

## How should corporations maximize the value of retirement plan benefits?

Over the past decade, the environment for company-sponsored retirement plans has shifted from defined benefits plans to the dominance of the 401(k). As popular as the 401(k) remains, these plans have given rise to consistent complaints.

For example, employers and employees alike are concerned when they cannot get timely, accurate data on the status of the plan. Employees may perceive a lack of investment diversity to meet their allocation needs. And highly paid employees may become frustrated when their contributions are limited by low participation among the general employee population.

If your plan suffers from these problems, you can overcome them at the design level. Using an ideal plan design as the starting point, your plan could include . . .

- Complete investment independence.
- Daily valuations of account balances for all participants.
- Internet or toll-free participant access to account balance.
- Fiduciary compliance expertise designed to protect and insulate the plan sponsor from potential corporate and personal liability.
- Mutual fund record-keeping fee offsets designed to lower employer costs.
- Customized employee education programs.

### **Questions CEOs and CFOs should ask to *help maximize the retirement plan's value.***

1. What has been your company's philosophy about retirement benefits over the years? How consistent with that philosophy is the current plan? At all levels?
2. How effectively do your employees utilize the contribution features of the plan to maximize their retirement income? Have you ever had to return contribution checks to your executives because these features are underutilized?
3. What is the ideal way to balance employee discretion over their retirement asset and your direction of investments as their employer?
4. How responsive are your record keeping, administration and reporting procedures to the company's current needs? To the employees' needs?
5. How do you stay informed on legislative changes that affect your company's retirement plans? Are you confident that your plan document is current and in compliance with recent tax law and regulatory changes? When will your current plan documents have to be updated if you want to adopt any strategies in recent legislative changes?