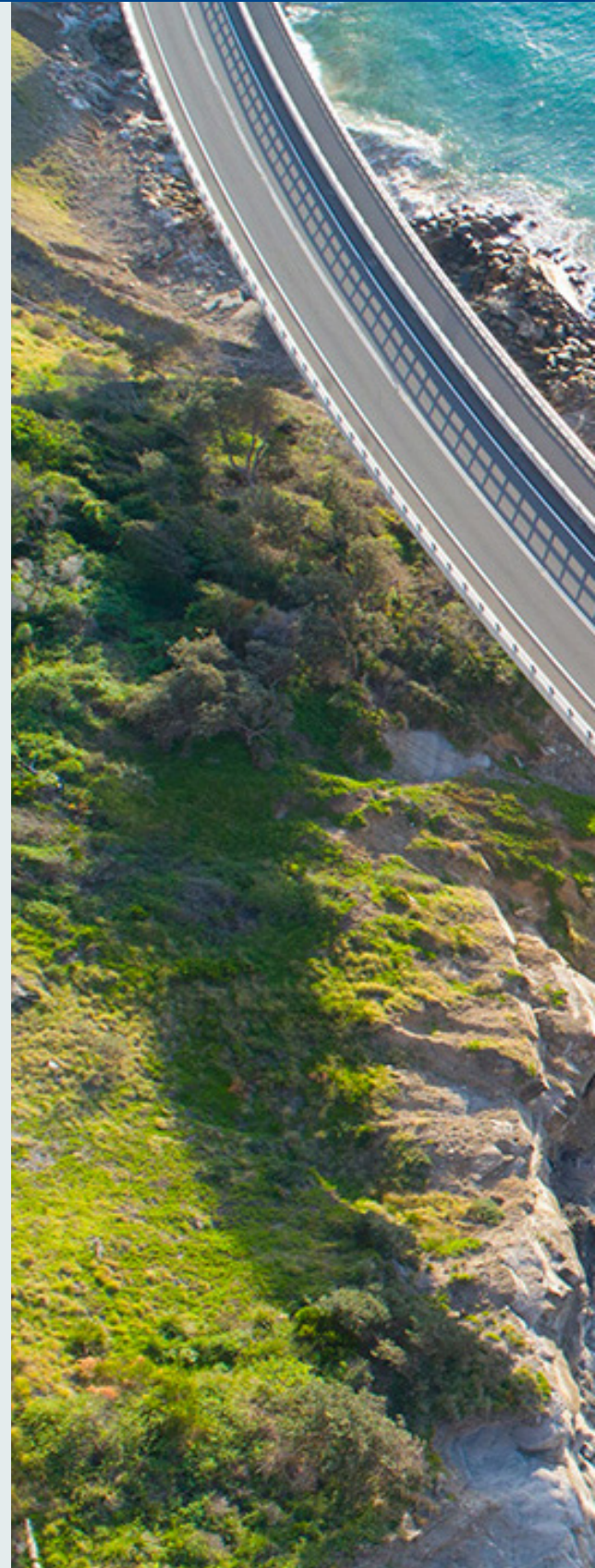




4 keys to an award-winning retirement plan offering

Attract/retain key talent, empower employees and put your organization in a position to thrive

A properly designed retirement plan offering aligned with the objectives of your organization can help build a loyal workforce and provide a competitive advantage. That's especially important in today's competitive landscape, where workers at all levels may be in higher demand than at any time in recent memory. An outstanding retirement program can complement other organizational initiatives, help retain key talent, foster employee satisfaction and put your organization in a position to thrive.



The Revenue Act of 1978 gave employees the ability to contribute their own money through a defined contribution plan on a pre-tax basis to supplement any other retirement benefits they may have accrued. However, as of March of 2020, while 52% of industry workers had access to a defined contribution plan, only 12% had access to both a defined contribution and defined benefit plan.¹ Over the years, the type of retirement programs that organizations support has changed substantially, with many firms shifting solely to a defined contribution system. This shift has created both opportunities and challenges for plan sponsors as employee needs constantly evolve, while the administration of such programs grows increasingly complex.

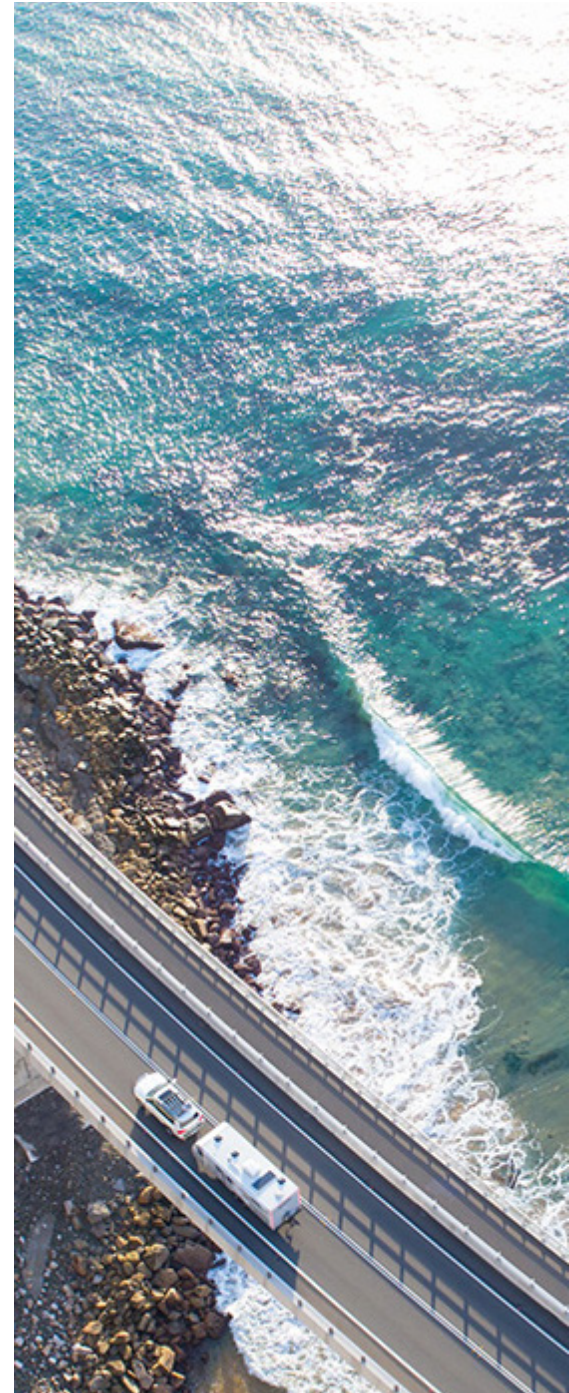
The changing landscape means that organizations that take the well-being of their employees seriously and want to position them for a financially stable future must go beyond traditional “out-of-the-box” defined contribution plans. They must offer modern plans, and work with providers who are flexible and who can deliver solutions that are easy to use and technologically advanced.

How do you evaluate the state of your current plan?

What elements make up an award-winning plan?

What steps might your organization need to take to overhaul your existing plan?

This guide is designed to help you answer those questions.



As a plan sponsor, you face multiple challenges

Plan sponsors have a fiduciary responsibility to govern and oversee the retirement programs offered to their employees. For most companies, that oversight is limited to the fees, funds and fiduciary responsibilities of sponsoring a defined contribution plan. While many plan sponsors do a decent job of addressing these responsibilities, the retirement plans they offer tend to be turnkey solutions meant solely to address a need, not a benefit designed to set the company apart. It's easy to understand why this has been the case, given the many challenges and complexities involved.

A landscape that's difficult to navigate and everchanging

Legal/Regulatory

- Ongoing class action lawsuits
- DOL investigations
- LaRue Supreme Court decision
- Form 5500 expense disclosure
- 408(b)(2), 404(a) fee disclosure
- SECURE Act
- CARES Act

Legislative evolution

- Introduction of the CARES and SECURE Act
- Continued legislative uncertainty
- Continuous updates in guidance from the Department of Labor
- EGTRRA, Sarbanes Oxley, Pension Protection Act, Dodd Frank

Investment volatility

- Manager performance
- Fund manager consolidation
- Fixed-income exposure to financials, mortgage securities
- Stable value risk, wrap providers
- Fraud cases

Operational challenges

- Administrative complexity
- Level of provider expertise
- Recordkeepers contracting/consolidating
- Provider staff reduction
- Provider commitment to business

Saving rates

- Concern about income replacement
- Employee inertia
- Only 17% of workers feel very confident in their ability to live comfortably in retirement²
- 54% of workers say their retirement years will include a job of some sort.³
- Life expectancy increasing
- Health care costs rising

Given all these complexities, it's understandable why many employers rely on "out-of-the-box" solutions for their retirement plan needs. But if your organization wants to do more, it's possible...with the right approach.

Establishing a truly outstanding retirement plan

Given the challenges of administering a defined contribution plan, most organizations are satisfied by simply meeting the requirements. However, great organizations take it a step further. They develop their offering specifically to engage with their employees in ways that enhance participant awareness and outcomes. And while every retirement plan is a little different, all that strive to be outstanding pursue four core objectives:

4 keys to an award-winning plan

1. Employees first
2. Think big
3. Committed partners
4. Shared success

The most vital element is a strong commitment on the part of your organization's leadership. If it is devoted to achieving all four key objectives, you have a chance to install a plan that helps satisfies key employees and can give your firm a competitive advantage.

“The rate of change that’s impacting the world today is having an exponential impact on the workplace dynamics between employer and employee. Employees expect more, while employers are being asked to do more with less. Working with partners that can provide time, resources and expertise is critical to the implementation of the roadmap to success.”

Christopher J. Pohlman CRPS, AIF

Senior Managing Director
Retirement Advisory Services



4 keys to an award winning plan

1. Employees first

The Employee Retirement Income Security Act of 1974 (ERISA) sets the minimum standards that a plan sponsor must follow when offering a defined contribution retirement plan. A paternalistic plan sponsor goes beyond the minimum standard of just putting the participants' best interests first and adds an element of passion for driving positive employee outcomes. A capable plan sponsor will ask key questions, establish goals, and build a framework for making data-driven decisions to ensure that data can be objectively organized and analyzed against desired outcomes.

Engagement with employees is vital

Employee engagement is critical to driving positive employee outcomes. First, employees must be made aware of the tools and resources that are available to them through multiple channels. Second, you must communicate how they can best use those tools and resources to meet their individual goals.

“Out-of-the-box” solutions encourage many employees to adopt a “set it and forget it” approach to their retirement. However, “one size fits all” offerings often leave a large portion of plan participants underserved in terms of investment education and advice.

As a plan sponsor, you are likely aware of your fiduciary responsibility to educate your employees regarding the retirement offering you put together. But is your approach to employee communication and engagement capable of reaching a diverse employee population that has a wide range of needs? Different demographics require different communications. Considerations include salary range, age and geographic footprints. Do employees have a dedicated resource they can reach out to if they have questions regarding their financial future on a personalized basis—one that's not just a call center? Have you customized your communications or are you using “off-the-shelf” materials? These are just some of the questions a paternalistic plan sponsor must ask themselves.

As in most areas today, technology plays an enormous role in the way education and advice is delivered to employees. The most impactful solutions often incorporate a hybrid approach that leverages technology in a way that can deliver mass customized solutions and communications to your employees while retaining a personal touch. For maximum benefit, resources must be easy for employees to access, use and understand.

Evaluate advice options

As you might expect, employees' needs for advice vary widely. Some will want to make their retirement plan investment selections. Others will prefer to have a financial advisor or planner recommend what's best for them. Others will take a hybrid approach and seek out guidance, but make the ultimate decision themselves. Most participants again fall into the "set it and forget it" camp and have very little involvement in the management of their retirement account.

Understanding the difference between what is "education" and what is "advice" is critical to a plan sponsor's success. Make sure the advice component of your plan favorably answers these questions

- Will the advice employees get be unbiased?
- Will it be customizable and unique rather than cookie-cutter?
- Is it holistic and does it allow employees to fit their retirement plan into their overall financial picture?
- Is it easily accessible or only available at certain times?
- Are the fees and level of service aligned?
- Are the recommendations participants receive truly advice?

Elevate the participant experience with a consistent user experience

Most plan sponsors offer multiple benefit programs. However, employees typically prefer a "one-stop-shop" that can integrate various benefit programs into one user interface. Examples of these types of programs include:

- Non-Qualified Deferred Compensation
- Health Savings Accounts (HSA's)
- Defined Benefit Pension Plans
- Payroll

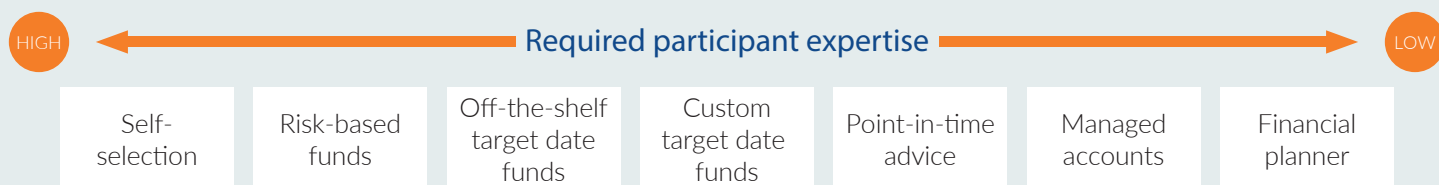
There are many advantages to combining these types of benefit programs into one user experience. With a holistic view of their financial picture, participants are better informed about their "retirement readiness." As a result, they are positioned to make better financial decisions on how best to save and invest for retirement.

"Employees first" is more than a mantra, it's a call to action. Schedule a complimentary consultation today to talk about how your retirement plan can help employees take control of their financial futures.



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Schedule a consultation today.

Where you fall on the "need advice" spectrum and which types of investments might make sense for you.



2. Think big

When it comes to overhauling an existing plan, there's no greater predictor of success than the commitment of the leadership team to make a significant, meaningful change. Think of it as the "Big Bang" theory of retirement plan sponsoring: if you are going to make a "bang," make it big and meaningful.

The first step a highly motivated retirement plan committee should take when building an award-winning plan is to evaluate the committee structure using three main questions:

- **Control fiduciary liability:** Does the committee have a proper governance structure in place that guides a repeatable process for decision making? Is our investment offering sufficient to meet the dynamic needs of our employee population and are those investments performing in line with established benchmarks and peer groups?
- **Improve plan operations:** Are there areas where plan operations and administration can be improved and what integrations are possible?
- **Enhance participant outcomes:** What can the committee do to elevate the participant experience and improve the retirement readiness outcomes for employees?

All are important considerations in ongoing fiduciary processes. Good plan sponsors may focus on one or two. Great sponsors pursue all three.

Three primary goals of an engaged retirement plan committee

Control fiduciary liability

From a fiduciary perspective, you are not measured on outcomes, but on your process. It's important to be proactive and consistent in your approach. Best practices for plan fiduciaries include formalizing a committee, drafting an Investment Policy Statement, holding regularly scheduled meetings to review fees, investments, goals and objectives and documenting those reviews in formal minutes. From a fee standpoint, are the services you're receiving in line with the fees you are paying? How does that compare to the industry you are in? All of these practices may sound like common sense, but it's the lack of fiduciary controls that have caused plan sponsors of qualified plans to pay billions in class action settlements over the past 10 years.

Improve plan operations

Technology upgrades and integration are among the top initiatives of today's plan sponsor, with 360-degree payroll integration being a key driver of success. In this ever-evolving world of big data and cloud computing it is important to identify partners that integrate securely and efficiently so that participant data is:

- Secure
- Free of errors
- Used in a way that aligns with an organization's goals and objectives for the plan and its participants.

Enhance participant outcomes

Before a plan sponsor can begin to evaluate ways to enhance the participant experience and outcomes, they must establish a baseline of where they are today, and then establish goals and objectives that will get them where they want to go. There are some best practices regarding plan design and plan health, but there is no right answer as it relates to any specific committee. Establishing goals that are measurable are critical to success.

When designing an employee communication program, keep in mind that each employee should be aware of what resources are available to them and how they can access those resources to best pursue their individual goals. This demands a program built to engage with participants based on demographics, level of investment comfort and knowledge, and one that incorporates behavioral finance principles.

Thinking big isn't about making surface-level changes. It's about creating a structure that fosters meaningful change. Schedule a conversation with a Mesirow advisor to talk about the changes you could make to your plan.

There are three main questions to answer when evaluating a plan committee's structure. Good plan sponsors may focus on one or two. Great sponsors address all three.



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consultation today.



3. Committed partners

Challenging your service providers to become more committed partners can be a very effective way to elevate your retirement plan offering. There is often a tendency for longstanding vendor relationships to become outdated if your organization's needs and priorities have changed over the years. Part of the plan sponsor's fiduciary responsibility is to periodically make sure the service provider is meeting the needs of the organization. In the process of reevaluating a plan, it may also make sense to also reevaluate your service providers. Some key questions to ask include:

- Are they delivering innovative ideas that can enhance the service offering to your participants? Do they effectively anticipate needs and improvements?
- Do they leverage technology to drive better outcomes?
- Do they offer a platform that can meet or exceed the expectations of your organization?
- Do they focus on improving employee outcomes?
- Are they delivering new ideas or just selling you new products?

Ask your service providers tough questions. Request the "A" team when service or compliance items fall through the cracks. Set high expectations but with achievable goals.

Having committed partners means finding companies that are willing to collaborate with you and help create a game plan to reach service-oriented objectives. Schedule a conversation with a Mesirow advisor and make your plan today.

4. Shared success

Many organizations view their retirement plan offerings in a vacuum, as initiatives separate from day-to-day operations. However, that is a limited view that fails to take into account all the ways an award-winning plan can buttress other firmwide initiatives. Integrated properly, an outstanding retirement plan can be:

- A cornerstone of health & wellness programs
- A component of a "total rewards" offering
- A part of corporate ESG/SRI diversity & inclusion initiatives

Winning organizations understand that a holistically designed retirement plan can be more than a way to offer attractive investment options for employees or a vehicle to attract and retain key talent. It's one of the few efforts that touches every member of an organization, and therefore it gives leadership a unique opportunity to broadly share their vision. As such, establishing an outstanding retirement plan should be viewed as a strategic initiative, as important to organizational success as sales, R&D, or the scope of products and services.

"Shared success" isn't just a catchy slogan. Most employees will go the extra mile for their company if they know their employer is looking out for their financial future. With the right plan in place, everyone wins. Schedule a conversation with a Mesirow advisor and start planning today.



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Schedule a consultation today.

Action steps to creating an award-winning retirement plan

Put your employees first.

- Go beyond the minimum fiduciary standard of care of just putting the participant's best interest first.
- Place a high emphasis on driving positive employee engagement and outcomes.

When you make a change, make it big.

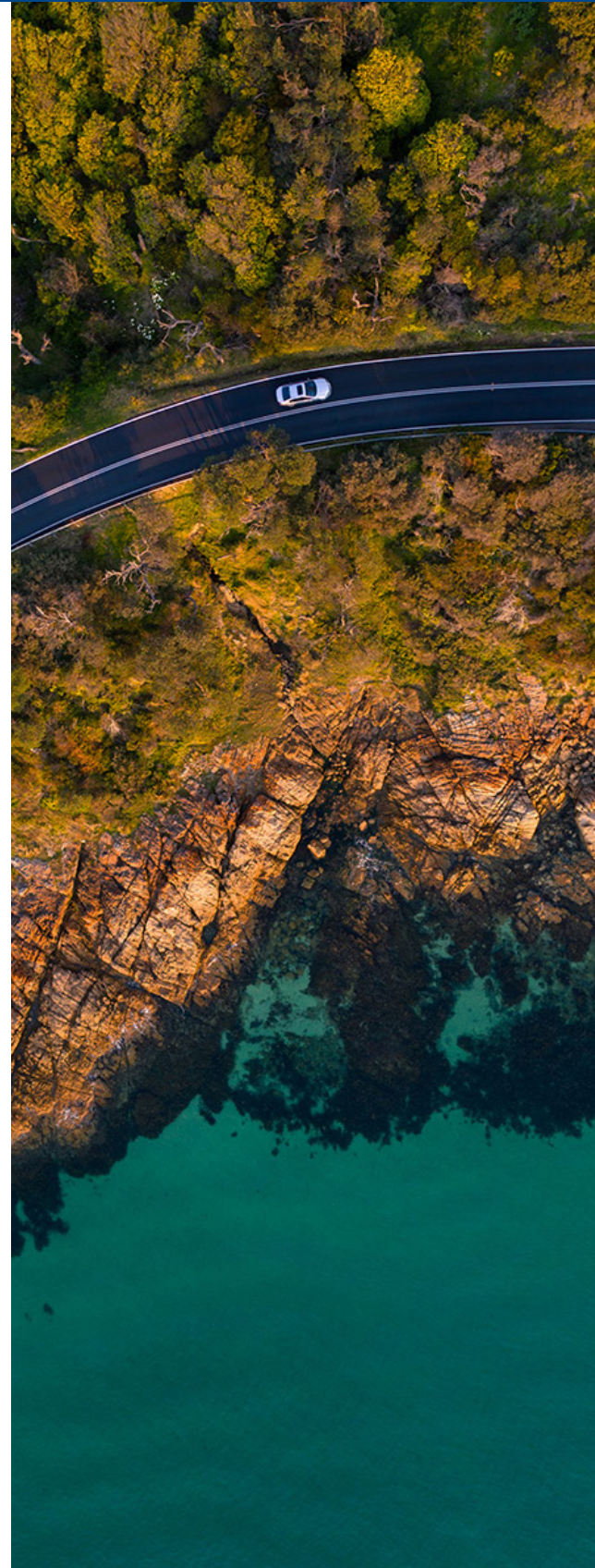
- Evaluate the governance structure of the committee to ensure a repeatable process that guides decision-making.
- Evaluate operational areas that could be improved (integration with payroll and HRIS system).
- Evaluate participant outcomes and create an action plan that determines where they are now vs where they want to be.

Seek out committed partners to help you achieve your goals.

- Challenge your service providers to deliver innovative ideas and anticipate your future needs.
- Leverage your technology to make data-driven decisions that can enhance employee outcomes.
- Set high expectations with achievable goals.

Shared success equals firm success.

- Leverage your plan to complement other firmwide initiatives.
- Include ESG/SRI investment options.
- Make your retirement plan the cornerstone of health & wellness programs.



Employees are now seen as the most important stakeholders to an organization's success

In this post-pandemic world, it's never been more important for firms to offer attractive retirement plan options. The modern workforce can work from anywhere, which makes employees more mobile and more susceptible to recruiting. Highly skilled employees are likely to be pursued by other firms more aggressively than ever. Colleagues are more inclined to stay with an organization that has shown its willingness to go above and beyond to help them achieve a comfortable retirement.

In addition, an outstanding retirement plan is a critical element in employee satisfaction, a metric that is recognized as critical to an organization's long-term success. The "2021 Edelman Trust Barometer Spring Update: A World in Trauma" reveals that "employees are now considered to have an unprecedented material impact on a business. When asked to rank which group was more important to a company's long-term success, employees topped the list over customers, the communities a business serves and even its shareholders."

Given all the positives that come with an award-winning retirement plan, it's simply good business for organizations of all sizes to make offering one a top priority.

Take the next step

To find out more about how to establish an outstanding retirement plan, and how we might be able to help you put one in place, contact us to schedule a complimentary consultation.

About the author



Christopher J. Pohlman CRPS, AIF

Senior Managing Director
Retirement Advisory Services

Chris Pohlman is a Senior Managing Director and relationship manager in Mesirow Retirement Advisory Services. He helps qualified retirement plan sponsors develop creative solutions that help drive positive outcomes for organizations and their employees. He focuses on establishing defined plan management strategies and workflow processes for employers, as well as manages high-level vendor relationships. He also partners with high net worth individuals, business owners and not-for-profit entities to create comprehensive wealth management strategies.

Chris began his career at Mesirow in 1999 and has more than 20 years of financial services expertise. He maintains a senior leadership position in the firm's Retirement Advisory Services, which encompasses more than 300 client relationships and oversees over \$4.0 billion in assets under advisement and management. He is also a member of the group's Investment Committee, which is responsible for establishing the asset allocation guidelines for the group's model investment portfolios, as well as performing due diligence functions on the external money managers.



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Schedule a consultation today.

Who is Mesirow Retirement Advisory Service?

Mesirow Retirement Advisory Services provides retirement plan services to corporations, municipalities and nonprofit organizations nationwide. We help plan sponsors manage fiduciary risk, provide strategic plan consulting, perform qualitative and quantitative investment monitoring on plan assets and develop solutions to assist employees in saving for retirement.

Benefit of partnering with Mesirow

We know plan sponsors require a systematic, repeatable and well-documented process, so we do more than help you fulfill this fiduciary obligation. We lay the groundwork for success with sound plan design, meticulous implementation and a focus on driving outcomes that truly matter.

Overview of services

DEFINED CONTRIBUTION

- 3(21) or 3(38) fiduciary services
- 401(k) mergers/consolidation
- Multiple Employer Plans (MEPs)
- Pooled Employer Plans (PEPs)
- Strategic plan design
- Merger, acquisition & due diligence process
- myFinancial Future® | financial wellness

DEFINED BENEFIT

- 3(21) or 3(38) fiduciary services
- Pension de-risking
- Asset liability matching
- Pension risk transfer

NONQUALIFIED DEFERRED COMPENSATION

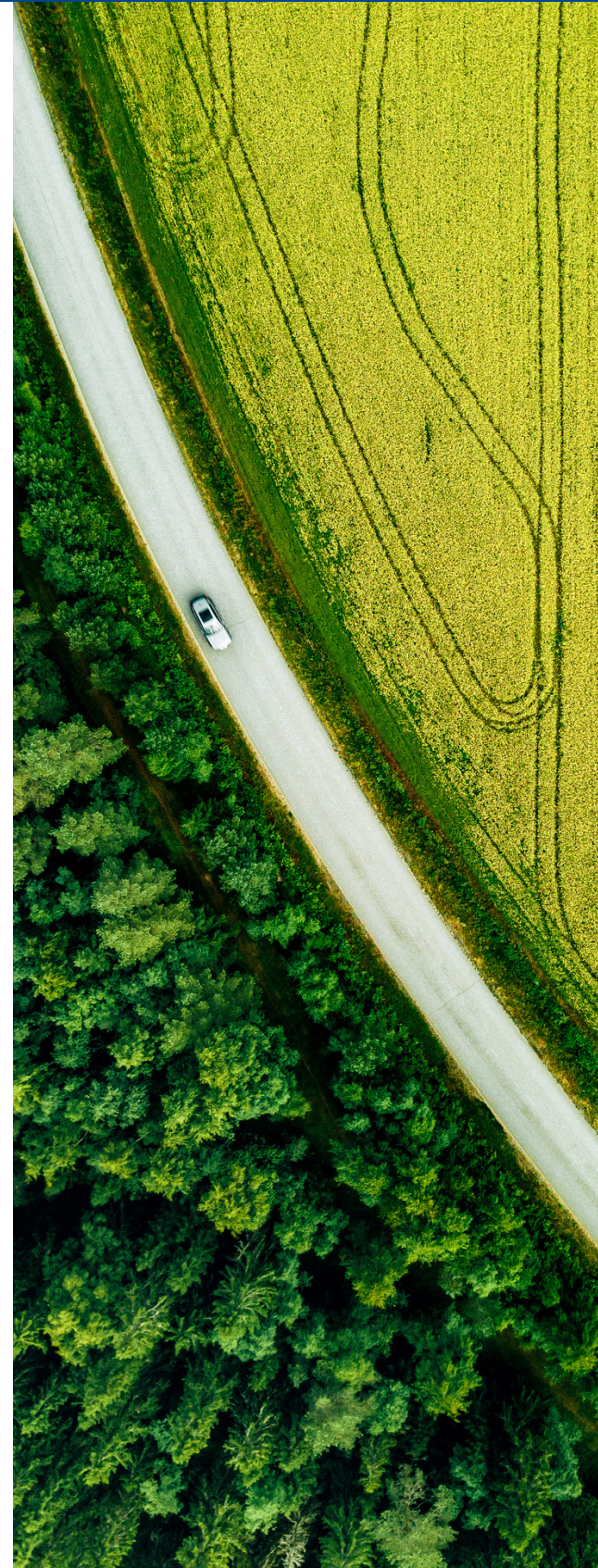
- Strategic plan design
- Nonqualified plan administration

Awards

Top Retirement Plan
Adviser by PLANADVISER⁴



NAPA Top DC Advisor Team⁵



Key differentiators

1

Plan design consulting

Understanding a firm's comprehensive plan is the first step in helping them reach the goals they want to achieve.

We look at plan design, participant behavior and industry statistics to help ensure we are addressing all factors before suggesting a holistic solution.

3

Risk mitigation

As a fiduciary partner, we help plan sponsors fulfill their fiduciary obligations and manage risk by establishing a systematic, repeatable and well-documented process.

Ongoing industry monitoring and analysis continues to keep them informed and their plan in compliance.

Learn more

To learn more about how Mesirow can help, please contact the Retirement Advisory Services team at 312.595.6179 or rasclientservices@mesirow.com.

2

Well disciplined process

Rigorous quantitative and qualitative research and analysis, led by our Investment Committee, provides deep insight to inform investment decisions.

Processes include ongoing review of supplemental options and additions, and continuous performance monitoring.

4

Participant engagement

Our commitment centers on driving successful participant outcomes.

Effective education and communication and state-of-the-art investment management tools help engage plan participants and supports long-term financial wellbeing.

Industry sectors served

- Health care
- Law firms
- Manufacturing
- Real estate, construction, condo
- Transportation, distribution, warehousing
- Financial services
- Retail/wholesale
- Consumer services
- Media and communications
- Commercial services and supplies
- Higher education
- Governmental entities

About Mesirow

Mesirow is an independent, employee-owned financial services firm founded in 1937. Headquartered in Chicago, with locations around the world, we serve clients through a personal, custom approach to reaching financial goals and acting as a force for social good. With capabilities spanning Global Investment Management, Capital Markets & Investment Banking, and Advisory Services, we invest in what matters: our clients, our communities and our culture. To learn more, visit mesirow.com and follow us on [LinkedIn](#).

1. Bureau of Labor Statistics. | 2. Employee Benefit Research Institute and Greenwald & Associates, 2018 Retirement Confidence Survey. | 3. <https://www.cnbc.com/2020/09/03/many-workers-expect-their-retirement-to-include-a-job-survey-shows.html> | 4. The 2023 PLANADVISER Top Retirement Plan Advisers recognition (received March 2023) is based solely on self-reported quantitative data about an adviser's practice. To be included in this year's list, advisers had to have a minimum of 50 plan clients or retirement plan assets under advisement of \$400 million or more, as of year-end 2022. After meeting the minimum plan or asset count, advisers are also highlighted if they meet the following categories: have 150 or more 401(k) plan clients; have 10 or more 403(b), 457, nonqualified, DB, cash balance, SEP, SIMPLE or MEP/PEP plan clients; are female; or are younger than 40 years of age. As this recognition is based solely on quantitative figures, there is no judging or subjective measurement, and it is not indicative of any adviser's future performance. Neither advisory firms nor their employees pay a fee in exchange for this recognition. | 5. Named a Top DC Advisor Team for 2022 by the National Association of Plan Advisors ("NAPA") (Received March 2023 for the year 2022 – No licensing fees were paid for use of the ranking). In order to be considered for NAPA 2022 Top DC Advisor Team List, applicants were required to complete a survey. The NAPA Top Advisor Teams list focuses on teams, broadly defined as being in a single physical location, and having at least \$100 million in DC assets under advisement. It is based on self-reported assets under advisement as of December 31, 2022. Rankings and/or recognition by unaffiliated rating services and/or publications are not indicative of a firm's future performance nor do they evaluate the quality of services provided to clients or guarantee that he/she will experience a certain level of results if Mesirow is engaged, or continues to be engaged, to provide investment advisory services, nor should they be construed as a current or past endorsement of Mesirow by any of its clients.

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