

Participants' response to COVID-19 market impact: More retirement plan engagement, but almost 90% stayed the course

Key findings

- **Call center activity** — More than 575,000 calls were received, representing a 21% increase over first quarter 2019
- **Online activity** — 6 million more account logins than first quarter 2019
- **App usage** — 60% of app users opened the app to check balances or make changes to their account in March
- **Investment changes** — 89.2% made no adjustments in March 2020
- **Fund exchanges** — Of those who did make investment changes, we saw a 125% increase vs. Q1 '19 and most were consistent with rebalancing portfolios or adjusting goals
- **Contribution changes** — 6.8% changed contribution amounts in Q1 '20 vs. the norm of 5.4% in Q1 '19

Despite increased market turbulence and sharp losses in February and March 2020, most participants of retirement plans administered by Nationwide[®] **elected to ride out the market storm**. Recent analysis of our retirement plan data showed that participants' **engagement increased significantly**.¹

Nationwide analyzed the data of more than 2.5 million retirement plan participants to discern how they responded when market volatility and pandemic fears were at their height. This report covers participant behaviors primarily from March 2020, but in some cases, we have provided data that covers the entire first quarter of 2020.

In this report, we review results that suggest participants who interacted with Nationwide via our call centers and website found the education and service they received helped them think more clearly and make an informed decision about what was right for them.¹ Most seemed willing to focus on the long term rather than flee from the market, decrease contributions or withdraw assets.



Participants looked for reassurance

There were substantial increases in participant calls and online activity during the first quarter of 2020, especially in March. We received more than 575,000 calls, 21% (or 100,000) more than a normal quarter.

This data reflects:

- A **145% increase in calls for investment education** during the week of March 9 over the previous week
- A **107% increase in calls** regarding managed accounts during the week of March 9 over the prior week.
- A **44% increase in average consultation** time per call in March

Online, Nationwide saw almost 6 million more account logins during the first quarter of 2020 than during the same period in 2019.

“I can’t begin to thank you enough. You went above and beyond to assist me and calm me.”

“The website is easy to navigate.”

Of participants who had downloaded our app, 60% used it between March 8 and April 8 to either check balances or make changes.

While these numbers reflect high participant engagement, the account activity that occurred on the back end suggests that participants received the education and empathy they were looking for. Most stayed with the strategy they had in place:

89.2% made no adjustments to their investments in March 2020

The number of changes to contributions in March was three times higher than normal. Slightly more participants increased than decreased contributions. The number who stopped contributions more than doubled that of the previous March; however, that number was significantly smaller than the number of contribution increases or decreases.

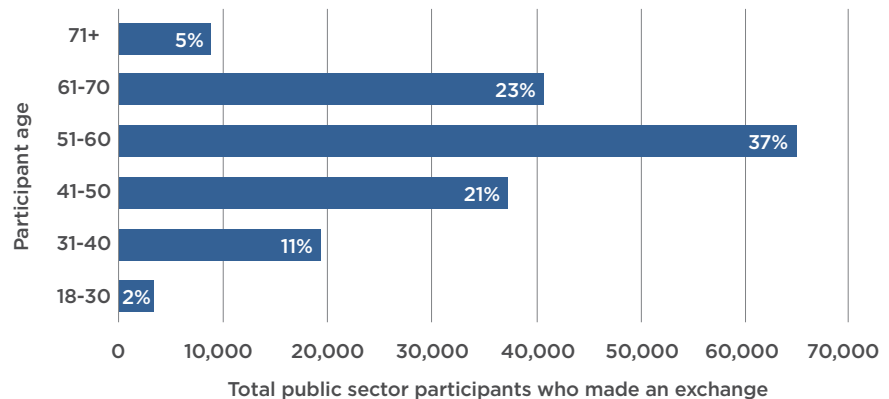
Exchange activity pointed to portfolio rebalancing²

During March, 10.8% of participants exchanged funds — more than three times the normal percentage (3.4%) of those who do so in a typical month. Most of the exchange activity (93%) occurred between equity funds in a plan’s investment menu.

The chart to the right shows that mid- to late-career participants made the most exchanges. In addition, men made twice as many exchanges as women did.

Notably, exchanges into fixed investments increased, but not as much as might have been expected in a period of market turmoil. Of total exchanges transacted in the first quarter of 2020:

- 4.2% moved assets out of equities into a fixed product
- 2.5% moved assets from a fixed product into equities



When dollar flows were compared with the same period in 2019, we saw:

- A 491% increase in dollars exchanged into a fixed product
- A 687% increase in dollars exchanged out of it

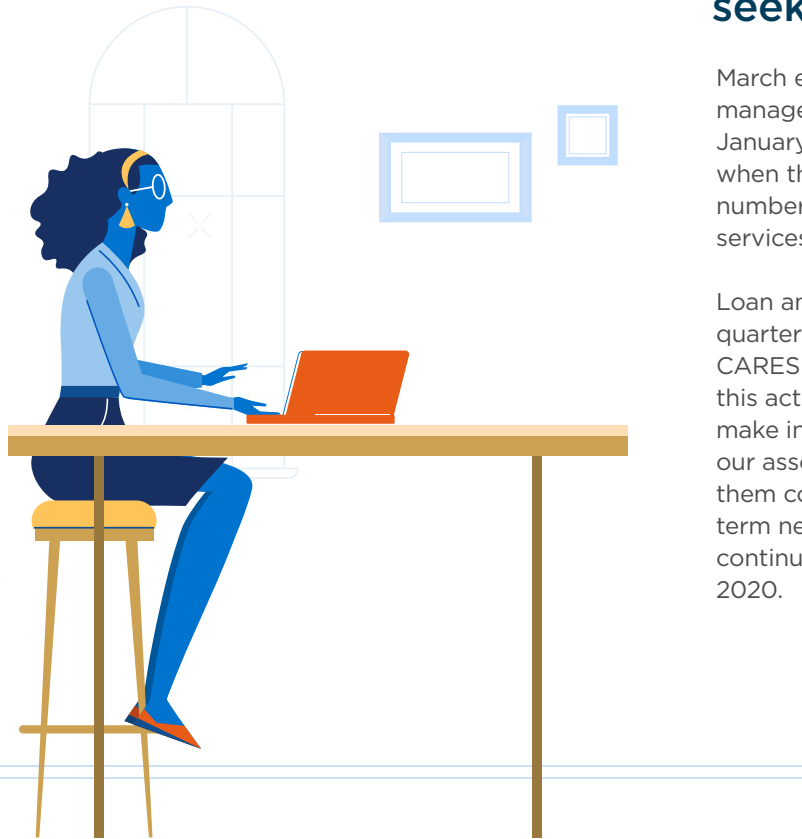
Paired with call center data pointing to investment education as the leading reason participants called, the exchange activity suggests that many participants rebalanced their portfolios or adjusted their goals.

“The gentleman that I spoke with was very caring. I heard it in his voice.”

Participants continue to seek guidance

March enrollments in Nationwide ProAccount®, our managed account solution, tracked similarly to January and February. During the week of March 9, when the market slide was gathering steam, the number of callers interested in managed account services increased 107% over the previous week.

Loan and withdrawal activity through the first quarter trended normally. With the passage of the CARES Act in late March, we may see an uptick in this activity in April and May. When participants make initial inquiries about loans or withdrawals, our associates offer guidance designed to help them consider and balance their short- and long-term needs. We anticipate a heightened need for continuing education around this topic through 2020.



Americans want to regain a sense of control

In a recent Nationwide survey,³ respondents stated their **top financial concerns related to the pandemic include:**



Losing their life savings



Inability to pay bills or meet financial obligations



Inability to afford health care or retirement

These concerns may be understandable, considering that the first quarter of 2020 saw a combination of financial and societal disruption that resulted in 29% of the U.S. economy being shut down within a three-week period⁴ — an event unprecedented in the history of the United States. Americans seem to be seeking a sense of control: 80% of respondents indicated they can still be blindsided by outside events, and almost 50% said the COVID-19 pandemic made them realize they need help managing their finances.



“Through these turbulent times, I can definitely say that Nationwide is on my side.”

Looking ahead

Through March, participants seemed willing to wait and see what the future brings. While the future remains unclear, Nationwide is clear about continuing to offer both a high-tech and high-touch connected experience. We will continue to meet participants where they desire, even if it must be virtually during this turbulent time.

Nationwide remains committed to serving you and your participants with extraordinary care.



For more information, contact your Nationwide[®] representative.



Nationwide[®]
is on your side

Quotes shown are from current participants from a recorded line and were not paid. They are meant to represent typical people in typical situations. They may not be representative of the experience of other clients and are not indicative of future performance or success.

¹Data was derived from proprietary Nationwide recordkeeping systems as of March 2020, unless otherwise noted. Analysis of target date funds and managed accounts was excluded from this report.

² These figures are based on public sector data only. Private sector data was not available in time for this report.

³ This survey was conducted online within the United States between April 8-10, 2020, among 2,042 adults (age 18 and over) by The Harris Poll on behalf of Nationwide via its Harris On Demand omnibus product. This sample included 603 investors defined as those adults with investable assets of \$100K+.

⁴ “State Shutdowns Have Taken at Least a Quarter of U.S. Economy Offline,” The Wall Street Journal (April 5, 2020).

Nationwide, the Nationwide N and Eagle, Nationwide is on your side and Nationwide ProAccount are service marks of Nationwide Mutual Insurance Company. © 2020 Nationwide

Nationwide Investment Services Corporation, member FINRA, Columbus Ohio.

FOR FINANCIAL OR INSURANCE PROFESSIONAL USE — NOT FOR DISTRIBUTION TO THE PUBLIC

NFM-19457AO (05/20)