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Turning the Tide on Employee Engagement



A recent Gallup survey¹ found that only 33% of workers were engaged in 2023, representing nearly \$2 trillion in lost productivity. The findings show a lack of engagement among most age groups except Baby Boomers, with older millennials and Gen Zers described as a “dramatic decline” in interest. Employees

report feeling more disconnected from – and less satisfied with – their employers than they did four years ago. They also express feeling less connected to the organization’s mission and purpose.

Engagement on the decline can mean decreased productivity, higher turnover, lower profitability, and a host of other problems for the organization. One solution to this problem is the company retirement plan. The company retirement plan can be leveraged as a powerful tool to help increase engagement and combat many negative sentiments among today’s workers. A robust plan incorporating the following elements can signify that the company values its employees beyond their immediate output.

- **Recognize individual needs.** Offer customizable plan options that cater to different life circumstances. For example, consider allowing employees to allocate employer-matching dollars toward student loans, an emergency savings fund, or a college savings account.
- **Build trust.** Plan sponsors may want to consider increasing their matching contributions or reducing a longer graded vesting schedule. In doing so, employees may perceive more immediate benefit recognition, which can cultivate a sense of being valued by their employer, boost morale, and increase loyalty to the organization.
- **Demonstrate long-term commitment.** Help employees prepare for retirement at all phases of their career progression, from onboarding and enrollment to retirement and

¹ [Gallup Survey](#)



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beyond. Measures could include stepping up efforts to keep retirees in the plan and offering life-stage planning tools.

- **Encourage dialogue.** Regular updates and education about the retirement plan can encourage ongoing communication between employees and management, making employees feel more heard, informed — and engaged.
- **Empower employees with more choice and clarity.** Offering HSA or Roth options provides employees with greater control over their retirement savings. At the same time, it's imperative not to give participants so many investment choices that selection becomes overwhelming for them. Include options tailored to participants' time horizons, such as TDFs. Organize investment menus around clear, easy-to-understand categories that map to their stage of life and financial goals. Establish multiple channels for participants to access information that helps streamline enrollment and investment decision-making. Consider offering one-on-one advising, group sessions, written materials, and online education.

Charting a New Course

Taking proactive steps to increase employee engagement can maintain productivity and help recruit and retain talent. The first step in determining which of these strategies is most beneficial involves soliciting feedback about the plan directly from employees – both formally and through informal conversation – to ascertain where there might be room for improvement.

Sources

<https://fortune.com/2024/03/05/gen-z-elder-millennials-disengaged-gallup-poll-genx-boomers/>

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