PROMOTING PLAN SUCCESS

LPL Financial

Member FINRA/SIPC

POTENTIAL IMPROVEMENTS

Save Now and Save Enough

Auto Enrollment

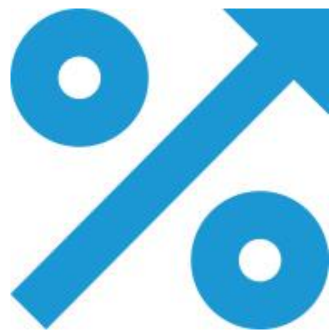
- Consider auto enrolling participants at the industry recommended default deferral rate of 6%-10% into a QDIA with the option to opt out.

POTENTIAL IMPROVEMENTS

Save Now and Save Enough

Automatic Contribution Escalation

- Consider mandating automatic escalation and increase participant contribution rates by 1% to 2% per year, getting participants up to a targeted savings rate of 12%-15%* including employer match.



*Plan sponsors seeking the protections of the ERISA 404(c) or Qualified Default Investment Alternative (QDIA) safe harbors can elect any contribution escalation percentage with no maximum, and are not restricted by a 10 percent maximum contribution escalation percentage. The only instance in which a 10 percent limit applies is if the plan sponsor wishes to adopt the Qualified Automatic Contribution Arrangement (QACA) safe harbor included in the Pension Protection Act (PPA) if they have trouble satisfying the nondiscrimination compliance testing requirements of the Internal Revenue Code (IRC).

POTENTIAL IMPROVEMENTS

Save Now and Save Enough

Re-Enrollment

- One option is to give participants 30 days notice and re-enroll current non-contributors and contributors at the industry recommended default deferral rate of 6%-10% into a QDIA with the option to opt out

POTENTIAL IMPROVEMENTS

Save Now and Save Enough

Employer Match

- Consider eliminating the waiting period, providing the match when contributions are made and reshaping the match to encourage increased levels of savings.

POTENTIAL IMPROVEMENTS

Invest Properly

Investment Choices

- One strategy is to select a simplified, core set of asset classes that satisfy ERISA requirements and fiduciary responsibilities.

POTENTIAL IMPROVEMENTS

Invest Properly

QDIA and Automatic Enrollment

- Consider combining the QDIA with auto enrollment and document the reasoning behind the strategies selected for the plan's core investment lineup and QDIA

POTENTIAL IMPROVEMENTS

Invest Properly

Roth 401(k) Contributions

- Consider offering a Roth 401(k) option and educate employees about Roth features with targeted messages to explain features and benefits.

The Roth 401(k) offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs.

POTENTIAL IMPROVEMENTS

Increase Participant Financial Literacy

Education, Tools and Technology

- Consider providing education, tools and technology that are simple, focused and tailored.

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Financial Wellness Program

- Consider concentrating program strategies on financial well-being and incorporate healthcare benefit education within retirement savings education.

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Investment Advice

- Consider allowing employees to enroll in a fiduciary friendly investment advice service (online, phone or in-person) at their own discretion and cost, provided by experienced professionals.

COSTS OF DELAYED RETIREMENT

Having employees able to retire "on time" is a win/win scenario for both employees and employers. In a perfect world, all employees would be able to begin enjoying their retirement years when they wish, and employers would, therefore, be better able to manage workforce resources and costs. However, in today's society, many employees are expected to delay their retirements beyond their desired retirement ages due to financial concerns, such as having inadequate savings to sustain them throughout their retirement. Other employees may delay their retirements in response to the increase to age 67 for the Social Security Full Retirement Age, and the decline in employer-sponsored retiree healthcare insurance availability, which may lead employees to wait until they are covered by Medicare.

Higher Workers Comp Costs

Higher Benefit Premiums Costs

Increased Disability Instances

Source: 2017 Prudential Financial

Thank You

Questions?

Contact Information
Brahm Rossiter
LPL Financial
Tel: 866-702-3276
Cell: (559) 707-8607
Email: brahm@rwmfinancialgroup.com

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