

FOR IMMEDIATE RELEASE | JULY 28, 2022

# Three Year Winning Streak for 401(k) Participants Could Be in Jeopardy

AFTER THREE STRAIGHT YEARS OF POSITIVE ANNUAL RETURNS, 401(K) PARTICIPANTS FACE A NEARLY 18% DECLINE AS WE HIT THE HALFWAY POINT OF 2022.

Just two years ago, as the pandemic took hold across the globe, 401(k) participants watched their account balances get walloped. In the first quarter of 2020, the Mid Atlantic Trust Company 401(k) Composite Benchmark showed a 16.12% decline for that quarter alone for the hypothetical 401(k) participant. But, of course, from that low point, the markets came roaring back with solid gains achieved throughout the remainder of 2020 to finish the year at +14.85%. Tack on gains of over 14% for 2021 and 401(k) participants rode one of the strongest two-year market rallies in history.

Comparison with Major Indices	Q222	Q122	2022 YTD Return	2021 Return
Dow Jones Industrial Average	-11.3%	- 4.10%	-15.3%	18.7%
S&P 500	-16.5%	- 4.60%	-21.1%	26.9%
<b>Mid Atlantic Trust Co. 401(k) Composite Benchmark</b>	<b>-12.96%</b>	<b>- 5.78%</b>	<b>-17.99%</b>	<b>14.9%</b>
Nasdaq Composite	-22.4%	- 8.95%	-29.5%	21.4%

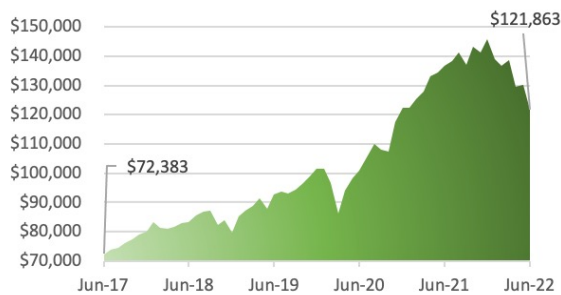
Sometimes, of course, as quickly as the market “giveth,” the market “taketh away.” With the closing of the books on the first half of 2022 at the end of June 2020, we closed out the worst first-half performance in global markets in decades as fears grew that the central banks would push economies into a recession with their fight against



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inflation, ongoing supply-chain issues, and the Russia-Ukraine war. For the second quarter, the S&P 500 fell more than 16% – its biggest one-quarter fall since March 202, the Dow Jones Industrial Average staged its worst first-half performance since 1962, losing 11.3%, and the Nasdaq suffered its biggest quarterly drop since 2008, losing 22.4%. Meanwhile, the Mid Atlantic Trust Company 401(k) Composite Benchmark also took a hit in quarter two, with a -12.96% return, putting it down -17.99% year to date, but in better shape than the Nasdaq and S&P 500 indices.

Of course, there is a reason why experts recommend 401(k) participants “stay the course” even during the most turbulent markets. While participants are more than likely cringing as they look at their Q2 statements, the good news is that the 401(k) participant is still sitting on gains in 4 out of the past 5 years, with the 6% decline in 2018 being the one outlier. It’s going to take a significant second half rally for 2022 to make up the nearly 18% decline thus far, but participants are still enjoying an 11% trailing return over the past 3 years. Plus, it wasn’t that long ago — March 30, 2020 —participants were looking at a 16% decline and just three months later almost all of that lost ground was regained.



## ABOUT THE MID ATLANTIC 401(K) BENCHMARK

Mid Atlantic Trust Company is a leading financial services organization that provides a wide array of brokerage, advisory, and trust services to a diverse national client base of financial advisors and institutions, asset managers, and benefits administrators through its various subsidiary companies. Because we provide these services, Mid Atlantic Trust Company has plan investment data on over 100,000 401(k) plans representing approximately \$120 billion in assets. In response to requests from our institutional clients, we

have created the Mid Atlantic Trust Company 401(k) Composite Benchmark. Using data from plans serviced by Mid Atlantic Trust Company with assets of at least \$100,000 at the beginning and ending of the month, the Mid Atlantic Trust Company 401(k) Composite Benchmark is designed to reflect the portfolio performance across 401(k) plans serviced, in any capacity, by Mid Atlantic. See the “Methodology” section of this report for details on how the composite Benchmark is calculated.

## Let’s talk.

Ready to learn more about Mid Atlantic Trust Company? Get in touch today!

### Nathan Friday

Mid Atlantic Trust Company

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\* For the hypothetical participant balances, we used a starting balance based on the average 401(k) participant balance provided by the Investment Company Institute for the year of the starting balance. In our calculation, we assumed a starting annual salary of \$50,000, a combined employee/employer 9% annual contribution rate, and a 3% annual salary increase and applied the monthly rate of return of the Benchmark.

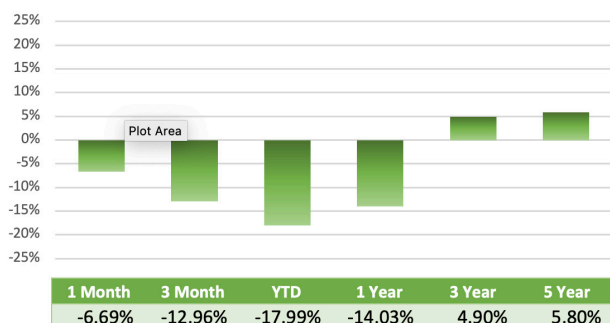
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# Mid Atlantic Trust Company 401(k) Composite Benchmark

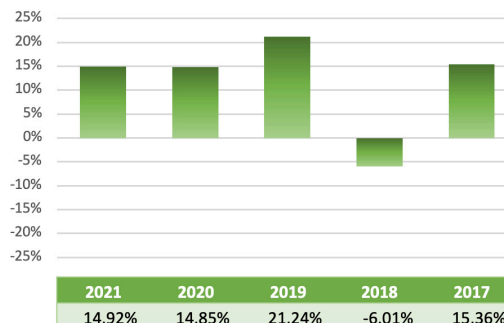
AS OF JUNE 30, 2022

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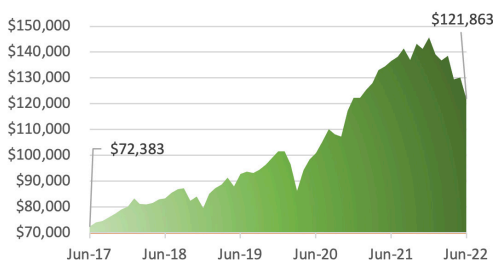
## TRAILING RETURNS



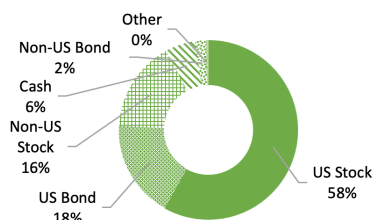
## ANNUAL RETURNS



## HYPOTHETICAL PARTICIPANT BALANCE



## ASSET ALLOCATION



## RETURN RANKINGS

Our return rankings show rankings based on a wide range of plan sizes, industries and participant risk tolerance levels. This information is provided as a reference point only and should not be used to draw a conclusion on the overall effectiveness of an individual plan. For instance, a company plan with a concentration of older, highly compensated, individuals may have a lower return ranking due to the employees, collectively, taking on a lower risk tolerance profile to achieve their goals. In contrary, a firm that employs many younger workers might have a higher return ranking due to the employees taking on a higher risk tolerance profile. We are providing this benchmark to aid fiduciaries in understanding where a given plan falls within this spectrum.

Plan Rankings	1 Month	3 Month	YTD	1 Year	3 Year	5 Year
Top 20% >	-5.93%	-11.20%	-15.71%	-11.86%	6.35%	7.34%
Top 40% >	-6.57%	-12.49%	-17.37%	-13.42%	5.47%	6.47%
Bottom 40% <	-7.05%	-13.45%	-18.56%	-14.61%	4.74%	5.75%
Bottom 20% <	-7.55%	-14.54%	-20.01%	-16.22%	3.77%	4.85%

Plan Rankings	2021	2020	2019	2018	2017
Top 20% >	17.86%	18.45%	25.13%	-4.43%	19.88%
Top 40% >	15.62%	16.20%	23.09%	-5.54%	17.88%
Bottom 40% <	13.85%	14.26%	21.21%	-6.47%	16.00%
Bottom 20% <	11.89%	11.82%	18.78%	-7.56%	13.64%

For further information, please contact us at [info@macg.com](mailto:info@macg.com).

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# Mid Atlantic Trust Company

## 401(k) Composite Benchmark

### METHODOLOGY & DISCLOSURES

#### Methodology

For the benchmark trailing and annual returns, Mid Atlantic calculates a monthly rate of return (using the Modified Dietz method) for each 401(k) plan with assets of at least \$100,000 at the beginning and ending of the month. We then calculate the composite return based on a market value weighted average for all plans within three standard deviations of the mean. For periods over one month, we geometrically link the monthly returns. For Periods over one year, we annualize those returns.

For the percentile rankings, Mid Atlantic calculates a monthly rate of return (using the Modified Dietz method) for each 401(k) plan with assets of at least \$100,000 at the beginning and ending of the period. We then geometrically link those monthly returns for each period and annualize them for periods over one year. We then calculate the percentiles based on all plans in the period that are within three standard deviations of the mean.

For the hypothetical participant balances, we used a starting balance based on the average 401(k) participant balance provided by the Investment Company Institute for the year of the starting balance. In our calculation, we assumed a starting annual salary of \$50,000, a combined employee/employer 9% annual contribution rate, and a 3% annual salary increase and applied the monthly rate of return of the benchmark.

The asset allocation is based on the reporting date for all fund positions where we were able to ascertain the underlying asset types.

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#### Disclosures

This benchmark is provided for informational purposes only and should not be relied upon to make investment decisions. This benchmark reflects overall plan investment performance and is not indicative of the performance achieved by individual plan participants, a single investment advisor or investment strategy. Many factors affect overall plan investment performance, including: participant risk tolerance and investment selection, concentrations in participant investment selections, performance of the investment options made available to participants, expenses of the investment options made available to participants, etc. While this benchmark is inclusive of all investment management fees, other fees (such as advisor, recordkeeping, custody, etc.) are not consistently applied across all plans as Mid Atlantic is reliant on the intermediary to code those flows correctly and Mid Atlantic does not review that coding. However, we believe generally those additional fees are excluded from performance.

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