

## 2022 US RETIREMENT SURVEY

### ESG Report

Study shows that investors want ESG options in their defined contribution plans

#### ESG findings from the Schroders 2022 US Retirement Survey

Investors in defined contribution (DC) plans want their investments aligned with their values. So much so, that when they have ESG investment options in their plan, participants may actually increase their overall plan contribution rate – making ESG investments a potential catalyst for greater retirement savings and improved retirement readiness.

The 2022 Schroders US Retirement Survey found that almost 9 out of 10 (87%) DC plan participants surveyed report they want their investments to be aligned with their values.

#### DC investments should align with participant values

# 87%

of plan participants want their investments to be aligned with their values



They are also bullish on the impact of ESG on their investments, with the majority (78%) believing companies that are socially responsible (ESG focused) will have better results over time than companies not socially responsible.

#### Are they using the ESG options they have? Universally.

Unfortunately, ESG options in DC plans are not widespread; but according to the Schroders survey, the vast majority of those who say they have ESG options, use them.

More specifically, of the 31% of 401k plan participants surveyed who knew their plan offered ESG options, **nine out of ten invested in those options**, and almost three-quarters (73%) estimate they allocate 50% or more of their assets to socially responsible choices.

*When investments align with investor values, plan participants may contribute more to their DC plan*

*“This year, even more participants are telling us that ESG may be a catalyst to save more for retirement. This is a compelling reason for plan sponsors to consider adding ESG options to their line-up, as ESG could become a significant factor in improving participant retirement readiness and a consideration of ESG factors offers the opportunity to maximize risk-adjusted returns for participants.”*



Deb Boyden  
Head of US Defined  
Contribution,  
Schroders

## When offered ESG investment options in 401k plan:



**90%** invest in those options



### This year, more participants say ESG options in 401k plans could improve their savings rates

Having ESG investment options that align with their values in their 401k may produce an unexpected benefit: greater retirement savings.

Last year, Schroders discovered that 69% of plan participants who lacked or didn't know if they have ESG investment options in their plan would or might increase their overall contribution rate if offered ESG options. This year even more – 74% of respondents – said they would or might contribute more when given ESG options.

### % of plan participants that would or might increase overall 401k contribution rate when offered ESG options\*:



**69%**  
in 2021



**74%**  
in 2022

\*Among those who lack, or don't know if they have, ESG investment options

### Where participants want impact

Asked to determine which ESG segments they would like their investments to make an impact on, plan participants that currently invest in ESG, or would if they had the option, said:

- Employee welfare/living wage – 51%
- Climate change/global warming/carbon reduction – 39%
- Human rights – 36%
- Biodiversity (pollution, deforestation, clean water) – 30%
- Diversity and inclusion – 22%
- No specific area – 17%

### Another hidden benefit: Positive views about employer

When employers make ESG options available in their 401k plans, it can have another overlooked, positive impact: A significant percentage of investors (40%) report that having the ability to invest in ESG options in their 401k plan **would improve how they view their employer.**

*“When choosing investment options for a defined contribution plan, companies should seek products that meet participants’ investment goals and align with their priorities and values.”*

*“While ESG is most often associated with climate or decarbonization, according to our survey, the top ESG issues for US investors are actually social in nature – focused on workers and communities. It’s vital that plan sponsors keep this in mind as the regulatory landscape evolves and more ESG options find their way onto 401k menus.”*



**Marina Severinovsky**  
Head of  
Sustainability  
North America

## About the survey

The Schroders 2022 US Retirement survey was conducted by 8 Acre Perspective among 1,000 US investors nationwide ages 45-75 from February 17-February 28, 2022. The survey included 317 respondents with employer-provided defined contribution retirement plans.

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