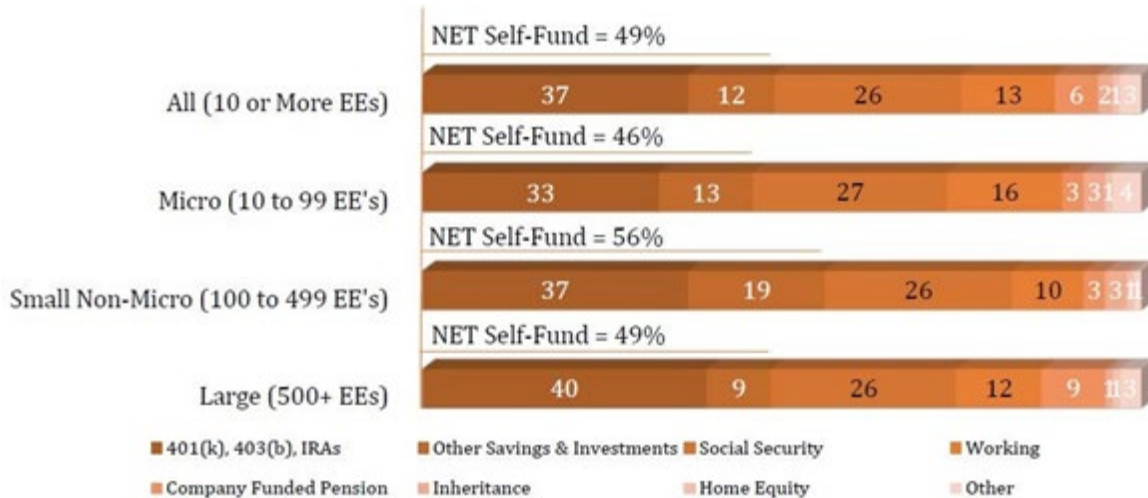


Be A 401(k) Hero To Your Employees

Phillips and Company Advisors wants to make sure plan sponsors have all the resources they need to be a 401(k) hero to their employees. As a fiduciary involved with your company's 401(k), you may be surprised that the size of your plan isn't what matters when it comes to your fiduciary responsibilities. You may have one employee or thousands; either way, the 401(k) plan you provide might matter more to your employees than you realize.

For example: employees are relying far more on their 401(k) for their retirement savings. According to Investopedia, "Total 401(k) plan balances have increased by more than 100 percent from 2008 to 2018." [\[i\]](#) Additionally, "Thirty-seven percent of workers expect savings from 401(k)s, 403(b)s, and/or IRAs to be their primary source of income when they retire." [\[ii\]](#)

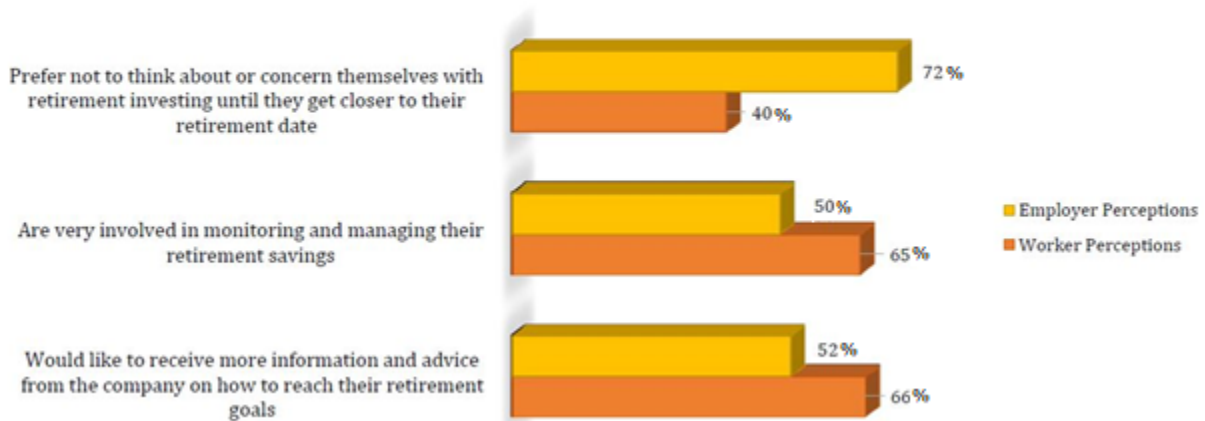
Worker Perspective What Do You Expect To Be Your Primary Source of Income in Retirement?



It's clear that perceptions between employers and employees on matters of retirement are vastly different.

Employees care more about their retirement savings than employers think they do. [\[iv\]](#)

Employer Perceptions Versus Worker Responses on Retirement Preparations "Most employees at my company..." compared to "I..." Strong/Somewhat Agree



As a fiduciary involved with your company’s 401(k), we highly recommend helping your employees with their concerns and becoming a 401(k) hero in their minds.

One way to do that, according to [MetLife’s 16th Annual U.S. Employee Benefit Trends Study](#), is to provide financial wellness programs. *“Programs and offerings that support flexibility and that empower employees to make an impact are essential to the human workplace... employers can immediately shift to a more human workplace [through] financial wellness programs.”* ^[vi]

Educating employees on finances will go a long way to building confidence at work

64%

Of employees who have some kind of financial education/workshops are more likely to feel financially fit

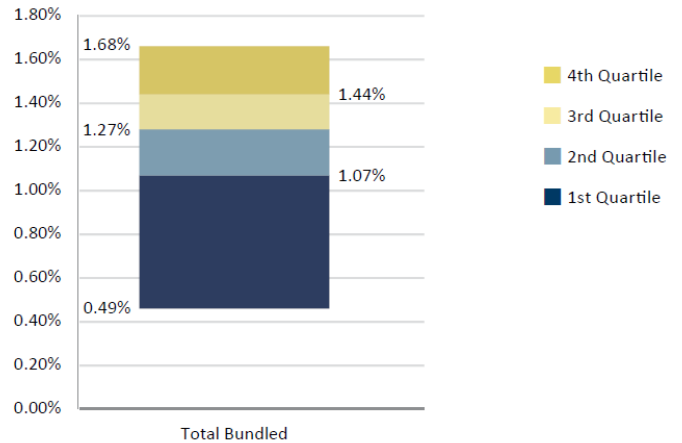
Having a financial wellness program is crucial to employees. It is so crucial that it will influence an employee’s loyalty to the company but is also something that employees are willing to work with their employers to have. ^[vi]

Employee education and financial wellness programs are a major priority for employees. When employers are actively playing a role in their employees’ financial wellness, it benefits everyone. Financial wellness programs build confidence for employees which creates positive results both in and out of the workplace. ^[vi]

Another incredibly important aspect in ensuring you’re providing your employees with the best retirement plan possible is to benchmark the fees being paid for the plan.

“As a plan sponsor, you are required to understand all of the fees that are associated with your organization’s retirement plan benefit program... Plan fee structures are often opaque, complicated (needlessly so) and, sometimes, downright misleading. [Plan sponsors are] also required to ensure the services for which the plan is paying are necessary.” ^{[vii][viii]}

Chart 12.4
Investment and Total Bundled Cost Quartiles



The chart above represents the cheapest to highest quartile for a 401(k) plan, based on \$5 million in assets, one hundred participants, and a \$50 thousand average account balance. Having access to resources such as this can be vital in determining whether you’re overpaying for your plan.

The most effective way to meet this fiduciary requirement, and thereby protect the plan from an excessive-fee lawsuit by plan participants, is by engaging in a request for proposals every three to five years. ^[vii] Requesting proposals also gives you negotiating power with your current recordkeeper.

According to [Callan’s 2019 DC Trends Survey](#), the most important step in improving a plan’s fiduciary position is reviewing plan fees. In fact, one in five plan sponsors intend to conduct a recordkeeper search in 2019. ^[viii]

Most important step in improving fiduciary position for third year in a row:

Reviewing Plan Fees

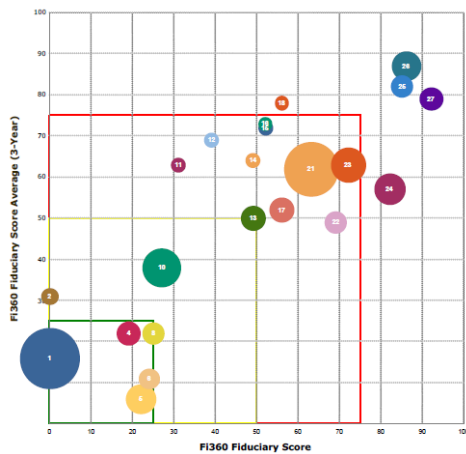


1 in 5



intend to conduct a recordkeeper search in 2019

Benchmarking your fees, ensuring the fund lineup is the best lineup for your company's 401(k) plan, and verifying that the lineup is performing well, will help improve the overall success of the plan. Analyzing your fund lineup with an independent, third-party platform, such as Fi360, is extremely beneficial to ensuring compliance.



As a fiduciary or plan sponsor, you should ideally be reviewing your plans at least annually to ensure you're meeting your fiduciary responsibilities.

In fact, in 2018, **83 percent** of Defined Contribution (DC) sponsors have taken steps within the past twelve months to ensure ERISA Section 404(c) compliance. [\[viii\]](#)

Annual reviews may seem like a daunting task, but keeping the following seven tips in mind will help eliminate some of the stress of the review: [\[viii\]](#)

1. Know your role and follow through by understanding your legal responsibilities
2. Understand the impact of your plan design, including employer matches and auto features
3. Stay on top of plan expenses
4. Pay attention to the rules and laws
5. Apply a personal touch with communication and education
6. Don't work in a vacuum; regularly monitor investments and participant activity for behavior that jeopardizes retirement security
7. Remember that managing your employees' 401(k) plan is an ongoing process that involves reviewing your investment managers every quarter and reviewing your provider every three to five years

We at Phillips and Company Advisors can help. As an independent investment advisor, our culture is defined by a strong set of values. We set high expectations for ourselves and we share a commitment and loyalty to each other, our clients, and our work. As a result, we develop long-term, trust-based relationships with our clients.

We can help you meet the goals of your employees' retirement plan with thoughtful analysis and unbiased recommendations. With our Financial Wellness Program, you can help give your employees the best opportunities for financial wellness and help increase their confidence in their retirement, finances, and employer by becoming their 401(k) hero.

[Click here](#) and let us know that you want a **no-obligation, complimentary** review of your 401(k) plan to determine whether you have the best fund performance, lowest costs, and the best share-classes of your funds. Additionally, we can provide you with options to **Supercharge Your 401(k)**, as well as benchmark your plan's fees against other similarly sized plans based on assets and the number of the participants.

As an advisory firm that serves the Pacific Northwest, we would be delighted to share with you the lessons we've learned since we started advising in the 401(k) business over two decades ago.

Contact Us For A Complimentary Plan Review:

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Email Us: 401k@phillipsandco.com

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