

# The Retirement Times

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## The Retirement Reshuffle Is Impacting Plan Sponsors



Across the nation, more and more workers are expecting to postpone retirement. In fact, a survey by the Nationwide Retirement Institute shows that 40% of older employees plan to retire later than anticipated because of inflation. And delays don't just affect employees — more than a third of employers are concerned about increased health and benefit costs, negative impacts on their staff's mental health and barriers to hiring new talent.

### Employers Can Help

If you sponsor a retirement plan, you're already doing something important to encourage employees to retire comfortably and on time. And if it's part of an overall

financial wellness plan, that's even better. However, while 68% of American workers have access to a 401(k), only 41% are actively contributing to it. Working with your advisor can help you design the right benefits package for your organization — and find ways to increase participation and contribution rates through access and education.

### Tailor Your Plan Design

Fortunately, there are many levers plan sponsors can pull to encourage employees to save enough to retire, such as adding auto-enrollment and auto-escalation features. Increasing your match and actively encouraging workers over 50 to take advantage of catch-up contributions can also go a long way toward helping participants make up for shortfalls.

### Think Broadly

Offering an HSA gives employees another vehicle for retirement planning and saving for health care expenses. Allowing phased retirement options, sometimes referred to as "pre-retirement" — with reduced hours leading up to full retirement — can also help. Additionally, robust omnichannel financial wellness programming and employee assistance programs (EAPs) can help workers prepare for retirement and better maintain mental and emotional health in the face of economic stressors.

### Helping Workers Helps Your Bottom Line

If the trend toward delayed retirement continues, impacts could be felt far and wide. It's important for employers to be proactive in helping employees retire comfortably to save on health and benefit costs and more easily usher in new talent. And if your workers are confident in their ability to meet their financial goals, they'll be happier — and more productive — while they're still part of your workforce. **Please contact your MCF Plan Consultant with any questions or to review your current retirement plan provisions and offerings.**

Sources:

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## How Many Retirement Plan Committees Does Your Organization Need?

Retirement plan committees can help plans function more efficiently and effectively. They aren't a requirement under ERISA, though many organizations choose to establish committees for the many advantages they offer.

### A Host of Benefits

Committees can assist retirement plans in any number of ways, including:

- Delegation of plan responsibilities.
- Providing greater clarity about fiduciary roles and responsibilities.
- Promoting accountability.
- Allowing more diverse voices to weigh in on plan management.
- Establishing transparent procedures to maintain appropriate oversight and strengthen plan governance.
- Monitoring for ERISA compliance and providing documentation in the event of an audit.
- Helping ensure the plan benefits all participants.
- Serving as a vehicle for members to gather employee feedback to aid in decision-making.



### None, One – or Some?

According to Voya, 94% of plans with more than 5,000 participants have a retirement plan committee – but that number drops to only 53% for plans with less than 200 participants. Most committees have 5 to 10 members, which often includes representation from the finance, legal, HR, benefits and/or payroll departments.

Committee functions are occasionally divided up, with various areas of responsibility assigned to different groups. For example, an investment committee will provide ongoing management of the plan's lineup. Sometimes you may also find an oversight committee charged with monitoring the plan's service providers and advisors. And somewhat less common are settlor committees, which handle business-related decisions that don't fall under the usual rules of fiduciary duty.

But how many committees should your organization have? When it comes to ensuring the right amount of oversight and guidance, should it be one and done – or is more better?

### More Does Not Mean Better

While committees can help you run your plan more efficiently, too many can overcomplicate processes and produce the opposite effect. If you have employees or board members serving on several committees, it could become more challenging for them to meet all of their responsibilities.

Small companies with fewer resources likely won't have the time or personnel necessary to staff and run multiple committees. And while it might seem that having several committees might especially benefit larger plans, too many cooks in the kitchen can hinder committee productivity and coordination. Communication may begin to break down, and it can take extra time and resources to ensure decisions coming out of multiple committees are consistent and mesh with organizational objectives. For the

majority of organizations, one committee is often enough.

### Your Advisor as a Resource

Your advisor, often in consultation with an experienced ERISA attorney, can be invaluable in assisting plan sponsors with the setup and operation of your retirement plan committee. They can make recommendations regarding the size of the committee, and the staff and members of your workforce who should serve on it. They can also help draft the retirement plan charter and provide the necessary fiduciary training to committee members.

In the end, when it comes to how many retirement plan committees is best — one done right is usually all you need. **Please contact your MCF Plan Consultant with any questions or to review your current retirement committee governance procedures.**

Sources:

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