



## THE WHITE PAPER

Strategies for Managing Your Assets

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### Consider the "Autopilot" Option for Your Plan

These days, it is vitally important for individuals to set money aside for retirement during their working years. Unfortunately, not every employee thinks so. Which explains why some employer-sponsored retirement plans have low participation rates. If your company's retirement plan participation rate disappoints you, there may be an easy fix. Why not put your plan on autopilot?

#### The Nuts and Bolts

Putting a retirement plan on autopilot simply means introducing an automatic enrollment feature. In other words, employees are automatically enrolled in the retirement plan unless they elect otherwise. A specific percentage of the employee's wages will be automatically deducted from each paycheck for contribution to the plan unless the employee opts out.

Once enrolled in the plan, employees can change their contribution rate and choose how to invest their contributions from the plan's investment menu. If they don't make their own investment selections, their contributions are automatically directed to a qualified default investment alternative (QDIA), which is typically a target date fund, a balanced fund, or an account managed by an ERISA-qualified investment manager. Employees whose contributions are invested in the default option can later switch into another plan investment, if desired.

#### Does It Work?

According to recent research, approximately 75% of employees participate in their employer's retirement plan.<sup>1</sup> The same study found that 62% of plan sponsors offer an auto-enrollment feature, 97% of those offering auto enrollment are satisfied with their program, and that 88% of sponsors believe auto enrollment has had a positive impact on their plan participation rates.<sup>2</sup>

#### A Win-Win

Many employees are confused about retirement planning. Many want guidance. Automatic enrollment makes the tough decisions for them and starts them on the path to a more secure financial future. Having a robust retirement plan usually helps businesses attract and keep talented employees. Automatic enrollment may be just the enhancement you need to get more employees to participate in -- and appreciate -- the benefits of working for you.

<sup>1,2</sup>Deloitte Consulting, LLP, the International Foundation of Employee Benefit Plans, the International Society of Certified Employee Benefit Specialists, "Annual Defined Contribution Benchmarking Survey, 2015 Edition."

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