

What Makes a Great Retirement Plan for Employers

Before you can start building the framework as to what would make a great retirement plan for your business, the executive or ownership groups need to consider why they want a great retirement plan for their employees.

Four out of five employers report that their employees' personal financial issues are impacting their job performance somewhat, very much or to an extreme degree, according to this [International Foundation of Employee Benefit Plans IFEBP survey](#), resulting in:

- An increase in stress among employees (reported by 76 percent of employers).
- Workers' inability to focus at work (60 percent).
- Absenteeism and tardiness (34 percent).

Providing employees with a retirement plan solution can create [benefits for both the company](#) and the employees. Specifically, for the business, according to a recent Consumer Financial Protection Bureau (CFPB) report, companies that offer a retirement plan to their employees could save \$3 for each dollar they spend.

Employee Benefits

- Feel appreciated by their employer who is providing them with individual and customizable wealth planning solutions;
- Leads to a better knowledge of their employer's benefits offerings, and thus less confusion, questions, and stress;
- Increased feeling of financial security;
- Potential reduction in retirement savings borrowing that will help participants achieve stability.

Company Benefits

- Demonstrates to the employee how much you care about their future;
- Increased retention by offering a benefit that your competitors may not be offering;
- Increased employee productivity at work due to fewer money worries;
- Potentially reduced absenteeism, as well as disability and workers' compensation costs.

Framework of a Great Retirement Plan

Now let's look at what the framework of a great retirement plan for your business would look like. Again, let me start with what employees would say are critical elements in a great plan;

- Flexible investment options that cover multiple asset classes which would include;
 - Large, Mid, & Small Cap Stock Funds or ETFs
 - International, both Developed, and Emerging
 - Bonds, including short, intermediate, and long-term durations
- Investment options that have low expenses;

- The plan offers you the ability to take out a loan;
- A self-directed plan option;
- Participants ability to meet face-to-face with a CFP® professional advisor and an online lesson center integrated into the participant’s website covering a variety of topics with associated tools/calculators.

From an employer’s perspective, business owners and executives should consider the following critical elements for a great plan;

- Low costs;
- Straightforward pricing structure in which costs can be expensed through the business or the plan or combination of both;
- Compliance and regulatory support;
- Thought leadership support to ensure that you are updated and understand what regulatory changes mean to your business and employees;
- A single point of contact with an Advisor and Third-Party Administrator (TPA) such as Vanguard;
- Extensive plan sponsor and participant support;
- Compliance, fiduciary, and documentation support.

Is Your Plan Meeting Your Objectives

If you already have a retirement plan in place today, here are some questions to consider if your plan is not meeting your current objectives;

- How involved is your current advisor or TPA? Do they come on site to meet with you or your employees? What is your current advisor doing for you today?
- Are the owners/partners/highly compensated employees able to maximize annual contribution limits each year in the plan (currently at \$55K under age 50 and \$61K if over age 50)? If not, there could be plan design issues.
- If you have a low participation rate, do you know why? Are funds too expensive, is the service bad, should you even have a retirement plan?

Contact us for more information about any of these best practices or to see how we may better support your company and employees with a low-cost, high service employer-sponsored retirement plan.



Paul Fenner, CFP®, ChFC
President, TAMMA Capital
Registered Investment Advisor