



JULY 2019

Automation Can Help Plan Sponsors and Participants

A recent study by the Employee Benefit Research Institute¹ determined 79% of workers that have a retirement plan option provided to them have saved for retirement. The study also found three out of four workers with a retirement plan are currently saving.

However, that same study concluded that nearly 5 out of 10 workers with a retirement plan have saved less than \$100,000. While \$100,000 is a nice sum of money, it may not be enough to maintain their current standard of living while in retirement. If 75% of workers that have a retirement plan available to them are taking advantage of it, what can be done to help participants prepare even more for their retirement?

As a plan sponsor, there are a few things you can do.

Automatic Enrollment

Sponsors of the Co-op 401(k) Plan have the ability to set up automatic enrollment on a plan level. This means that as participants become eligible, they will automatically be enrolled at a deferral rate determined by the sponsor. Sponsors can set the automatic enrollment deferral rate as to have participants take full advantage of any applicable employer matching contribution. For example, if a sponsor matches 50% on the first 6%, the enrollment rate can be set at 6%. This would allow the participant to maximize the match of 3%.

1 2019 Retirement Confidence Survey https://www.ebri.org/docs/default-source/rcs/2019-rcs/rcs_19-fs-3_prep.pdf?sfvrsn=3a553f2f_4

Another advantage of auto enrolling participants is simply removing the barrier of going through the process of enrolling. Participants can have the intentions of enrolling on their own, but may get sidetracked along the way.

Enrolling participants automatically gives the participants the most time in the plan as well. As time passes, the participants' accounts accrue interest. The more time a participant is in the plan, the more compounding interest can add to their account balance.

Automatic Increase

Once participants are enrolled in the plan, there are still options available to the sponsor to enhance participants' retirement savings.

One option is to set a plan level automatic increase. This would increase each participant's deferral rate. Again, sponsors have the ability to choose the automatic increase amount, and the maximum amount.

Financial experts say most employees should save between 15% and 20% in their retirement plan between their contributions and any employer contributions. As a plan sponsor, you can help your employees achieve that.

For example, a plan could decide to include an automatic increase feature that would increase each participants' deferral rate by 1% up to a maximum of 10%. By setting

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a 1% increase each year, the participant will save more with only a slight adjustment to their overall take home pay.

Another option to help those saving less than a recommended amount is to apply a one-time automatic increase to existing participants. For example, the sponsor could increase anyone saving less than 6% up to 6% plus apply any applicable automatic increase.

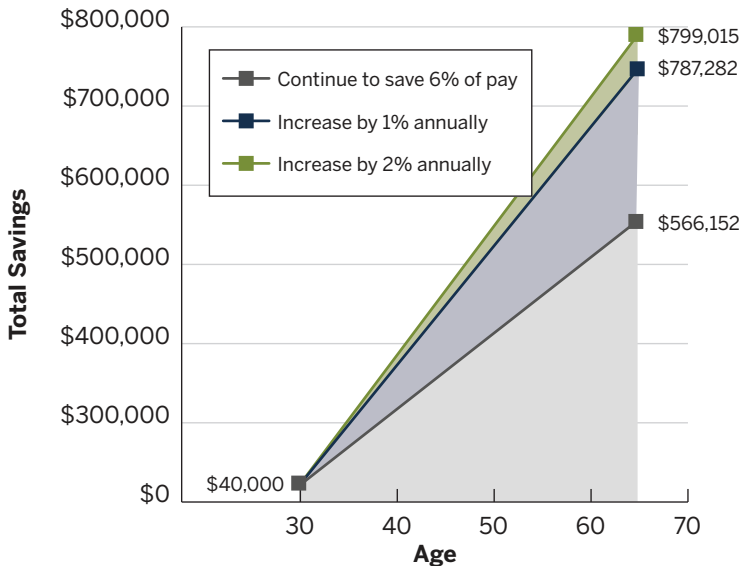
If a sponsor decides not to add Automatic Increase on a plan level, participants do have the option to add it individually on **MillimanBenefits.com** or by calling the Benefits Service Center.

Add it Up

Saving a little more each year can make a big difference down the road. Take a look at this example.

- Let's assume a participant earns \$40,000 a year (before taxes).
- They begin saving at age 30 and get 2% salary increases each year and a 6% return on their investments.
- The chart below shows how much money they would have if they hold steady at 6% vs. their account balance if they increase their contribution rate by 1% or 2% each year until they are contributing 10% of your pay.

By gradually increasing your contribution rate, participants can significantly increase the savings they'll have at age 65.



If you are interested in adding the Automatic Enrollment feature or would like more information please contact your Relationship Manager or call 800.652.6675 option 2.

Upcoming Communications

In 2019, the Co-op 401(k) Plan celebrates its 25th year of partnership with the Plan's recordkeeper, Milliman. This special anniversary was the perfect opportunity to review and enhance the communications offerings.

Starting in the 2nd Quarter of 2019, you may have noticed a refreshed look to many of the offerings from the Co-op 401(k) Plan. In addition to the refreshed look, plan sponsors and participants can look forward to more touch points throughout the year reminding them of topics such as the quarterly webinars Milliman hosts, different plan features, retirement checklists and different investment strategies. To ensure you and your participants receive these pieces, please add an email address to your account at **MillimanBenefits.com**.

The table below highlights what is ahead for the 3rd Quarter of 2019.

AUDIENCE		3Q 2019
Email Curriculum		<ul style="list-style-type: none"> Rollover Reminder Happy Birthday
Targeted Email Campaigns	Delivers action-oriented messages to participants based on a specific need	Target: Age Retirement Checklist for: A. Gen Z B. Millennials C. Gen X D. Baby Boomers E. Baby Boomers+
	1) Age 2) Plan Feature 3) Income Level	

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UPDATE

Employee Benefit News for the Cooperative Industry

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