

3 Fresh ideas to help boost your employees' retirement savings

Innovative and creative approaches to help your company stand out while improving workers' financial well-being



How can your company stand out from the competition so you can recruit and retain quality talent? At the same time, how do you encourage your workforce to continue saving for retirement when immediate financial needs are pressing?

Innovative and creative approaches such as “fresh starts”, webinars and auto-features may be the answer. This trio may help strengthen recruiting efforts, increase employee loyalty and boost 401(k) savings rates since these initiatives show that your company cares about its workers’ financial well-being.¹

What is a “fresh start”?

A “fresh start” is a moment that feels like a new beginning. Therefore, it acts as a catalyst for positive change that motivates individuals to pursue long-term goals and make future-focused choices.¹

Easy examples of fresh starts include:

- New Years
- Birthdays
- First day of fall

Fresh start thinking can help boost 401(k) savings

More than ever, it’s critical for employers to find effective ways of encouraging employees to save more for retirement. This is especially true because employees are in charge of deciding how much to save; but unfortunately, they often don’t set aside enough to reach their goals.

As such, fresh start framing can serve as a nudge to employees to increase their savings meaningfully. This is significant because prior research indicates that simple nudges, such as suggesting how much to save, can motivate workers to contribute to their retirement accounts at work.²

The fresh start research has found that in the eight months following notifications offering employees an opportunity to increase their deferrals, retirement plan contributions improved.¹ In light of these findings, using fresh start framing is a powerful strategy to use in your participant communications that may be an effective way to increase 401(k) deferrals.

Financial wellness webinars make a positive impact

As employers continue to navigate the new normal, they are turning to financial wellness initiatives to address employees' financial stress and retirement preparedness. Beyond improving retention and hiring, employers are committed to moving the needle on employee behaviors, including increasing worker satisfaction and productivity, reducing money-related stress and improving the use of retirement plan benefits.

Recent research has found that financial wellness webinars are effective in helping to accomplish these goals, particularly in increasing 401(k) savings rates. Depending upon the age and contribution level, deferrals rose an estimated \$649 to \$988 after participants attended a financial wellness webinar on any topic. In addition, attending a budgeting webinar was positively correlated with increased 401(k) contributions.³

Plan sponsors look to enhance auto features

Automatic plan design features have long been praised for their effectiveness in increasing 401(k) plan participation and savings rates. The two most popular auto features include:

- Automatic enrollment where employees are automatically defaulted into the plan at a specific date and savings rate.
- Automatic escalation where participant contribution rates are increased gradually over time.

Over the next two years, 28% of plan sponsors are considering enhancing their automatic deferral features, while 23% are considering changes to a plan contribution feature.⁴

Nearly a quarter (22%) of plan sponsors are considering adopting changes to auto-escalation features, while 18% are contemplating enhancements to auto-enrollment.⁴

These findings demonstrate that employers continue to seek ways to support employees retirement savings and are committed to fostering an improved sense of financial well-being in their workforce.⁴

Greater financial well-being

If you are looking to improve financial well-being, plan participation and savings rates for your employees, it may be time to consider leveraging auto features and financial wellness resources.

Connect with us to learn more: [hhconsultants.com](https://www.hhconsultants.com)

¹ Shlomo Benartzi, et al. "[Using Fresh Starts to Nudge Increased Retirement Savings](#)", June 2021

² Jacob Goldin, et al. "[How Much to Save? Decision Costs and Retirement Plan Participation](#)", July 2020

³ EBRI, "[Field of Dreams? Measuring the Impact of Financial Wellbeing Initiatives on 401\(k\) Plan Utilization](#)", March 2022

⁴ WTW, "[2022: The Next Evolution of DC Plans Survey](#)", Feb. 2022

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