

# Attracting and Retaining Employees in Challenging Times

Dana M. Pannasch  
Associate Account Executive  
Mutual of America

Michael J. Scott  
Regional Vice President  
Mutual of America

# Today's job market is extremely competitive

- To acquire and maintain top talent employers must use every tool at their disposal.
- Salary requests from applicants are getting higher.
- Requests to work remotely are becoming more common.
- Having a competitive total compensation package is more important than ever before.
- Modernizing your retirement plan can assist in making sure that your total compensation package is very competitive attractive.

# What do you want your plan to do?

- Assist with recruitment?
- Assist with retention?
- Reward key staff members?
- Provide positive outcomes for plan participants?
- Other reasons?

# Who do you want to reward in your plan?

- New hires with prior industry knowledge?
- Loyal employees, i.e., age, service or both?
- Key staff members?

# So what's the answer for your organization?

- Determine why you offer the plan and who you want to reward!
  - Have an internal discussion
    - What are the goals and objectives?
    - What is unique or challenging about your staff?
    - How do your staff needs line up with your current plan?

# Plan design and customer experience is the answer

- Drives many aspects of the plan
  - Plan design
    - Eligibility and vesting (offer prior service credit?)
    - Automatic enrollment (60% of employers now offer)
    - Auto-escalation of salary deferrals (20% of employers now offer)
    - Loans, hardships and withdrawals
  - Employer Contribution types
    - Discretionary (Uniform, Age or Service Weighted)
    - Match (Uniform, Age or Service Weighted)
    - Base / profit sharing (Uniform, Age or Service Weighted)
    - Safe harbor
    - **These should align with “why” you offer the plan!**

# One-plan model

- Most plan sponsors have the one-plan model, either a:
  - 401(k) Thrift Plan or
  - 403(b) Thrift Plan (nonprofits only)
- One plan to administer and oversee by the employer
- One plan to enroll into and to manage by employees
- Both plans allow employer and employee contributions
- Easier to communicate to prospective employees
- Easier to manage by current employees

# How to modernize your plan

- Does your plan still require a waiting period before employees can make salary deferrals?
- Does your plan require a waiting period before employees are eligible to receive matching or nonelective employer contributions?
- How long must an employee wait before becoming fully vested in employer contributions?
- Does your plan give prior service credit towards eligibility and/or vesting for service within the same industry within the last 36 months prior to the employees hire date?

# How to modernize your plan

- Have you benchmarked your employer contribution to your plan to see if its competitive to the marketplace?
- Do you ask new hires if they want to participate, or do you ask them to tell you only if they don't want to participate, i.e., Automatic Enrollment?
- Does your plan help your employees save more by automatically escalating their salary deferrals on an annual basis by 1%?
- Does your plan offer the Roth Contribution feature?
- Do your employees enroll online or still use paper forms?
- Have you integrated your plan with your payroll?

# How do you know if your plan is really effective?

- Use of Plan Health Reports
  - Payroll Integration facilitates Plan Health Reports
  - Participation rates
  - Salary deferral rates
  - Average account balances
  - How the assets are invested
  - Plan demographics
  - Use of target-date and asset-allocation funds
  - Use of plan loans
  - Use of hardship withdrawals
  - Retirement Readiness Score

# 457(b) Eligible Deferred Compensation Plans

- Top-Hat Deferred Compensation Plan
- Only those who affect policy within an organization are eligible, i.e., upper management or C-suite
- Additional \$19,500 eligible to be deferred from taxation annually
- May be funded by employee or employer contributions or both
- Considered asset of the employer until distributed to the participant
- Good tool to attract and retain upper management and C-suite personnel

# Modernizing your retirement plan to be more competitive in today's job market

- Consider reducing or removing the waiting period before employees can make salary deferrals.
- Consider reducing or removing the waiting period before employees are eligible to receive matching or nonelective employer contributions.
- Consider reducing or removing how long an employee must wait before becoming fully vested in employer contributions.
- Consider giving prior service credit towards eligibility and/or vesting for service within the same industry within the last 36 months prior to the employees hire date.

# How to modernize your plan

- Consider increasing your employer matching or base contribution to be on par with your peers.
- Consider implementing Automatic Enrollment for new hires. Automatic Enrollment is very popular among Millennials.
- Consider automatically escalating your employee salary deferrals on an annual basis by 1%. This is also very popular among Millennials.
- Consider offering the Roth Contribution feature in your plan. Another feature that's very popular among Millennials.
- Using an online tool to enroll your employees is a much better customer experience than using paper forms to complete for enrollment in your plan.
- Integrating your plan with your payroll streamlines plan administration and reduces errors and can facilitate the production of Plan Health Reports to help monitor the effectiveness of your plan.
- Consider adopting a 457(b) Eligible Deferred Compensation Plan to help attract and retain upper management and C-suite staff members.

# Important information

***You should consider the investment objectives, risks, and charges and expenses of the variable annuity contract and the underlying investment funds carefully before investing. This and other information is contained in the contract prospectus or brochure and underlying funds prospectuses and summary prospectuses, which can be obtained by calling 800.468.3785 or visiting [mutualofamerica.com](http://mutualofamerica.com). Read them carefully before investing.***

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Questions? Please reach out to Dana  
[Dana.Pannasch@mutualofamerica.com](mailto:Dana.Pannasch@mutualofamerica.com)  
(973) 299-8228

Thank you!