2021

The year of **new** beginnings and hope.

Most of us spent the last year gripping the steering wheel, waiting to see what would happen next. But as the chaos settles, we can collectively look ahead to celebrate bits of good news. In this edition, learn how to increase participation and engage employees in their financial wellness, as well as learning the benefits of having a retirement plan committee and the different tax tips for approaching retirement.

INSIDE THE EDITION:

5 Tactics to Increase Retirement Plan Particpation[1]

Employees fail to enroll in their retirement plan for a variety of reasons. They may be intimidated if it's their first time around or they might not fully understand and appreciate the benefits (or the downside of not participating). Some could be concerned about "locking up" their money — and others might worry so much about making the "wrong" investment decision that they procrastinate making any decision at all.

As a plan sponsor, you know the advantages of offering a retirement plan for you, including: employee recruitment, increased retention, reduced worker stress, higher productivity and tax benefits. Higher participation and contribution rates can also reduce the chance the plan will fail discrimination testing and be subject to financial consequences if needed corrections aren't made on time.

But the key to unlocking all the retirement plan benefits for both you and your employees is not simply having a plan, but making sure that enough workers actually use it. Here are 5 things you can do to grow your participant ranks.

1. Enroll everyone. A recent Vanguard survey of 8,900 small business retirement plans found a dramatic effect of automatic enrollment on employee participation rates: 83% with automatic enrollment versus 58% without. And if you need more convincing, Vanguard's How America Saves 2019 Report found that contribution rates were also higher in automatic-enrollment plans versus voluntary plans: 7.1% to 6.7%.

2. Offer a Roth. For employees who want to enjoy tax-free income in retirement, providing a Roth option may motivate enrollment. And with no income cap, this move may also be appreciated by highly-compensated employees who earn too much to qualify for a Roth IRA. Additionally, you may tempt younger workers with a longer timeline to retirement who want to take advantage of the lower tax rate they're paying now as opposed to what they believe they might face later on.

3. Go multimedia. Offer retirement plan information to participants across a variety of modalities. Some may prefer in-person meetings, while others would rather watch a YouTube-style video at their leisure. And still others might prefer scribbling notes in the margins of a pamphlet. Provide education about retirement plan benefits in a way that's accessible for everyone, no matter their degree of financial sophistication. Answer questions in short- and long-form, at basic and more advanced levels — and in as many media formats as possible.

4. Simplify. Simplify. Simplify. It should be easy and straightforward for participants to sign up or make changes to their retirement plan elections or contributions. Changes should only take a few clicks, whether from a laptop, mobile phone or tablet. Optimize a seamless web experience for each platform.

5. Why wait? Shorter waiting periods allow new employees to start a saving habit straight out of the gate. It can also be an attractive feature when recruiting seasoned candidates who don't want to interrupt their retirement savings. So, consider shortening — or even eliminating — waiting periods altogether. Want to take the notion of instant gratification one step further? Consider allowing immediate vesting, which can help make your organization more competitive to draw top talent and further encourage participation in the plan.

Retirement Plan Committee Activities[2]

A retirement plan committee consists of co-fiduciaries who are responsible for all plan management activities that have been delegated to them by their plan's named fiduciary.

ERISA states that the committee must act exclusively in the best interests of plan participants, beneficiaries and alternate payees as they manage their plan's administrative and management functions. Many committees meet regularly in order to have sufficient opportunity to deal with the myriad of fiduciary functions.

All fiduciary level decisions must employ ERISA's procedural prudence which includes documented expertise on the topic being considered and periodic review to ensure the decision remains prudent. In terms of investment selection and monitoring, qualitative and quantitative considerations should be included in the decision making process. Quantitative issues involve performance metrics and price, while qualitative issues involve the management approach, process, personnel and more. Due to the importance to both participants and plan fiduciaries, the committee must ensure that the plan's qualified default investment alternative reflects the needs and risk tolerance of the participant demographic.

As there are many other important activities for committees, it makes sense to establish an annual calendar of topics to consider at upcoming meetings. Agenda items may include: plan goal setting & review, fiduciary investment review, fiduciary education/documentation, participant demographics/retirement readiness, fee reasonableness & structure, plan design analysis, TDF suitability, client advocacy, participant financial wellness, legal, regulatory & litigation activities, employee education, provider analysis, reporting and disclosure requirements. detailed minutes and documenting the processes for each of its decisions is also best practice for fiduciaries.

The Department of Labor [DOL] is now asking plan sponsors to provide documentation of a comprehensive and ongoing fiduciary training program for all plan fiduciaries.

WFH (Wellness From Home) Challenges Both Participants and Plan Sponsors [3]

COVID-19 has posed a dual set of related challenges for plan sponsors and participants. For employees, the pandemic has pitted more immediate financial needs against prioritizing planned savings — and shifted the traditional focus of employee-sponsored financial wellness programs from the future to the present. And sponsors face the difficulty of effectively engaging remote workers showing increased demand for financial wellness programs. Prudential's 2020 Plan Sponsor Pulse Survey data shows 72% of sponsors reporting greater utilization, with 28% indicating a significant increase.

With that in mind, plan sponsors can use several strategies to help weary workers engage with the organization's financial wellness program — no matter where they are.

Bite-size is better. Gear your educational content toward shorter, more focused personal finance topics. Modular programming will help accommodate the many interruptions and divided attention that's increasingly common among remote workers.

Make it fun. Presentations don't have to be "Dancing With The Stars" production numbers, but take steps to keep the subject matter fresh and engaging to compete with 9 to 5+ computer time. Use gamification to counteract screen fatigue. If employees can earn points, digital badges, certificates or rewards, they may be more apt to tune in and participate.

Gentle reminders. You used to post notices about educational events on the company bulletin board that remote workers no longer see. Email reminders and text notifications can help keep those working from home in the loop — be sure, however, to ask employees about their contact preferences, and don't blow up their inbox or cell phone.

Diversify. Diversify. Diversify. Useful for more than just investing, format diversification helps accommodate the different ways people like to learn. Some may digest written content better. For others, an infographic or video is more effective. Use analytics to track usage and see what's preferred. Why not create a financial wellness podcast that employees can listen to during their treadmill workout?

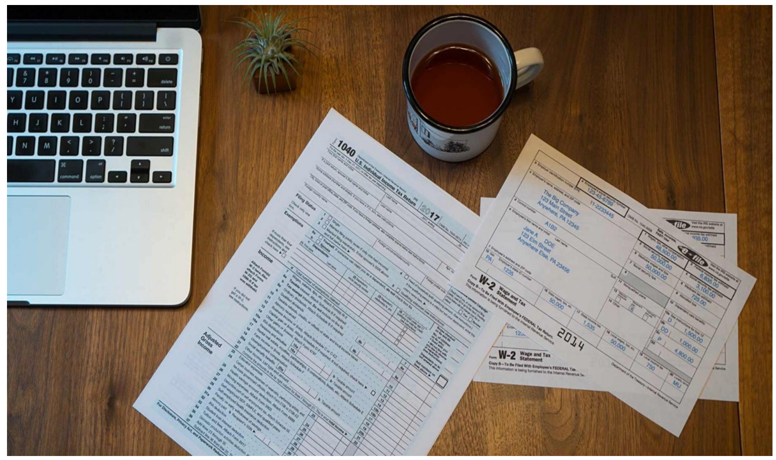
Track down the tech averse. You may have a segment of your employee population who showed up reliably for one-on-one meetings and live events to receive information, but haven't logged in for a single webinar. You don't want these folks to fall through the cracks now. Consider phone calls and even snail mail reminders to make sure they don't disconnect.

Rethink programming. You may want to shift content toward more immediate participant concerns such as debt management, emergency savings, budgeting or any other areas of interest identified. Track engagement with your wellness program and double down on the topics and tactics that perform best.

Remote work has challenged traditional financial wellness programming delivery methods, but it's also an opportunity to reach an audience with a newfound interest in new ways. Take advantage of their attention while you have it.

PARTICIPANT CORNER: Three Tax Tips that Can Help as You Approach or Begin Retirement[4]

Retirement is a whole new phase of life. You'll experience many new things, and you'll leave others behind – but what you won't avoid is taxes. If you've followed the advice of retirement plan consultants, you're probably saving in tax-advantaged retirement accounts. These types of accounts defer taxes until withdrawal, and you'll probably withdraw funds in retirement. Also, you may have to pay taxes on other types of income - Social Security, pension payments, or salary from a part-time job. With that in mind, it makes sense for you to develop a retirement income strategy.



Consider when to start taking Social Security. The longer you wait to begin your benefits (up to age 70), the greater your benefits will be. Remember, though, that currently up to 85 percent of your Social Security income is considered taxable if your income is over $34,000 each year.

Be cognizant of what tax bracket you fall into. You may be in a lower tax bracket in retirement, so you'll want to monitor your income levels (Social Security, pensions, annuity payments) and any withdrawals to make sure you don't take out so much that you get bumped into a higher bracket.

Think about your withdrawal sequence. Generally speaking, you should take withdrawals in the following order:

Start with your required minimum distributions (RMDs) from retirement accounts. You're required to take these after all.

Since you're paying taxes on taxable accounts, make this the second fund you withdraw from.

Withdraw from tax-deferred retirement accounts like IRAs, 401(k)s, or 403(b)s third. You'll pay income tax on withdrawals, but do this before touching Roth accounts.

Lastly, withdraw from tax-exempt retirement accounts like Roth IRAs or 401(k)s. Saving these accounts for last makes sense, as you can take withdrawals without tax penalties. These accounts can also be used for estate planning.

These factors are complex, and you may want to consult a tax professional to help you apply these tips to your own financial situation. You can test different strategies and see which ones can help you minimize the taxes you'll pay on your savings and benefits.

Cable Hill Partners, LLC ("Cable Hill") is a registered investment advisor. Advisory services are only offered to clients or prospective clients where Cable Hill and its representatives are properly licensed or exempt from licensure.

1 May 2021. 5 Tactics to Increase Retirement Plan Participation. *Retirement Times. https://rpag.com/pmprichui/resourcecenter*

2 April 2021. Retirement Plan Committee Activities. *Retirement Times. https://rpag.com/pmprichui/resourcecenter*

3 May 2021. WFH (Wellness From Home) Challenges Both Participants and Plan Sponsors. *Retirement Times. https://rpag.com/pmprichui/resourcecenter*

4 April 2021. PARTICIPANT CORNER: Three Tax Tips that Can Help as You Approach or Begin Retirement. *Retirement Times. https://rpag.com/pmprichui/resourcecenter*