



THE BENEFITS OF MATCHING RETIREMENT CONTRIBUTIONS

As the unemployment rate has dropped, hiring has grown increasingly competitive - especially for businesses with highly-specialized positions. It's important to understand how retirement matches factor into the hiring process and how they can financially benefit your company. Here are a few reasons why offering a retirement match helps your business.

Competitive Hiring

If you don't offer a retirement match, chances are your competitors do, meaning it's more difficult to attract top talent. A full benefits package that includes a retirement match may prevent you from paying top dollar to win candidates who might consider a job offer from your competitors.

Reduced Turnover

In order to reap the largest rewards attached to a retirement plan match, employees often must work for a particular period of time, known as vesting¹. This timeframe encourages employees to stay and maximize their contributions to receive the best benefits. Since replacing a departing worker is expensive², reduced turnover brings cost savings.

Tax Savings

Your finance department will love the savings received at tax time from your retirement plan match. Businesses can deduct every dollar they contribute toward employee retirement plans in addition to the tax savings employees reap for participating. Small and mid-sized business may also be able to deduct their retirement plan startup costs under the Credit for Small Employment Pension Plans Startup Costs³.

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Future Compliance

In most states, businesses aren't required to offer retirement plans for their employees, but that is changing. Seven states⁴ now have a government-mandated retirement option in place for residents, and in Oregon and Illinois⁵, employers are required to enroll their workers in a plan. By having an employer-matched retirement plan in place, your business will be prepared if a mandate impacts your workplace.

By understanding the benefits of a retirement plan match, your business can make informed decisions and save money. For further questions about matching or other questions relating to retirement plans, contact your plan advisor.

1. https://money.cnn.com/retirement/guide/401k_basics.moneymag/index10.htm
2. <https://www.peoplekeep.com/blog/bid/312123/Employee-Retention-The-Real-Cost-of-Losing-an-Employee>
3. <https://www.irs.gov/retirement-plans/retirement-plans-startup-costs-tax-credit>
4. <https://primepay.com/blog/state-retirement-plans-now-mandatory-7-states>
5. <https://www.forbes.com/sites/ashleaebeling/2016/09/13/when-will-new-state-retirement-plans-start-enrollment/#7905e2f57e0f>

THE MORE YOU KNOW: AUTOMATIC ENROLLMENT NOTICES

Many retirement plans today provide automatic enrollment for employees, meaning the plan sponsor initiates enrollment into the retirement plan on behalf of the employee. One common question plan sponsors come across is whether their enrollment kit satisfies the annual automatic enrollment notice requirement.

At first glance, it may seem that enrollment kits contain all the necessary information to satisfy your obligation to provide an annual notice of your plan's automatic enrollment feature, however the notice must include the following information:



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1. The default contribution rate that will apply if the participant does not make an affirmative deferral election.
2. The employee's right to elect not to have the default rate apply, or to elect a different contribution rate.
3. How default contributions will be invested absent an investment election by the participant.
4. The notice must be provided before each plan year.

Do you expect to send out enrollment kits to all covered employees before the beginning of each plan year? Since most plans merely provide an enrollment kit at the time an employee first becomes eligible to participate, the enrollment kit will not likely satisfy the annual notice requirement.

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TOP TEN FIDUCIARY RESPONSIBILITIES

Healthcare costs are on the rise, and employers expect double-digit growth in the next decade. As a result, there's a growing trend toward financial wellness programs included with employee benefits, as this both benefits employees and minimizes a company's fiduciary risk. In addition to these growing trends, workers are beginning to look for the during job searches.

If your business doesn't invest in financial wellness for your team, you may find it difficult to attract and retain the best employees. For fiduciaries, this is a great time to conduct in-depth research about financial wellness programs and recommend the best one to your employer. Considering starting a financial wellness program? Here are a few things to consider before starting a program of your own.

Financial Education. Financial education is nothing new in the business world. For decades employers have invested in seminars and workshops to assist employees with their financial health. The new era of financial wellness goes beyond traditional training classes for budgeting, paying off debt and amassing an emergency fund. It emphasizes the need for your employees to not only plan for retirement but enjoy financial health prior, thus developing happy, loyal and productive workers.

Wellness Assessment Check-Ups. Traditional financial workplace training typically lacks follow-up. Newer wellness programs include regular assessments, where participants review the progress they've made on each of their goals. Afterwards, employees possess the data needed to create a roadmap for future financial plans. It's important for employers to tailor educational programs to the unique needs of their employees, guaranteeing everyone receives appropriate advice and assistance.



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