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Plan Sponsors Favor BofA, MassMutual, Schwab: Report

By Rheaa Rao July 1, 2020

Bank of America, **MassMutual** and Charles Schwab are plan sponsors' favorite defined contribution plan providers, a new study shows.

Nearly 90% of sponsors gave Bank of America and MassMutual Retirement high satisfaction ratings, according to a new report from Cogent Syndicated, a division of analytics firm Escalent. Charles Schwab received favorable scores from 84% of plan sponsors.

The 1,510 401(k) plan sponsors Cogent surveyed were asked to rank their providers on a scale between 0 and 10. Higher scores indicated greater satisfaction.

The number of sponsors surveyed about each provider varied from firm to firm. More plan sponsors use Fidelity's service, for example, so Cogent surveyed more sponsors about their experiences with the Boston-based firm. Roughly 76% of sponsors gave Fidelity a high rating, the sixth-best score.

Plan Sponsors' Top DC Providers

Some 70% of plan sponsors say they're "highly satisfied" with their plan providers. Below is a look at the seven firms that received above-average satisfaction scores. Figures reflect the proportion of plan sponsors that gave each provider a top mark.

DC Provider	Percent of Plan Sponsors[1]
Bank of America	89%
MassMutual Retirement	89%
Charles Schwab	84%
John Hancock RPS	81%
Merrill/Merrill Edge	77%
Fidelity Investments	76%
T.Rowe Price	75%

Source: Cogent Syndicated. [1]Plan sponsors were asked to rank each provider on a 11-point scale. Figures reflect the proportion of respondents who gave each provider a score of 8 or higher.

Some 70% of plan sponsors were highly satisfied with their providers, according to the survey. These sponsors gave providers scores of 8 and above. The survey was conducted between Feb. 25 and March 16, before the pandemic impacted the U.S. workforce and market.

Seven out of the 15 DC plan providers measured received satisfaction marks above the industry average of 70%, the survey shows. The survey only included providers with 25 or more plan sponsors.

“Customer service has become more essential because of the pandemic,” says Sonia Davis, senior product director at Escalent. “There is a big opportunity now for plan providers to excel at client service and increase brand loyalty.”

Firms that received high rankings tended to have strong websites, interactive educational material and content to help participants with rollover hurdles, Davis says.

Since the pandemic hit the U.S. markets, DC providers have accelerated their capabilities to help plan sponsors and participants.

Fidelity, for example, hosted webinars for sponsors and individuals. The events, as well as other online content produced by the firm, covered how to cope with operational concerns plan sponsors might have to handle because of the Cares Act, says Jeanne Thompson, senior vice president of workplace consulting. The act allows families impacted by coronavirus to temporarily access and withdraw up to $100,000 from their IRAs and workplace retirement plans without paying a 10% penalty tax.

Fidelity educated plan sponsors on various aspects of the Cares Act, how to implement it, and how to communicate the changes to participants, she says.

The firm also in April revealed plans to add about 2,000 employees across its U.S. locations, mostly in customer service roles, as reported**.** Fidelity cited “unprecedented engagement” among retirement plan participants and strong growth of new accounts as a reason for ramping up hiring. Within a month, the firm had added roughly 1,000 employees, a spokeswoman told *Ignites* in May.

John Hancock Retirement, meanwhile, launched and redesigned a slew of tools to help advisors and individual participants understand how the pandemic could impact their savings goals. This includes a new retirement planner that depicts how prepared each participant is, based on his or her lifestyle, health and assets, rather than just assessing the individual’s income.

During the pandemic, the firm also launched a resource center for sponsors to onboard new participants, and revamped its digital plan manager to help advisors address client concerns about their 401(k) plans.

John Hancock ranked fourth of Cogent's list.

T. Rowe Price too pivoted its Baltimore innovation lab to prioritize work that would help its retirement plan participants understand market developments and government actions. The firm ranked seventh on Cogent's list.

The innovation lab team added digital features to its retirement platform to help clients take advantage of provisions in the Cares Act, says Dennis Elliot, head of products and platforms in T. Rowe's retirement plan service unit. They are also analyzing spending patterns and assessing processes they could automate to make it easier for investors to save money for retirement, he adds.

T. Rowe also regularly hosts webinars on investment and retirement themes to help plan sponsors contextualize developments during the pandemic, says Lorie Latham, senior defined contribution strategist at the firm.

The firm reviewed real-time participant activity and published a blog post geared toward helping plan sponsors understand behavior and pursue activities to help their workforce. The article reassured sponsors that only a sliver of all participants made any changes to the 401(k)s during the volatility. In all, just 4% of participants tweaked their investments between Feb. 24 and April 24, the June 1 post says. Among investors who only have target-date investments, just 0.5% moved their money around.

"Volatile markets reliably increase participant activity, but this activity has been primarily engagement-related, including higher call volumes as well as increased mobile and Web traffic," Latham writes in the post. "Avoid overreacting to the market 'noise,' and focus decision-making on your plan's long-term goals and objectives for your participants."