



## THE WHITE PAPER

Your Guide to Life Planning

September 2016



### Tori Patrick

President  
Progressive Strategies Financial  
Group  
27201 Puerta Real Suite 300  
Mission Viejo, CA 92691  
949.204.3800 702.893.1500  
Fax: 702.549.1900  
[Tori@psfgwealth.com](mailto:Tori@psfgwealth.com)  
[www.psfwealth.com](http://www.psfwealth.com)

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### Sell Your Employer Match

Most 401(k) plan sponsors offer their employees some type of matching contributions. The most common match, according to the Plan Sponsor Council of America, is 50 cents for every dollar an employee contributes to the plan, up to 6% of compensation.<sup>1</sup> The reason for offering this benefit is simple: The availability of matching contributions encourages employees to participate in their employer's plan and, in many cases, to contribute more to the plan -- both of which can help at annual nondiscrimination testing time.

But many employees, particularly lower paid employees, fail to take full advantage of this important benefit. By some estimates, as many as two-thirds of the lowest paid employees may not be contributing enough to receive the full company match. What can you do to get all of your employees on board?

### Show Them the Money

To start, look at your enrollment and educational materials to see how matching contributions are explained. Many employers find that a "free money" approach is effective, pointing out that the employer is giving employees extra money for retirement. Also helpful are illustrations showing the difference matching contributions can potentially make in their plan account balance at retirement.

### Target Education

Consider reviewing your plan data to determine which participants are not taking full advantage of your matching contributions. You might want to target these employees with payroll stuffers or e-mail communications pointing out the benefits of matching contributions. Or, if employees who are not taking advantage of your match seem to be concentrated in certain departments, you may want to post matching contribution posters in those areas. Another idea is to briefly talk about your 401(k) plan and your match program at the performance/pay reviews of select -- or perhaps all -- employees.

<sup>1</sup>Plan Sponsor Council of America, "58th Annual Survey of Profit Sharing and 401(k) Plans," 2015 (2014 plan experience).

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