



ALPHA POINTE CAPITAL

HR Manager thinks Ahead

I've been writing a lot regarding year end to do's, reviews, and previews.*

This On Pointe is no different but I got a hand from a new 401k client out of Northern Virginia.

The company is a cyber company that has a government contract with the DOD (Department of Defense). Of course, I know nothing more about their services (typical for those companies with security clearance) other than the company itself is growing literally overnight.

Because of the hyper-growth it's been under a retirement plan was a necessity to be an attractive company for new hires to work for.

So we installed a plan within a couple of weeks in August of this year and they have been up and running with new participants signing up almost weekly.

Now I like to think I do a thorough enough job of not only participant education but also educating these technology company HR Managers, CFO's, COO's, and CEO's.

The education the executive team receives tends to focus on plan administration, education planning, plan goals, and how to make the plan fit their company culture.

When I hosted a video call with the executive team I we went over all of these topics.

That is what I thought....

Just after Thanksgiving I got from the HR Director who I had been working very closely with.

She was concerned that all of our education was geared towards enrollment and she wanted offer topics to cover the investment menu provide a closer look at the different options.

One problem she saw was while enrollment was strong; many participants simply opted into the QDIA or the Qualified Default Investment Alternative.

The investment itself was not the problem but she felt that employees might be missing out on the expansive menu investment options or may not fully be aware of what their investing in.

Another problem was the newly remote workforce.

Her concern was the employees were lacking the personal engagement for the "water cooler" talks or other impromptu conversations which sometimes discuss company benefits including 401k.

In her experience per-Covid, she would arrange “lunch and learns” and seminars to help educate their employees. This helped to create more “peer” engagement and could serve to support better plan engagement and knowledge of investment options.

Lastly, the company had a wide range of age demographics. She felt that the older employees should be aware of investments that offer lower volatility as they near retirement. There was also an annuity option for lifetime income that they should be aware of.

While the younger employees should be aware of the ESG investments as well as some of the more aggressive options that are available.

She was right.

We spent most of our time during implementation concerning ourselves more about promoting enrollment and the general education surrounding retirement than a deeper dive into the actual investments.

Plus, her timeline was about right as well.

The current rally in the market could expose some participants to future volatility or conversely others may not reach their retirement goals with their current, conservative option. Plus, it appears as the markets may be undergoing a broader rally allowing for opportunities in other segments of the market.

So we came up with a plan.

For the New Year we decided to host monthly, educational video calls that delved more into the investment menu, how certain investments might react during different market conditions. So we would go through everything from stock funds to bond funds.

We decided we could keep the overall calls short, about 20 minutes with 10 minutes Q&A. Additionally, we setup “office hours” which we blocked off a block of time on a specific day for plan participants to call in with their investment or retirement questions which might be more specific to their goals and objectives.

In one call we were able to map out a 401k educational plan focusing on the investment menu for Q1 of 2021.

This company and the employees should be glad to have this HR Director looking out for them.

Take care,

Jim

What are you doing for participant 401k Education? [Let's chat!](#)

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