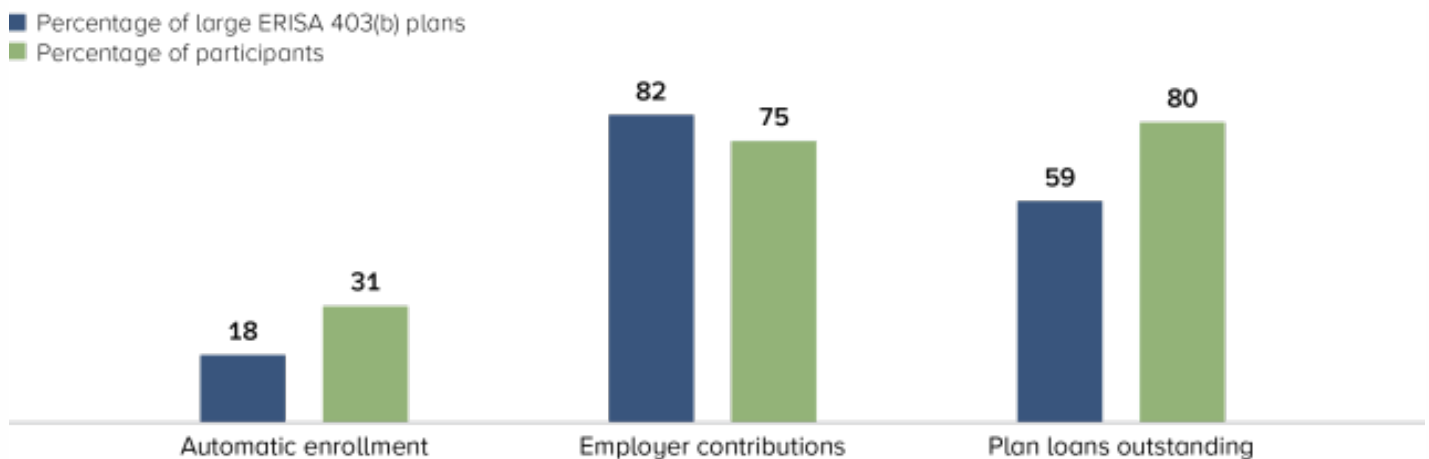


BrightScope/ICI Study Shows ERISA 403(b) Plan Sponsors Design Plans to Promote Retirement Saving

Washington, DC; April 25, 2023—The Investment Company Institute (ICI) and BrightScope, an ISS Market Intelligence business, released their new report *The BrightScope/ICI Defined Contribution Plan Profile: A Close Look at ERISA 403(b) Plans, 2019*. The report found that the wide array of nonprofits that sponsor 403(b) plans design their plans to engage participants and promote retirement saving. Many large 403(b) plans subject to the Employee Retirement Income Security Act of 1974 (ERISA) automatically enrolled employees into the plan. Four-fifths of large ERISA 403(b) plans had employer contributions and three-quarters of large ERISA 403(b) plan participants were in plans that offered employer contributions in 2019. And a majority of large ERISA 403(b) plans offered the flexibility of plan loans.

“ERISA 403(b) plan sponsors typically offer employer contributions to encourage employees to participate in their plans,” said Sarah Holden, ICI Senior Director of Retirement and Investor Research. “These employer contributions often are based on participants’ own contributions, to promote saving by employees.”

Large ERISA 403(b) Plan Design Promotes Participant Engagement



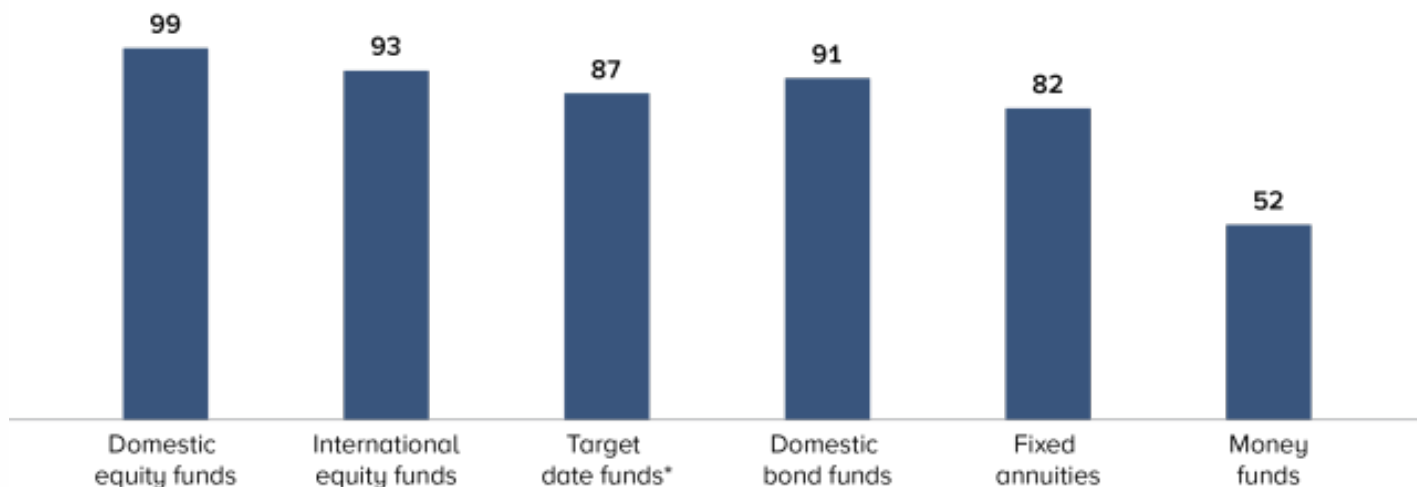
* Source: Investment Company Institute tabulations of US Department of Labor 2019 Form 5500 Research File

The study also finds that 403(b) plans offer employees a wide variety of investment options, with the average large ERISA 403(b) plan offering 26 “core” investment options in 2019. The average large ERISA 403(b) plan offered 11 core equity funds, two core bond funds, and 10 core target date funds. Nearly all plans offered domestic equity, international equity, and domestic bond funds in their core investment offerings. Eighty-seven percent of large ERISA 403(b) plans offered target date funds, 82 percent offered fixed annuities, and more than half offered money funds.

“403(b) plans offer a wide array of investments to promote retirement saving across a range of risk profiles, active and index investing, and domestic and international options,” said Brooks Herman, Managing Director, BrightScope at ISS Market Intelligence. “This analysis sheds light not only on the range of diversified, professionally managed options available to 403(b) plan participants, but also the cost-effectiveness of the investments.”

Large ERISA 403(b) Plans Offer a Wide Array of Investment Options

Percentage of plans with audited 403(b) filings in ISS Market Intelligence’s BrightScope database offering the specified core investment option, 2019



*A target date fund typically rebalances its portfolio to become less focused on growth and more focused on income as it approaches and passes the target date of the fund, which is usually included in the fund's name.

Note: Funds include mutual funds and variable annuities.

Source: BrightScope Defined Contribution Plan Database

Other key findings of the study include:

- **A wide range of nonprofit business endeavors sponsor 403(b) plans.** ERISA 403(b) plan sponsors hail from 501(c)(3) nonprofit organizations—educational services (e.g., private schools and private universities); hospitals; other healthcare organizations; social assistance organizations; religious, grantmaking, civic, professional, and similar organizations; arts, entertainment, and recreation; and other (e.g., research institutions). Educational services account for 23 percent of ERISA 403(b) plan participants and 45 percent of assets, while hospitals account for 49 percent of ERISA 403(b) plan participants and 38 percent of assets.
- **Simple matching formulas, where the employer matches a certain percentage of employee contributions up to a maximum percentage of employee salary, were the most common type of employer contribution.** Among large ERISA 403(b) plans with employer contributions in 2019, 30 percent had automatic employer contributions, 56 percent had simple matches, and 10 percent had both of these features. The remaining 24 percent had tiered matches and other types of employer contributions.
- **Mutual funds were the most common investment vehicle in large ERISA 403(b) plans, with 64 percent of large ERISA 403(b) plan assets in 2019.** Fixed annuities held 17 percent of assets, and variable annuities held 19 percent.

About the Study

The BrightScope/ICI Defined Contribution Plan Profile: A Close Look at ERISA 403(b) Plans, 2019 analyzes 403(b) plans in the Department of Labor 2019 Form 5500 Research File, and more than 6,200 audited 403(b) plans in ISS Market Intelligence's BrightScope Defined Contribution Plan Database, which typically have 100 participants or more. **A 403(b) plan is an employer-sponsored defined contribution (DC) retirement plan that enables employees of public schools and universities, nonprofit employers, and church organizations to make tax-deferred contributions from their salaries to the plan.**

Complete results of the annual BrightScope/ICI study are posted on <https://www.ici.org/research/retirement/dc-plan-profile>. To learn more about ISS Market Intelligence, visit <https://www.issgovernance.com/market-intelligence/>.