

Case Study: Making a Strong Plan Stronger

Cammack Retirement Group

Change can be difficult, but when a retirement plan is already strong, dramatic improvements are harder to come by. Yet, for SRC, Inc., a not-for-profit research and development organization based in Syracuse, New York, this did not prove to be too daunting a task. While already boasting strong employee contributions, the organization set out to help improve employees' retirement readiness by providing an even stronger retirement plan benefit.

A STRONG FOUNDATION

From a plan design standpoint, SRC follows many best practices, including a generous employer contribution. The organization assures that all eligible participants contribute to the plan through a mandatory 5% employee contribution, which is a condition of employment, with no opt-out. Additionally, SRC provides a 10% employer contribution, with no waiting period to be eligible for the contribution, which means that all employees have a minimum contribution of 15% to the plan. The organization promotes additional savings beyond 15%, and this number has seen an increase in recent years, with employees contributing an average of 8% (the 5% mandatory contribution plus 3% in elective deferrals), for a total combined average contribution of 18%.

MAKING IMPROVEMENTS

With an effective plan design already in place, SRC looked to implement a prudent fiduciary process. Thus, SRC hired an investment advisor to conduct a thorough review of their current fee structure and investment lineup. These results led to a restructuring, which included fiduciary training, the implementation of a new investment lineup, retirement plan fee benchmarking, recordkeeper fee and service negotiations, and a communication and education campaign to reengage participants in their retirement planning. After which, SRC elected to conduct a request for proposal (RFP) for recordkeeping and administration, understanding that their plan could be managed more cost-effectively, while also taking advantage of operational and technological efficiencies and expanded services and features (such as self-service/electronic salary deferral changes, implementation of a Roth feature, and improved communication and education). Entering the RFP process, SRC sought to continue to provide a plan design that offers a best-in-class, tiered investment lineup, including:

- Tier One: A target date fund (TDF), which also serves as the plan's qualified default investment alternative (QDIA)
- Tier 2: A core diversified investment

- menu, providing participants access to a rational menu, including stable value, domestic and international fixed income, domestic and international equity and both active and passive investment options
- Tier 3: A reasonable selection of in-plan annuity options (i.e., lifetime income solutions)

Additionally, SRC was seeking state-of-the-art recordkeeping services, investment advice for their plan participants, and continued education to better prepare their participants for retirement.

THE RESULTS

As part of the recordkeeper selection process, without having to convert to a new recordkeeper, SRC realized some significant improvements in the plan. Administrative costs were reduced by approximately 54%, or more than \$330,000 annually. SRC also implemented fee levelization, assuring that all plan participants pay the same pro-rata level of administrative fees, regardless of their investment selections.

Communication and education programs were enhanced by providing group education and individual meetings, during which investment advice is provided to participants. Participants receive messaging in both print and electronic format, all of which is geared toward the goals of the plan, such as increasing savings rates, promoting investment diversification, positioning employees for a smooth transition into retirement, and, ultimately, improving retirement readiness. These meetings have also included topics such as estate planning and understanding

lifetime income options, which also work to support retirement readiness. The recordkeeper has also offered gamification, providing financial education in a fun and exciting way, which has been well received by SRC's participants.

CONCLUSION

Through the multi-year transition, SRC kept their participants' needs at the forefront of every decision, and the achievements realized speak to the organization's dedication to providing the best possible retirement plan benefit. For their efforts, SRC was recognized as finalist for PLANSPONSOR's 2019 Plan Sponsor of the Year in the nonprofit defined contribution category.

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For more information on our services, please contact **Mike Volo**, Senior Partner, at **781.997.1426** or **mvolo@cammackretirement.com**.

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