Use your retirement plan to attract and retain employees

Enhancement checklist

Right now, many employers are facing challenges in attracting new employees and retaining current talent. While multiple factors affect hiring and retention, your retirement program may be able to help you address staffing issues.

Use this checklist to review your plan and see if it can be enhanced to align with what employees are looking for.

Attracting new employees

- **Review eligibility and entry dates.** When it comes to attracting new employees, being able to save in the retirement plan sooner rather than later may have an impact. Some employers are changing their retirement plans to allow immediate eligibility — for both salary deferrals and employer match.

- **Benchmark your employer contribution.** Determine if your current retirement plan is competitive with your peers’ employer contribution structure, such as employer match and non-elective contributions.

- **Add or enhance automatic features in your retirement plan.** Auto features, like automatic enrollment, automatic increase, and Qualified Default Investment Alternative (QDIA), can give employees an important long-term benefit without them having to take action. This can help attract and retain qualified employees. In addition, automatic savings can help employees feel more secure about their financial futures.

Retaining current employees

- **Modify the employer contribution amount.** Increase the match or non-elective contribution.

- **Use a tiered match or non-elective contribution based on years of service.** This contribution structure is designed to reward longer service. Please note: This type of structure would most likely subject your plan to additional nondiscrimination testing requirements.

- **Add a vesting schedule.** Two common vesting schedules are a three-year cliff (an employee is 0% vested until they have three years of service) and a six-year graded schedule (an employee is 20% vested after two years and receives 20% per year until they're 100% vested after six years of service). If your plan currently has 100% immediate vesting, the implementation of a vesting schedule would most likely be limited to new employees going forward.

- **Allow access to balances in situations other than termination or retirement.** Consider offering loans, hardship withdrawals, or other in-service withdrawal options.
Options for management and key employees

- **Offer executive benefits, such as a nonqualified plan.** Key employee and executive retention may be improved through the addition or enhancement of your executive benefit program. A nonqualified plan allows you to provide an employer contribution for use as a hiring bonus and/or an annual bonus.

Mitigating costs with plan design changes

- **Use a vesting schedule.** Depending on your current plan provisions, you may use a vesting schedule for new or current employees for increased or additional employer contributions. Over time, nonvested contributions that become forfeitures would build up, which can be used to offset employer contributions or to pay plan expenses.

Contact your Lincoln representative to see how we can help you enhance your retirement program to attract and retain top talent.