

# QUESTIONNAIRE

## DO YOU KNOW THE DIFFERENT TYPES OF WORKPLACE RETIREMENT PLANS?



Different strokes for different folks. Learn more about your retirement plan and compare with your industry peers.

The three primary plan types are private, non-profit and public. Each entity has slightly different rules and its own nuanced provisions. However, generally speaking, the long-term goal for all retirement plans is to help your employees save through an efficient tax-advantaged strategy.

### 1 Is your company private, non-profit or public sector?

Private companies including employers that are not state or local governments.

Non-profit sectors including churches, schools, hospitals, organizations and charities that are tax-exempt under 501(c)3.

Public sectors including state and local governments.

### 2 What type of retirement plan does your company offer?

Of employers with retirement plans:

- 88% offer a 401(k).
- 10% offer a 403(b).
- 10% offer a 457 plan.

\*Of employers that offer one or more retirement plan

### 3 What is your plan's participation rate? %

- 80% is the average participation rate.

If your plan is higher than 80%, good work!

If it is lower, have you considered auto-enrollment or a re-enrollment campaign to boost participation?

### 4 Ballpark, what is your plan's average account balance?

- \$108,510 was the average account balance as of 6/30/2020.
- It is estimated that employees will need 10 - 15x of their annual salary in retirement.
- One strategy to help employees save more over time is auto-escalation.
- Of plans with auto-escalation, the most popular increase rate is 1% per year up to a 10% deferral.

### 5 At what age can employees access their retirement savings without penalty?

- For private companies, the age is 59<sup>1/2</sup>.
- For non-profit entities, the age is 59<sup>1/2</sup>.
- For government employees, the age is 55.

**6 Do you believe your employees will achieve their retirement goals by age 65?**

- 36% say YES!
- Nearly 7 out of 10 employers believe they have a responsibility to improve the financial wellness of their employees. When employers offer a financial wellness program, 75% believe they are useful.

If you are looking for financial wellness resources, contact us to discuss employee education resources.

**7 Which retirement plans allow for larger contributions?**

- Profit Sharing, Cash Balance, Non-Qualified Deferred Compensation, Defined Benefit / Pension and Equity Compensation are some of the plans that allow for contributions in excess of \$19,500 per year.

**8 At what age must former employees begin drawing down required minimum distributions (RMDs)?**

- For private companies, non-profit and government entities, the age is 72.

If your plan has older, former employees, you may want to consider a missing participant clean-up exercise. This is where you find and alert those employees about their active account balance and share ways they can roll out their retirement savings. A clean retirement plan may help to reduce administration requirements.

**9 How frequently do you meet to discuss your workplace retirement plan?**

- 42% meet quarterly.
- 13% meet twice a year.
- 31% meet once a year.

If you meet less frequently or think that you should meet more often, let us know! We are happy to set up a conversation.

Knowing the different types of workplace retirement plans available is important, so when the time comes for you to offer a plan for your employees, you can choose the best one for your organization. As you can see, there are not only a number to choose from, but many of the plans offer different plan options to consider.

**WONDERING WHICH PLAN IS BEST FOR YOU? WE'RE HERE TO HELP. CONTACT US TO SCHEDULE A CONSULTATION!**



**BJORK GROUP**

**Sean C. Bjork, CIMA®, AIF®**  
**Vice President**

Bjork Group  
1033 Skokie Boulevard, Suite 210  
Northbrook, IL. 60062  
p.312.464.7082  
seanbjork@bjorkgroup.com  
www.bjorkgroup.com

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