



Think ahead. What's your plan's retirement benefit philosophy?

Sponsors should develop retirement benefit philosophies that reflect their plans' unique characteristics and priorities, and align retirement program goals with organization-wide objectives (including workforce management and talent acquisition & retention objectives). A philosophy should inform strategic decisions about plan design, investment choices, and participant experience. It's a process that takes time, but the effort can produce a myriad of benefits.

Warehouse retailer

Defined contribution plan role

Enable employees to retire and manage their income in retirement



Workforce and plan management priorities



Manage costs for various groups within employee population

Focus risk management on offsetting inflation and longevity risk

Plan demographics

Mix of hourly and salaried workers

Older workers not retiring prevents hiring of younger workers with new skill sets

65-year-old workers

50% retire **50%** go part-time



- **40%** stay for health care benefits
- **60%** need to save more to retire

POTENTIAL STRATEGIES

Plan design



Maximize saving potential through opt-out auto-increase up to **15%**

Add partial withdrawals and installment payments to better service plan retirees

Participant experience

Stress the importance of accurate contact data during and after employment



Fashion retailer

Defined contribution plan role

Primary retirement savings vehicle



Recruiting tool to attract new employees

Workforce and plan management priorities

Improve tenure of employee base

Manage plan costs to better service long-term employees

Provide benefits that are superior to industry competitors

Plan demographics



80% young, hourly workforce
20% salaried and highly compensated employees

High turnover: 90-day average tenure

Match **50%** on the dollar up to the first **6%**

POTENTIAL STRATEGIES

Plan design

Run a plan measurement report (assess success of long-tenured employees)



Evaluate matching options (increase deferrals without increasing expense)

Offer quick-enrollment feature



Participant experience

Relax eligibility requirements

Acknowledge competing financial priorities; add financial wellness education

Insurance firm

Defined contribution plan role

Secondary retirement savings vehicle to defined benefit plan



Offer investment options to sophisticated workforce

Reward employees to retain talent

Workforce and plan management priorities



Attract and retain employees

Plan demographics



Many long-tenured employees

Many highly compensated employees

Match **100%** on the dollar up to the first **6%**

POTENTIAL STRATEGIES

Plan design

Conduct plan cost analysis

Add Roth contributions



Plan investment

Add self-directed brokerage

Participant experience

Promote tools to model retirement income options



Aligning company and benefits objectives can help pinpoint plan priorities and sharpen the focus on critical outcomes.