



THE 401(K) PLAN OF THE FUTURE: MORE AUTOMATIC FEATURES WILL BENEFIT EVERYONE SAYS PENTEGRA RETIREMENT SERVICES

White Plains, New York, February XX, 2014 -- The 401(k) plan of the future will look dramatically different from today's typical 401(k) plan, predicts Rich Rausser, Senior Vice President of Client Services at Pentegra Retirement Services.

According to Rausser, "More than ever, people rely solely on their 401(k) plan as their only retirement plan. In three to five years we will see widespread utilization of progressive 401(k) plan design features which will better meet the needs of plan participants and plan sponsors. Participants will benefit as they experience higher levels of retirement success and retirement readiness. Plan sponsors will benefit as participants become more engaged with their plan and are better prepared for the long term prospect of saving for retirement."

In order to achieve the best results in participant retirement readiness, plan sponsors will add more "automatic" plan features. Rausser explains, "The majority of participants need and want help with their 401(k) plan. Studies indicate that Gen X and Gen Y participants want help from their employer to make their retirement plan more effective. While fewer baby boomers want this type of help, the advantage of adding automatic features to a 401(k) plan is that they enable participants who want guidance to take advantage of them, while participants who don't can easily opt out of automatic features. Progressive redesign of the 401(k) plan is a win-win for participants as well as for their employers."

Automatic features can include: automatic enrollment, automatic escalation of salary deferrals, and utilization of qualified default investment vehicles. These help plan participants set a reasonable level of salary savings, increase their contributions over time, achieve proper investment diversification, and make better use of the plan's investment alternatives.

Rausser adds, "Encouraging participants to save more is integral to a best practice redesign of the 401(k) plan. Increasing the match cap to 6% of eligible pay from lower levels encourages participants to save at a level which is much more likely to result in meeting their long term goal of attaining an adequate level of retirement readiness. Progressive redesign of the 401(k) plan can only help participants achieve higher levels of retirement readiness and success."

[Pentegra Retirement Services](http://www.pentegra.com) is a leading provider of retirement plan solutions to organizations nationwide. Founded by the Federal Home Loan Bank System in 1943, Pentegra offers a full range of retirement programs, including 401(k) plans, Defined Benefit Pension plans, Cash Balance plans, 412(e)(3) Fully Insured Defined Benefit plans, Split Funded Defined Benefit plans, KSOPs, ESOPs, Profit Sharing plans, Age-Weighted plans, New Comparability plans, 457(b) and 457(f) plans, 403(b) plans, 401(a) plans, Section 79 plans, Non-qualified Executive Benefit and Director plans, benefits financing solutions using BOLI and a broad array of TPA services. For more information, go to www.pentegra.com

#

Media Contact: Rodi Rosensweig, rodicompany@earthlink.net; 203/270-8929