able to sustain their standard of living later in life
- Specific recommendations may include family discussions surrounding wealth transfer, converting home equity into income and general financial planning assistance

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JANUS HENDERSON DEFINED CONTRIBUTION CAPABILITIES



DEFINED CONTRIBUTION CAPABILITIES

- 45+ years of industry experience
- Retirement excellence and leadership
- Three highly specialized investment managers: Janus Henderson, Intech[®], and Perkins[®]
- \$29.07 billion in DC assets under management as of 6/30/20
- Products utilized by the top 25 DC record-keepers in the industry
- Availability on over 200 recordkeeping platforms

Note: Not all record-keepers provide quarterly DC AUM data, therefore AUM data is based on the most recently available information.



DEFINED CONTRIBUTION CAPABILITIES

Continuing Education

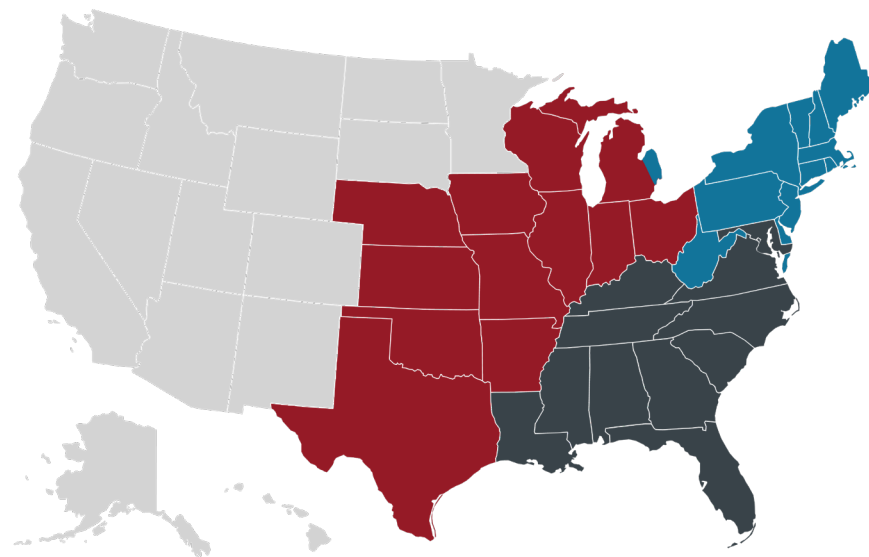
- Janus Henderson offers accredited continuing education (CE) seminars for financial professionals, CPAs, human resources professionals and other retirement and financial industry participants
- Each seminar qualifies for one credit hour of CE credit
- Live, in-person and webcast options available
- Available for CFP®, CIMA®, CIMC®, CPWA®, CRPC®, CRPS®, CRC®, AIF®, C(k)P, CPA®, HR and CEBS designations

DEFINED CONTRIBUTION CAPABILITIES

Additional Support

Experience In:

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



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