

#### For Benefits, Human Resources, CFOs, Controllers & CPAs

Outstanding Content, Retirement Plan Tips, Articles, Juicy Nuggets, Events, Resources and Overall Thoughts



#### SPECIAL **EDITION**

2022 4th Quarter **Tips & News** 

Plus "Fun Links"



#### Topics in this Edition (Q4 -2022):

- 2023 Increase in Contribution Limits / Company Match Considerations
- Your 401(k) Plan Making Plan Improvements
- 401(k) Plan Participation How to Increase Over Time
- Social Security What happens to it when you die?
- Payroll Tips "Thoughts and Actions"
- Fun Links For Everyone (Updated)
- Benchmark Your Plan (and a Fiduciary Review)
- HSA (Health-Savings Account) Contribution Limits Raised for 2022
- Articles You Should Read about 401(k) Plans
- Archived 401(k) Article Topics Resource Section Links
- Need a Speaker on Financial or Investment Topics

#### 2023 Contribution Limits INCREASED!

Under 50 years old - \$22,500 (an increase of \$2,000) Over 50 years old - \$7,500 (an increase of \$1,000 and a maximum 2023 contribution of

You should communicate to your employees at least three(3) times about this. Once in mid-November, mid-December and again in mid-January. This gives them plenty of reminders to change their payroll contributions if they want to take advantage of the increases.

#### Company Match

If you are changing your Company Match, make sure you effectively communicate that to your employees several times. You could include that Notification with the above messaging on the payroll contribution increases during November, December and January months. Going into 2023, you want to retain your best talent and a competitive (or better than competitive) match could be considered. You need to make this change before December 31st, 2022 to be effective for 2023.



#### 401(k) Plan Review / 2023 Improvements

At the mid-year mark most people are thinking about the summer, some downtime and considering improvements to Benefits for the company, especially the 401(k) Plan. If your company (owners and executives specifically) has a "special relationship" with the 401(k) Provider, this information will not be helpful. Better than 90% of the situations we get into where there is a "special relationship" and typically high fees (many are hidden where most Benefit Managers don't see or disclosed) are a waste of time for improvements or change. Sorry, but need to be blunt in this area because we have started some terrific business relationships

with Benefits personnel for improvements starting with better service, then with fees and fund lineups and ended up to be a fruitless, and the participants (employees) suffer the most. We have seen this over and over again during the years and actually had Benefits people quit and move on to a company that respect what they do and what they want to do for the company and employees. Over a 401(k) Plan you are saying? Yes! Obviously medical benefits are typically the first and most important benefit, but in the world we live in now where great talent is so scarce, the 401(k) is a big carrot to attract them, especially more seasoned professionals.

#### Why do most companies change or consider a change to their 401(k) Plan?

Number One Reason: "Communication & Education". Number Two is "Fees".

Questions to ask yourself if you need to consider a change:

- 1. How often is your 401(k) Provider communicating with you about the 401(k) Plan?
- 2. Do they offer On-boarding Services (on-site)?
- 3. Do they offer to come on-site at least once or twice per year for Investment Education and One-on-one guidance?
- 4. Is Financial Planning offered and/or included in their management fees?
- 5. Is an Investment Committee Meeting scheduled at least annually to discuss; 401(k) Plan Performance, Feedback from Participants, Fee Structure and Improvements for the next Calendar Year?

#### Improvements to Consider for 2023

#### **Auto-Enrollment**

One of the plan provisions that has been trending up for the last several years. The Secure Act provided incentives to add an Auto-Enrollment provision to 401(k) Plans. You can provide the ability to say the following, "Once you are Eligible for the 401(k) Plan, you are in whether you like it or not, but you can opt-out". Typically we have found that many people forget to sign up for the 401(k) Plan after they are eligible, even though they wanted to participate. They don't take the time to setup their account or putting it plainly, they just forget.

The 401(k) Plans we(Atlas) manage that have Auto-Enrollment, many employees reach out after many months of eligibility and want to sign up and didn't realize that they were already contributing. The majority were very excited as their 401(k) account was automatically setup for them and now they just need to setup their Beneficiaries and change their Payroll Deferral or Investment Election if they want. Why are many employees surprised by this? With so much being digital today and Pay Stubs no longer paper-based in most companies, putting it plainly again, they don't log into their payroll account to see or download their pay stubs so they didn't realize they were already making payroll deferrals. Sometimes they don't realize it until they get their W-2 at the end of the year.

Ultimately, Auto-Enrollment has a positive impact with the employees and gets them to buy-in to their long-term savings and benefiting from receiving the Company Match.

#### Stepped-Up Match

This provision helps reward tenure at your company. You can setup a scaled-matrix based upon tenure at your company and reward them with a higher company-match.

#### For Example Only:

0 - 3 Years = 3% Match

4 - 7 Years = 4% Match

8 -10 Years = 5% Match

11 + Years = 6% Match

You may want to do testing on your plan before you implement a "Stepped-Up Company Match Plan" so you don't run into Corrective Distribution issues. You may find this helpful in a competitive talent war to retain your better employees as their tenure increases over time. They will find this rewarding and help them save for retirement faster. As part of their compensation, this is like receiving an additional raise every few years. You may find this provision very helpful if you have longer tenured employees and stiff competition that is reaching out to your employees.

#### Increasing the Company Match

Nobody needs to remind you how tough it is to attract and hire good people. The war for good talent is increasing and will continue to be more competitive. One of the factors that may make a difference of them choosing you over your competition or staying with your company could be the "Company Match". As people mature and saving for retirement becomes a greater factor, the difference between receiving a 3% Match and a 5% Match could be a major factor in their decision. Sometimes the 401(k) is a bigger factor than the healthcare plan because they may not need it because their spouse or partner has a better healthcare plan and they don't need yours. That makes your 401(k) plan and provisions more important and attractive to them and their eventual decision. Also, this also applies to your current employees and retaining them. You have seen it happen already, some employees will go down the street to your competitor for a few thousand dollars more in compensation and perhaps because their 401(k) Plan also offers a better Company Match. We all know it costs more to hire a new employee than to retain good ones. A more attractive compensation plan and specifically a 401(k) may make the difference.

CLICK HERE To Schedule a Call with an Atlas 401(k) Advisor

#### 401(k) Plan Participation - How to Increase Over Time

We believe the number one way to increase employee participation in your 401(k) over time is "Communication". The more they can understand how the 401(k) Plan works and how it positively impacts them over time. By explaining and educating employees, saving for retirement will provide more "Peace of Mind" to build some level of financial security.

Some forms of Communication Consider:

- Group Education (by 401k Service Provider and/or Benefits team)
- Offering One-on-one Investment Guidance (by 401k Service Provider, help from Benefits team)
- Memo included with employees paychecks or messaging when they log into the payroll system to get their pay stubs or request PTO.
- Newsletter from 401(k) Service Provider explaining the benefits of the plan, content on long-term savings, information on how to contact an Investment Advisor for assistance and links to download important documents such as the Enrollment Guide.

By doing some of these forms of communications you are satisfying part of your Fiduciary responsibility as far as communications and offering Investment Advice from your 401(k) Service Provider. Keep copies of these communications in your Fiduciary folder as your archive.

#### Social Security - What happens to it when you die?

Most people truly don't know how Social Security works. Many people under the age of 45 don't believe it will be around once they are 62 years old. Some people believe it's a big "Ponzi Scheme" while new money subsidizes the current payouts. Politicians have been arguing for many years that Social Security will be bankrupt by 2032 (or sooner). Whatever you may think may happen to the government subsidy, it will still be around, but probably in a different form.

Because Social Security was instituted in the 1930's during the depression to help those that were in dire need of financial help and there were no real investment and savings financial help and the second security of the second seco

why we take such a strong stance on education and assistance to make sure employees save something and watch their money grow over time. The better and best companies in the world offer Retirement Plans, offer a competitive Company Match and encourages their employees to save for future financial security. Part of the major mental health issues, current and future financial security is a significant factor.

We read an article recently about what happens to Social Security when you die and it prompted us writing this content and will share the article with you below.

Financial Article Link - CLICK HERE



### (Thoughts & Actions)

# Experts OSHA Sends COVID-19 Vaccination

#### to White House for Review

Businesses with at least 100 employees may soon receive direction on an anticipated COVID-19 workplace vaccination and testing mandate from the Occupational Safety and Health Administration (OSHA). On October 12th, the agency sent its emergency temporary standard (ETS) to the White House for final review. For access to helpful articles and information on how to stay ahead while navigating potential changes to your requirements;

Visit payrollexperts.com for more information or schedule a demo today
Contact Sean Yanuss at 480.302.6444 x989 or email syanuss@payrollexperts.com

#### **FUN LINKS**

Mapped: The 50-Year Evolution of Walt Disney World

James Bond Movies: Ranked Worst to Best (I disagree with many)

Compare Streaming Services to Cut the Cord

The 20 Fastest Growing Jobs in the Next Decade

Comparing the Size of The World's Rockets, Past and Present

This Greek Orange Cake Pudding is Next-Level (yes, a recipe)

Visualizing the Fastest Trains In the World

Important 401(k) Related Articles You Should Check Out

How to Establish a Strong Investment-Focused 401(k) Plan Committee

Fidelity: 401(k) Lawsuit Costs \$28.5 Million

New DOL Fiduciary Rule Package: What You Really Need to Know

Fidelity Fees Are Top 401(k) Litigation

The More (401(k) Choices The Merrier, Morningstar Finds



## Benchmark Your 401(k) Plan (along with a Fiduciary Review) - No

Fee

Every year most companies perform a review across all departments and benefit offerings. First, its part of your Fiduciary Responsibility to get this done every couple of years. Second, it helps create a baseline that you can build off of if you are looking to review your Service Provider and review your asset lineup for performance versus it's

benchmark. Compare your fees (administrative and fund fees against DOL reasonability), Fund Performance and get a Fiduciary Compliance check-up.

Click Here for More Information (no charge to provide these analytical reports)



#### HSA (Health Savings Account) Raises Contribution Limits for 2022

2022 HSA Contributions limits are being increased to \$50 for self-only coverage and \$100 for family coverage. The IRS likes

to announce any of these changes earlier in the year so when open enrollment comes later this year there is plenty of time to announce and prepare your employees. If you have a high-deductible healthcare plan, an HSA is a "must add" to your benefits. The fees are relatively low and a great benefit to your employees. Several of our clients even provide a monthly contribution to the employees HSA accounts to help through through the year and they look at it as offsetting their healthcare costs.

It's like having a 401(k) for your Health-Savings! Except you can use the money for short-term and long-term while it grows tax free.

Plan Sponsor HSA Survey for 2021 (Just Published) - CLICK HERE

CLICK HERE To Schedule a Call with an Atlas Investment Advisor

## Archive of Prior Atlas 401(k) Quarterly Newsletters

**CLICK HERE FOR COMPLETE LISTING** 

MORE Article Links that you will find Interesting and Educational:

Reuters Special Report: "Fidelity Puts 6 Million Savers on Risky Path" - CLICK HERE

Atlas Response to the Reuters Special Report - CLICK HERE

Transamerica settles 401(k) Excessive-Fee Lawsuit with its Employees for \$3.8M - CLICK HERE

Wells Fargo's 401(k) Rollover Practices Under Investigation - CLICK HERE Merrill Lynch to Pay \$25M in Lawsuit Over Fees in Small 401(k)s - CLICK HERE Millions of Americans Overlook Retirement Savings Tax Credit - CLICK HERE From SHRM - "401(k) Plan Sponsors are Focused on Fees" - CLICK HERE VOYA Targeted in 401(k) Fee Suit - CLICK HERE

Wells Fargo Class Action Law Suit against its 401(k) Practices - <u>CLICK HERE</u> What Happened With IRA Balances, Contributions, Allocations And Withdrawals?" - <u>CLICK HERE</u>

401(k) - Top 6 Reasons Why It's That Important To Your Business - Authored by Ron Lang

#### Need a SPEAKER for your

Human Resource Association(SHRM) Group OR CPA Association/Group

Ron Lang has been a very "well-received" speaker at many groups and offers a variety of topical content that have been SHRM, HRCI CE and CPE approved. - <a href="Mailto:EMAIL For More">EMAIL For More</a> Information

CLICK HERE - Full Bio on Ron Lang & Recent Speaking Engagements







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