



# Nonqualified retirement sponsors focus on employee experience and mitigating risk



## Nonqualified plans play a key role in attracting and retaining talent

Top 3 reasons for offering defined contribution (DC) and defined benefit (DB) nonqualified (NQ) plans

### Attraction/Retention of key talent



### Have a competitive benefit package



### Provide avenue for eligible employees to accumulate wealth (in addition to qualified plan[s])



■ Ranked 1 ■ Ranked 2 ■ Ranked 3

## Sponsors eye changes to NQ plans with focus on improving participant experience

**55%** of sponsors have changed or plan to make changes to their NQDB plan

### Key changes

#### Improve participant experience (e.g., communication, education)



#### Change administration providers



#### Close plan to new entrants



#### Freeze accruals



**75%** of sponsors have changed or plan to make changes to their NQDC plan

### Key changes

#### Improve participant experience (e.g., communication, education)



#### Change investment menu



#### Change eligibility



#### Change administration providers

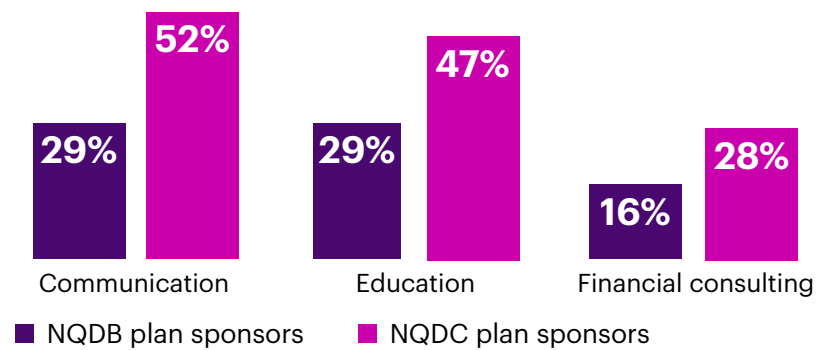


■ Completed in the past two years ■ Planning for 2023 ■ Considering for 2024

## NQ plan sponsors look to enhance employee experience

Sponsors plan to improve communication and education to maximize the value and employees' understanding of their plans, particularly NQDC plans.

### Actions to enhance the employee experience in the next one to two years



## Funding of NQ plans is more prevalent, and the vehicle to do so has changed

**60%** of NQDC and 47% of NQDB plan sponsors informally fund their plans

### Reasons to fund

#### Source of cash for participants' distributions



#### Perceived benefit for participants



#### Mitigate market volatility



### Mutual funds are the most prevalent funding vehicle, surpassing corporate-owned life insurance (COLI)

#### Mutual funds



#### COLI



■ NQDB ■ NQDC

## Actions to take now!

- Assess the role your NQ retirement plan(s) can play to help attract and retain key talent.
- Consider how your organization can enhance its employee experience to help maximize the value of the NQ plan(s).
- Understand whether your NQ plan is competitive and what design features are best practice.
- Review your NQ plan financing strategy in light of current market conditions.
- Keep on top of ongoing NQ plan compliance needs.

About the survey: A total of 396 companies participated in the Nonqualified Retirement Benefit Survey, which was conducted in April and May 2023. Respondents from for-profit and not-for-profit organizations together employ approximately 7.5 million employees.