

EBeRT - Mercer's Executive and Broad-based Employee Retirement Tool

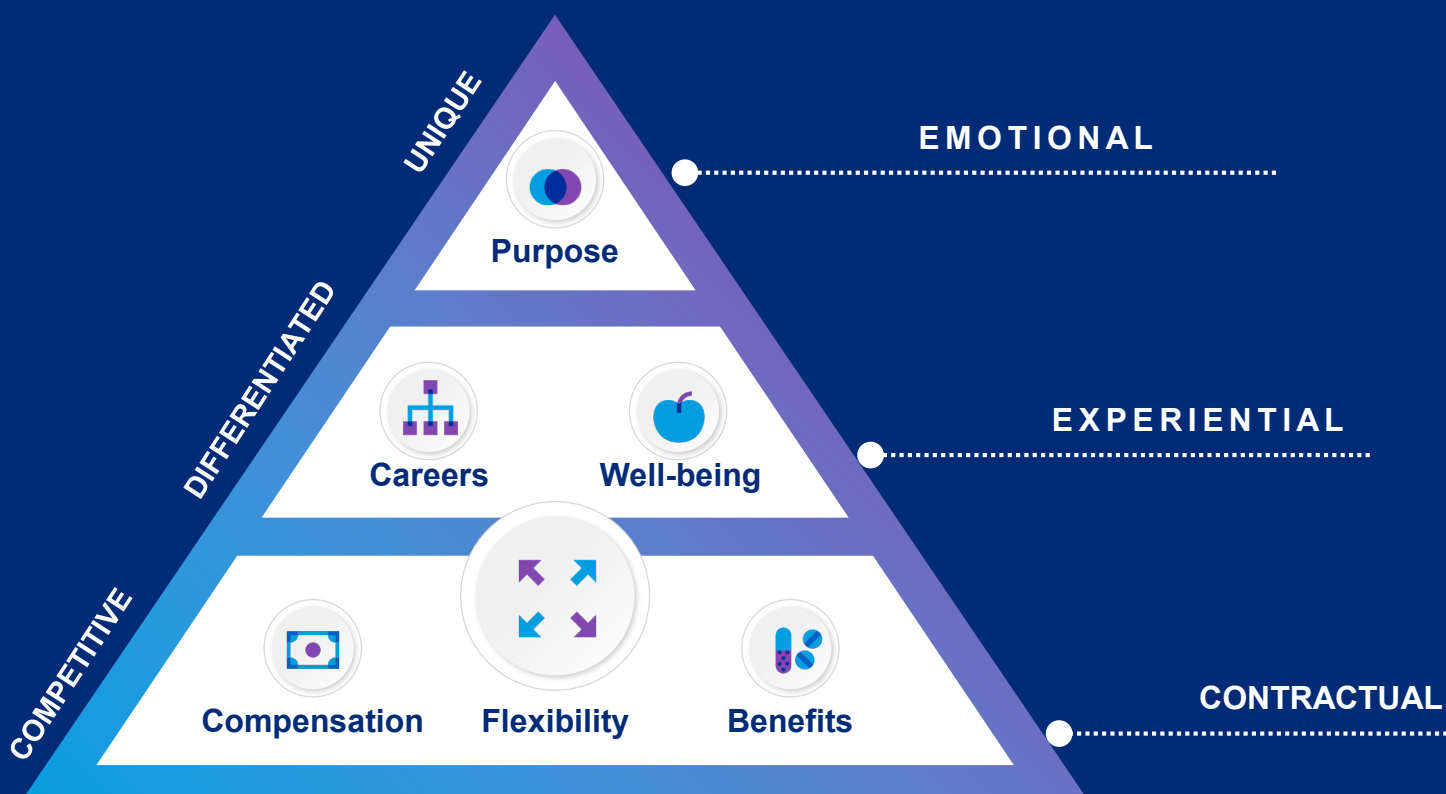
How Can EBeRT Help
DC Plan Sponsors?



Retirement Benefits and the Employee Value Proposition

Companies are aiming to strengthen and communicate their employee value proposition (EVP). This includes pay, benefits, career, well-being, and ultimately purpose.

Within benefits, retirement programs play an important role in supporting the financial well-being and retirement readiness of your workforce. Companies strive to stay competitive, optimize their rewards spend, and properly message to a multi-generational workforce the role of retirement.



The Need to Keep Current

Over the past 15 years, companies have made material changes to their retirement plans. These changes not only include a shift in the way benefits are provided (defined benefit (DB) to defined contribution (DC)), but also features that reward fiscal responsibility (e.g., increased employer match, auto enrollment and escalation, and financial modeling tools).

For most employers, DC plans (e.g., 401(k)) are now the primary retirement vehicle within the EVP. To help companies stay current and market competitive, the exhibits on the next page show how programs provided by Fortune 500 companies have changed in the past 15 years. Exhibit 1 shows the shift from DB to DC plans. Exhibit 2 displays the impact this shift has had on employer contribution levels in DC plans.

Exhibit 1:
Prevalence of Defined Benefit vs Defined Contribution
Employer-paid Retirement Plans Open to New Hires

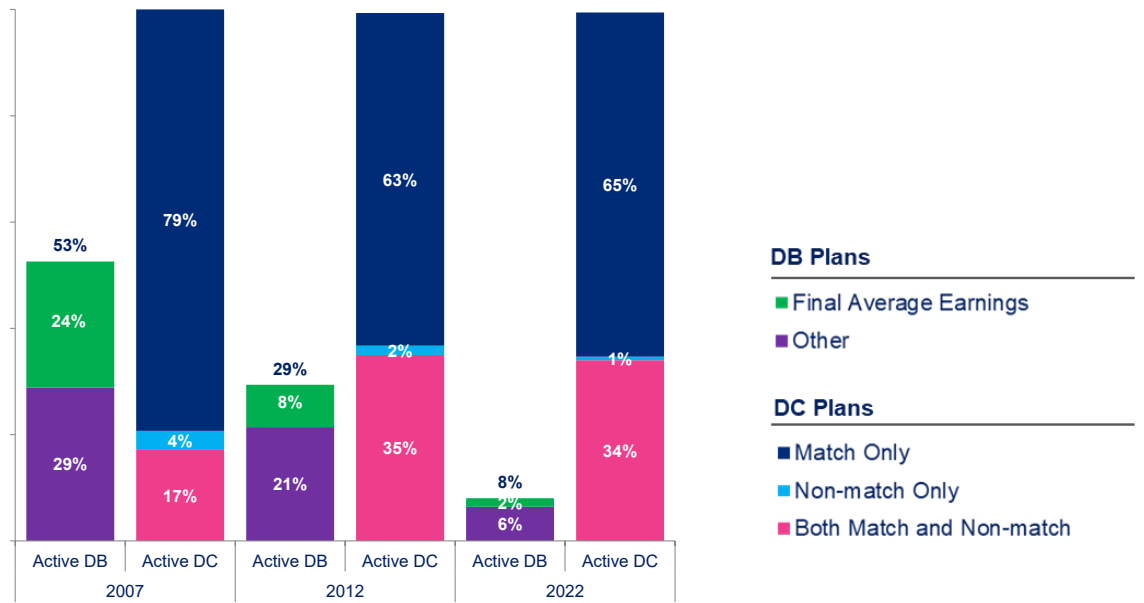


Exhibit 2:
Total DC Employer Contribution Levels

	2007	2012	2022
25 th percentile	3.0%	3.8%	4.0%
50 th percentile	4.5%	5.0%	6.0%
75 th percentile	6.0%	7.1%	8.0%

Source for Exhibits 1 and 2: Fortune 500 companies from Mercer's Executive and Broad-based Employee Retirement Tool (EBERT)

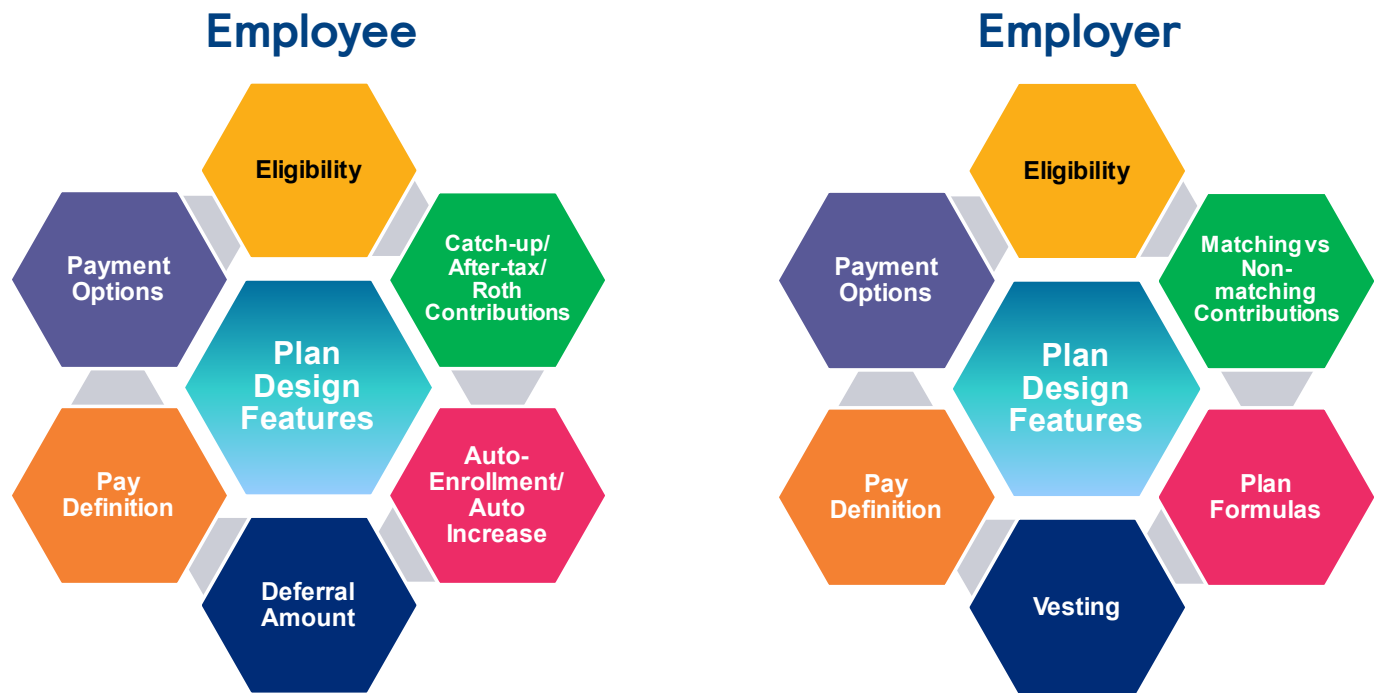
What is EBeRT?

In 2005, Mercer developed our proprietary Executive and Broad-based Employee Retirement Tool (EBERT). EBeRT has current and historical data on all types of retirement plans, benefit levels, and plan features.

- Robust retirement information for more than 1,000 US companies
- Unlike published surveys, our sources are publicly available so information can be shown on a company-named basis
- Real-time information that can be shown for a custom peer group, industry, and/or revenue scope
- Detailed trend information going back annually for 15+ years
- Over 6,000 documents reflecting retirement information for the entire workforce: 401(k), pension, executive retirement, and deferred compensation

How EBeRT Helps You Stay Current

- Understand 401(k) contribution levels, includable pay, and contribution type (match, non-match, profit sharing)
- Tailored market analysis based on legacy DB plan participation versus DC plan only
- Compare against a peer group, industry, revenue scope, geography, or any combination
- Analyze key plan design provisions that could materially affect the value or impact of your plan



What you get

Through EBERT, Mercer can help you understand:

Prevalence of Plans

Prevalence of various types of retirement plans offered by your peer companies, including:

- DC: Employer match, non-match, profit-sharing, ESOP, and age/service-based contributions
- DB: Cash balance, final average pay, and other DB plan types
- Executive: SERP, restoration, and voluntary deferred compensation plans

Contribution and Benefit Levels Understand the employer contributions and projected level of benefits your peer companies are providing to their employees:

- Maximum employer contribution as a percent of compensation or annual dollar value
- Percentage of final earnings at retirement replaced by each plan
- Equivalent lump sum value of the benefits
- Differences in benefit levels provided to grandfathered vs non-grandfathered populations
- Cost of plan changes and impact on participants

Market Trends — Monitor trends that develop over time, including changes in plan structures and benefit levels



The Importance of Regular Benchmarking

- Regularly benchmarking your retirement benefits against industry, geography, etc., mitigates risks and provides valuable insights. Informed employers can:
 - Keep pace with market trends
 - Make intentional decisions to provide benefits above, at, or below the market
 - Communicate the competitiveness of benefits vs peers
 - Reiterate the role of retirement in total rewards/EVP
 - Optimize and prioritize the total rewards spend

Have a Pension Plan?

While the focus of this publication has been DC plans, EBeRT also has robust data on pension plans. We can provide market data for total employer-provided benefit levels (DB + DC, qualified + nonqualified), key provisions, market trends, legacy (closed/frozen), and more.

Contact Us

For more information about Mercer's solution to understanding and valuing retirement benefits, please [click here](#) or contact a member of our Executive Benefits Group.

Lisa Dietrich
lisa.dietrich@mercer.com

David Miller
david.miller@mercer.com

Doug Frederick
doug.frederick@mercer.com

Matthew Mullen
matthew.mullen@mercer.com

LaCinda Glover
lacinda.glover@mercer.com

Heidi O'Brien
heidi.obrien@mercer.com

Taylor Jolly
taylor.jolly@mercer.com

Aaron Pedowitz
aaron.pedowitz@mercer.com

Micah McNatt
micah.mcnatt@mercer.com

Mercer's Executive Benefits Group (EBG) is a national consulting practice with 25+ members. For more than 30 years, EBG has provided consulting services focused on the benchmarking, design, financing, implementation, communication, and regulatory compliance of benefit plans.

EBG consults with more than 700 clients annually in all areas of benefits. For more information about Mercer's solution to understanding and valuing broad-based and executive retirement benefits within the context of total rewards, please contact any member of EBG.