

# Four mega-trends influencing the defined contribution (DC) plan landscape



## 1 Workforce volatility and inflation

**44%**

of US workers are searching for jobs right now<sup>1</sup>

The “Great Reassessment” — large numbers of employees rethinking their relationship to work their jobs — demands internal focus, while inflation has increased the cost of labor, goods and services.

**Steps to consider:**

- Address change and turnover in plan committees.
- Solve challenges to motivate and retain top talent amid changing employment models.
- Focus on outcomes-driven plan enhancements.
- Evaluate inflation- and regulation-sensitive investment options.



## 2 Data and security

**71%**

of data breaches seek to compromise personal data at larger organizations for financial gain<sup>2</sup>

Sponsors need to dig into participant data to hone benefits programs, but data must be protected before innovation can advance.

**Steps to consider:**

- Design for personalization and lifetime income.
- Offer more tailored and engaging experiences.
- Embed DEI practices.
- Implement cybersecurity policies and controls.



## 3 Employee well-being

**76%**

of employed Americans say they face financial challenges today<sup>3</sup>

Sponsors need to expand coverage, increase savings and improve workers’ long-term financial well-being.

**Steps to consider:**

- Offer lifetime income options or an auto-income qualified default investment alternative (QDIA).
- Seek to enhance investment options and simplify participant decisions.
- Evaluate pooled employer plans (PEPs).
- Provide “whole person” health, wealth and career benefits.



## 4 Corporate social responsibility

**90%**

of S&P 500<sup>®</sup> companies have published sustainability reports,<sup>4</sup> but only 37% have integrated ESG and DEI themes into retirement programs.<sup>5,6</sup>

**Steps to consider:**

- Adopt ESG and sustainable investment policies.
- Seek out women- and minority-owned vendors.
- Pursue equity and inclusion through plan design — without materially sacrificing return potential.

### Want more insight into the DC Megatrends?

Download our recent Q&A with Holly Verdeyen, US Defined Contribution Leader as she discusses the points of intersection between these four megatrends and the decision that many plan sponsors are making to engage an OCIO provider. [Download the Q&A now.](#)

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<sup>1</sup> Willis Towers Watson. 2022 *Global Benefits Attitudes Survey*. Survey polled 9,658 US employees from large and midsize private employers across a broad range of industries in December 2021 and January 2022.  
<sup>2</sup> Verizon. *Data Breach Investigations Report (DBIR)*, 2022.  
<sup>3</sup> Purchasing Power. *The State of Employee Finances: 2022*, available at <https://images.purchasingpower.com/merch/b2b-pdfs/2022-PPC-The-State-of-Employee-Finances-Report.pdf>. Survey of 1,105 US full-time employees, ages 18 and older (employed full time or whose spouses are employed full time), conducted March 2–4, 2022.  
<sup>4</sup> Governance & Accountability Institute (G&A). “90% of S&P 500 Index Companies Publish Sustainability Reports in 2019, G&A Announces in Its Latest Annual 2020 Flash Report,” July 16, 2020, available at <https://www.globenewswire.com/news-release/2020/07/16/2063434/0/en/90-of-S-P-500-Index-Companies-Publish-Sustainability-Reports-in-2019-G-A-Announces-in-its-Latest-Annual-2020-Flash-Report.html>.  
<sup>5</sup> Umplierrez A. “Plans With ESG Options See Larger Contribution Rates,” *PLANSPONSOR*, May 13, 2021, available at <https://www.plansponsor.com/plans-esg-options-see-larger-contribution-rates/>.  
<sup>6</sup> As with decisions regarding any options, the decision of whether to invest in ESG-themed options must be made pursuant to a prudent process with the objective of advancing the financial interest of the ERISA plan and its participants.