

Recruit, Reward, Retain: The Benefits of a Competitive Retirement Plan

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Staying Competitive Key Themes



The Landscape

Know who and what you are competing with and what your employees value.

Plan Design

Understand what is included within a good plan.

Retention & Recruitment

Utilize all the features... education, wellness programs and benefits.

Participation & Engagement

Take advantage of your resources.

The Landscape

Know who and what you are competing with and what your employees value.

The Landscape

Knowing the Competition and Employee Priorities

Do Your Research:

- Your Provider Can Serve as a Resource
 - Recordkeeper
 - Advisor
- Direct Peer Insight
 - Benefits websites
 - efast.dol.gov/5500search



In 2022...

1 in 3 employees were considering leaving their job. 77% of employees felt their employer's retirement plan is either an extremely or very important benefit to consider when making that decision.¹

¹ https://www.tiaa.org/public/pdf/tiaa_2022_employee_retention_survey_executive_summary.pdf

Plan Design

Understand what is included within a good plan.

Plan Design

Creating a Plan that Offers Value

Assess Eligibility:

- Immediate Eligibility
- Entry
- Participation



67.4% of companies allow employees to begin contributing to the plan within three months of hire. 51.4% of plans have no service requirement for employee contributions; 47.5% of plans have no service requirement for matching contributions.¹

¹Source: Plan Sponsor Council of America's 65th Annual Survey of Profit Sharing and 401(k) Plans (Reflecting 2021 Plan Experience) (2022)

Plan Design

Creating a Plan that Offers Value



Examine Employer Contributions:

- Room for Change
- Vesting Schedule
- Tiered Schedule
- Base Retirement Benefit



After dipping in 2020, the average company contribution was at a record high in 2021 of 5.6% of gross annual payroll.¹

¹Source: Plan Sponsor Council of America's 65th Annual Survey of Profit Sharing and 401(k) Plans (Reflecting 2021 Plan Experience) (2022)

7

Plan Design

Creating a Plan that Offers Value



Evaluate Auto Features:

- Attractive Benefit
- Auto Versus Voluntary Increase
- Reenrollment Features



69% of plans set the default deferral rate high enough so that participants receive the full possible company matching contribution.
58.8% of plans leverage auto-enrollment; 78.4% of those plans have an auto-escalation feature.¹

¹Source: Plan Sponsor Council of America's 65th Annual Survey of Profit Sharing and 401(k) Plans (Reflecting 2021 Plan Experience) (2022)

8

Plan Design

Does a "Competitive" Investment Menu Matter?



- "Competitive" is in the eye of the beholder.
- Is it your fiduciary duty to have a "competitive" menu?



Multi-Billion Dollar Sample Plans¹

Technology Industry Highlights



	Plan A	Plan B	Plan C	Consistency Across Plans A, B & C for Active Asset Classes vs Passive Asset Classes
Active Funds	10	12	11	No
Passive Funds	4	7	5	No
Strategies Not Offered by at Least One Other Plan	<ul style="list-style-type: none"> • Global Target Date Funds • High Yield Bond 	<ul style="list-style-type: none"> • Real Estate Investment Trusts • Developed Markets (foreign) • Emerging Markets • Moderately Conservative Asset Allocation 	<ul style="list-style-type: none"> • Two Active Large Cap Growth Funds • Foreign Large Value 	No
Self Directed Brokerage Account	Yes	Yes	Yes	N/A

¹Source: From 2021 IRS Form 5500

Retention & Recruitment

Utilize all the features... education, wellness programs and benefits.

Retention & Recruitment

Using Every Tool Available to You

Engage to Retain:

- Employees are often unaware of the benefits that are offered.

"I didn't know I wasn't getting the full match. I was auto enrolled and thought I was. I just didn't really pay attention because there was a lot of information coming to me all at once during open enrollment"
– Employee Testimonial

Common approaches to achieve education goals:¹



- Email (78.4%)
- Webinars (58.3%)
- Enrollment Kits (52.5%)
- Seminars/Workshops (48.5%)

¹Source: Plan Sponsor Council of America's 65th Annual Survey of Profit Sharing and 401(k) Plans (Reflecting 2021 Plan Experience) (2022)

Retention & Recruitment

Using Every Tool Available to You



Engage to Retain:

- Increase communication and adapt your education team.
 - Various mediums at various times
- To have impact, participants must receive and understand the information on the 401(k) plan details.
- Your employee education and communications should be customized to the needs of your participants.
- Promote automation. Your employees do not need to be investment experts. Automatic features can assist them on their path and benefit them long-term.

13

Retention & Recruitment

Using Every Tool Available to You



Educate to Recruit:

- Include specific, concise information about plan benefits in recruitment language. Replace phrases like "offers competitive benefits" or "offers a 401(k) plan".
- Position plan advocates and hiring managers to promote the value and quality of your retirement benefits.

"I think saving for retirement as soon as you can is important, but some folks don't get it until it's too late. I try to spend a few minutes with my new hires going over the retirement plan because if I don't, will they do it on their own? I don't think so."
 - 3rd Shift Manufacturing Line Supervisor
 Employee Testimonial

15

Retention & Recruitment

Using Every Tool Available to You



Educate to Recruit:

- Equip your recruiters and managers with the tools they need to tell your story and explain why a prospective employee would want to join your organization.
- Arm the human resources department with script they need to describe the quality and value of your benefits package when conducting interviews.

Common reasons for providing plan education:¹



- Increase overall financial literacy (77.4%)
- Increase appreciation for the plan (73.5%)
- Increase participation (70.7%)
- Increase deferrals 67.6%)

¹Source: Plan Sponsor Council of America's 65th Annual Survey of Profit Sharing and 401(k) Plans (Reflecting 2021 Plan Experience) (2022)



Participation & Engagement

Take advantage of your resources.

Participation & Engagement

Taking Advantage of Your Resources



Utilize Data Available:

- Recordkeepers can offer demographic reporting to assist plan sponsors in pinpointing which employees are not engaged with the plan.
- Surveying specific targeted groups can be eye opening to identify obstacles to engagement.
- Target your message to educate by age, job role, gender, race, ethnicity, location, etc. Personalized communications drive action at a higher rate.



More than 90% of employees eligible to participate in their employer's plan have an account balance.
An average of 89.2% of eligible employees made contributions to the plan in 2021.
The average percentage of salary deferred (pre- and after-tax) for all eligible participants was 8.3%.¹

¹Source: Plan Sponsor Council of America's 65th Annual Survey of Profit Sharing and 401(k) Plans (Reflecting 2021 Plan Experience) (2022)

Participation & Engagement

Taking Advantage of Your Resources



Utilize Data Available:

- Individual meetings with a retirement plan consultant drive engagement higher.
- Re-examine your benefits package with an eye toward making changes to reflect the benefits that today's employees value the most.

"I had a pretty good idea about how I was doing with my retirement plan investments and if I was saving enough. The website calculator said I was 'on track' but I feel more reassured after talking with a real person and hearing that same message."

- 401(k) Plan Participant's Testimonial

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