

# DESIGNING A STRONG RETIREMENT PLAN

Preparing Employees Today for Retirement Tomorrow



A healthy retirement plan helps prepare employees for a successful retirement. As an employer, you play a crucial role in motivating employees to save more at every opportunity. Encouraging retirement readiness begins with a focus on the following key factors:



## 1 | IDENTIFY PLAN GOALS AND OBJECTIVES

By aligning plan strategies with your values and mission, you can offer a successful plan — which is designed to:

- Provide an incentive that encourages employees to save more so they can retire well.
- Lower barriers to entry so employees can engage effortlessly.
- Include an investment menu that is easy to understand and navigate.

### Defining Plan Success

- 90% employee participation
- 15% minimum contribution between the employer and employee
- 90% of employees invested in an appropriate asset mix



### Key Tip:

Consider your role as a steward of the retirement plan. Your influence can empower or delay your employees' ability to retire with dignity.



## 2 | ENGAGE EMPLOYEES THROUGH PLAN DESIGN AND AUTOMATIC FEATURES

You can increase employee engagement and plan participation by implementing best practices, such as:



### Matching

Matching employee dollars is the top motivator when it comes to employee savings and instills a distinct ownership to keep employees on track.



### Automatic enrollment

Including automatic enrollment in your employee onboarding process designates retirement savings as a necessary provision for your employees' futures. Once employees are automatically enrolled in a retirement savings plan, very few decide to opt out.

### Fighting Inertia

Automatic features allow inertia to work for your employees instead of against them. For example, automatic enrollment incorporates retirement savings as a built-in plan feature — meaning employees must make the mindful decision to opt out. This simple design feature can have a profound impact on the retirement savings and future of an individual employee.



### Additional automatic features

Consider other features such as **auto-escalation and re-enrollment**.

**Auto-escalation automatically increases an employee's deferral amount** until it meets an appropriate savings target. **Re-enrollment** allows the employer to default participants' assets and future contributions into an age-appropriate Target Date Fund. Employers may also use this plan design option to reset contribution rates for employees. Both auto-escalation and re-enrollment serve as a friendly nudge to get everyone back on track.



### Key Tip:

Coordinate the timing of automatic plan design features with annual raises to minimize paycheck disruption.



## 3 | FOCUS ON DRIVING EMPLOYEE PARTICIPATION

Promoting retirement awareness among employees encourages them to make the most of their plan. You can help employees start early and contribute consistently by:

- Removing obstacles in decision-making by offering a quick-enroll option.
- Creating a culture of saving by encouraging employees to regularly contribute toward a goal of 15%.
- Utilizing educational resources and making the most of employee communication periods — like annual reviews and open enrollment — to drive participation.

### Weighing the Costs

Did you know that for each additional year an employee delays their planned retirement, it will cost you as the employer more in salaries, health care and productivity?

Promoting a healthy retirement plan strengthens the organization and benefits employees.



### Key Tip:

Evaluate employee engagement and look for opportunities to promote plan resources.



## 4 | TRACK PROGRESS AND SUCCESS

Designing the plan is the first step, but checking in periodically on plan progress and employee engagement is also important to make sure you are all on track toward your goals. You may find that certain plan design features work better for your organization than others, so don't be afraid to make minor plan adjustments along the way. Dig into your plan and find what works for you by:

- Taking advantage of effective strategies and plan features to foster action from your employees and improve results.
- Conducting annual plan health checkups to direct educational focus.
- Using reporting capabilities through GuideStone Employer Access Program® when measuring contribution trends and progress.

### Evaluating Plan Health Checklist

- Plan compliance
- Plan design effectiveness
- Fiduciary review
- Educational impact



### Key Tip:

Avoid complacency when it comes to evaluating your plan. What worked 20 years ago may not necessarily work today. Implement plan design features that reflect the current needs of your employees.

**Helping employees save for retirement is the right thing to do. So, what are you waiting for?**

GuideStone® will help your organization create a customized strategy and plan design features to help meet your organization's retirement plan goals. For additional information, please contact us today at **1-888-98-GUIDE** (1-888-984-8433) or visit [GuideStone.org](https://www.guidestone.org).

