



# *2019 RETIREMENT PLAN TRENDS*

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HISTORICALLY LOW UNEMPLOYMENT HAS RESULTED IN WORKER SHORTAGES IN MANY US CITIES. ATTRACTING AND KEEPING QUALITY EMPLOYEES IS CRITICAL TO MOST COMPANIES. MANY COMPANIES ARE ENHANCING THEIR COMPENSATION AND BENEFITS PACKAGES TO STAND OUT AGAINST THEIR COMPETITION.

Many employers are looking at their company's retirement plan as one means to accomplish this goal. There are some trends in the retirement planning that can greatly enhance a company's plan for both the plan sponsor and its participants. Nearly all the trends can be implemented with little or no cost to plan sponsors. Some could possibly even save plan sponsors money while providing a more robust retirement plan for their employees.

## **USE OF SPECIALIZED 401K INVESTMENT ADVISORS**

One of today's fastest growing trends is the utilization of investment advisors at Registered Investment Advisory (RIAs) firm that focuses on retirement plans. Many sponsors are looking for help from an advisor who can help design and run their plan more effectively and educate their employees.

## **UNDERSTANDING YOUR FIDUCIARY RESPONSIBILITIES**

It is critical for plan sponsors to understand the responsibilities to the plan and the plan participants. It's crucial to know the responsibilities your investment advisor or broker is assuming or NOT assuming regarding your plan. Many plan sponsors are choosing to work with RIAs who act as fiduciaries.

## **STRETCHING MATCHING CONTRIBUTIONS**

Employers are stretching their matching contributions to encourage participants to contribute more to receive the full company match. A common match has been 50 percent of the first 6 percent, while others have set their match out to 25 percent of the first 12 percent.

## **ADDING A ROTH CONTRIBUTION PROVISION**

Analysts expect the trend of adding the Roth feature to continue and believe that there will be a significant increase in participants using the Roth option over the next 10 years. Providing traditional pretax option with the Roth post tax contribution gives employees the depth and flexibility to plan for their retirement in a way that fits their personal needs.

## **SELECTING THE RIGHT QDIA FOR YOUR EMPLOYEE BASE**

Options for QDIA funds have dramatically expanded. Target date funds, lifestyle funds, balanced funds and professionally managed funds are among the most popular. Investment advisors should help plan sponsors review their options when selecting their fund lineup.

## **ADDITION OF PARTICIPANT INVESTMENT ADVICE**

Arguably the fastest growing trend in retirement planning is the use of financial advisors to help their clients with their investment selections. Most participants don't feel they know enough to allocate their 401k properly. Advisors, acting as fiduciaries, are offering investment advice services to plan participants for an additional fee.

## **THE INCLUSION OF FINANCIAL WELLNESS**

Blending financial wellness with 401k plan education for plan participants is an increasing trend. Advisors should be focusing on basic financial wellness concepts along with 401k information during educational and enrollment sessions. Without understanding the basics concepts, many participants will be lost when handling and trying to understand their 401k accounts.

Now is the prime time to review your company's 401k plan to ensure that it is designed to benefit both you as the plan sponsor and your employees. As you contemplate your benefit package going forward, consider how these fast growing trends may affect your business and your objectives.

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