



Economic Update and Retirement Plan Industry Trends

Presented by:

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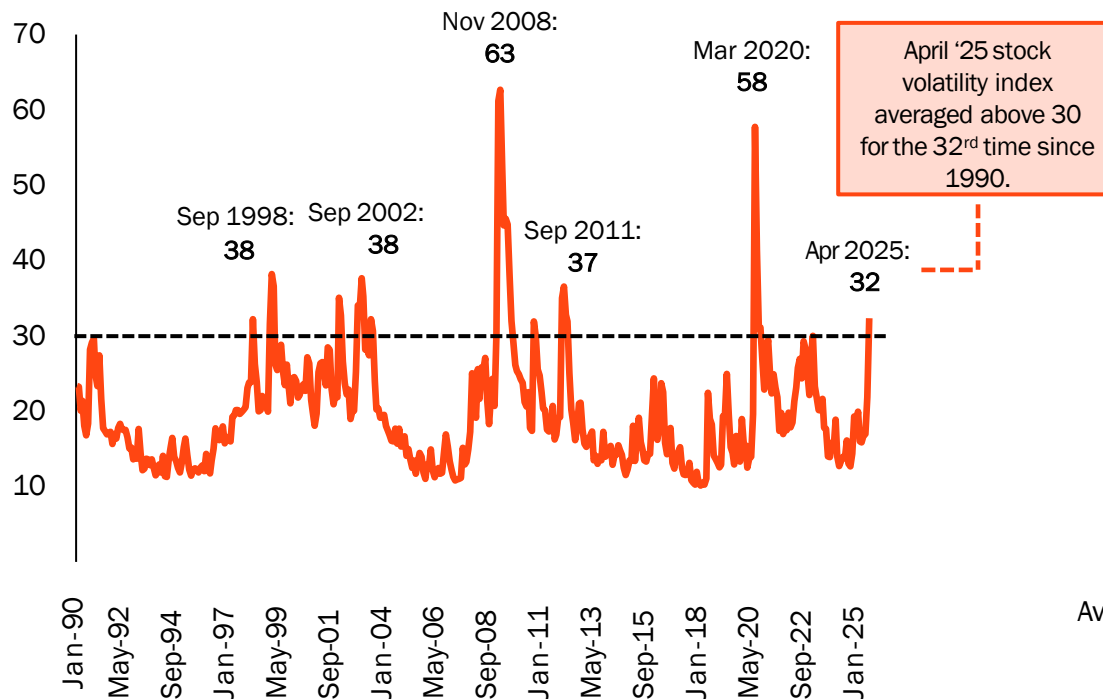
SageView Advisory Group

Stock Market Volatility Returns in a Big Way

Historically, stocks have been resilient following periods of heightened market volatility. With April's market whipsaws, the volatility index was at its highest point since the pandemic.

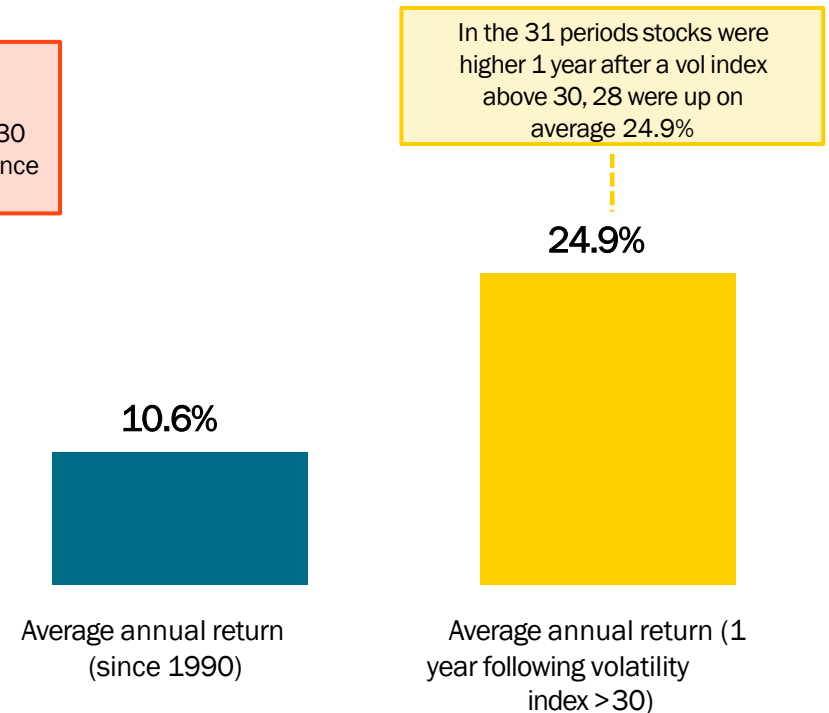
Stock market volatility index above 30 in April

Monthly average volatility index since 1990



Stock performance after periods of high volatility

Average stock return since 1990 and 1-yr after a volatility index above 30

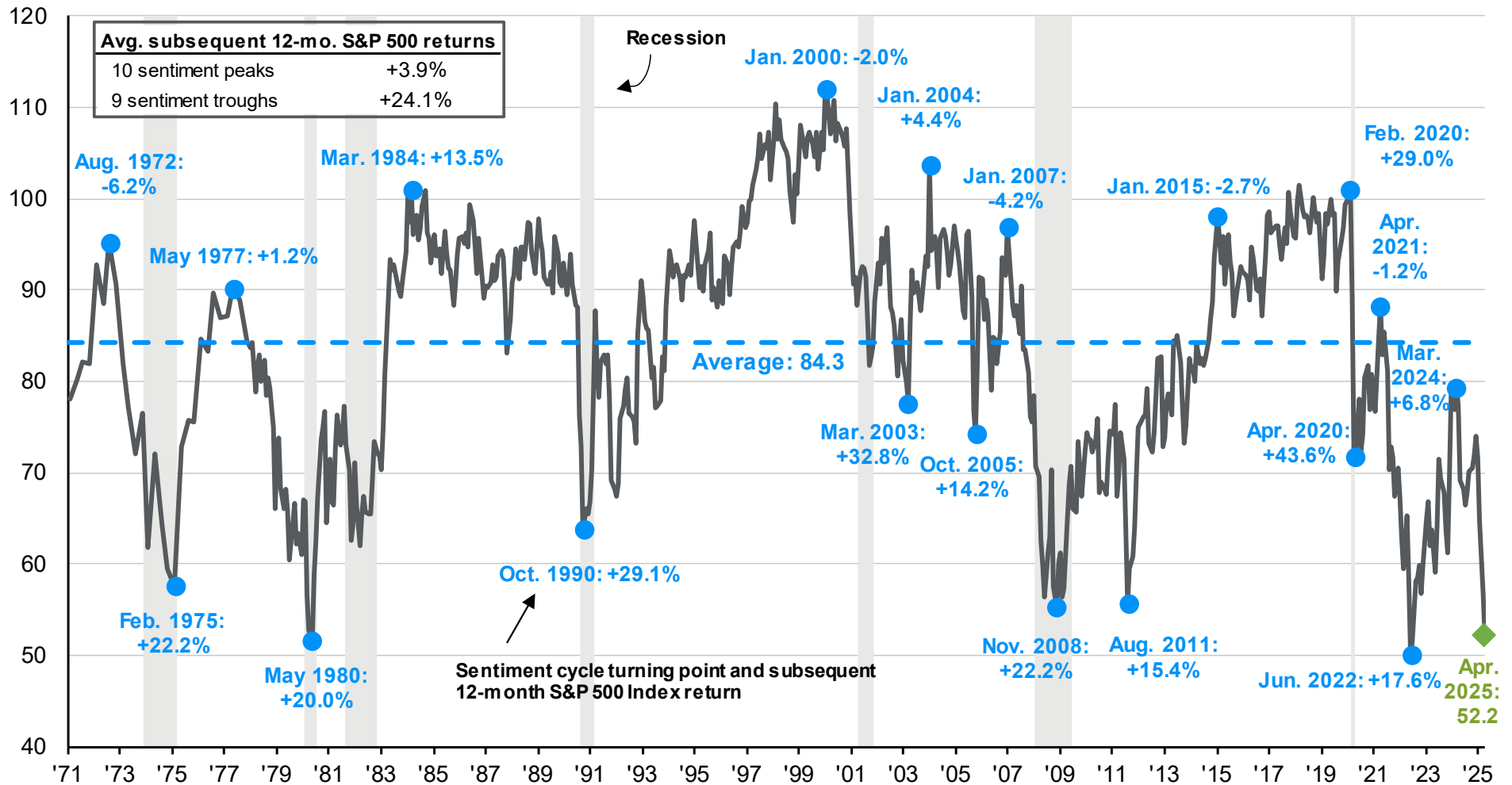


Consumer Confidence and the Stock Market



- The University of Michigan's monthly Surveys of Consumers gauge US consumer attitudes on the economy and are widely used in forecasting and market analysis.
- The survey includes responses from approximately 500 US households each month.
- Some results are reported as diffusion indices centered on 100—values above 100 indicate optimism; below 100 reflect pessimism.

Consumer Sentiment Index and subsequent 12-month S&P 500 returns



Source: FactSet, Standard & Poor's, University of Michigan, J.P. Morgan Asset Management.

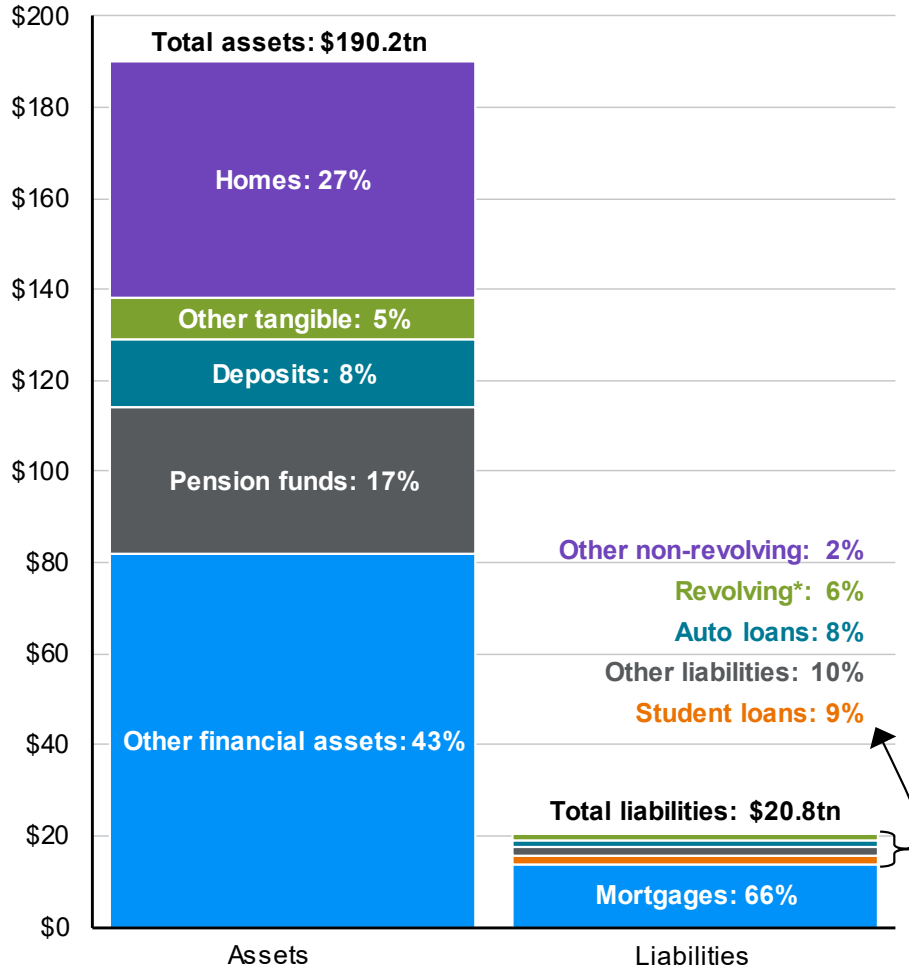
Peak is defined as the highest index value before a series of lower lows, while a trough is defined as the lowest index value before a series of higher highs. Subsequent 12-month S&P 500 returns are price returns only starting from the end of the month and excluding dividends. Past performance is not a reliable indicator of current and future results.

Guide to the Markets – U.S. Data are as of April 30, 2025.

Consumer Finances

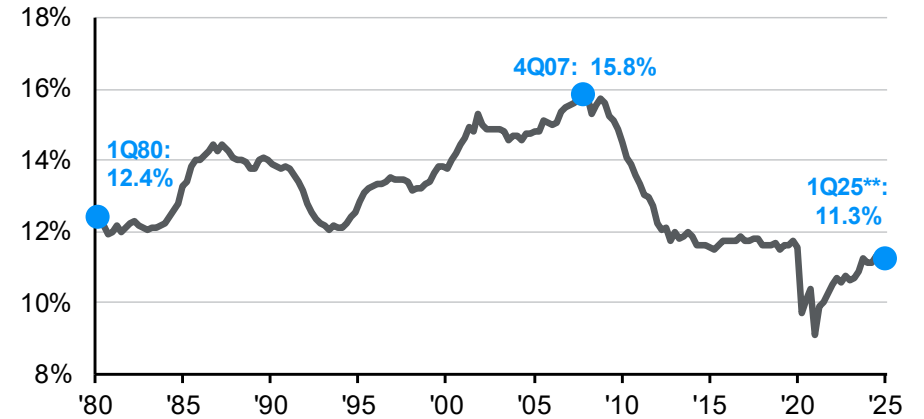
Consumer balance sheet

4Q24, USD trillions, not seasonally adjusted



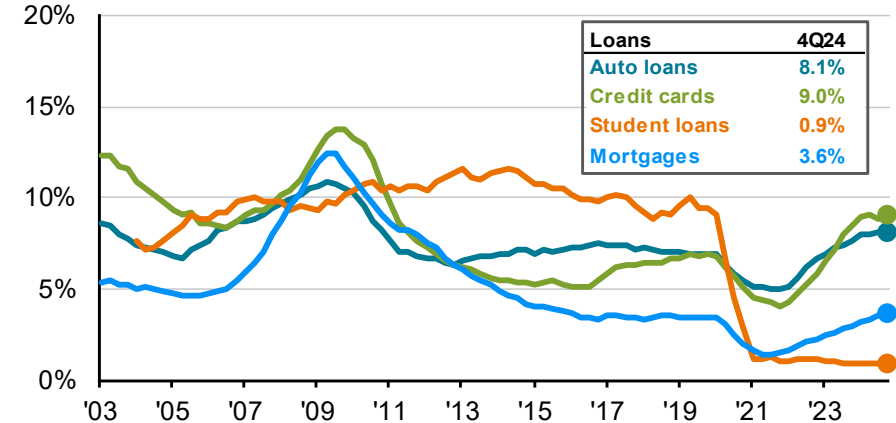
Household debt service ratio

Debt payments as % of disposable personal income, SA



Flows into early delinquencies

% of balance delinquent 30+ days



Source: FactSet, FRB, J.P. Morgan Asset Management; (Top and bottom right) BEA.

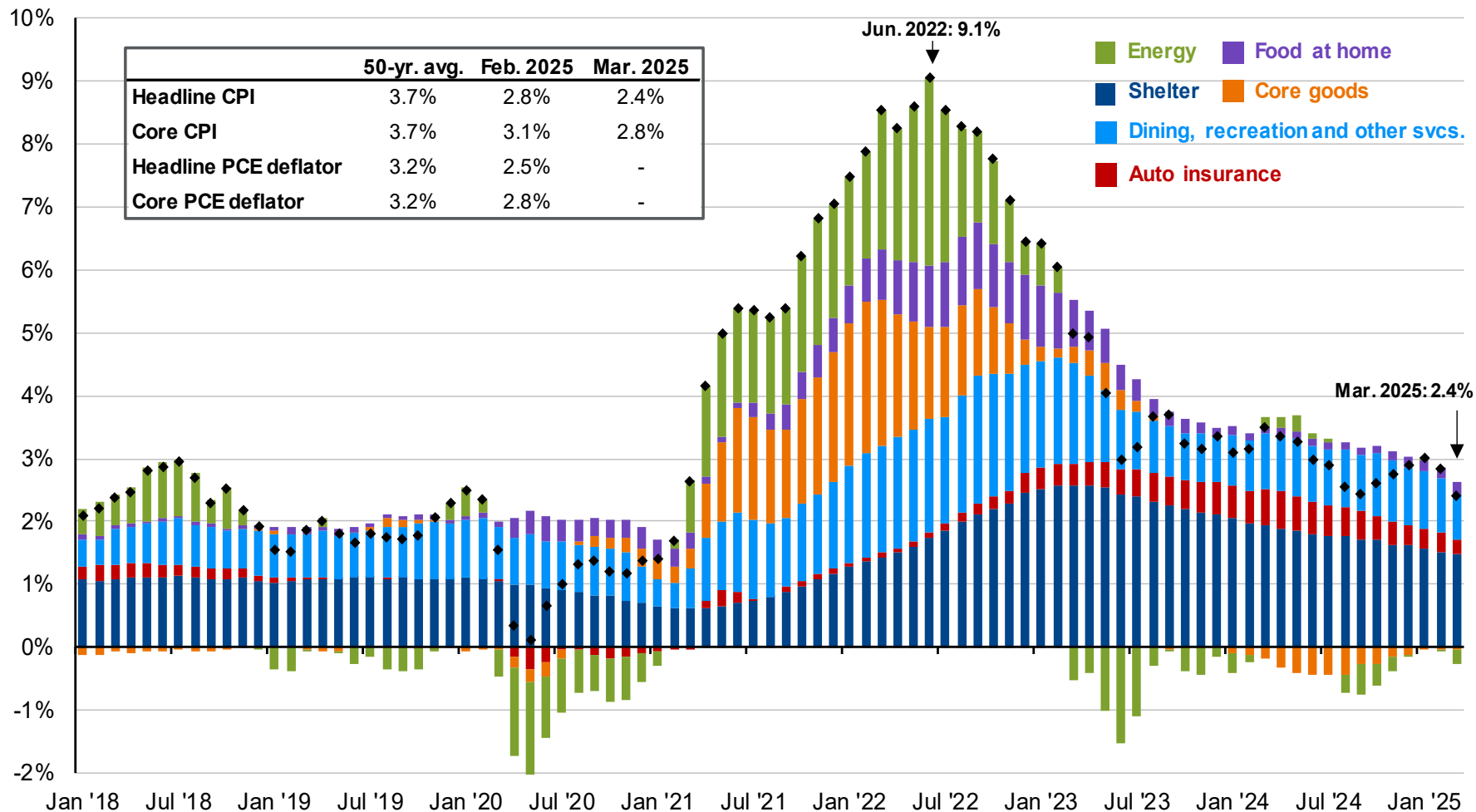
Data include households and nonprofit organizations. SA – seasonally adjusted. *Revolving includes credit cards. Values may not sum to 100% due to rounding. **1Q25 figures for debt service ratio are J.P. Morgan Asset Management estimates. Household debt service ratio data from 1Q80 to 4Q04 are J.P. Morgan Asset Management estimates. Due to the moratorium on delinquent student loan payments being reported to credit bureaus, missed federal student loan payments were not reported until 4Q24.

Guide to the Markets – U.S. Data are as of April 30, 2025.

Inflation Components

Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted

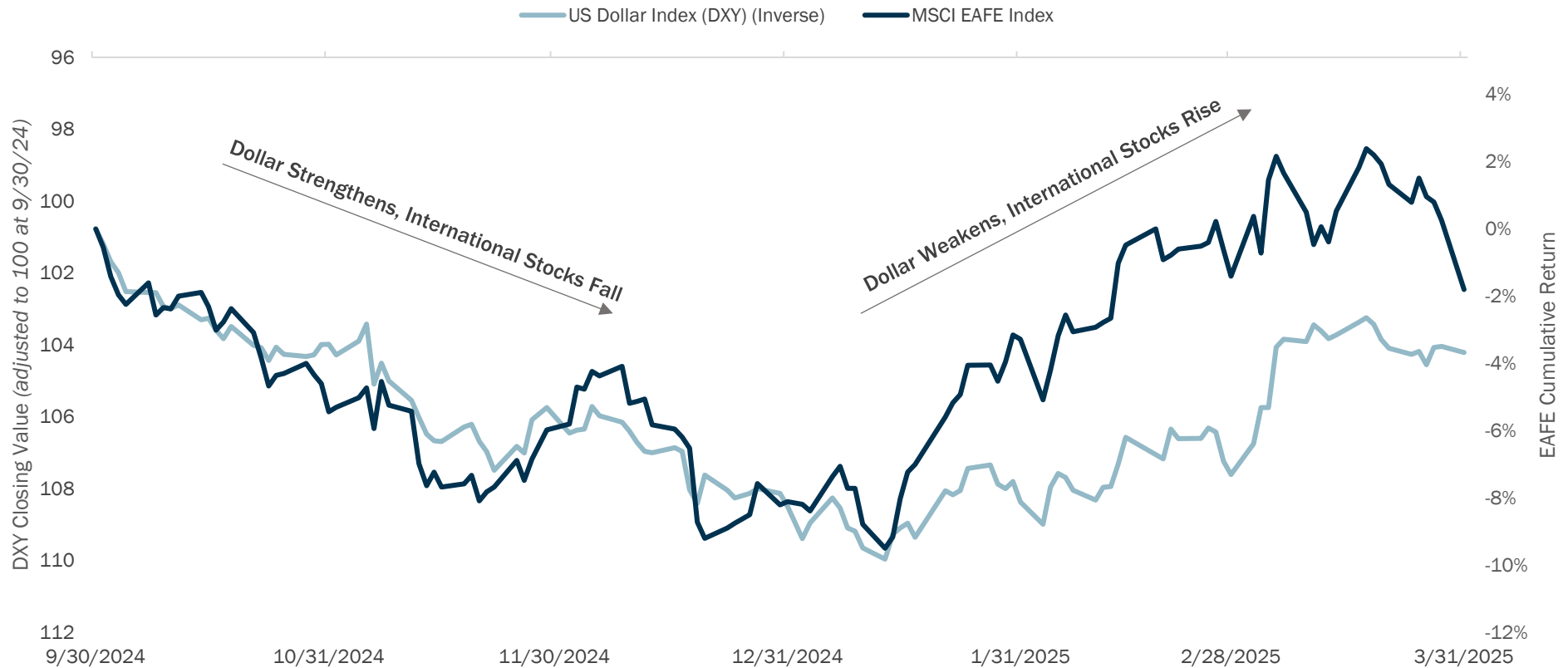


Currency Effects Explain Differential Performance Between US and Foreign Stocks



- The US dollar has strengthened over the past decade, reflecting its reserve status and US economic strength.
- Dollar appreciation has masked foreign stock performance, as returns are dampened when converted back to dollars.
- In Q4 2024, foreign stocks moved in the opposite direction to the dollar—rising and falling in near-inverse lockstep.
- This pattern continued in Q1 2025, though with weaker correlations.
- In Jan–Feb 2025, German stimulus boosted foreign stocks beyond what currency effects explained.
- By March, performance again aligned more closely with currency moves.

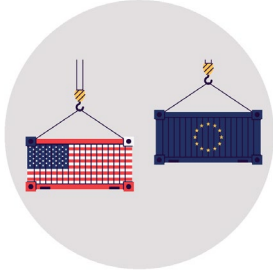
Has the Dollar Driven Foreign Stock Performance in Recent Months?



Source: Yahoo Finance, accessed April 10, 2025. The U.S. Dollar Index (DXY) measures the value of the U.S. dollar relative to a basket of foreign currencies and is published by Intercontinental Exchange, Inc. (ICE). The index is a weighted geometric average of six major currencies, with the euro comprising the largest share. "U.S. Dollar Index" is a registered trademark of ICE. The MSCI EAFE Index is a free float-adjusted market capitalization index designed to measure the equity market performance of developed markets outside of North America, including countries in Europe, Australasia, and the Far East.

Q1 2025 By The Numbers

International Outperforming



Foreign equities (MSCI ACWI ex-US) led the S&P 500 by nearly 11%, marking the strongest first-quarter international stock outperformance on record. While investor concerns about high valuations and trade policy uncertainty weighed on domestic markets, European stocks surged, buoyed by German infrastructure and defense stimulus announcements. Also, the dollar's relative strength eased over the quarter, providing a tailwind for both international and emerging market economies.

€500 B

German stimulus announced in March

'Schuld'

German word for both 'debt' and 'guilt'.

- 4.5%

Q1 DXY return

Declining Consumer Confidence



"Uncertainty" dominated the first quarter, as sentiment plummeted amid news of government layoffs, funding cuts, and concerns over tariffs. Disappointing consumer spending, particularly in services, coupled with an increase in the personal savings rate, reflects a shift in consumer behavior. Despite low unemployment, the average time to find a new job has risen compared to last year. The University of Michigan's Consumer Survey revealed three consecutive months of declining sentiment, with negative views cutting across party lines and income groups.

60%

Recession Probability (JPMorgan - 4/4/25)

64.7

Univ of Mich Consumer Sentiment (76.9 in Feb)

22.8

Weeks - Duration of Unemployment (21.6 March '24)

Tariffs



In a bid to reduce trade deficits, the new administration introduced plans to impose tariffs on imports. Trading partners retaliated. Orders for durable goods increased in February as businesses rushed to beat the tariff deadline. While long-term tariff policy remains uncertain, consumers expect imports to become more expensive, contributing to inflation. As global trade negotiations evolve, consumers—the key driver of the US economy—have rapidly become more cautious in spending.

145%

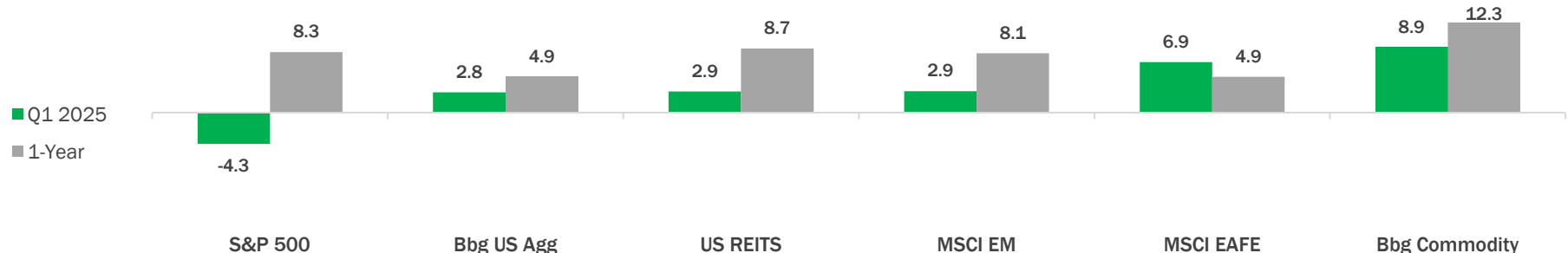
Tariff on Chinese goods (4/10/25)

-15%

Receipts on restaurants, hotels, and motels (Feb)

22.5%

Effective Tariff Rate (Yale Budget Lab, highest since 1909)



Asset Class Returns

2010–2024		2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
Ann.	Vol.																
Large Cap	Small Cap	REITs	REITs	REITs	Small Cap	REITs	REITs	Small Cap	EM Equity	Cash	Large Cap	Small Cap	REITs	Comdty.	Large Cap	Large Cap	DM Equity
13.9%	20.6%	27.9%	8.3%	19.7%	38.8%	28.0%	2.8%	21.3%	37.8%	1.8%	31.5%	20.0%	41.3%	16.1%	26.3%	25.0%	12.0%
Small Cap	EM Equity	Small Cap	Fixed Income	High Yield	Large Cap	Large Cap	Large Cap	High Yield	DM Equity	Fixed Income	REITs	EM Equity	Large Cap	Cash	DM Equity	Small Cap	EM Equity
10.3%	17.9%	26.9%	7.8%	19.6%	32.4%	13.7%	1.4%	14.3%	25.6%	0.0%	28.7%	18.7%	28.7%	1.5%	18.9%	11.5%	4.4%
REITs	REITs	EM Equity	High Yield	EM Equity	DM Equity	Fixed Income	Fixed Income	Large Cap	Large Cap	REITs	Small Cap	Large Cap	Comdty.	High Yield	Small Cap	Asset Alloc.	Comdty.
9.4%	16.8%	19.2%	3.1%	18.6%	23.3%	6.0%	0.5%	12.0%	21.8%	-4.0%	25.5%	18.4%	27.1%	-12.7%	16.9%	10.0%	3.6%
Asset Alloc.	DM Equity	Comdty.	Large Cap	DM Equity	Asset Alloc.	Asset Alloc.	Cash	Comdty.	Small Cap	High Yield	DM Equity	Asset Alloc.	Small Cap	Fixed Income	Asset Alloc.	High Yield	Fixed Income
7.2%	16.5%	16.8%	2.1%	17.9%	14.9%	5.2%	0.0%	11.8%	14.6%	-4.1%	22.7%	10.6%	14.8%	-13.0%	14.1%	9.2%	3.2%
High Yield	Comdty.	Large Cap	Cash	Small Cap	High Yield	Small Cap	DM Equity	EM Equity	Asset Alloc.	Large Cap	Asset Alloc.	DM Equity	Asset Alloc.	Asset Alloc.	High Yield	EM Equity	High Yield
5.9%	16.1%	15.1%	0.1%	16.3%	7.3%	4.9%	-0.4%	11.6%	14.6%	-4.4%	19.5%	8.3%	13.5%	-13.9%	14.0%	8.1%	2.7%
DM Equity	Large Cap	High Yield	Asset Alloc.	Large Cap	REITs	Cash	Asset Alloc.	REITs	High Yield	Asset Alloc.	EM Equity	Fixed Income	DM Equity	DM Equity	REITs	Comdty.	Cash
5.7%	15.1%	14.8%	-0.7%	16.0%	2.9%	0.0%	-2.0%	8.6%	10.4%	-5.8%	18.9%	7.5%	11.8%	-14.0%	11.4%	5.4%	1.4%
EM Equity	Asset Alloc.	Asset Alloc.	Small Cap	Asset Alloc.	Cash	High Yield	High Yield	Asset Alloc.	REITs	Small Cap	High Yield	High Yield	High Yield	Large Cap	EM Equity	Cash	Asset Alloc.
3.4%	10.4%	13.3%	-4.2%	12.2%	0.0%	0.0%	-2.7%	8.3%	8.7%	-11.0%	12.6%	7.0%	1.0%	-18.1%	10.3%	5.3%	0.9%
Fixed Income	High Yield	DM Equity	DM Equity	Fixed Income	Fixed Income	EM Equity	Small Cap	Fixed Income	Fixed Income	Comdty.	Fixed Income	Cash	Cash	EM Equity	Fixed Income	REITs	REITs
2.4%	9.4%	8.2%	-11.7%	4.2%	-2.0%	-1.8%	-4.4%	2.6%	3.5%	-11.2%	8.7%	0.5%	0.0%	-19.7%	5.5%	4.9%	0.7%
Cash	Fixed Income	Fixed Income	Comdty.	Cash	EM Equity	DM Equity	EM Equity	DM Equity	Comdty.	DM Equity	Comdty.	Comdty.	Fixed Income	Small Cap	Cash	DM Equity	Large Cap
1.2%	4.7%	6.5%	-13.3%	0.1%	-2.3%	-4.5%	-14.6%	1.5%	1.7%	-13.4%	7.7%	-3.1%	-1.5%	-20.4%	5.1%	4.3%	-4.9%
Comdty.	Cash	Cash	EM Equity	Comdty.	Comdty.	Comdty.	Comdty.	Cash	Cash	EM Equity	Cash	REITs	EM Equity	REITs	Comdty.	Fixed Income	Small Cap
-1.0%	0.9%	0.1%	-18.2%	-1.1%	-9.5%	-17.0%	-24.7%	0.3%	0.8%	-14.2%	2.2%	-5.1%	-2.2%	-24.9%	-7.9%	1.3%	-11.6%

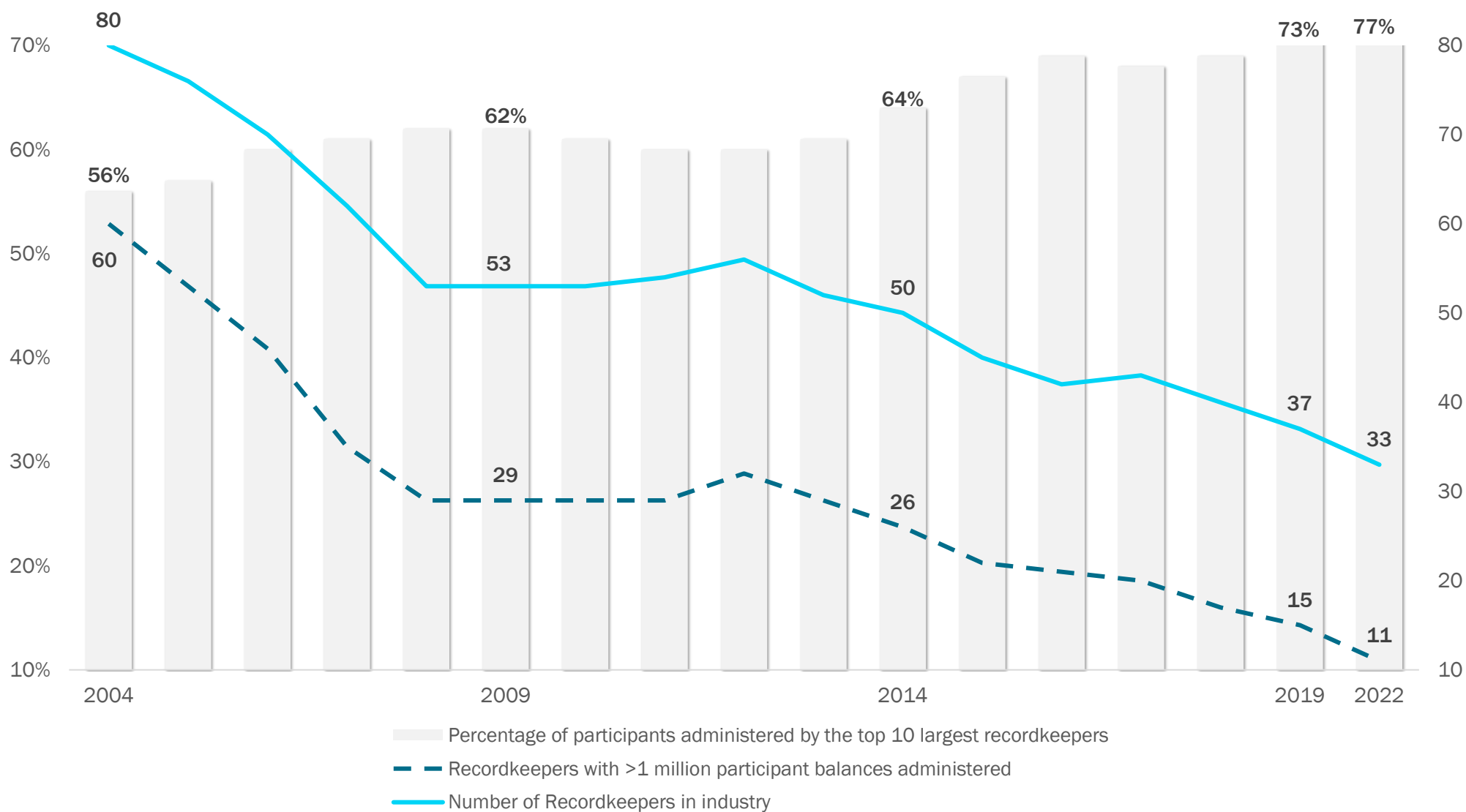
Source: JPMorgan Guide to the Markets, which leverages data from Bloomberg, FactSet, MSCI, NAREIT, Russell, Standard & Poor's, J.P. Morgan Asset Management.

Large cap: S&P 500, Small cap: Russell 2000, EM Equity: MSCI EME, DM Equity: MSCI EAFE, Comdty: Bloomberg Commodity Index, High Yield: Bloomberg Global HY Index, Fixed Income: Bloomberg U.S. Aggregate, REITs: NAREIT Equity REIT Index, Cash: Bloomberg 1-3m Treasury. The "Asset Allocation" portfolio assumes the following weights: 25% in the S&P 500, 10% in the Russell 2000, 15% in the MSCI EAFE, 5% in the MSCI EME, 25% in the Bloomberg U.S. Aggregate, 5% in the Bloomberg 1-3m Treasury, 5% in the Bloomberg Global High Yield Index, 5% in the Bloomberg Commodity Index and 5% in the NAREIT Equity REIT Index. Balanced portfolio assumes annual rebalancing. Annualized (Ann.) return and volatility (Vol.) represents period from 12/31/2009 to 12/31/2024. Please see disclosure page at end for index definitions. All data represents total return for stated period. The "Asset Allocation" portfolio is for illustrative purposes only. Past performance is not indicative of future returns. U.S. Data are as of April 30, 2025.

Retirement Plan Industry Trends



Continued Recordkeeper Consolidation



Use of a 3(38) Investment Manager

3(21)

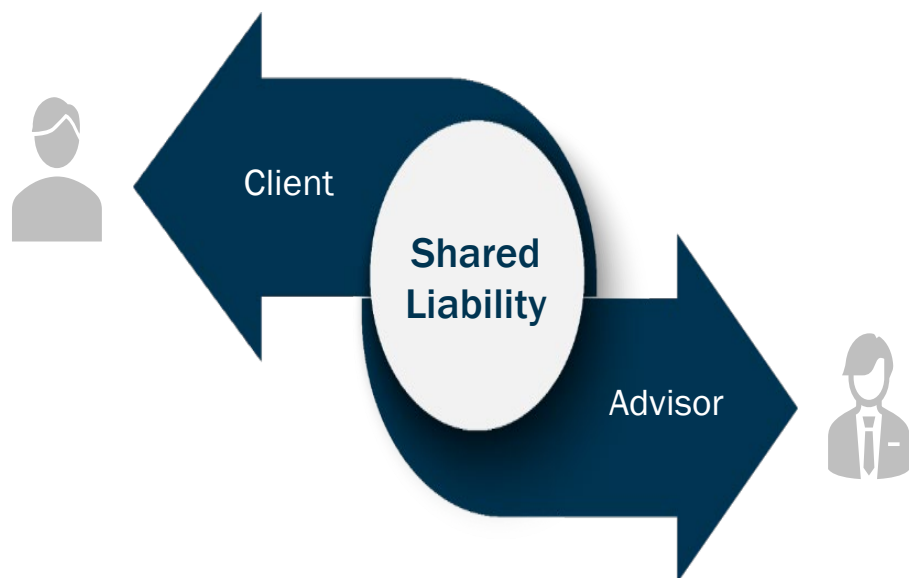
ROLE

Investment Advisor

Makes **recommendations** in the best interest of participants and the plan

INVESTMENT RESPONSIBILITIES

- Helps design initial fund menu
- Monitors ongoing plan performance and fees and makes recommendations to company
- Recommends mapping strategies



3(38)

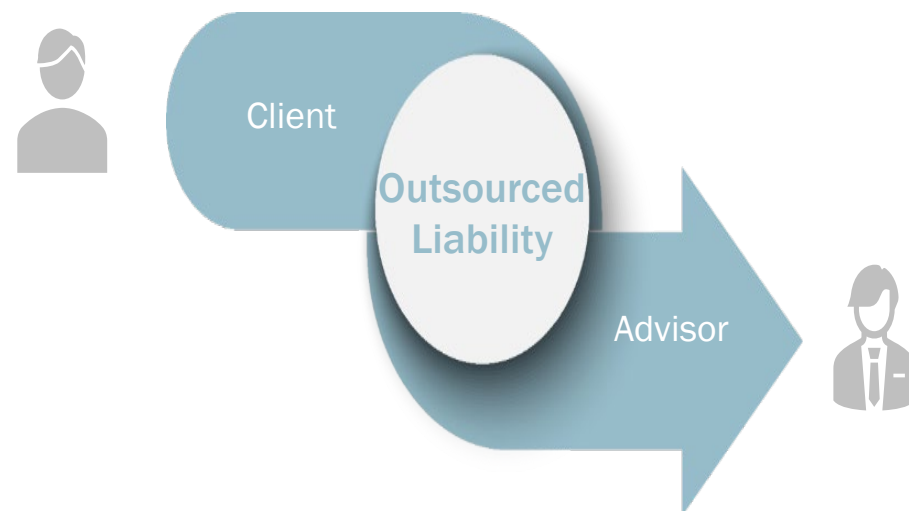
ROLE

Investment Manager

Makes actual investment **decisions** and selections in the best interest of participants and plan

INVESTMENT RESPONSIBILITIES

- Builds initial fund menu
- Monitors ongoing plan performance and fees and makes changes as needed
- Determines mapping strategies



Collective Investment Trusts (CITs)

Collective Investment Trusts (CITs) have gained in popularity, especially among large plan sponsors for greater fee transparency among other advantages

	Collective Investment Trust	Mutual Fund
Governing Document	Declaration of Trust	Prospectus
Regulatory Oversight	US Treasury Office of the Comptroller of the Currency (OCC), IRS, US Department of Labor	Securities and Exchange Commission (SEC)
Audit Requirements	Annual	Annual
ERISA fiduciary responsibility	Bank/trust sponsors, investment managers are ERISA fiduciaries	Fiduciary duty to shareholders, but not under the higher standard of ERISA
Negotiated fees	Yes, advisor may be able to negotiate CIT fees on behalf of clients	No, but fund may offer multiple share classes
Fund trading	Daily by CUSIP	Daily by TICKER
Fund access	Limited to ERISA plans via joinder agreement	Generally available to the public with share class restrictions
Ease of obtaining information	Moderate: privileged access to quarterly fact sheets	Easy: public access

Managed Accounts

Unlike target date funds and age-based portfolios, which only account for participants' retirement dates in determining asset allocation suitability, Managed Accounts considers a multitude of personal data.

TARGET-DATE FUNDS



MANAGED ACCOUNTS



Age

+



Account Balance

+



Location



Social Security Impact

+



Savings Rate

+



Pension and Other Plans



Gender

+



Salary

+



Sponsor Match

The result is an individualized strategy for each employee that includes:



**Savings rate
recommendations**



**Personalized asset
allocations**



**Social Security
optimization**



**Withdrawal
strategies**

Cyber Security

- In April 2021 the DOL issued a set of cybersecurity best practices which included “Tips for Hiring a Service Provider.” which include a roadmap for evaluating a service provider’s security standards and policies, track record, insurance coverage and contractual provisions.
- Litigation triggered by security breaches that have led to theft of account balances is on the rise.
- Any RFP conducted today should include questions and an assessment of a service provider’s cybersecurity practices and policies against the DOL’s requirements.
- All contracts should be reviewed/negotiated to ensure they contain appropriate cybersecurity-related provisions.

State of Retirement Income Landscape

In Brief

- Recent regulatory changes, including the SECURE Act and SECURE 2.0, have simplified incorporating retirement income options in defined contribution (DC) plans by reducing fiduciary liability for offering annuities.
- The Social Security Trust Fund is projected to be depleted by 2035, potentially covering only 83% of scheduled benefits, posing a significant risk to retirement income stability.
- This shortfall could impact employees' retirement decisions and create workforce management challenges for employers, with no substantial legislative solutions currently in place.

Participant Views on Retirement Income	
Have interest in using some or all their retirement savings to purchase a product that guarantees monthly income ¹	83%
Believe their target date funds provide income when they retire ²	62%
Believe their target date funds provide a guarantee they won't lose money ²	36%
Would be equally interested in accessing guaranteed lifetime income within or outside of their workplace retirement plan ²	54%

Plan Sponsor Considerations for Retirement Income	
Report that participant demographics are older today than they were ten years ago ³	71%
Want more participants to keep their DC balances in the plan after retirement ³	69%
Report that more participants are keeping their DC balances in the plan after retirement ³	68%
Have updated DC plan distribution options to allow more flexible access to savings ³	32%

The 2024 survey of 2,521 Americans (1,255 workers and 1,266 retirees). All respondents were ages 25 or older
The 2024 survey of 1,505 Americans currently working full time and do not consider themselves retired. All respondents were between the ages of 25 and 65
T. Rowe Price, 2024 DC Plan Sponsor Considerations and Actions on Retirement Income

What are Retirement Income Solutions?

Types of Retirement Income Solutions

When it comes to retirement income solutions, they can broadly be classified into three categories: Insured Income (guaranteed), Investment-based Income (non-guaranteed), and Hybrid Income solutions.

- Insured Income solutions provide guaranteed lifetime income from immediate, deferred fixed, or deferred indexed annuities
- Investment-based Income solutions provide managed payouts (systematic withdrawals) from accumulated retirement account savings
- Hybrid Income solutions provide a combination of insurance-based guaranteed income and access to accumulated assets in retirement account savings and investments

Tradeoffs to Consider

High
Guarantee

Low
Guarantee

- Deferred Income Annuity (DIA)
- Fixed Immediate Annuity
- Qualified Longevity Annuity Contract (QLAC)

- Variable Annuity
- Income Annuity with Liquidity Feature
- Fixed Indexed Annuity with Rider
- Guaranteed Minimum Withdrawal Benefit (GMWB)

- Target Date Fund
- Mutual Fund
- Managed Account
- Systematic Withdrawal Plan (SWP)

Low
Liquidity

High
Liquidity



See Where You're Going

Thank you