



**TESTIMONY OF THE DCIIA RETIREMENT RESEARCH CENTER TO THE ERISA
ADVISORY COUNCIL:**

**COGNITIVE DECLINE AMONG DEFINED CONTRIBUTION PARTICIPANTS
OCTOBER 22, 2020**

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RESEARCH CENTER**

My name is Warren Cormier and I am the Executive Director of the Defined Contribution Institutional Investment Association's Retirement Research Center. Thank you for inviting me to testify before the council once again. The Defined Contribution Institutional Investment Association (DCIIA) is a non-profit association dedicated to enhancing the retirement security of America's workers. To do this, DCIIA fosters a dialogue among the leaders of the defined contribution community who are passionate about improving defined contribution outcomes. DCIIA's diverse group of members include investment managers, consultants and advisors, law firms, record keepers, insurance companies, plan sponsors and other thought leaders who are collectively committed to the best interests of plan participants. DCIIA's vision is to enable America's workers to retire with financial security. Its mission is to provide a forum for industry participants to enhance the employer-based DC system, emphasizing access, innovation, best practices and institutional approaches, with the goal of improving financial security for America's workers.

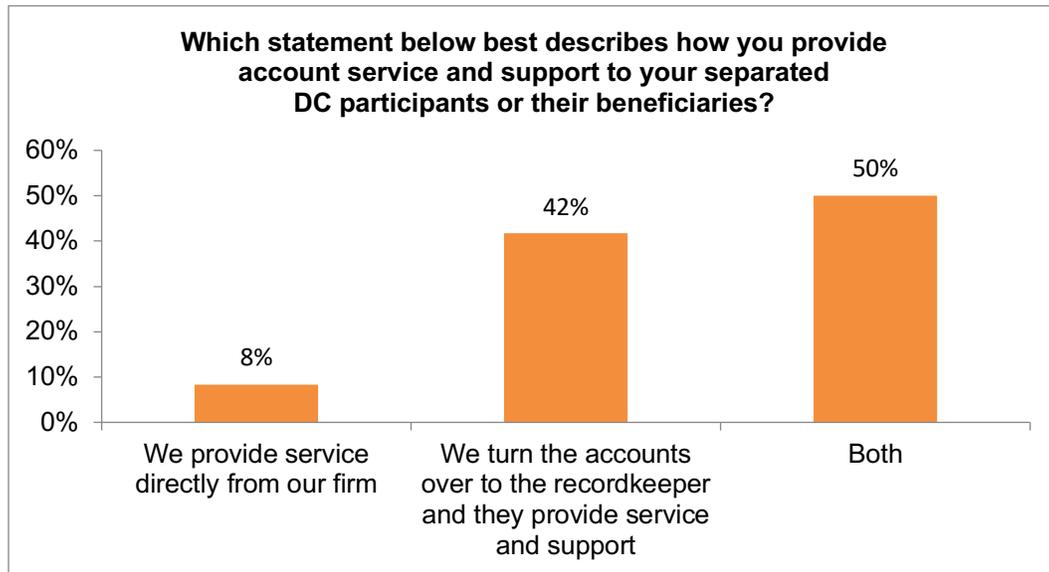
A standard practice of the DCIIA Retirement Research Center (RRC) is to conduct small-sample "pulse" surveys to gain insights into timely and topical issues. We typically interview very large Plan Sponsors (83% of our respondents have over \$1 Billion and 89% have over \$500 million in DC assets) as they typically have the staffing and resources to work through these timely and topical issues. We also tend to focus our interviews on thought leaders among all Plan Sponsors as they are an excellent gauge as to currently common practices and are a bellwether regarding evolving future practices.

We conducted a pulse survey in preparation for this testimony with individuals who have senior leadership roles in their organization's defined contribution plan. This survey of 38 plan sponsors was an conducted online in October 2020. Additionally, to supplement our findings and understanding, the DCIIA RRC completed six tele-depth interviews with DC consultants and RIAs, also in October 2020. They were queried on their awareness of the cognitive decline issue, what they are advising their clients about the issue, possible steps the client can take to recognize an incidence, fiduciary implications, etc. The RRC frequently interviews these types of firms as they reflect the experiences and behaviors of thousands of plan sponsors, and, are at the leading edge of industry developments and thought leadership.

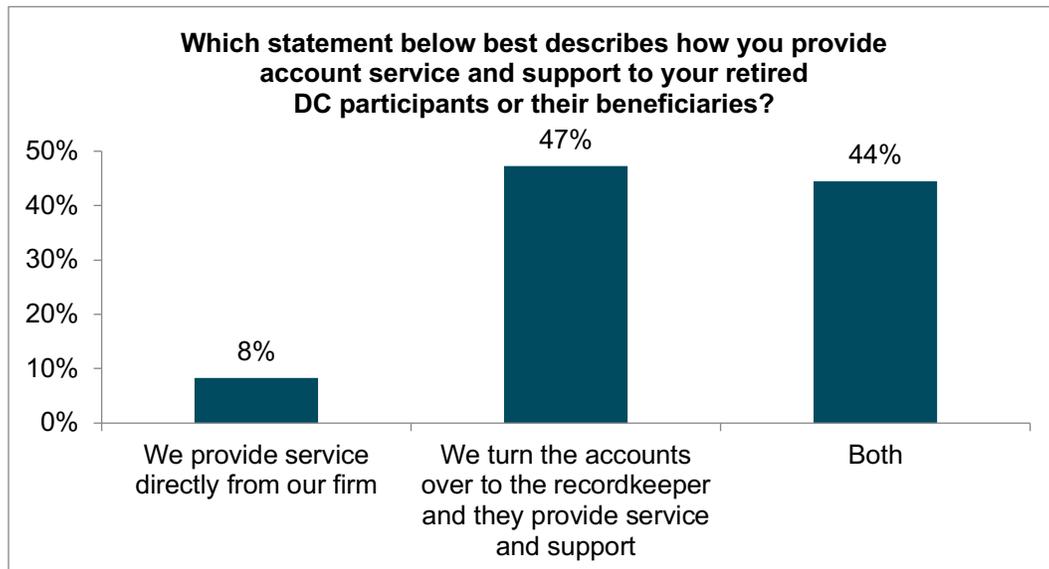
Below are the results of both studies.

Plan Sponsor “Pulse” Survey Results

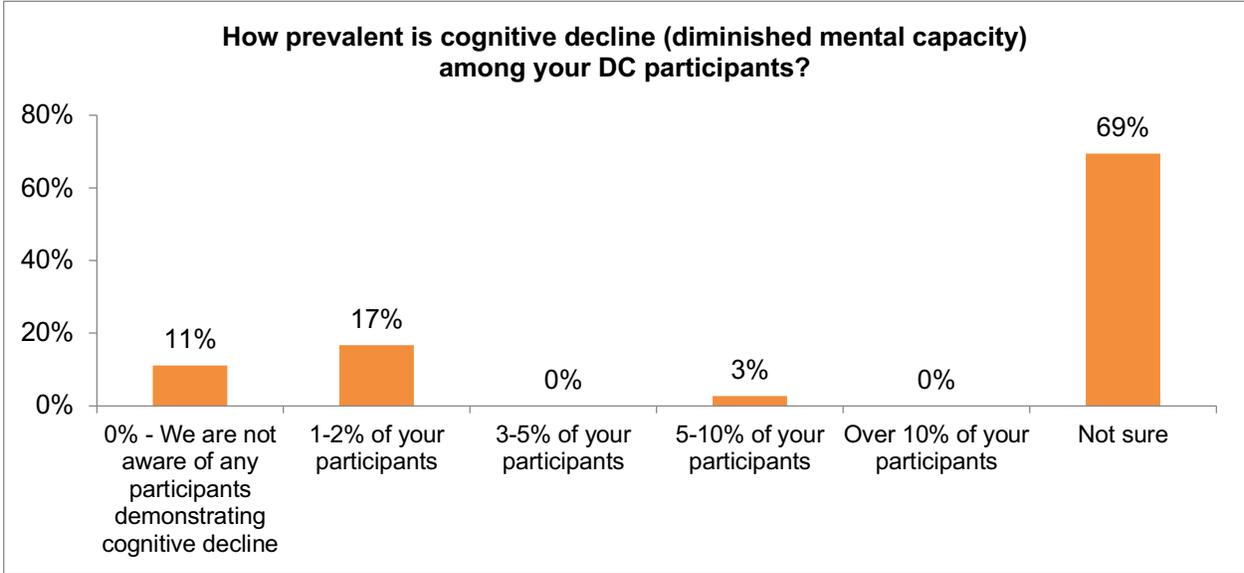
- Six in ten (58%) of our respondents say they provide some level of service and support directly (as opposed to solely through the record keeper) to separated participants, and therefore potentially maintain contact with them. This would indicate the possibility of recognizing cognitive decline if the participant or Trusted Contact communicates with the plan sponsor for service or support.



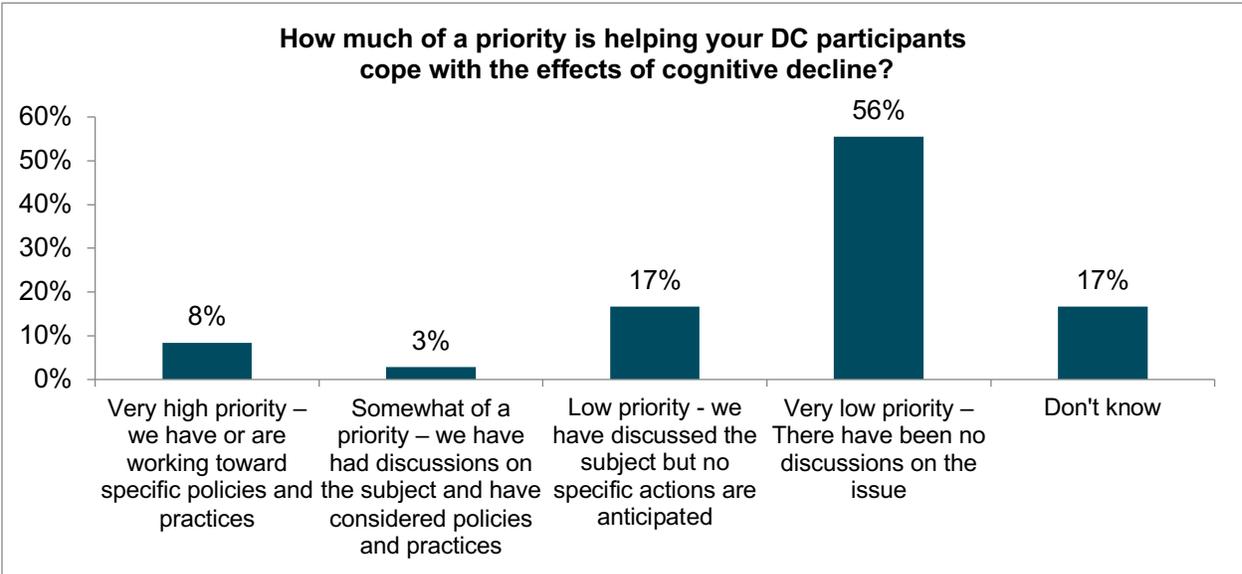
- Plan sponsors were slightly less likely to provide service and support directly to their retired participants (52%).



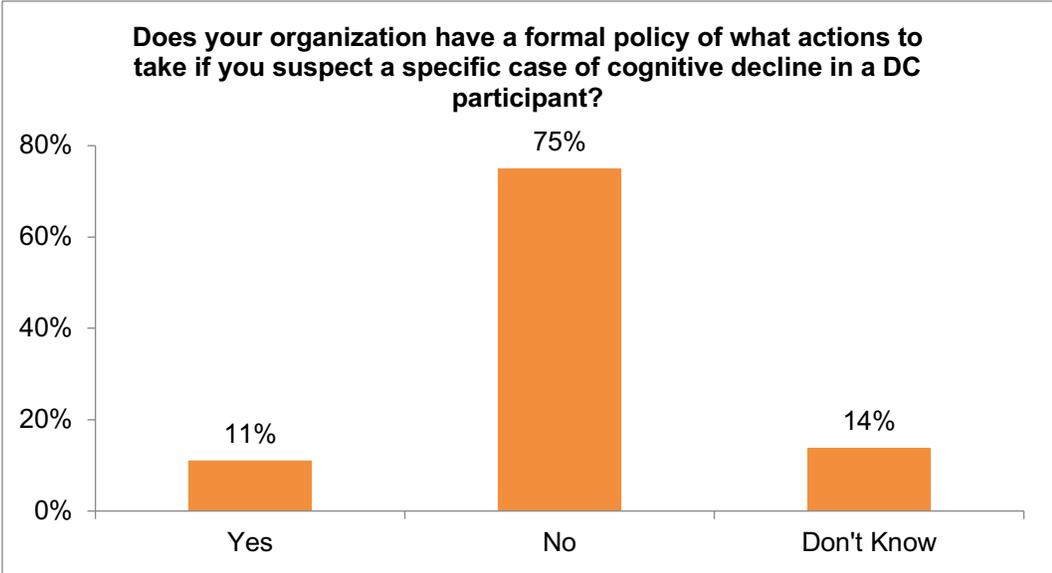
- Seven in ten (69%) respondents say they have no idea how prevalent cognitive decline is among their active, separated or retired participants. One in nine (11%) say they are not aware of any participants demonstrating cognitive decline and 17% said the incidence is between 1% and 2%.



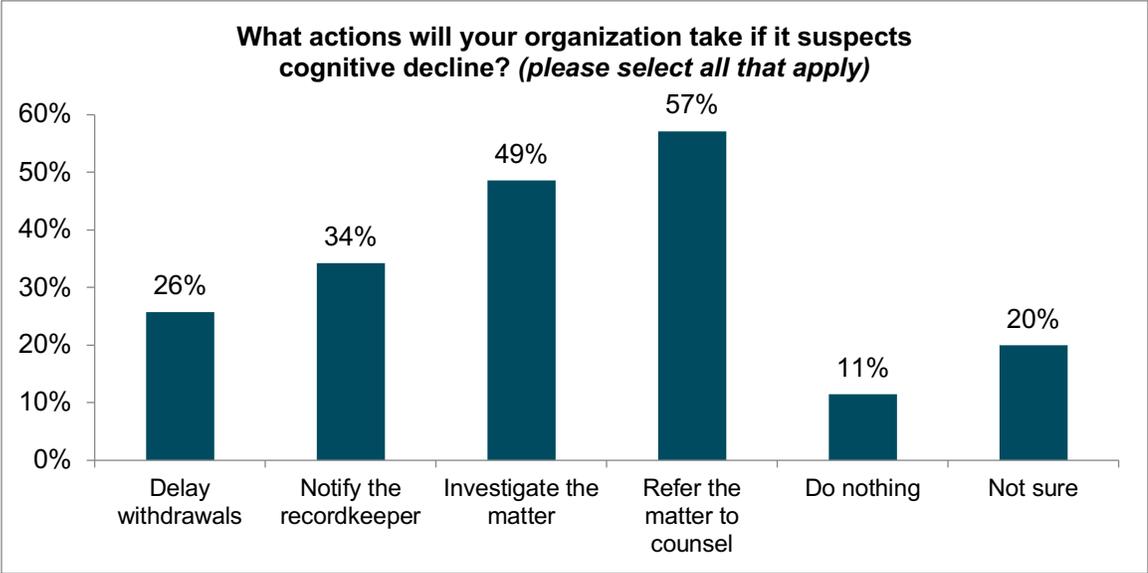
- Established practices and policies on the issue of cognitive decline are quite rare. Only 8% of our respondents said that this issue is a “very high priority” and are working toward or have specific policies and practices to deal with cognitive decline. An additional 3% said it is “somewhat of a priority” and have had discussions on the subject and have considered establishing policies and practices. Seventeen percent (17%) say is a “low priority” meaning they have discussed the issue but do not expect to take any specific actions. Importantly, the majority (56%) see the issue as a “very low priority” and have had no discussions on the issue. Seventeen percent (17%) do not know the priority the firm places on cognitive decline.



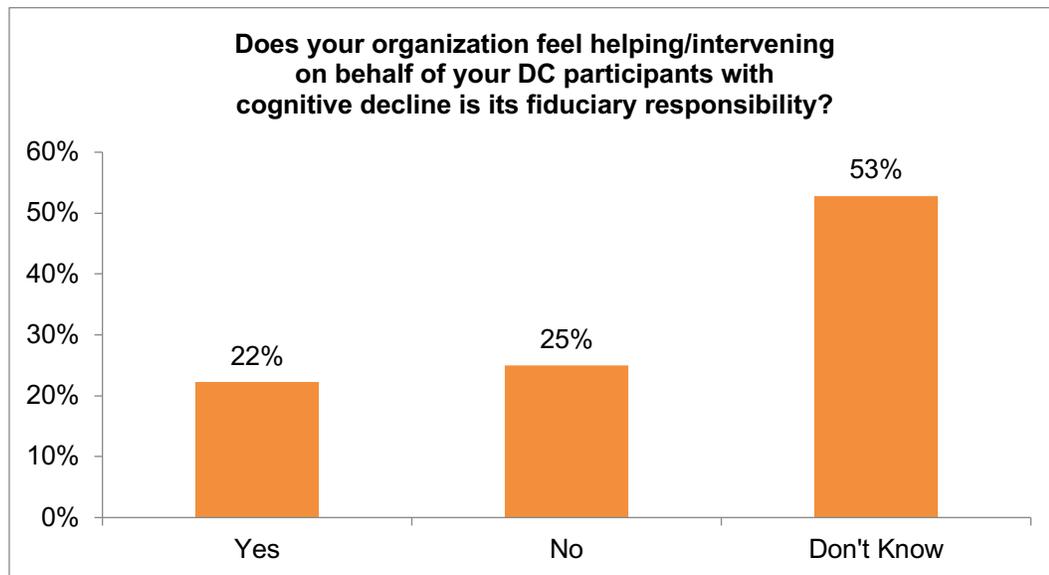
- Consistent with the above finding, 11% say they have a formal policy of what actions to take if they suspect a specific case of cognitive decline in one of their participants.



- Despite not having established policies and practices, most plan sponsors would take a specific action if they suspected one of their participants was suffering from cognitive decline or its consequences. The most prevalent steps they would take are referring the matter to counsel (57%) or investigating the matter further (49%).



- A fifth of plan sponsors (22%) feel that helping or intervening on behalf of a DC participant suffering cognitive decline is its fiduciary responsibility. An equal proportion (25%) feel it is not their fiduciary responsibility while half (53%) do not know the fiduciary ramifications.



Consultants and RIAs “Pulse” Survey Results

- All respondents agreed that cognitive decline can have serious consequences and empathize with participants who suffer from this malady. Most of their awareness of the issue comes from personal experience with cognitive decline of a relative or acquaintance. These respondents are not aware of specific incidences of cognitive decline among their clients’ participants.
- Additionally, they pointed out that their firms are not in a position to detect cognitive decline as they are far-removed from the participant. They, however, could possibly hear of cases in client meetings. They explained that the recordkeeper is typically the primary point of contact for separated and retired participants.
- They consistently reported that their clients have neither been asking them for advice on the issue nor asking that RFPs for vendor searches include questions about candidates’ capabilities or practices in this area. More specifically, they do not ask questions regarding special training for their telephone representatives in recognizing and reacting to cognitive decline.
- Consultants/RIAs further indicated that they have heard very little discussions on the matter from their side of the industry. They agreed that cyber security was the most closely related topic to this issue, but cognitive decline, specifically, has not been the focus of the discussions.
- Some suggested the best approach is prevention through education that making a plan before cognitive decline is advisable.

- As the trend continues towards keeping participants in the plan post-retirement and/or participants work longer, respondents expect cognitive decline to become a greater focus.
- Lastly, respondents felt this was not (or they were not sure if) the issue of cognitive decline is a matter of fiduciary responsibility. Should it become a fiduciary responsibility, fewer employers may want to keep retirees in their plan.

On behalf of the DCIA Retirement Research Center, I want to thank the Council for seeking our input, and I am happy to take any questions.