



Professionally Speaking

Redefining 401(k) Success

by Mike Scott of **Independence Financial, LLC 920.236.6587**

If you have a particular labor/employment law question, forward it to Mr. Renning at info@newnorthb2b.com. If he responds to your email in a future issue, your name and company will be withheld to preserve your privacy. Professionally Speaking is a paid promotional spot in B2B.



How successful is your company's 401(k) retirement plan? Do you know?

In recent years, plan sponsors have been encouraged to measure their plan by tracking participation and deferral rates, monitoring investment performance, and benchmarking fees, all of which are important, but none of which independently provide a complete guide as to whether or not participants are succeeding. Success is achieved when an employee is able to replace their paycheck when they retire.

A retirement plan isn't just an investment plan. It's a vehicle to help employees replace their paychecks when they stop working. While the other frequently used measurements provide some indication of how various aspects of the plan may be working, they don't measure what employers and plan participants need to know – **Will the plan successfully provide each plan participant with an adequate benefit at retirement?**

Why Measure?

Most employers consider the money spent offering and administering your retirement plan as an investment. It stands to reason that as with any investment you would want to know you're getting a good return on that investment in terms of helping employees achieve a comfortable retirement and auxiliary benefits to your company.

For example, if employees are satisfied with their retirement plan, they are more likely to keep working for the employer sponsoring the plan. Thus, having a "successful" retirement plan can lower employee turnover and save you the costs of recruiting and training qualified workers.

As we move into the future, how successful – or unsuccessful – a retirement plan is in delivering retirement security may become a factor in determining whether or not a plan sponsor and other plan fiduciaries are meeting their fiduciary responsibilities. Having a plan that doesn't measure up to changing industry standards could leave the fiduciaries open to potential litigation.

Given the statistics on how few people are on track

to be financially ready for retirement, the time has come to change the plan-success conversation and benchmark metrics that are actually going to have an impact on your participant's ability to retire.

If you are are concerned that your employees may not be on track for a successful retirement, contact us to evaluate your plan and determine the retirement rediness success rate of your employees. We will advise you on how to put your employees on track for a successful retirement. Mike is a CERTIFIED FINANCIAL PLANNER™ practitioner and an owner of Independence Financial, LLC, an Oshkosh firm specializing in retirement planning for over 80 years. (920) 236-6587 or Michael@IndependenceFinancialLLC.com.

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