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RETIREMENT PLAN SERVICES



NEWS AND INFORMATION — for Employers —

ADAPTING TO CHANGE EDITION

5 Financial Wellness
Tips Your Employees
Will Thank You For

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of Partnership



5 Financial Wellness Tips Your Employees Will Thank You For

A financial wellness program can be an extremely valuable benefit; learn how it can help employees reduce stress while improving workplace productivity.

Financial wellness programs are becoming an important benefit for companies of all sizes. In 2021, almost half (46%) of all employers offered financial wellness programs, up from 40% in 2020. Additionally, interest from the workforce had only increased as they assessed how their finances were impacted due to the COVID-19 pandemic.¹

The primary focus of a financial wellness program is to provide education and resources to help employees better manage their finances and reduce related stress. A recent survey found that 60% of workers were concerned about their current level of debt, adding to their financial stress. Employees are seeking opportunities to improve their well-being, and many are interested in benefits like access to a financial professional (56%), financial planning tools (62%) and financial education (54%).²

¹ Bank of America. "2021 Workplace Benefits Report." 22 Sept. 2021.

² Franklin Templeton. "Voice of the American Worker." 2 Feb. 2022.

What's in a Financial Wellness Program?

Companies can offer a variety of financial topics to assist employees. Financial wellness programs should address every aspect of a participant's life while offering support around:

- Budgeting basics
- Managing debt (including student loan repayment)
- Credit counseling, including how to build credit
- Emergency and long-term savings strategies
- Understanding financial implications of their healthcare plan choice
- Risk management and insurance planning
- Retirement planning
- Estate planning (including wills and trusts)
- And offer access to financial advisors

Addressing each of these components can be accomplished in several ways, including regular employee meetings and providing financial how-to materials from reputable sources. Setting up access or classes with a financial advisor is a good first step to address a wide range of financial topics.

Tips for Building a Powerful Program

Here are 5 key recommendations to help plan, implement and maintain a powerful financial wellness program:

1. **Prioritize employee needs.** Understanding the specific hurdles your employees face is an important step toward providing the resources and education when they need it.
2. **Empower employees.** Provide support for employees at every stage of their savings journey so they can keep control of their financial futures and work toward retirement goals.
3. **Provide education.** To encourage good financial habits, provide education to employees that helps assess their current situation and plan for what's next.
4. **Diversity matters.** A workforce is often a unique blend of genders, ages and backgrounds, so it is important to adapt support and education to address individual needs.
5. **Think digital.** Employees are increasingly more comfortable using digital apps, which can be useful in keeping employees engaged and empowered.

Different Strokes

Each of your employees are in different stages of their savings journey. For example, when it comes to retirement readiness, many workers fall into two categories: “undersavers” (not saving enough for retirement) or “oversavers” (those who have saved enough to achieve financial goals but are still working, saving and limiting expenditures). Ensuring you have financial wellness initiatives in place that address the specific and unique needs of a wide spectrum of savers is a key component of any financial benefits program.

More Than a “Feel-good” Benefit

While employers may consider starting a financial wellness program because it's the right thing to do, it's more than just a “feel-good” benefit. Helping employees reduce their personal financial stress can also have a number of positive impacts on the overall workplace. **Each week**, workers spend an average of **9.2 hours** addressing their personal finances **while at work**. Improving employees' financial well-being could have a positive ripple effect:³

- 86% responded that the help would drive their productivity
- Nearly 9 out of 10 said it would improve their desire to stay with their employer
- Reducing financial stress would increase job satisfaction and engagement at work (84%) improve workers' ability to focus (84%); and improve mental (84%) and physical (80%) health

Overall, employers of all sizes can implement some aspect of a financial wellness program to help employees reduce financial stress, improve personal well-being and get on the path toward financial security. We are here to help when you are ready to discuss your retirement plan needs and its financial wellness strategy.

3 SoFi. “The Future of Workplace Financial Well-being.” 30 Mar. 2022.

4 Simple Steps to Help Understand the Transition to a New 401(k) Recordkeeper



Learn what to expect when changing recordkeepers to avoid unpleasant surprises

Change can be exciting but is sometimes stressful. However, transitioning to a new 401(k) recordkeeper shouldn't be a taxing experience. In this article, we're going to talk step-by-step through the events that may take place and provide inside knowledge about what to expect, so there are few surprises for you. With our clients, we have found that when they are properly prepared for the events ahead, everyone experiences a smooth recordkeeper transition process.

Step 1 | Recognition

Congratulations! Recognizing the need for change is the first step toward finding a solution. In this case, you have decided to move to a new retirement plan recordkeeper. Chances are, you have evaluated a few different options, then based on your plan's needs, you selected the best one.

To officially begin the relationship, your new recordkeeper will request New Business Paperwork. That typically involves:

- Retirement plan contract
- New investment selections
- QDIA option
- Safe Harbor IRA provider (if applicable)
- TPA coordination (plan documents, amendments, valuations, Form 5500 and/or additional documents)

Those are the initial documents needed to move forward and begin the transition process.

Step 2 | Review

Once all the above documents are received, your recordkeeper relationship manager will review them and confirm that the information is in good order. Typically, this process takes a few days to a couple of weeks, depending upon how quickly the documents are received and reviewed.

Keep in mind that this is an opportune time to make changes to your current retirement plan. For example, if you have been thinking about auto-enrollment, auto-escalation, plan design changes, force-out provisions or other adjustments, now is the ideal time to discuss them and update your plan prior to implementation.

Step 3 | Setup

There are four important functions going on during this time:

- 1. Payroll.** The new recordkeeper will walk your team through the process of uploading and submitting payroll. If not already provided, they will most likely ask for a company census to assist with the initial upload.
- 2. Transfer of assets.** By now, your former recordkeeper has been informed that your plan is moving to a new recordkeeper. The formal process is begun by sending a Liquidation Request letter to your former recordkeeper. Most recordkeepers have a department that specializes in transfers. Your new department will work together with your old one to coordinate the transfer of assets. Then, the next step is to distribute a Blackout Notice to your employees, which notifies them that for a window of time (usually between 3 – 10 days), they will not be able to make any changes to their retirement plan account. This is when the entire plan's assets are in motion (meaning being transferred).
- 3. Account openings.** Your participants accounts are opened on the new recordkeeper's system. These accounts are not funded at this time because the assets are in transit. Once the assets are transferred, your participants will see the same accrued account balances.
- 4. Enrollment meetings.** Let's get excited: it's time to enroll and educate your employees about the new recordkeeper and the opportunity to share details of any new capabilities. These may include online tools, financial wellness resources, income projections and more. Depending upon how the plan is setup and potential enhancements to design features, meetings are a way to inform employees about how you are helping them on their savings journey toward retirement.

Also, remember to communicate with former participants. They are still active members of the plan and need to be informed of changes.

Step 4 | Completion

The plan conversion is nearly complete. The last steps include the transfer of assets, followed by the confirmation that everything has been successfully transferred and allocated into the correct participant accounts. The final stage effectively ends the Blackout Notice period, meaning your plan participants can view their account balances and make investment changes.

Going forward, all new payroll uploads will happen on the new recordkeeper's platform, and your dedicated relationship manager will be available for questions, comments and ongoing support.

In This Together

For our clients, we aim to provide clarity and consistent communication throughout the recordkeeper conversion process. We realize that this is outside the normal course of business, which is why we are here to guide you step-by-step through the process. Changing retirement plan recordkeepers can be stressful, but we have found that when our clients are prepared beforehand, the process is much more effective, making the conversion a win-win-win process for you, your business and your employees.



Build a 401(k) Dream Team with the Power of Partnership

Leverage service providers to help your 401(k) plan run more smoothly



As a retirement plan sponsor, you are a valuable member of a team that includes your recordkeeper, third party administrator (TPA), financial wellness provider and retirement plan advisor. Each member must uphold their roles and responsibilities to maintain a stable and well-standing retirement plan. Much like a table, if one leg fails to support it, you may find yourself with a mess on your hands.

Your retirement plan service providers can help support critical functions such as recordkeeping, plan design, compliance, administration, participant education, investment selection, management and monitoring — all while keeping costs reasonable.

To be sure, partnering with a team of supportive, knowledgeable providers has the potential to contribute to the success of your 401(k) plan and make your life easier.

The Benefits of Partnership

Many plan sponsors opt to outsource to a small but mighty team of partners for support with various duties, from plan governance and administration to investment management and financial wellness. Depending upon the provider, some responsibilities may overlap.

For instance, some recordkeepers have responded to the financial uncertainty of the past few years by offering emergency savings products that employers can provide as an employee benefit. In the past, these products were primarily in the hands of financial wellness providers.

Generally, however, plan sponsors can get the best “bang for their buck” by utilizing providers according to their strengths. For example, a TPA likely has expertise when it comes to compliance testing, while a recordkeeper may be more knowledgeable about integrating payroll systems and keeping tabs on key plan and participant data.

Partnering with external service providers can deliver several benefits for plan sponsors and participants including improvements in:

- Ease of administration
- Plan effectiveness
- Employee engagement and participation
- Employers’ confidence in their role as a plan fiduciary and
- Employees’ feelings of financial security and well-being.

Keep in mind that outsourcing doesn't absolve you or your retirement plan committee of fiduciary duties. Ultimately, you are responsible for ensuring that plan providers fulfill their responsibilities and deliver a level of value and service that's worthy of their fees. That said, these partnerships can help lighten your load and allow you to focus on your core competencies while benefiting from solid partnerships with quality providers.

Who Does What?

In short, there is no cut-and-dried answer. Providers will have varying services and specialties in the areas of 401(k) plan management. In the case of redundancies, you may choose to assign specific responsibilities to the vendors you determine are the most qualified.

Generally speaking, here are some of the 401(k) plan responsibilities your recordkeeper, third party administrator, financial wellness provider and retirement plan advisor partners may take on in whole or in part:

Recordkeeper*

- Processing enrollments
- Managing and tracking participant investments
- Monitoring contribution sources (pre-tax vs. Roth vs. employer match, etc.)
- Keeping track of 401(k) loans and hardship withdrawals
- Generation and distribution of participant account statements
- Providing customer support for plan sponsors and participants

Third Party Administrator (TPA)*

- Managing and monitoring plan compliance and nondiscrimination testing
- Maintaining the accuracy of participant data, including eligibility, vesting, deferrals and loan distributions, qualified domestic relations orders (QDRO) and required minimum distributions (RMDs)
- Assisting in preparation of annual Form 5500
- Reconciliation of participant accounts and related errors
- Independent client census review and reconciliations
- Administration and monitoring of participant contributions, data reports and investment fees
- Providing periodic plan reviews and audit support

Financial Wellness Provider*

- Providing financial education for employees
- Facilitation and deliverance of employee benefit offerings, such as emergency savings accounts, student loan repayment assistance, etc.
- Can help employees reduce financial stress that impacts workplace productivity
- Potentially reduce costs associated with employee turnover

Retirement Plan Advisor*

- Comprehensive plan reviews
- Investment monitoring
- Fee benchmarking
- Provider liaison
- Employer & employee advocacy
- Compliance assistance
- Plan design education
- Employee education & enrollment
- Retirement readiness reporting

* This list is not a complete list. Contact your service provider for an accurate list of services provided to your plan.

Building Your Dream Team

No two plans are alike, so your best bet may be to determine what works for your business and employees and make sure your provider partners deliver on those expectations.

We help our clients evaluate their current service providers, the tools and technology they offer and the value they bring. If you have questions about how to optimize your plan provider partner relationships, we can help. Contact us for additional guidance and to learn more about partnership opportunities.



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