

PENTEGRA

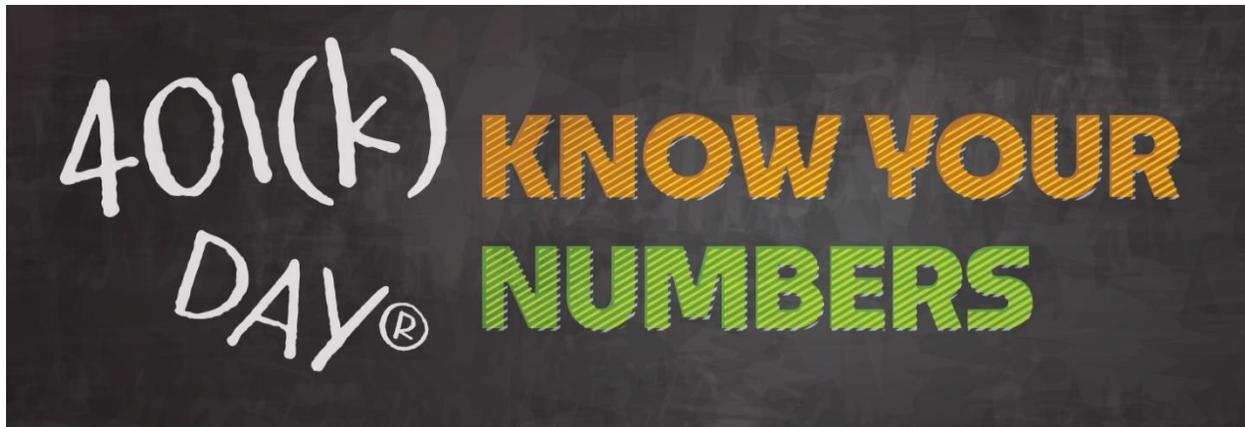
# 401 (k) Day

**Know Your Numbers**

## For the Sponsors

Instructions For Plan Sponsors

Plan Sponsor Checklist



### **Instructions for Plan Sponsor Checklist**

This year's 401(k) Day campaign provides plan sponsors with a list of key data points that are imperative to measuring the success of your plan. Knowing the key numbers for your plan can help retirement plan committees evaluate whether the plan and your participants are optimizing the plan. A periodic review of these key metrics and the performance of your plan will help you identify areas of improvement and create an action plan. An important first step is to define your plan's version of success upfront and take the necessary steps to ensure you're achieving those metrics year over year.

Measuring success in the defined contribution arena is impossible without numbers. The most used and easiest metric of plan success is participation rate, measuring actual deferral rates and average account balances. Sponsors should also determine how many participants fall below the goal percentage of key metrics. Take advantage of industry reports to benchmark key metrics like participation rate or deferral rates; however, each plan sponsor could set its objective. Additionally, you should review the plan participants' investment allocations, plan demographics, related fee structure, and the plan's overall retirement readiness score. Retirement readiness is a snapshot of a participant's current plan balance converted to a multiple of annual income and compared to the income replacement level needed to live in retirement. The metric does a fantastic job of encapsulating how well plans are preparing their participants for retirement. Those who are approaching retirement age should have high multiples on the retirement readiness scale. If they don't, then you may want to consider adjusting your plan's overall strategy to help participants achieve a successful outcome.

A successful retirement savings program can come with real rewards for institutions that can stay on the right side of these measurements. A retirement benefit is one of the most powerful tools available for employee attraction and retention. Employees who are looking for a long-term opportunity will regard their retirement plan as essential to their financial security. As such, having a good plan in place can be a competitive advantage in the talent market. Reviewing your plan's numbers is essential in ensuring your participants are getting the most out of their plans.

# 401(k) DAY®

# KNOW YOUR NUMBERS

The Know Your Numbers 401(k) Day campaign was designed to give you quick and simple insight into important information you as a plan sponsor should know about your retirement plan. Use this checklist to make note of some details you should know. **Fill in your numbers in the spaces provided.**

PSCA's surveys are a great resource to find benchmarking data for some of the items below! Check out the [Annual Survey of Profit Sharing and 401\(k\) Plans](#) or [Annual 403\(b\) Survey](#).

[Surveys](#)

| Your Plan's Numbers  | Your Plan | Industry Benchmark |
|--|-----------|--------------------|
| <b>Plan Demographics</b>   |           |                    |
| • Current plan assets  |           |                    |
| • Annual deposits into the plan  |           |                    |
| • Does your plan have a brokerage option?  |           |                    |
| • Does your plan offer loans?  |           |                    |
| • # of active participants   |           |                    |
| • Plan participation %   |           |                    |
| • # of terminated participants in the plan   |           |                    |
| • % of participants with a beneficiary form on file                                |           |                    |
| • Average participant deferral %   |           |                    |
| • Average participant balance  |           |                    |
| • Does your plan offer auto enrollment?  |           |                    |
| • If yes, auto enrollment default percentage                                       |           |                    |
| • Does your plan offer auto escalation?  |           |                    |
| • If yes, automatic escalation %   |           |                    |
| • Is your plan a safe harbor plan?   |           |                    |
| • Match formula  |           |                    |
| • % of participants deferring up to the matching amount?                           |           |                    |
| • Does your plan offer profit sharing?   |           |                    |
| • Vesting schedule used for non-safe harbor assets                                 |           |                    |
| <b>Investment Allocations</b>  |           |                    |
| • # of investments offered in the plan   |           |                    |
| • Is cash an option to participants?   |           |                    |
| • Is the plan's QDIA a target date fund (TDF), balanced fund or stable value fund? |           |                    |
| • What is the plan's stable value/cash percentage of holdings?                     |           |                    |
| • If applicable, what is the percentage of plan assets in target date options?     |           |                    |
| • % of participants that are investing in more than one target date fund           |           |                    |
| • % of participants invested in 1 investment (not including QDIA/TDF)              |           |                    |
| • Do you offer a brokerage account?  |           |                    |

**Participant Demographics**

|   |  |  |
|---|--|--|
| • % of participants age 20-29               |  |  |
| • % of participants age 30-39               |  |  |
| • % of participants age 40-49               |  |  |
| • % of participants age 50-59               |  |  |
| • % of participants age 60+                 |  |  |
| • % of participants on track for retirement |  |  |

**Level of Financial Literacy**

|  |  |  |
|--|--|--|
| • Does the plan offer financial education?                       |  |  |
| • % of participants that have authenticated their account online |  |  |
| • # of unique website visits annually                            |  |  |
| • # of app visits (if applicable)                                |  |  |
| • # of interactions with call center                             |  |  |

**Plan Benchmarking**

**Annual Administration/Recordkeeping fees**

|   |  |  |
|---|--|--|
| • Recordkeeping and administration fee          |  |  |
| • Third party administrator/3(16) fiduciary fee |  |  |
| • Custodial fee                                 |  |  |
| • 3(21) or 3(38) fiduciary advisor fee          |  |  |
| • ERISA attorney fee                            |  |  |

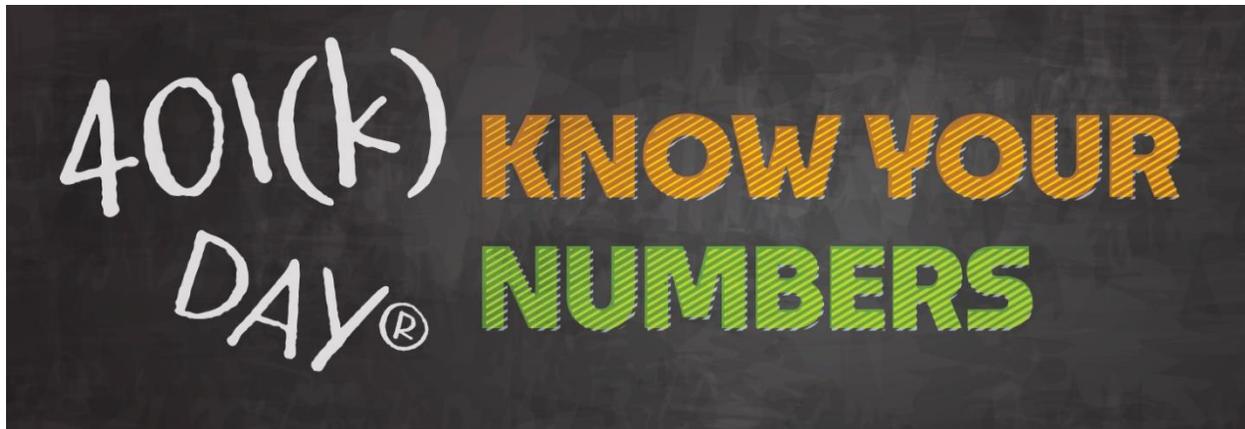
**Investment Fees:**

|                                     |  |  |
|-------------------------------------|--|--|
| • Weighted expense ratio %          |  |  |
| • Total investment expense %        |  |  |
| • Total investment expense \$       |  |  |
| • Estimated total plan cost %       |  |  |
| • Estimated total plan cost \$      |  |  |
| • Last date of plan benchmarking    |  |  |
| • Last date of fee benchmarking     |  |  |
| • ERISA bond amount                 |  |  |
| • Cyber insurance coverage/cost     |  |  |
| • Fiduciary insurance coverage/cost |  |  |

# For the Participants

Instructions For Participants

Participant Checklist



### **Instructions for Participant Checklist**

Knowing your retirement plan numbers is a good way to make sure you will have enough money in the future to do what you want, like buy a house, help your kids with college, start your own business or retire. The *Know Your Numbers* checklist contains important information you should know about your retirement plan and the income you may need in retirement.

To find the information to fill in the spaces provided, look at what is offered by the provider that holds your account: your account statement, the provider's website where you log in to see your account balance, calculators to determine how much you may need in retirement, etc.

Your employer may also have resources for you to get the information and can help you with things like the match amount (if offered) and the maximum amount you can contribute.

To learn about what you may get from Medicare and Social Security, check out the governmental websites: <https://www.medicare.gov> and <https://www.ssa.gov>.

The website <https://www.mymoney.gov/> has lots of information that may be helpful to you.

Whether you fill every space or not, consider saving your checklist and redoing it in a year, and perhaps each year thereafter, to make sure you know if you are on the way to a healthy financial future.



**Retirement Savings**

- Are you on track to have enough \$ when you retire? *(check with your plan provider for calculators to determine this)*
- Monthly income: how much money each month will you need to live on when you retire? *(Your plan provider may have a calculator to determine this amount for you.)*

What other money will you have to fund your retirement? *(enter below the monthly or annual \$)*

- Social Security
- Savings accounts, CDs, or other cash accounts
- IRA(s)
- Annuity
- Spouse's accounts (401(k), savings, SS, etc.)
- Other

**Healthcare Insurance**

How much \$ will you need during retirement to cover your healthcare premiums and your portion of care for medical, dental and vision?

- For yourself
- For your spouse (if applicable)

Do you have a Health Savings Account (HSA)?

- If yes, what is your balance?
- How much are you contributing monthly/annually?
- Does your employer contribute? If yes, how much either monthly or annually?
- Are you investing your HSA balance?

*If you are not investing your HSA funds and wish to do so, contact your provider or employer as this is a great opportunity to grow your retirement income.*

**Medicare**

**Medicare benefits are especially important to your retirement planning and determining when to start receiving coverage is subject to a process with deadlines. The typical age to be on Medicare is 65; however, you may start earlier based on certain conditions, such as disability.**

- At what age do you plan to start using Medicare?

Part A, hospital insurance, is free!  
 Part B, medical insurance cost: standard premium amount is \$170.10/month in 2022 if your income is <=\$91,000 for individuals or <=\$182,000 for couples. Additional premium is required for income above these amounts.

- Part B - enter the amount of premium you expect to pay each month

**For more information on Medicare go to**  
<https://www.medicare.gov>

**Taxes:**

**Contributions to 401(k), 403(b) or 457 plans are typically not taxed until funds are withdrawn. There is a 10% penalty if you withdraw prior to age 59 1/2, unless certain circumstances have determined otherwise. Check with your tax advisor on penalty rules.**

*If you have made ROTH contributions, you will owe no tax when you take money from your ROTH portion!*

**If you are no longer working and you still have money in a former employer's plan or in an IRA, you must start taking money out at age 72.**

- Does this apply to you? (yes/no)
- If yes, how much must you take out of each of your accounts this year?
- How much tax will you pay on this withdrawal?

Taking a withdrawal before age 59 1/2? Figure out how much tax and penalty (if applicable) you'll pay:

- What is the Federal tax amount owed?
- What is the state tax amount owed?

## Social Security (SS)

Your Social Security benefits are subject to the Social Security Administration's Full Retirement and Age Benefits Reduction Chart. If you delay collecting your social security benefit until age 70, you can maximize your benefit. Go here to determine your retirement age.

<https://www.ssa.gov/benefits/retirement/planner/agereduction.html>

Full retirement age is 66 if you were born from 1943 to 1954, age increases gradually to 67 if you were born from 1955 to 1960. If born in 1960 or later full retirement age is 67. Early retirement age is 62 but benefits are reduced. If you delay until age 70 you get the most money.

- Enter the age you plan on starting your benefit
- How much will you get monthly from SS? (go to the SS website to find out)

Your income from Social Security is taxable if you have other substantial income such as wages, self-employment wages, interest, dividends and any other taxable income that must be reported on your tax return. To find out the percent of tax you may pay go to the SS website.

- What tax % will you pay if you will have other income besides SS?

For more information on Social Security go to

<https://www.ssa.gov>

## Life in Retirement

Your life in retirement may be similar as when you were working. But, at some point you may need to change where and how you live.

- How much are your current monthly expenses? (yes, you should create a budget!)
- What do you estimate your monthly expenses to be in retirement?
- What do you estimate your annual expenses to be in retirement?

### Housing

- How much are you paying for your mortgage or rent monthly?
- If you own a home, will you have your mortgage paid off by the time you retire? (Yes or No)
  - How many months do you have left to pay on the mortgage?
- How much is your annual homeowners insurance?
- How much are your property taxes annually if you own your home?
- Long term care: do you have a long term care insurance policy?
  - If yes, what is the daily rate you will get if you use it?

## Legacy Planning

- Do you have an updated will or estate plan?
- Do you intend to leave money to your heirs?
- Do you have a detailed list of all your accounts, insurance policies, etc. and do your heirs know know where to find the list?
- Are your retirement plan and insurance beneficiaries up to date?

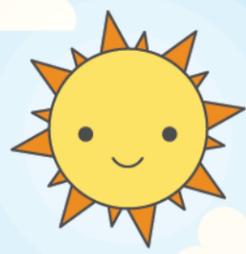
# Infographics

A Simple Rule For Saving & Spending

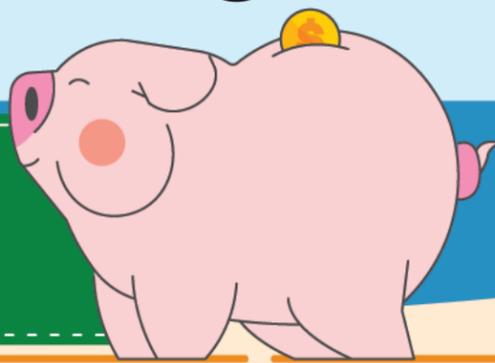
Keep moving on the road to retirement

MV stress infographic

# A simple rule for saving & spending



## 50/15/5



The COVID-19 pandemic caused financial uncertainty for many families. If you got off track, it's okay; our simple rules for saving and spending can be your first step toward gaining financial stability today and maintaining your lifestyle in retirement.



### Essential expenses

These are things you can't get by without, including housing, food, transportation, child care, and health care.

How to get there

**Just because some expenses are essential doesn't mean they're not flexible. Small changes can add up.**

Turn the thermostat down a bit in the winter and up in the summer.

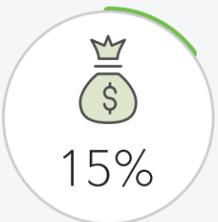


If available, consider a high deductible health plan with lower premiums and a tax-advantaged health savings account.



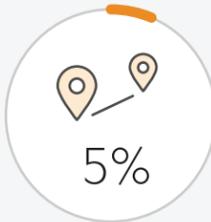
**Save on food:** Stock up on groceries when they're on sale; start using coupons; take lunch to work more often.

**Consider a more affordable and efficient car.**



### Retirement savings

This is a pretax target, and includes any contribution your employer makes.



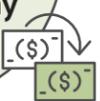
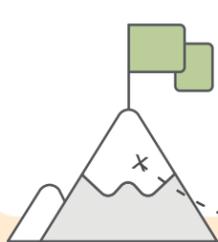
### Short-term savings

This is a safety net in case you have an unexpected expense that doesn't qualify as a true emergency.

Increase your savings gradually until you've reached your goal. **Even 1% annually can make a big difference.**

If you get a raise or bonus, save some of it for retirement.

Save at least enough to **take full advantage of your company match.**



**What's this money for?** Unexpected budget-busters like a flat tire or a roof repair.

**Isn't that an emergency fund?** You should have the equivalent of 3-6 months of income in an emergency fund, but that is for big emergencies like job loss or a health crisis. You should build this fund first, little by little, if necessary.

**Don't be tempted to spend:** Have this money deducted automatically and moved into a savings account.



### What you can do

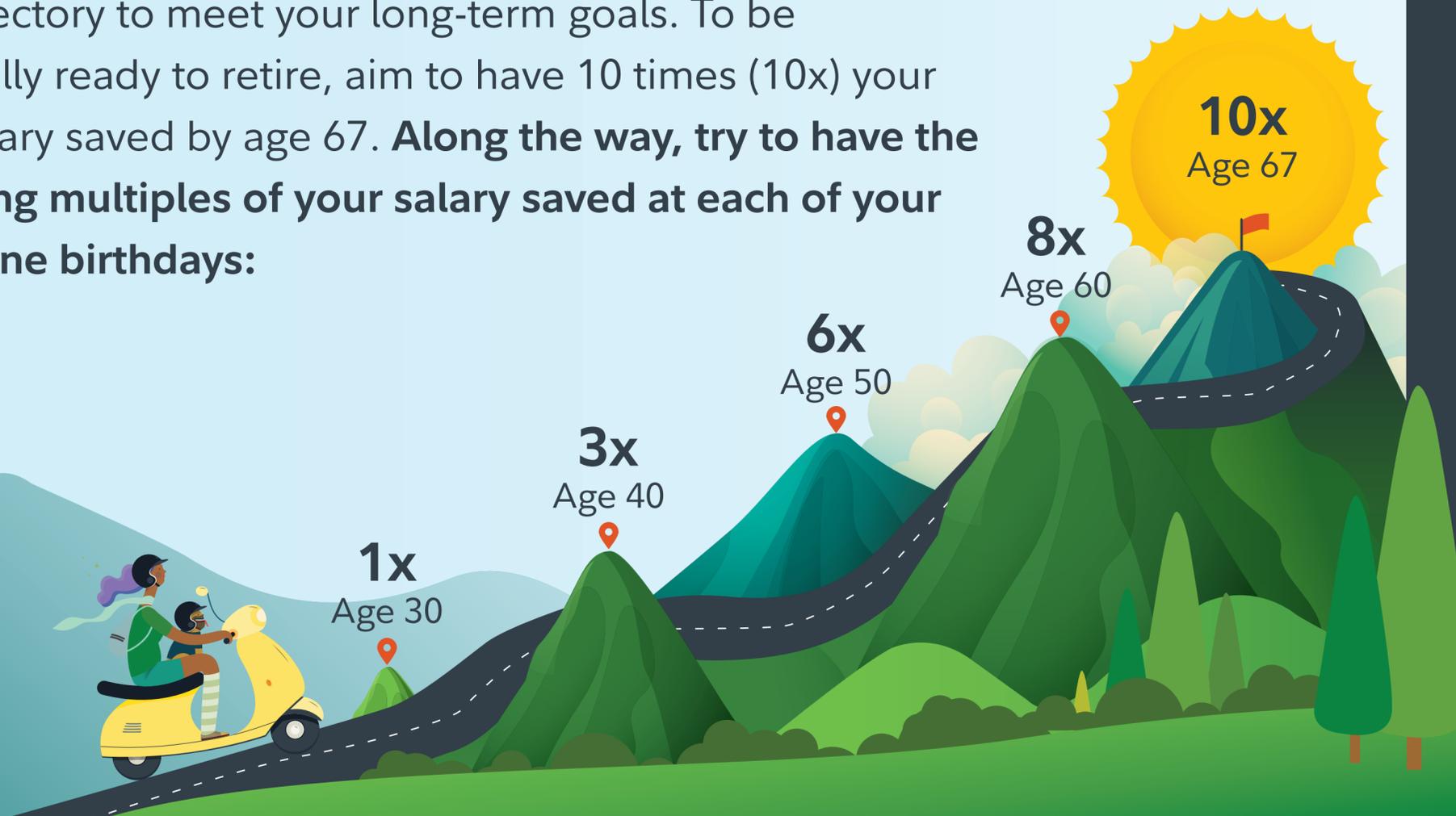
As long as you stay within these guidelines, the remainder is yours to save or spend as you see fit. You could pay down high-interest debt or save for other goals, such as a vacation, college, or a wedding.

It can take time to get your financial goals in order but building a budget is the first step in getting there. Want to see if you meet these guidelines?

Use the [Savings & Spending Check-Up](#) to see where you stand.

# Keep moving on the road to retirement

Knowing how much to save for retirement can help you on the trajectory to meet your long-term goals. To be financially ready to retire, aim to have 10 times (10x) your final salary saved by age 67. **Along the way, try to have the following multiples of your salary saved at each of your milestone birthdays:**



Fidelity suggests saving at **least 15% of your income for retirement**, including employer contributions. If you're off track consider:

- 📍 Saving enough to get your full company match.
- 📍 Increasing your savings rate by at least 1% every year.

Fidelity has developed a series of salary multipliers in order to provide participants with one measure of how their current retirement savings might be compared to potential income needs in retirement. The salary multiplier suggested is based solely on your current age. In developing the series of salary multipliers corresponding to age, Fidelity assumed age-based asset allocations consistent with the equity glide path of a typical target date retirement fund, a 15% savings rate, a 1.5% constant real wage growth, a retirement age of 67 and a planning age through 93. The replacement annual income target is defined as 45% of pre-retirement annual income and assumes no pension income. This target is based on Consumer Expenditure Survey 2011 (BLS), Statistics of Income 2011 Tax Stat, IRS 2014 tax brackets and Social Security Benefit Calculators. Fidelity developed the salary multipliers through multiple market simulations based on historical market data, assuming poor market conditions to support a 90% confidence level of success.

These simulations take into account the volatility that a typical target date asset allocation might experience under different market conditions. Volatility of the stocks, bonds and short-term asset classes is based on the historical annual data from 1926 through the most recent year-end data available from Ibbotson Associates, Inc. Stocks (domestic and foreign) are represented by Ibbotson Associates SBBI S&P 500 Total Return Index, bonds are represented by Ibbotson Associates SBBI U.S. Intermediate Term Government Bonds Total Return Index, and short term are represented by Ibbotson Associates SBBI 30-day U.S. Treasury Bills Total Return Index, respectively. It is not possible to invest directly in an index. All indices include reinvestment of dividends and interest income. All calculations are purely hypothetical and a suggested salary multiplier is not a guarantee of future results; it does not reflect the return of any particular investment or take into consideration the composition of a participant's particular account. The salary multiplier is intended only to be one source of information that may help you assess your retirement income needs. Remember, past performance is no guarantee of future results. Performance returns for actual investments will generally be reduced by fees or expenses not reflected in these hypothetical calculations. Returns also will generally be reduced by taxes.

This information is intended to be educational and is not tailored to the investment needs of any specific investor.

**Investing involves risk, including risk of loss.**

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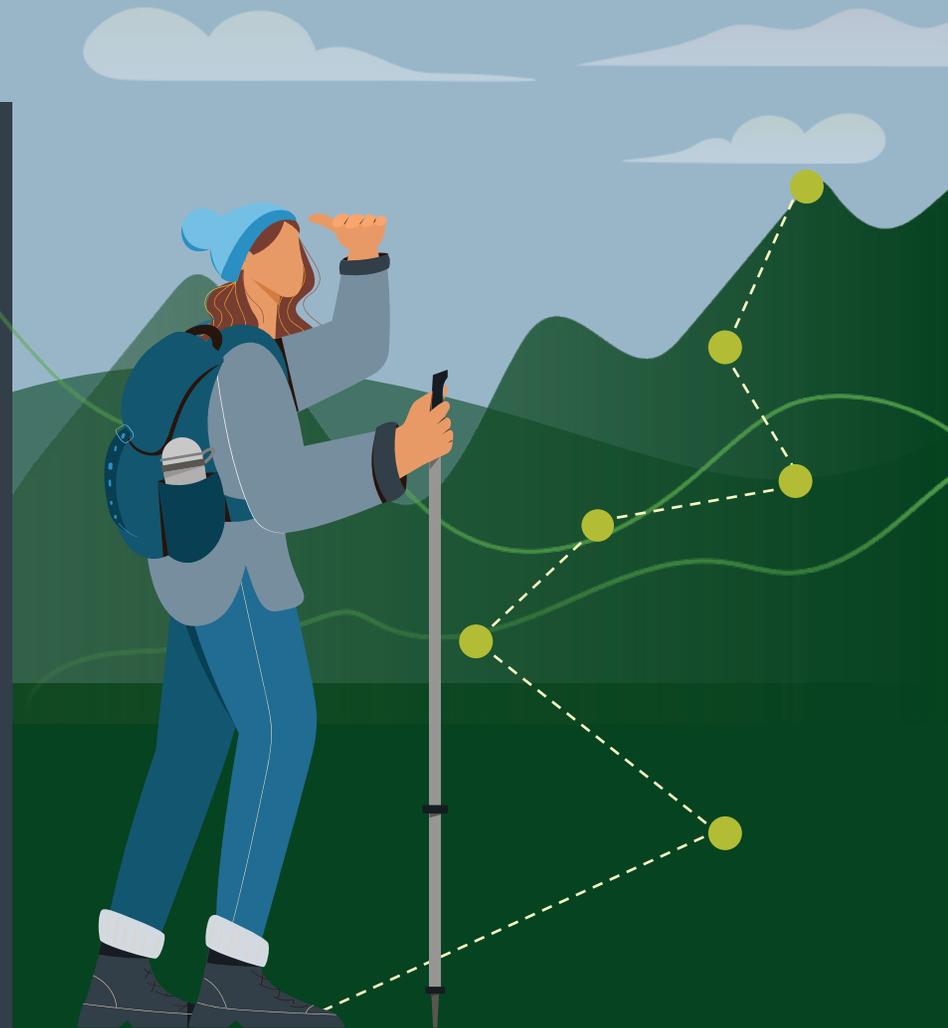




**41%** of people are concerned about the health and stability of the economy.\*

When navigating the market's ups and downs having a long-term strategy in place can help you stick with your plan and avoid making potentially costly moves out of fear.

**[Learn more about navigating volatile markets.](#)**



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\*Financial Plan Survey, My Fidelity Connection. January 2022.

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Fliers

# 401(k)

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## **KNOW YOUR NUMBERS**

### **What are my numbers?**

Get to know the important numbers and other details of your retirement plan to ensure you are on the way to a healthy financial future.

Fill out your checklist and keep it to remind yourself to revisit it at least annually.

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