

CASE STUDY

Bolstering Participation in a Compliant Retirement Plan

Executive Summary

The company faced low employee participation and contribution rates in its 401(k) plan, as well as challenges associated with administering its 401(k) plan.

INDUSTRY: Safety and Employee Screening Services

SERVICES: Drug and alcohol testing, background screening and U.S. Department of Transportation compliance

LOCATION: Houston, TX

CHALLENGE

The plan, which used a complex qualified automatic enrollment arrangement (QACA) safe harbor, had encountered administration and compliance issues. The company also hoped to boost employee participation in the plan.

Three issues highlighted overall challenges with the plan:

- The plan needed accurate data feeds to provide the automation necessary for a QACA plan; without fully functional carrier feeds, the plan had issues with auto-enrollment, auto-escalation and exception maintenance
- Many of its employees did not participate, sometimes due to a lack of information and education
- Low plan participation affected IRS nondiscriminatory testing

OUTCOME

When HUB uncovers this type of problem when evaluating a client's retirement plan, immediate corrective action is the likely recommendation. With HUB's assistance, the company moved quickly to correct issues and fully automate the plan's data feed between the provider and payroll vendor. HUB also helped enhance employee participation and contribution rates through tailored employee communication and education. This included a financial wellness "boot camp" seminar and live webinars that helped address employees' most pressing financial worries. HUB also vetted forfeiture dollar usage, which helped efforts to maintain the company's matching contributions during COVID-19.

The employee participation rate rose 15 percentage points to 89% and the average deferral rate moved from 2.7% to 9%, improving employee retirement readiness.

Technical Experience



Plan Education



A compliant retirement plan with higher participation and financial wellness

Contact HUB Retirement and Private Wealth to review your company's 401(k) plan.

We'll work with you to develop a compliant retirement program that is competitive and equitable.

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