



# WHAT DOES FINRA TELL US ABOUT EMPLOYER RETIREMENT PLAN BEST PRACTICES?



## SET A DEFAULT CONTRIBUTION SAVINGS RATE AND CONSIDER AUTO ESCALATION

Set a rate that is at least the same as the employer match rate and consider raising the amount over time. Help employees understand how the default rate will increase retirement income but also let them know how they can make changes to their contribution rate if needed to increase comfort level.\*



## IDENTIFY SPECIFIC TIMES OF THE YEAR TO REMIND EMPLOYEES TO SAVE AND USE EFFECTIVE TOOLS

There are specific moments such as a promotion, match eligibility period, or individual life events (marriage, birth of a first child) that will increase the likelihood that an employee will begin to save. Consider testing and using different types of communication tools, such as sending text messages, to provide reminders of deadlines for action.\*\*



## USE AUTOMATIC ENROLLMENT TO BOOST PARTICIPATION RATES

Automatic enrollment has been shown to increase participation in retirement savings plans to over **90 percent** of newly hired employees.\*\*\*



## FOCUS ON IMPORTANT CONCEPTS TO IMPROVE OVERALL EMPLOYEE FINANCIAL LITERACY

Improving employee knowledge of financial concepts such as interest compounding, diversification of investments, and inflation can improve retirement planning decisions significantly. This can be done by offering financial education sessions and relevant information at teachable moments.\*\*\*\*



## BE CLEAR ABOUT SPECIFIC ENROLLMENT ACTION STEPS AND USE INNOVATIVE TEACHING TOOLS.

Outline the specific steps employees should take to enroll in their retirement plan to overcome natural inertia that often slows action. Use innovative tools such as videos to walk employees through the process as well as to teach important financial concepts.\*\*\*\*\*