

Key 401(k) Trends for 2015

Presented by

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Credit Union Plan Sponsors

Credit Union Plan Sponsors hoping to help employees achieve retirement readiness should consider these top 401(k) plan trends for 2015.



Key 401(k) Plan Trends

- Get Creative With Your Employer Match
- Move Toward Automatic Features
- Add a Roth Feature
- Focus on Outcome Based Education
- Understand Distribution Options



Get Creative With Your Employer Matching Contributions

- A virtually no-cost way for employers to incent participants to contribute more is to stretch their matching contribution formulas.
- For many years, 50% on the first 6% was the most common matching formula. Today employers have taken those same dollars and stretched their matching contributions to 25% of the first 12%, for example.
- Provides a greater incentive for employees to increase deferrals, and also helps with Nondiscrimination testing.



Move Toward Automatic Features and a Target Date Default Investment Solution

- Plans that use auto enrollment, auto escalation and periodic re-enrollment have plan participation rates in the 90% range and better participant outcomes.
- Participants can opt out of a re-enrollment, but the vast majority do not.



Use Outcome Based, Online Employee Education

- With every plan participant having unique retirement goals, employee education has become more personalized to predominately online venues.
- When participants can view 5 to 7 minute learning videos or tools online in their home with their spouses, outcomes improve.



Add Roth 401(k) Features

- Since it is now possible to convert pre-tax 401(k) after-tax accounts, many more employers offer Roth 401(k) contributions and an in-plan conversion feature.



Understand Distribution Options

- Pay as much attention to “accumulation as to “decumulation”
- Focus on helping participants optimize their savings to ensure it lasts a lifetime
- Lifetime income solutions
- Annuities
- Installment payments based period certain or life expectancy
- Lump Sum and ad hoc distributions



Questions

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Speaker BIO

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Rich oversees Pentegra's Consulting, Marketing & Communications, BOLI and Non-qualified Plan Sales and Actuarial and Technical Services groups. Rich joined the organization in 1997 and has more than 30 years of experience in the retirement benefits field.

His extensive knowledge of the retirement plan industry includes a unique mix of small company and Fortune 500 level consulting work, as well as strategic product development. His knowledge of the retirement plan marketplace, and insights in benefit plan design and customer needs have been instrumental in not only expanding Pentegra's product lineup and customer base, but in helping clients nationwide design effective benefits and compensation strategies. He is a frequent speaker on retirement benefit topics.

Rich is a Certified Pension Consultant (CPC), a Qualified Pension Administrator (QPA), a Qualified 401(k) Administrator (QKA) and a member of the American Society of Pension Professionals and Actuaries (ASPPA). He holds an M.B.A. in Finance from Fairleigh Dickinson University and a B.A. in Economics and Business Administration from Ursinus College.

