

Retirement Plan Success

Jamie Hayes

Senior Vice President
NFP Retirement
Maitland, Florida

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- Please use the Q&A function at the bottom of your screen.


 1
Participants


 Q&A


 Polls

 Chat

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 Record

 Closed Caption

 More

Speaker Bio

As a senior vice president at NFP Retirement, Jamie Hayes specializes in employer retirement plan fiduciary management and investment consulting. With over 20 years of experience in the retirement industry, Jamie works directly with retirement plan committees, providing consulting services, assisting with plan design and implementation, and offering proactive investment fiduciary support. Jamie helps organizations manage and document consistent and objective processes while mitigating the personal and corporate liabilities of the plan fiduciaries. Jamie also helps ensure that her clients' plans are aligned with their investment objectives and the best interests of their employees. She applies the latest scientific research and behavioral finance strategies to propose practical solutions for employers to implement, which are designed to help their employees achieve financial independence. Jamie is one of the first advisors in the country to earn the Certified Behavioral Finance Analyst (CBFA) designation and a lecturer for select, top advisors. She also holds the Qualified Plan Financial Consultant (QPFC), the Accredited Investment Fiduciary (AIF) and the C(k)P designations. Jamie graduated with high honors from the University of Michigan, where she majored in economics.



Retirement Plan Success

Confidential



Professional Profile



Jamie A. Hayes, CPFA, C(k)P® , AIF®
Senior Vice President at NFP

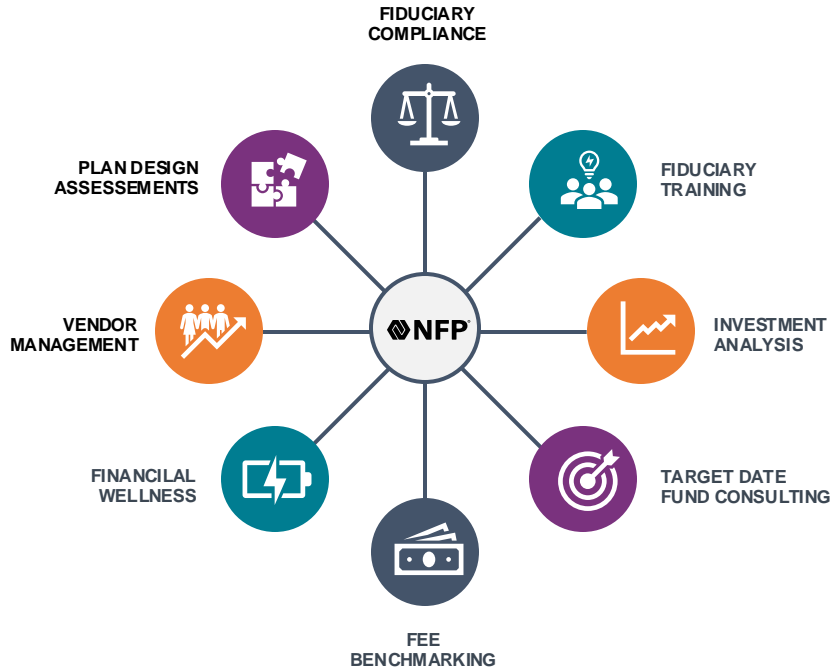
Jamie focuses on ensuring her clients' plans are well positioned for success. She uses the newest scientific research to implement practical strategies to improve outcomes for employees. Jamie combines powerful behavioral finance strategies with the maximization of fiduciary risk management to help promote retirement confidence for both employers and employees.

Jamie is the national leader of the NFP Financial Education program. Jamie designs holistic financial wellness solutions that help employees create confidence in their financial life.

After graduating with high honors from the University of Michigan where she majored in Economics, Jamie enjoys spending time with her husband Bobby and watching their two daughters excel in volleyball and cheerleading.

NFP Retirement Plan Consulting Services

We're problem solvers that provide subject-matter expertise across all plan management areas.



¹ NFP provides ERISA-trained professionals to assist our clients but does not provide legal advice.

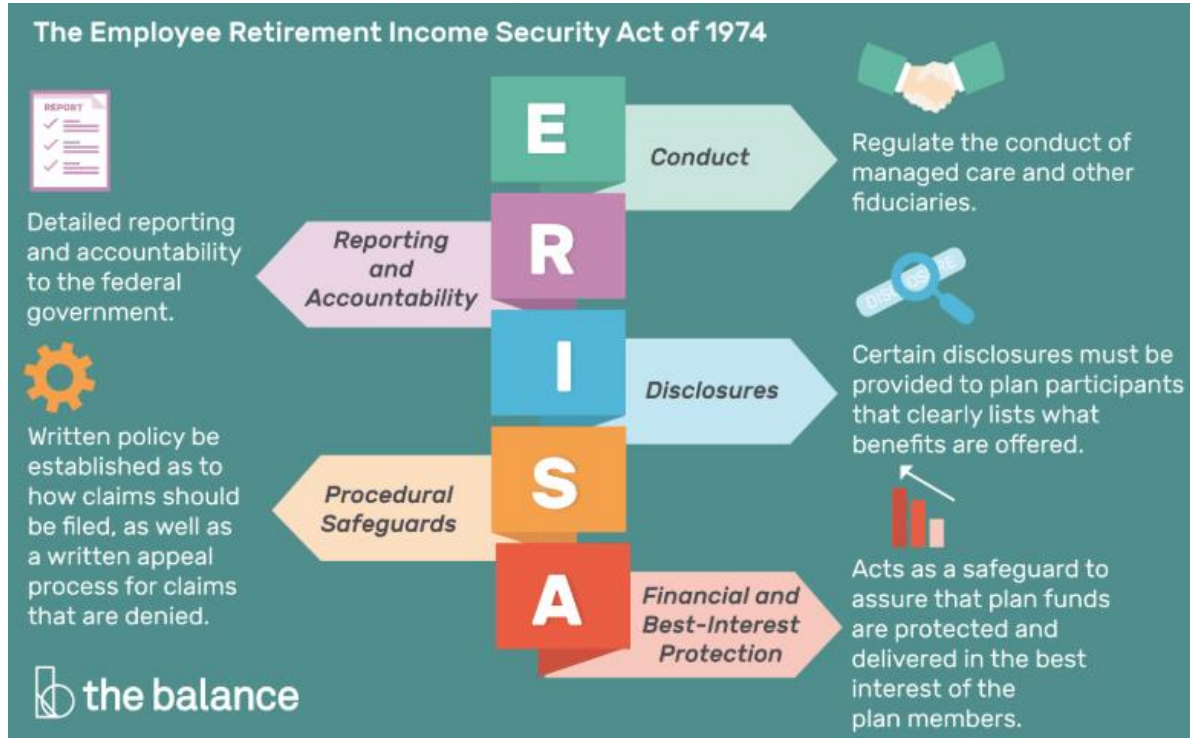
Agenda

- Overview of Fiduciary Responsibilities and Best Practices
- Financial Wellness - What Employees Need Help With and How To Engage Them
 - Inside Committee Room (Board Room)
 - Outside Committee Room (Lunch Room)
- Compensation & Benefits for Top Talent in Today's World



Overview of Fiduciary Responsibilities and Best Practices

Provisions Under ERISA



What Are ERISA's Standards of Care?

Prudent Processes



+



Understanding Fiduciaries

A fiduciary is a person or organization entrusted with managing another party's (your employee's) assets

Functional Definition – Discretion vs Administration

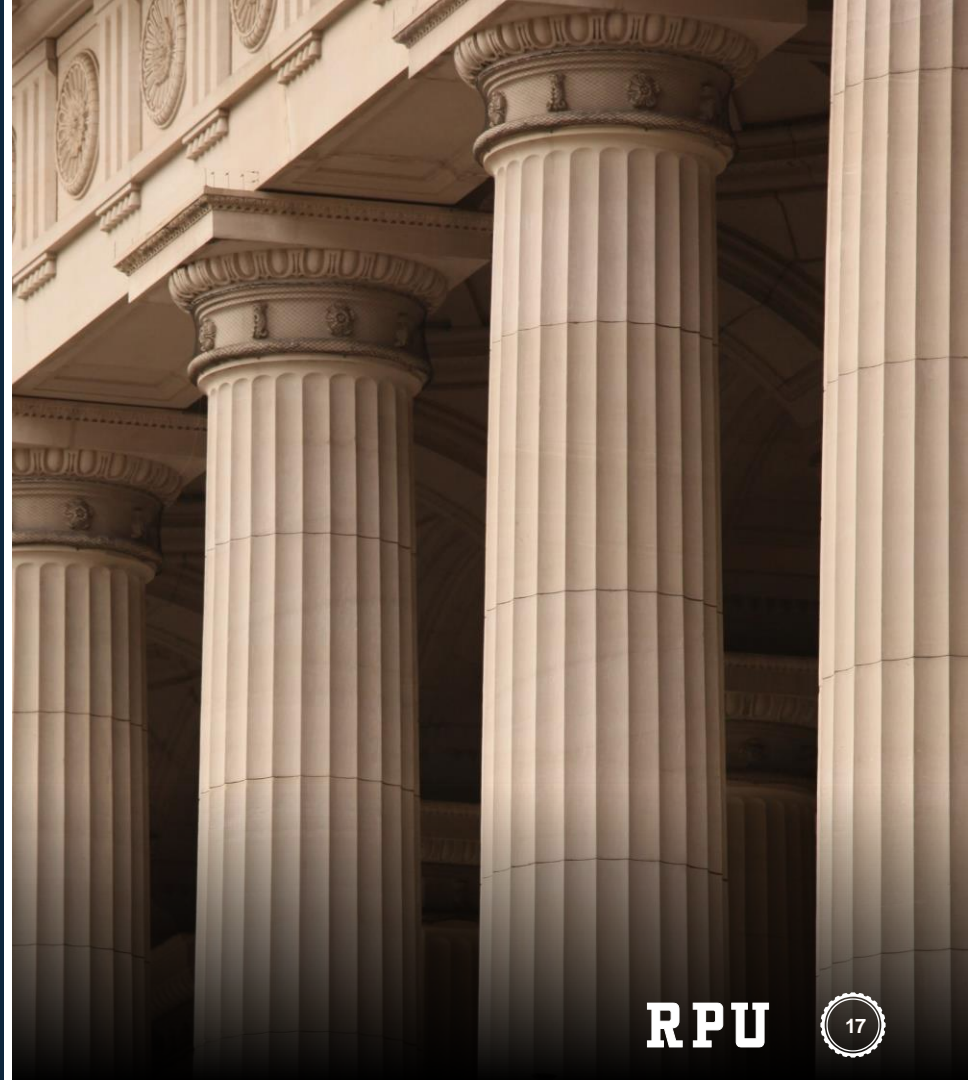
Retirement Plans:

- Selecting service providers and investments
- Negotiating fees
- Following terms of the plan document



Regulatory Bodies of Retirement and Health Plans

- The Department of Labor oversees employee benefits and ensures compliance.
- The IRS regulates tax implications of retirement plans.
- Plaintiff's attorneys play a crucial role in enforcing fiduciary duties.
- Departments of Insurance ensure that health plans meet state regulations.
- Department of Health and Human Services creating transparency
- The Treasury Department creating transparency



Retirement Plan Best Practices



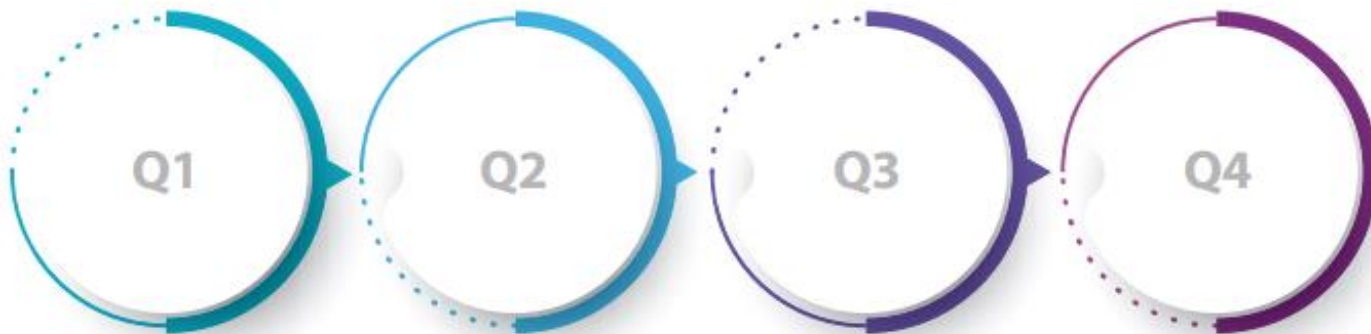
Fiduciary Checklist – Retirement Plans

- Establish plan governance items to outline fiduciary processes and responsibilities
- Conduct a fee audit to determine the reasonableness of recordkeeping, investment, and total plan fees
- Establish criteria for selecting, monitoring, and replacing plan investment options
- Follow the DOL’s risk suitability steps for selecting a Qualified Default Investment Alternative (QDIA)
- Establish appropriate oversight and workflows to ensure compliance with plan terms and DOL / IRS requirements
- Establish fiduciary reminders to distribute required participant notices and disclosures
- Provide fiduciary training for plan committee members

Prudent processes and documentation to support plan-related decisions and responsibilities.

Areas of Fiduciary Responsibility	Process	Impartial	Expert
Selecting and Monitoring Investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
QDIA / Target Date Fund Suitability & Selection	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total Plan Expenses	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Investment Fees and Charges	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Recordkeeping and Administrative Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Fiduciary Education and Training	<input type="checkbox"/>		
Compliance with Tax Codes – Annual Limits, Participation Rules, and Non-Discrimination Testing	<input type="checkbox"/>		
Compliance with Plan Terms & Definitions	<input type="checkbox"/>		
Internal Workflows and Controls	<input type="checkbox"/>		
Prohibited Transactions	<input type="checkbox"/>		
Required Plan Disclosures	<input type="checkbox"/>		
Required Participant Notices	<input type="checkbox"/>		

Fiduciary Checklist – Quarterly Calendar/Reminders



Fee Focus

- Investment Review
- Administrative Fee Review
- Investment Expense Analysis
- Benchmarking and Trends
- Recordkeeper Negotiations

Investment Focus

- Investment Review
- Investment Menu Review
- Asset Class Updates
- Trends and Best Practices
- Stable Value/Fixed Account Review
- QDIA Analysis

Participant Focus

- Investment Review
- Recordkeeper Services Update
- Plan Demographic Review
- Education and Advice Review¹
- Plan Design Benchmarking

Practice and Policy Focus

- Investment Review
- Regulatory and Legislative Update
- Committee Best Practices
- Investment Policy Statement Review

Best in Class Service Plan

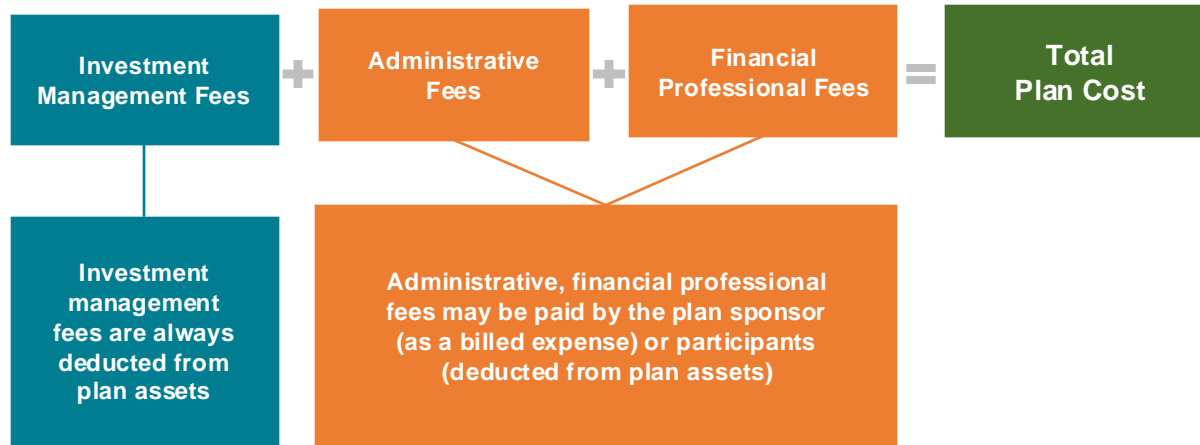
Investments	Annual to Quarterly
Investment share classes/ CITs	Annual
Fees against averages	Annual
Review governance documents	Annual
Fees against live bids	Every 3 Years
TDF suitability	Every 3 Years

Fiduciaries must **receive** required fee disclosures

Fiduciaries must **determine** if compensation is reasonable

Fees and Expenses

Retirement Plan Cost Components



Benchmarking Example – Quantifying Indirect Revenue

Manufacturing Company

1,003 Participants

\$41,770,241 in Plan Assets

Process

- Identify direct and indirect revenue sources
- Quantify data and compare

Objectives

- Understand where and how provider receives compensation
- Determine if overall plan fees are reasonable

Benchmarking Approaches

Fee Averages

Derived from **plan averages** based on:

- **Similar** plan designs
- **Similar** plan features
- **Similar** plan demographics

Provider Request for Information (RFIs)

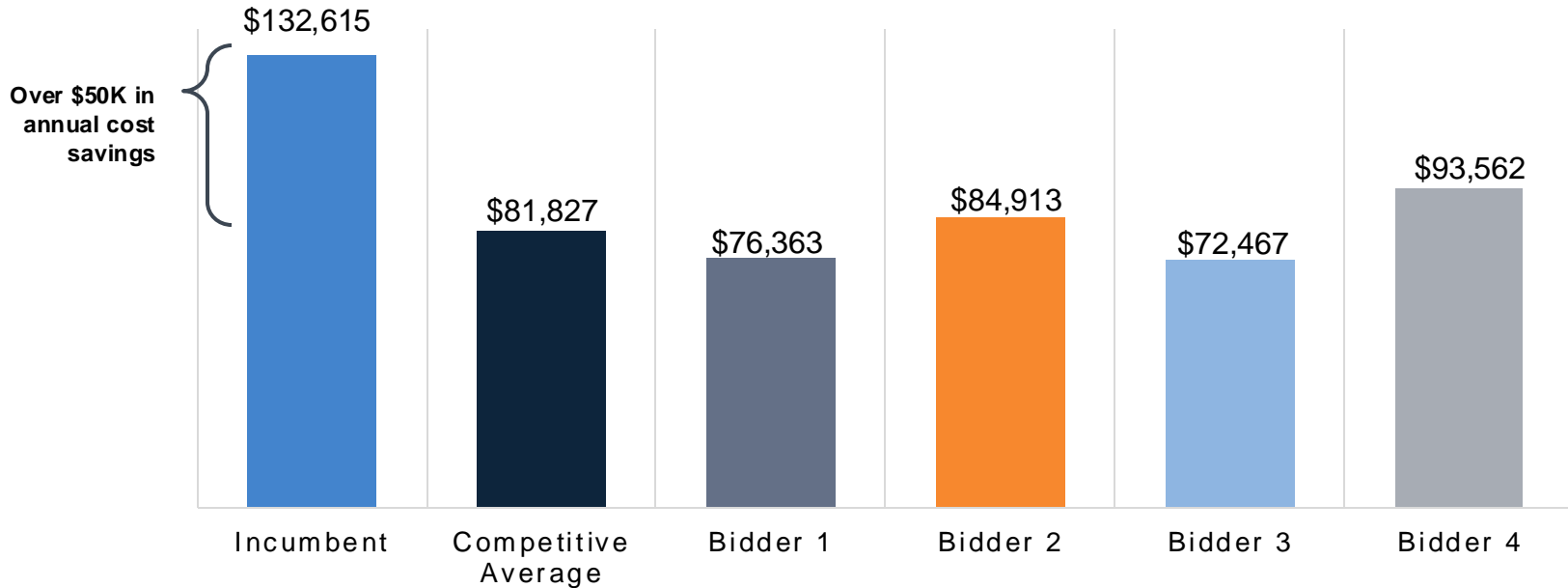
Derived from **provider bids** based on:

- **Your** plan design
- **Your** plan features
- **Your** plan demographics



Example - Quantifying Indirect Revenue

Recordkeeping Cost Comparisons



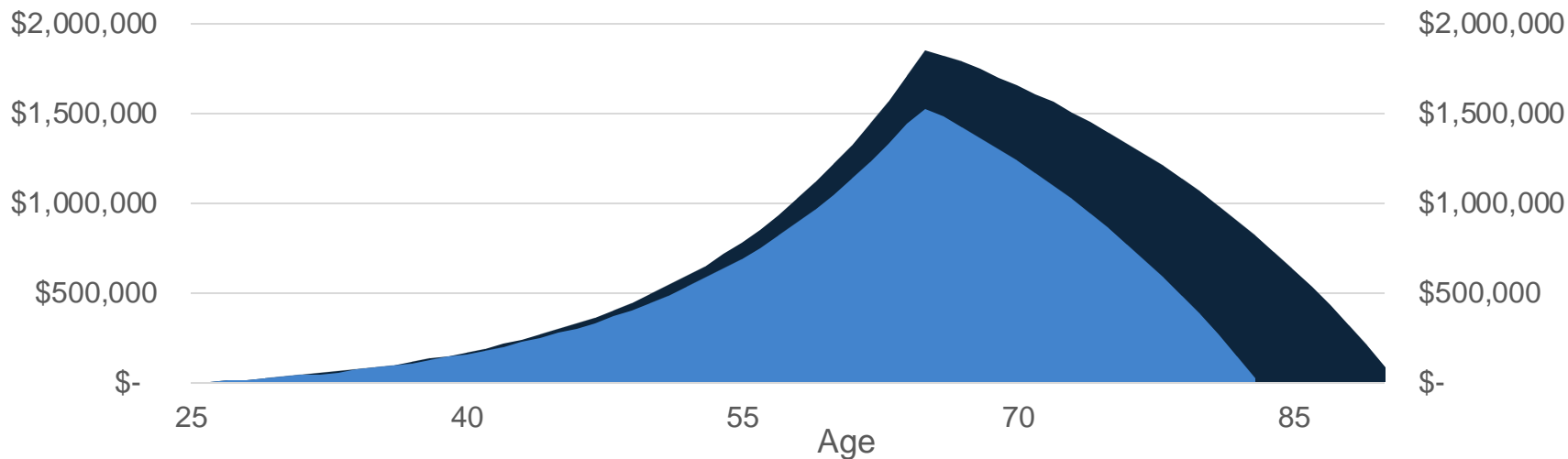
This hypothetical example is for illustrative purposes only.

Example – Quantifying Indirect Revenue

Isolate and Quantify “Indirect / Hidden” Subsidies

Share Class	Year-to-Date Return	1-Year Return	3-Year Annualized Return	5-Year Annualized Return	Expense Ratio	Revenue Sharing
R3	19.79%	19.79%	7.05%	13.17%	1.14%	0.65%
R4	20.17%	20.17%	7.37%	13.50%	0.85%	0.35%
R6	20.58%	20.58%	7.74%	13.85%	0.50%	0.00%

Impact of Share Class Savings



Scenario Assumptions

	LCG Category Average	NFP LCG CIT	Difference
Expense Ratio ²	1.00%	0.29%	-0.71%
Net Returns Before 65	7.00%	7.71%	0.71%
Account Balance at 65	\$1,566,536	\$1,857,738	\$291,202

Areas of IRS Audit Focus

Participation

Compliance with
Plan Terms
& Definitions

Internal
Workflows
and Controls

Compliance
with Tax Codes

Non-
Discrimination
Testing

Areas of DOL Audit Focus



Pre-Audit Strategies to Minimize Risks


- Confirm ERISA **standards** are being met
- Confirm **prudent processes** are in place
- Confirm **documentation** is being stored
- Consider **hiring experts**
 - Investment fiduciary – 3(21) or 3(38)

Fiduciary Checklist

Prudent processes and documentation to support plan-related decisions and responsibilities.

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Required Participant Notices	<input type="checkbox"/>		



Financial Wellness – Inside Board Room

Creating Retirement-Ready Employees

RETIREMENT READINESS

Behavioral Finance

The powerful combination of Psychology and money.



Financial Wellness

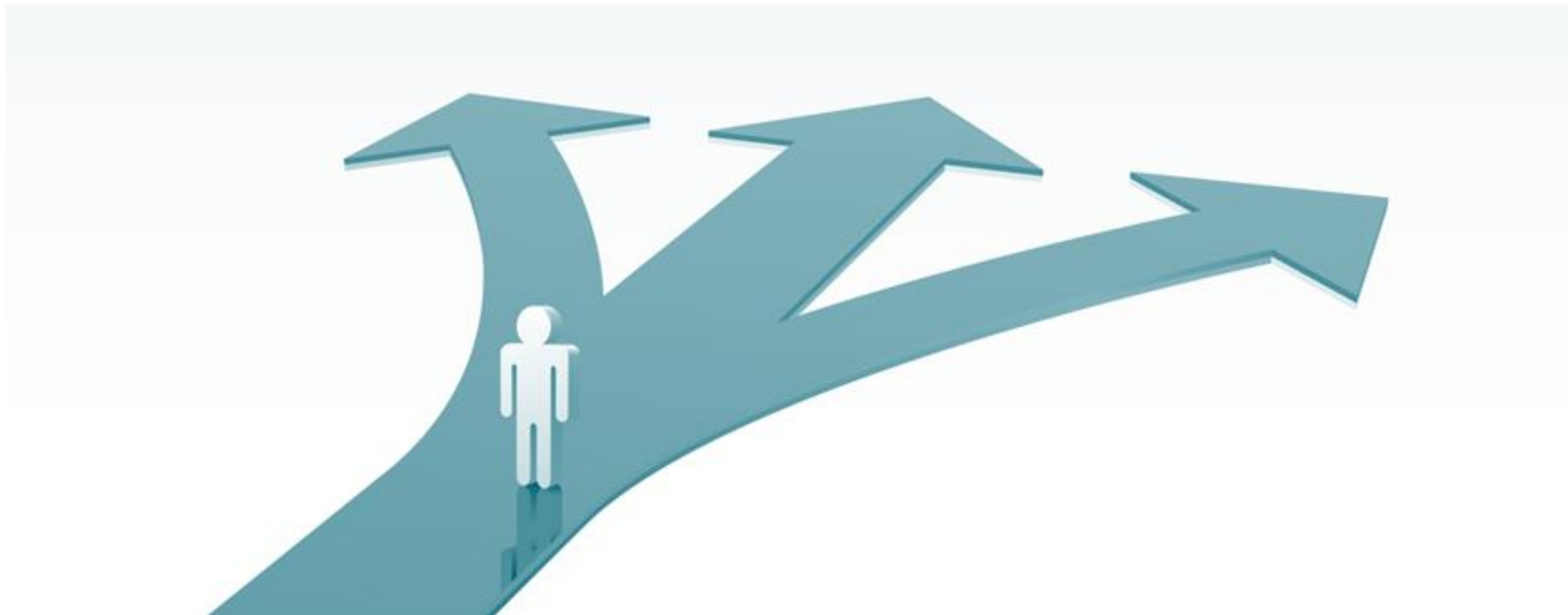
A service to help promote employee's financial well-being which will lead to healthier, happier, engaged more productive employees.

What is behavioral finance?



- Behavioral finance studies how mental shortcuts, emotions and other behavioral factors affect the way we make financial decisions.
- Behavioral finance is a relatively new yet evolving science combining psychology and money.

How did we get here?



Our Goal

To Make a Better Retirement Plan

- At least **90%** should be saving for retirement
- Saving rates ought to be more than **10%**
- **90%** should let professionals construct their portfolios
- Call it the **90–10–90** rule or simply Plan Success Goals!

Inertia



12%

donate organs

12% Donors

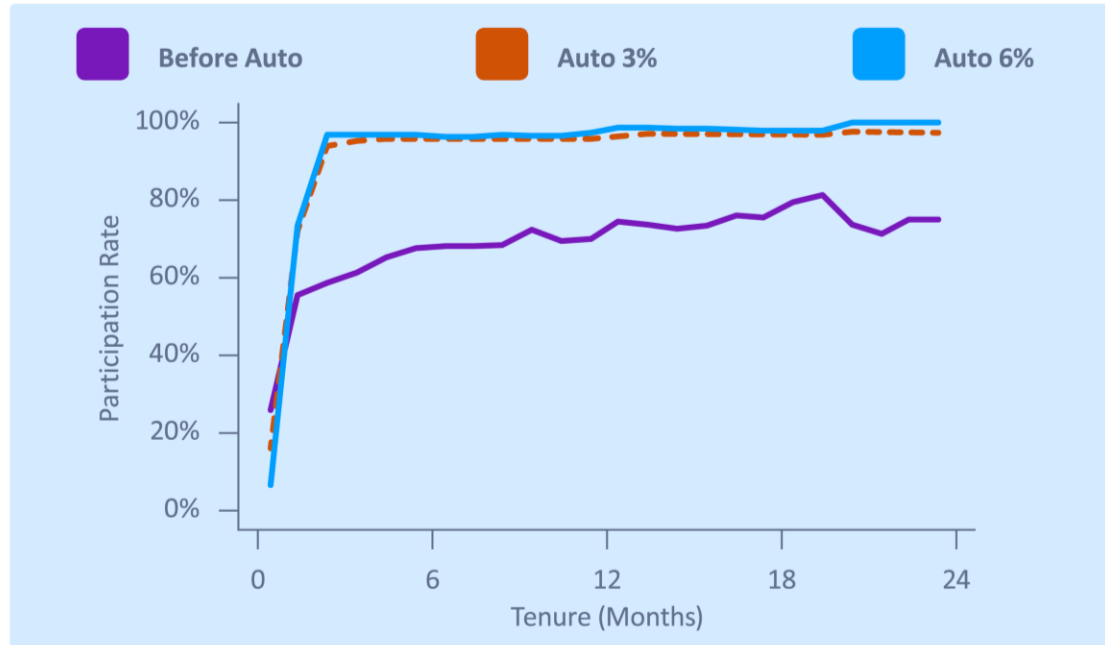


1%

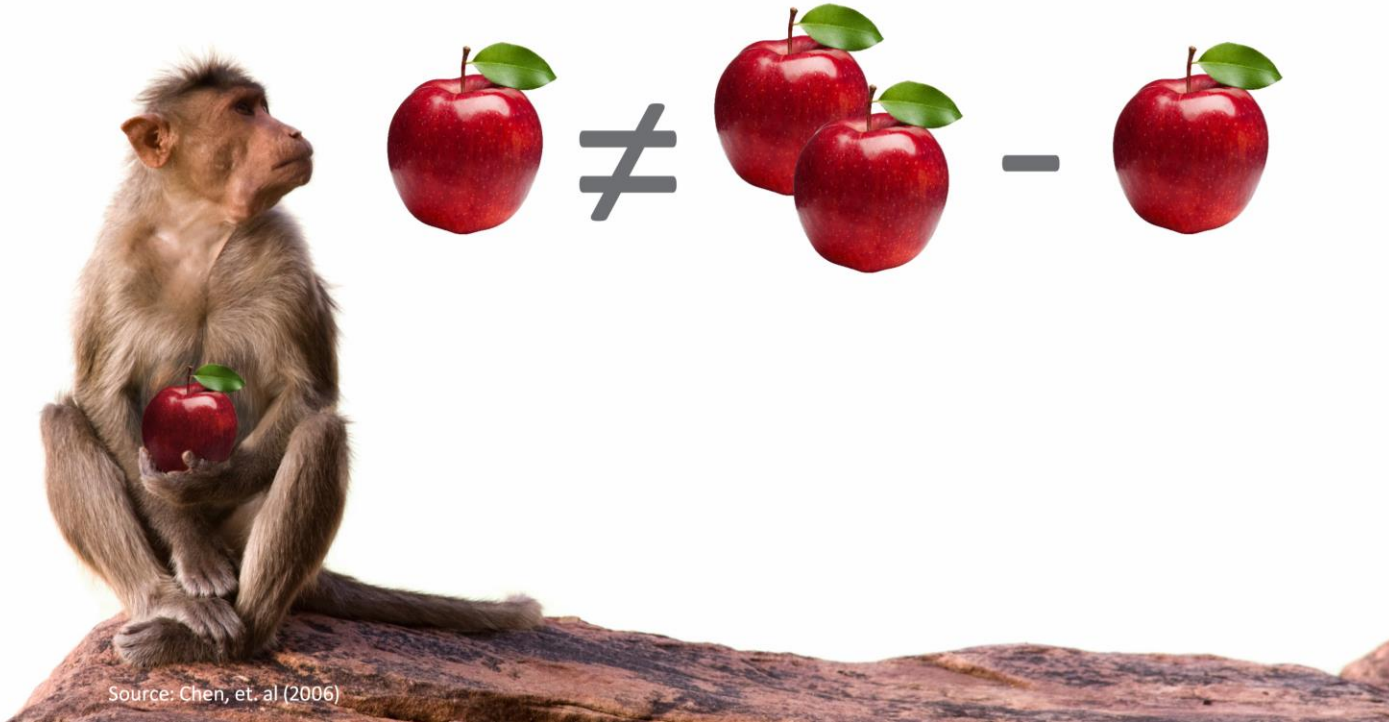
don't donate

99% Donors

SAVE: Automatic Enrollment & Plan Participation



Loss aversion

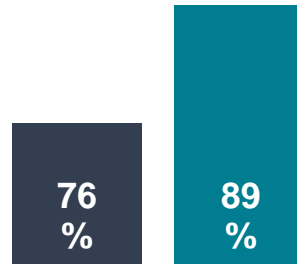


Measurable and Sustainable Goals



Behavioral Finance solutions
help you improve outcomes
for employees

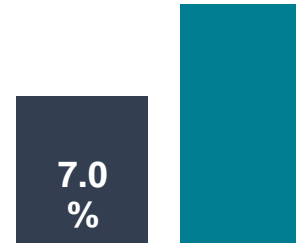
Save Participation Rate



Before After

17.1% increase

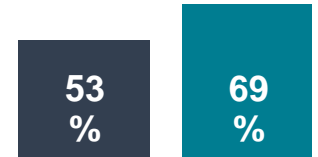
Save More Deferral Rate



Before After

62% increase

Save Smarter Participants in Diversified One Stop Portfolio...



Before After

18.9% increase

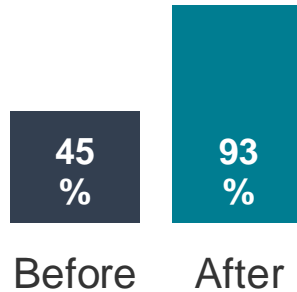
Creating Retirement Read Employees

Save, Save More, Save Smarter



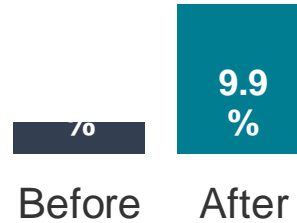
Behavioral Finance solutions help you improve outcomes for employees

Save Participation Rate



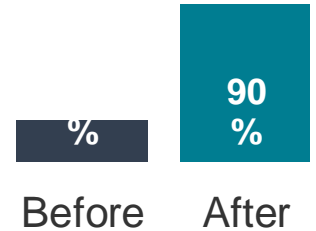
95.6% increase

Save More Deferral Rate



371% increase

Save Smarter Participants in Diversified...

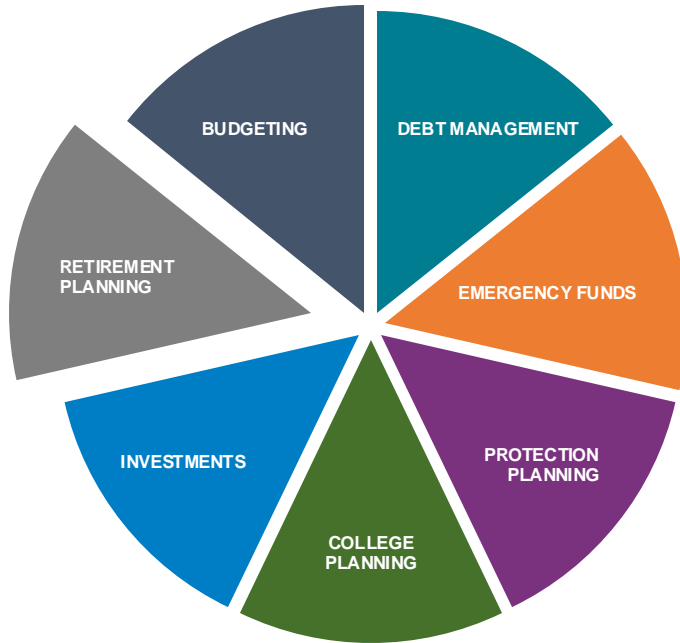


270% increase

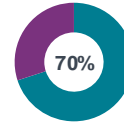


Financial Wellness – Lunch Room

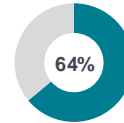
Financial Wellness Programs



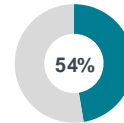
Address near-term financial challenges so employees can make better long-term financial decisions



Americans that live **paycheck to paycheck**¹



Americans that **can't cover a \$1,000 emergency** without borrowing money³



Americans that are **not getting financial advice**²

1. 2017, CareerBuilder, Living paycheck to Paycheck is a Way of Life for a Majority of U.S. Workers
2. 2017, Mercer, Inside Employees' Minds™: Volume 2
3. 2017, Mercer, Inside Employees' Minds™: Volume 2
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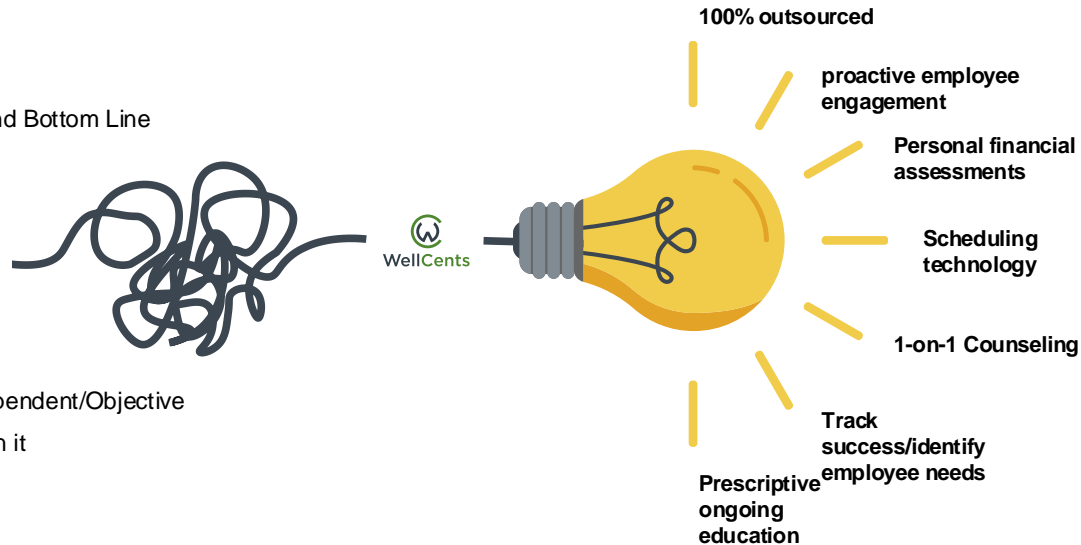
Current State vs Alternative

Employee Financial Stress

- Distracts employees
- Negatively impacts Productivity and Bottom Line

Existing Programs

- Self-Service
- Reactive
- Low Utilization
- Retirement Plan Centric
- Some Service Providers Not Independent/Objective
- HR does NOT have the time to run it
- Doesn't Move the Needle

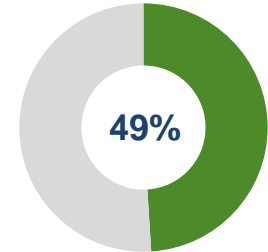
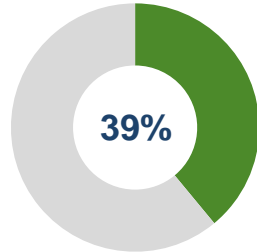
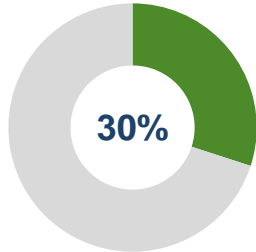
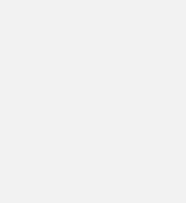


High Utilization

Increased Employee Retention

Benefits Optimization

Initial Outreach Case Studies



Cohesive Delivery Model



Custom Campaigns to Drive Engagement

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business code: demo. Take the annual
online assessment and receive your
personalized score. Plus, upon completion
you will be entered to win a Fitbit, Amazon
Echo, iPad or a Yeti Cooler!

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ASSET ALLOCATION & INVESTING • LIFE INSURANCE ANALYSIS • MEDICARE

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Financial Wellness Assessment!

Take the

Step #1

Download the WellCents
mobile app or visit your
annual online Financial
Wellness Assessment with
business code: demo.

Visit the financial wellness website:
mywellcents.com

WellCents
can allow you to

DREAM BIG!

Take our Free 5 minute
Financial Wellness Assessment!

WellCents

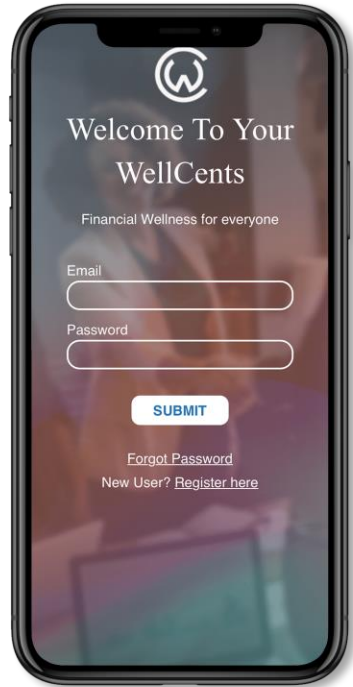
Take the annual Assessment between
August 15th and September 15th

Visit the website at mywellcents.com
Or download the WellCents mobile
app and use business code: demo. Plus, if
you will be entered to win a Fitbit,
iPad or a Yeti Cooler!

WellCents
can allow you to

DREAM BIG!

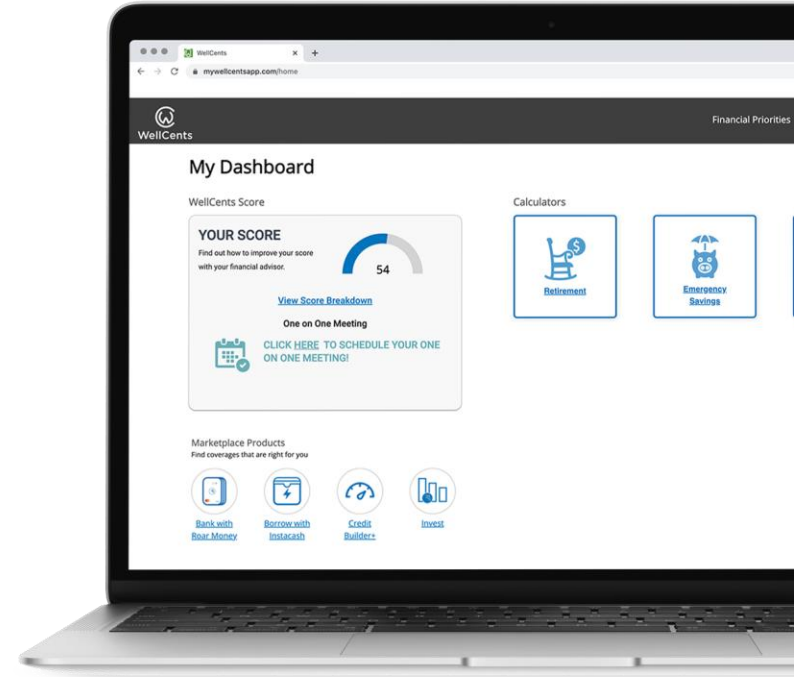
Promotion and Engagement



- Proactive employee outreach efforts with contests and prizes encourage employees to participate.
- Customized emails
- Text messaging
- Social media outreach
- Contests and prizes
- Flyers
- Posters with QR codes
- Postcards
- Custom designed Microsite and App

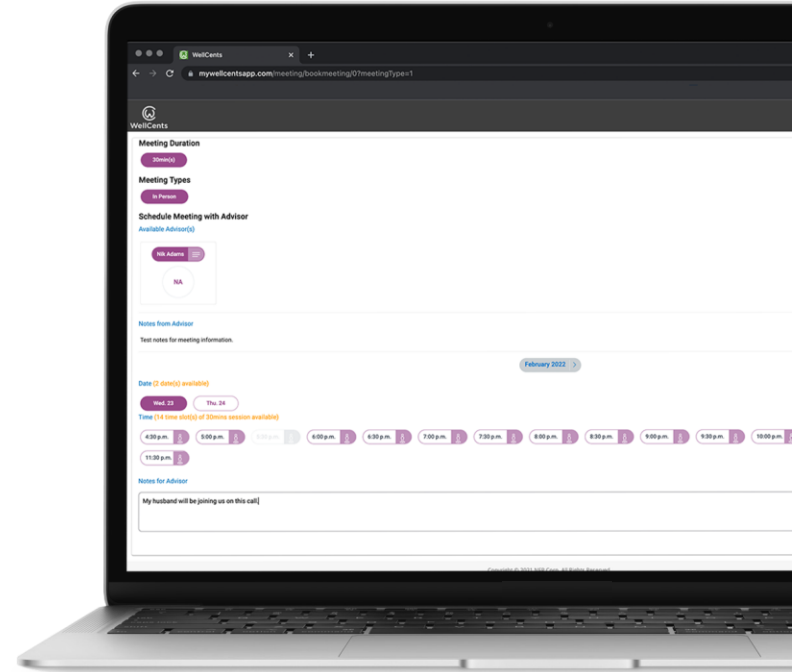
Assessment Scores and Priorities

- Individual score and specific areas of interest form the basis for one-on-one meeting agendas
- Drives efficient, individualized and productive interactions
- Provides the framework for developing personal financial plans for each employee



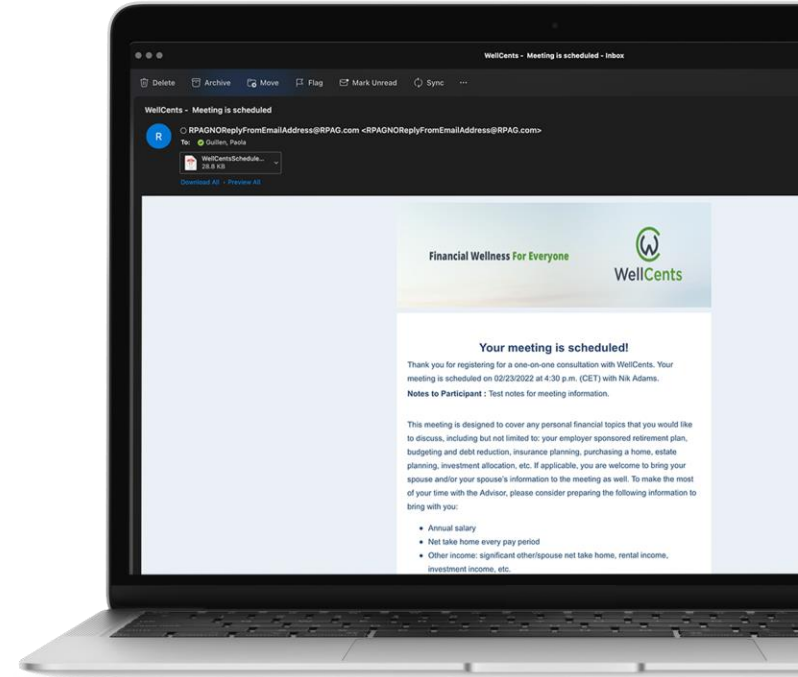
Scheduling One-on-One Sessions

- Employees select an available time slot via our scheduling calendar.
- One-on-one sessions can be scheduled for
 - In-person meetings
 - Virtual meetings



Meeting Confirmation, Instructions and Reminders

- Employees receive the following items after a one-on-one session is scheduled
- Calendar invitation
- Confirmation email
- Link to cancel or reschedule meetings
- Meeting prep instructions and items to bring
- Virtual meeting link or address of the meeting location
- Automated reminders sent as meeting date approaches



Financial Planning Topic Details

Financial professionals provide the knowledge to meet your employees where they need it most

PERSONAL FINANCE

- Managing Spending
- Creating a Budget
- Reducing Debt
- Emergency Savings
- Time Value of Money

RETIREMENT PLANNING

- Retirement Income Basics
- Social Security Basics
- Retirement Income Needs
- Retirement Savings Goals
- Distribution Planning

PROTECTION PLANNING

- Risk Management Basics
- Health Insurance
- Disability Income Insurance
- Life Insurance
- Property and Casualty Insurance

RETIRING WELL

- Longevity
- Fixed Expenses
- Variable Expenses
- Social Security and Medicare
- Retirement Income Solutions

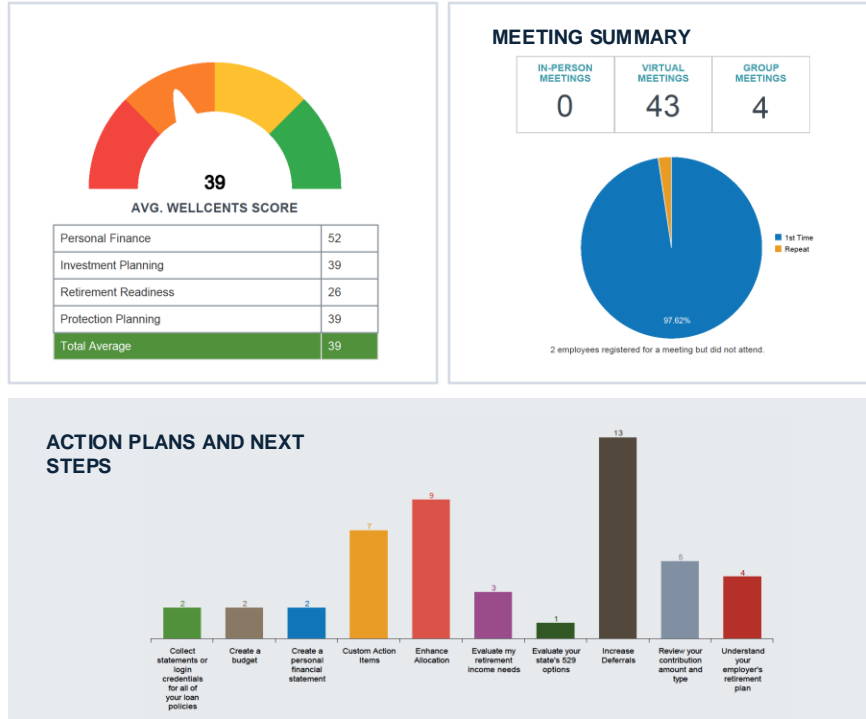
INVESTMENT PLANNING

- Setting Investment Goals
- Identifying Time Horizons
- Understanding Risks
- Identifying Risk Tolerance
- Benefits of Diversification

ESTATE PLANNING

- Estate Planning Basics
- Probate
- Wills and Trusts
- Gifting
- Advance Directives

Employer Financial Wellness Reporting



- Provides valuable insights into a workforce's challenges and measures areas of improvement
- Workforce's financial challenges summary
- Workforce financial improvements summary
- Behavioral action planning progress
- Accountability report
- Employee survey results

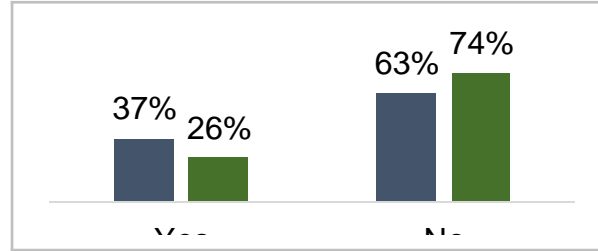
Financial Priorities

PAY DOWN/PAY OFF DEBT 183	RETIREMENT INCOME PLANNING 143	ESTABLISH AN EMERGENCY FUND 135
HELP WITH BUDGETING 118	BUYING/REFINANCE A HOME 112	SAVE FOR A LARGE PURCHASE 40
SOCIAL SECURITY/MEDICARE PLANNING 36	PROPERLY MANAGE MY INVESTMENTS 27	OPTIMIZE TAX EFFICIENT SAVINGS 22
COLLEGE SAVINGS 20	EVALUATE MY INSURANCE NEEDS 19	ESTATE PLANNING 13

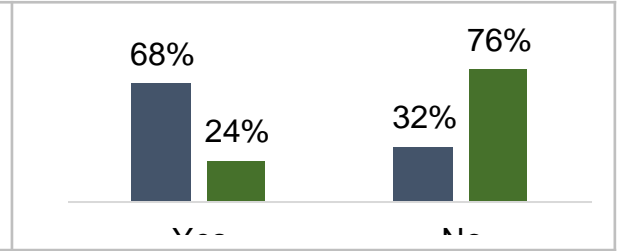
Personal Finance Trends

■ NOW ■ BEFORE

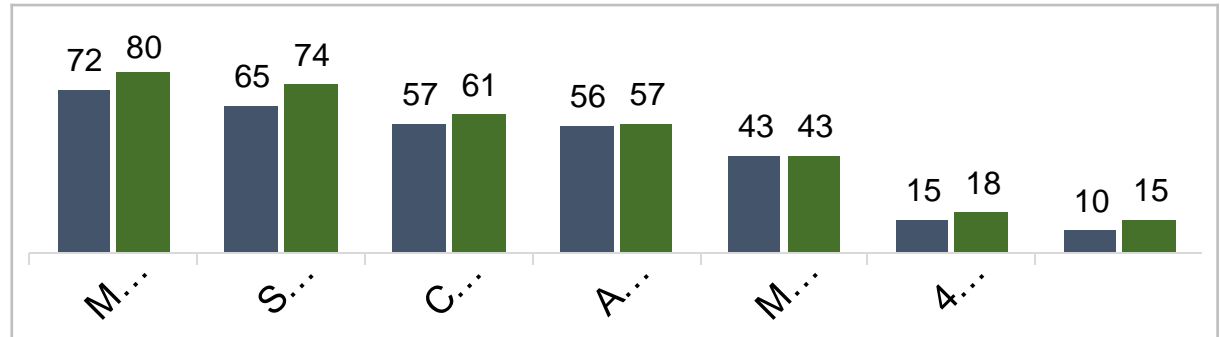
I spend less than I make each month.



I currently have emergency savings.



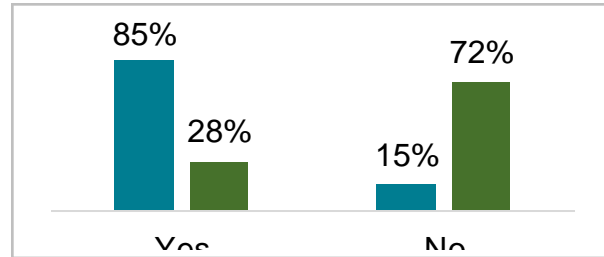
What kind of debt do you have?



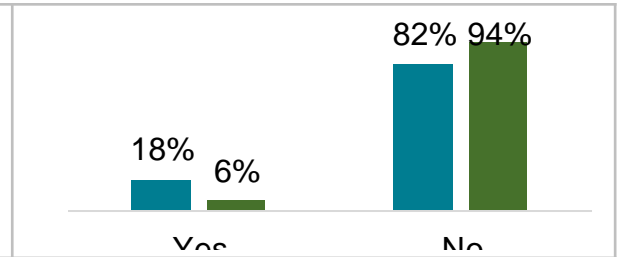
Protection Planning Trends

NOW **BEFORE**

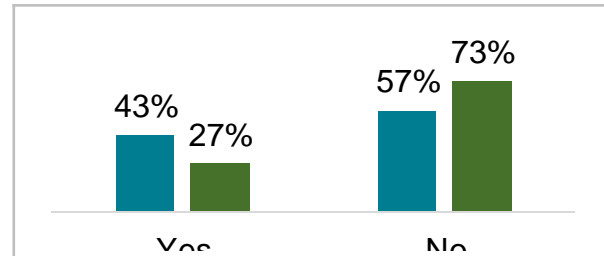
Do you have long-term disability insurance?



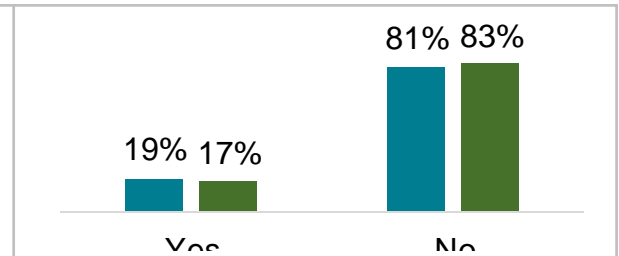
Do you have long-term care insurance?



Do you have access to an HSA?

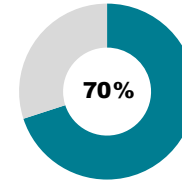
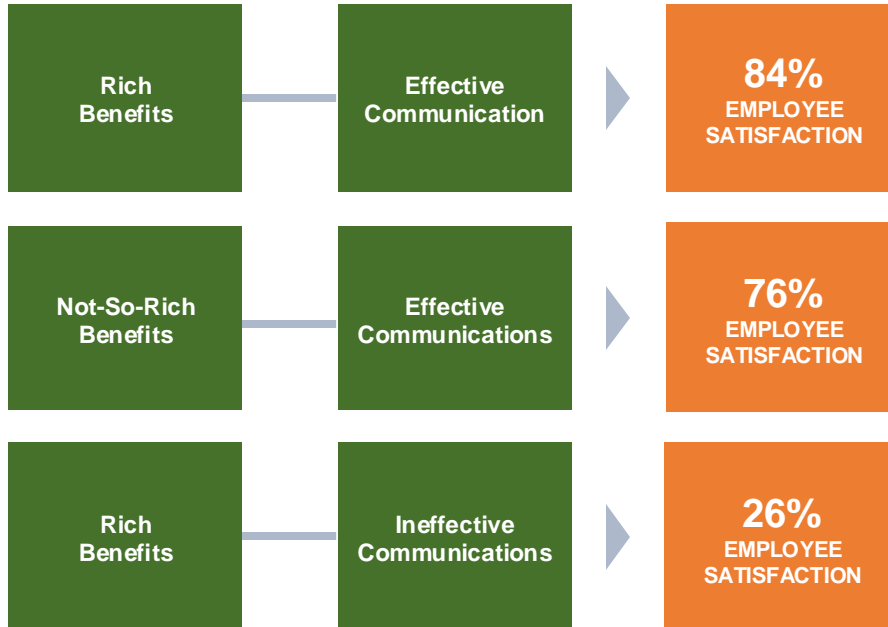


Do you have a will or family trust?

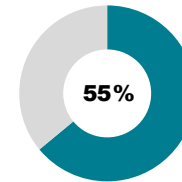


Why Effective Communications Matter

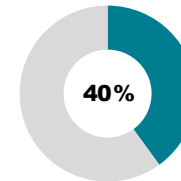
Communication impacts employee's satisfaction more than the benefits offered.



Employees feel valued or appreciated because **employer's benefits communications are easy to understand**



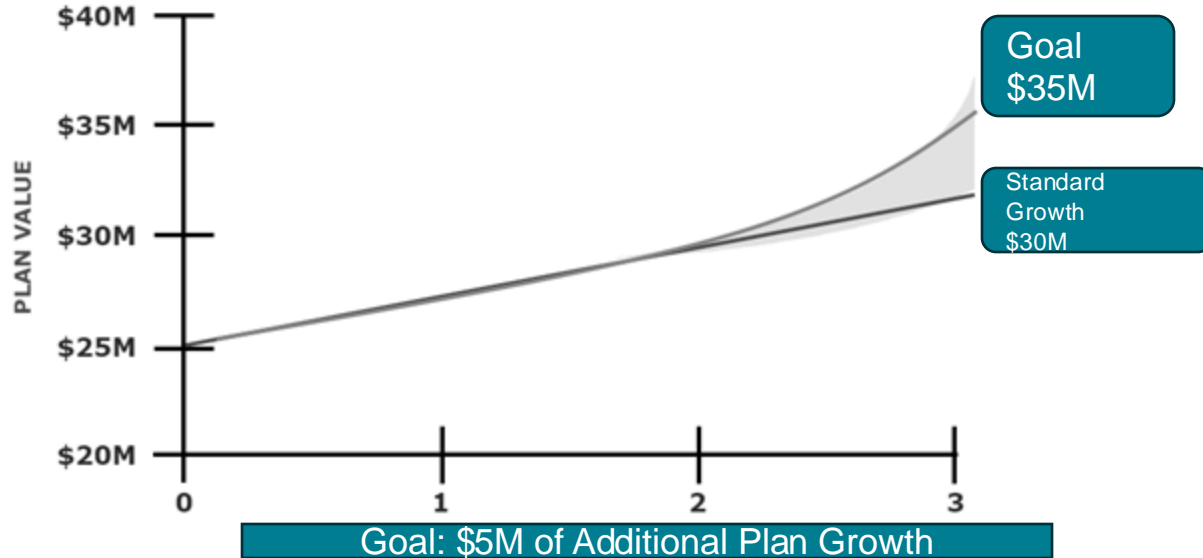
Employees wish they were **more informed about their benefits** to get more value from them




Americans spend **more than 3 hours a week** dealing with personal finance issues

The Financial Wellness Difference

Powerful Combination of Fiduciary Process, Plan Design and Financial Wellness





THE ULTIMATE COMPETITIVE ADVANTAGE

Compensation & Benefits for Top Talent in Today's World

The Challenges.



The Cost of Delayed Retirement



The Cost of Replacing Key Employees



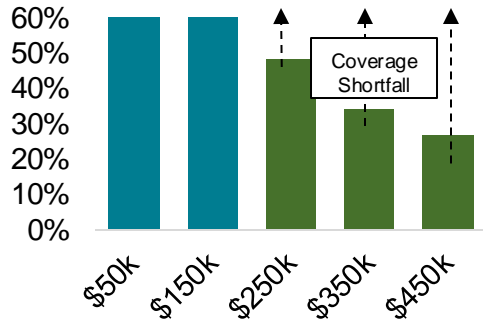
Group Benefit Shortfalls

Benefit Equalization & Restoration

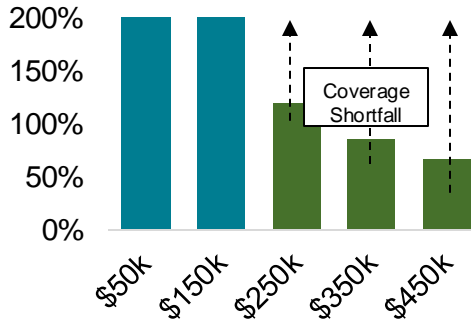
Addressing the unintended shortfalls of group benefit & retirement programs

Whether by plan design, or by way of regulatory limitations, group benefit plans can cause unintended reverse discrimination against highly compensated employees. The regulatory limits on qualified retirement plans, and plan design caps on group disability and life insurance programs create shortfalls that decrease the effectiveness of these valuable programs.

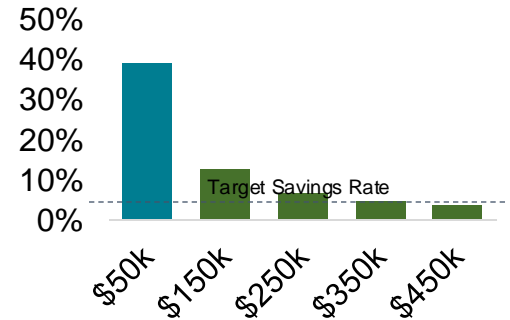
Group Long-Term Disability Shortfall
60% to \$10k per month



Group Life Insurance Shortfall
200% to \$300k max



Group Retirement Plan Shortfall
\$23,500 pre-tax contribution limit



Recruiting, Rewarding & Retaining

Build programs to creatively attract and retain top level talent.

In any employment environment, the direct costs to replace a highly compensated executive is estimated to be 200% of the annual salary associated with that position. If indirect expenses are considered, the total cost can increase to 400%.

Considering the competitiveness of the upper end of employment market, attracting and retaining key employees is of utmost importance.

Sources: Society for Human Resource Management (SHRM) & Center for American
ROEI™: Return On Employee Investment™ How to Achieve It and How to Benefit From It;
Sage HRMS White Paper

CEOs GLOBALLY		US CEOs	
Attract and retain talent	1	Attract and retain talent	1
Accelerate pace of digital transformation	2	Modify business model	2
Improve cash flow	3	Develop "Next Gen" leaders	3
Develop "Next Gen" leaders	4	Improve cash flow	4
Modify business model	5	Prepare for financial instability	5
Streamline processes	6	Employ mergers, acquisitions, divestitures	5
Focus more on sustainability	7	Streamline processes	7
Become more customer-centric	8	Accelerate pace of digital transformation	8
Lower costs	9	Mitigate cyber risk	9
Prepare for financial instability	10	Become more customer-centric	10

Note: 917 CEOs responded globally.


Source: The Conference Board® C-Suite Outlook 2022



[NFP.com](https://www.nfp.com)

Submit Your Question

- Please use the Q&A function at the bottom of your screen.


 1
Participants


 Q&A


 Polls

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