

Employer 401(k) Tips: Help Your Employees Save

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According to *The Wall Street Journal*, approximately 50 million Americans have a 401(k) account with a total of about \$2.5 trillion in assets. As the economy remains in the doldrums, some of these accounts are looking like they got dragged through the mud. Beyond the fact that most people do not save enough for retirement, pay high fees and tend to raid their accounts to pay bills or fight a foreclosure, the economy is taking its toll. Yet, with the assistance of plan participants and employers, these accounts can be tidied up in no time. Here are some ways to assist your employees in saving for the future by sprucing up their 401(k)s:

- **Encourage them to Save, Save, Save!**
 - Many people feel as though they cannot save anything extra while the economy is bad and money is tight. Consider offering private meetings between employees and payroll managers to provide some assistance to employees. At these meetings, calculate what their paychecks would look like if they boosted their 401(k) contributions, even slightly. Many people will find that they can afford to put away a little bit, even just one or two percent of their income during each pay period.
 - If your organization needed to suspend its matching contributions due to economic hardship, encourage employees to boost their own contributions to make up for it. *The Wall Street Journal* recommends that employees and employers should contribute at least 10% to 15% of a worker's annual salary to save enough for retirement.
- **Educate Employees on Target-Date Funds**
 - Those who dump stocks at depressed levels lose big time; however, investing in target-date funds could be a solution. They hold a diversified array of stocks, bonds and other investments and shift slowly toward more conservative investment as retirement nears.
- **Don't Forget about the Fees**
 - Fees can really wreak havoc on someone's savings, so make these charges known to your employees. They should know exactly how much they are paying so they can compare their 401(k) to other potential retirement vehicles (such as an IRA).
- **Get Out the Need to Save**
 - Consider automatically enrolling your employees into your 401(k) plan upon hiring and with all current employees. Then direct their contributions into broadly diversified funds, if they are unaware of how to invest their money on their own.

*This article is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice.
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