



### **Instructions for Plan Sponsor Checklist**

This year's 401(k) Day campaign provides plan sponsors with a list of key data points that are imperative to measuring the success of your plan. Knowing the key numbers for your plan can help retirement plan committees evaluate whether the plan and your participants are optimizing the plan. A periodic review of these key metrics and the performance of your plan will help you identify areas of improvement and create an action plan. An important first step is to define your plan's version of success upfront and take the necessary steps to ensure you're achieving those metrics year over year.

Measuring success in the defined contribution arena is impossible without numbers. The most used and easiest metric of plan success is participation rate, measuring actual deferral rates and average account balances. Sponsors should also determine how many participants fall below the goal percentage of key metrics. Take advantage of industry reports to benchmark key metrics like participation rate or deferral rates; however, each plan sponsor could set its objective. Additionally, you should review the plan participants' investment allocations, plan demographics, related fee structure, and the plan's overall retirement readiness score. Retirement readiness is a snapshot of a participant's current plan balance converted to a multiple of annual income and compared to the income replacement level needed to live in retirement. The metric does a fantastic job of encapsulating how well plans are preparing their participants for retirement. Those who are approaching retirement age should have high multiples on the retirement readiness scale. If they don't, then you may want to consider adjusting your plan's overall strategy to help participants achieve a successful outcome.

A successful retirement savings program can come with real rewards for institutions that can stay on the right side of these measurements. A retirement benefit is one of the most powerful tools available for employee attraction and retention. Employees who are looking for a long-term opportunity will regard their retirement plan as essential to their financial security. As such, having a good plan in place can be a competitive advantage in the talent market. Reviewing your plan's numbers is essential in ensuring your participants are getting the most out of their plans.