

The Big Quit

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NEWPORT
retirement services

Newport Speakers



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Today's Topics

- Employment Market Overview
- Total Rewards Philosophy
- How Retirement Plan Features Fit in
- Checklists for Advisors and Plan Sponsors
- Question and Answer Session with Today's Speakers



Great Resignation

Great Change-up

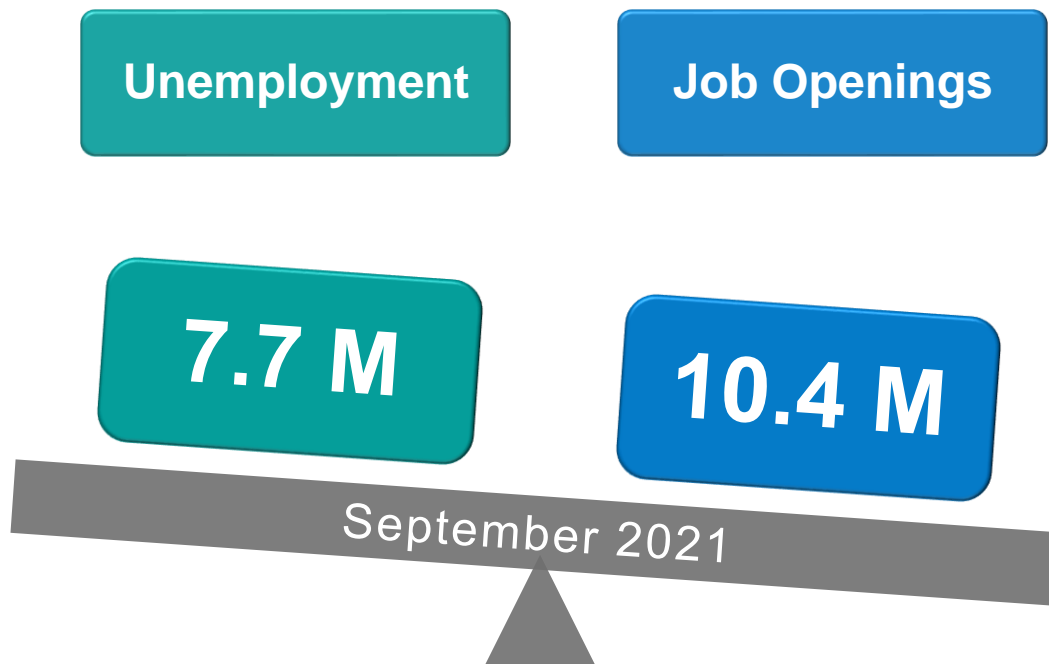
The Big Quit

Great Reshuffle

Great Reprioritization

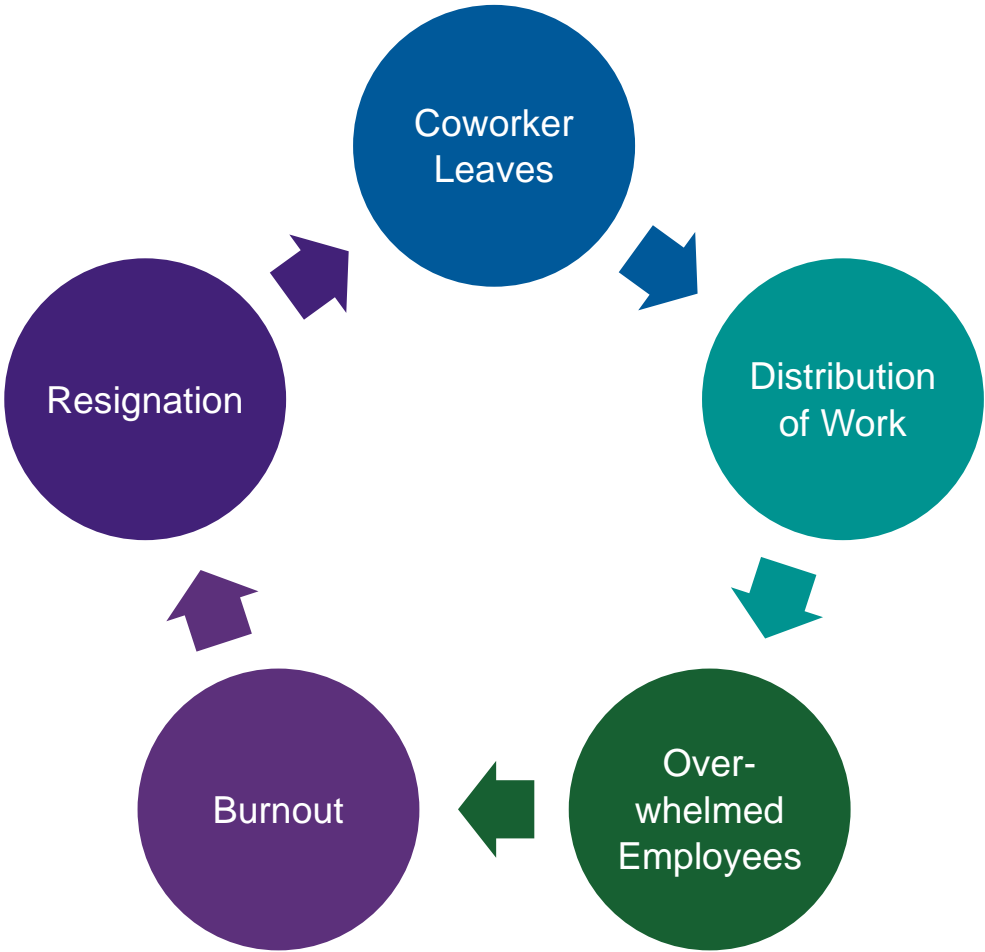
Employees' Market

More than 20 Million People Quit in Late 2021



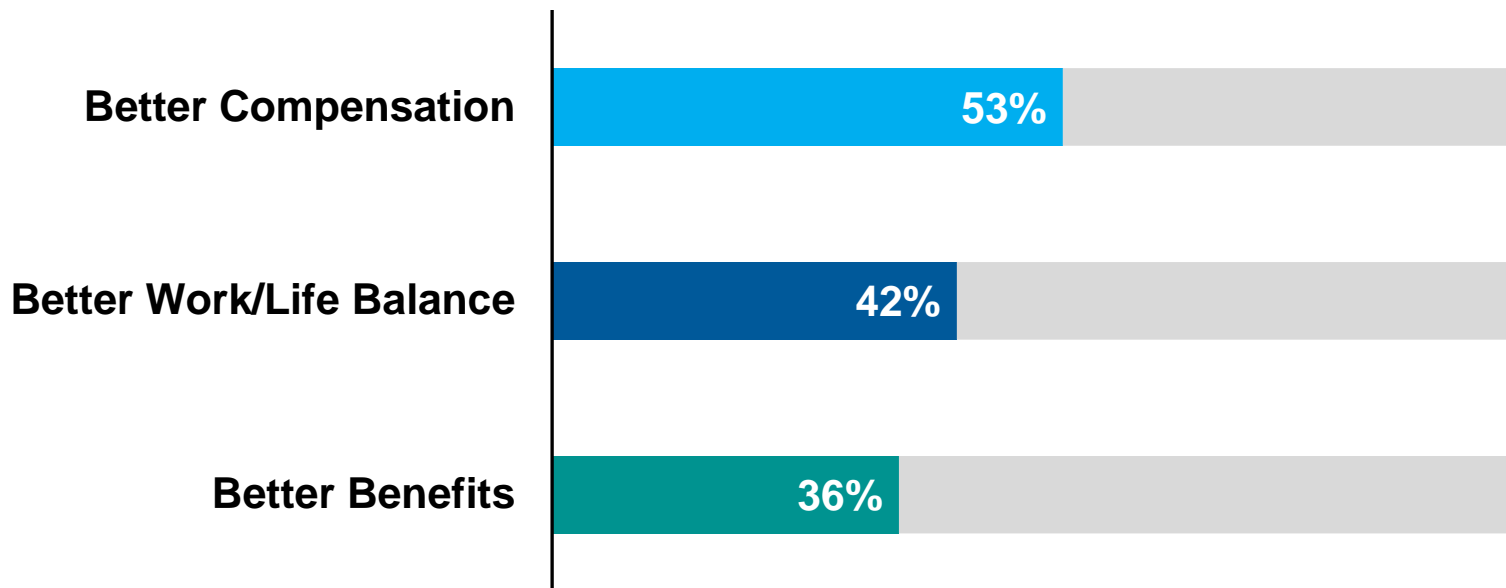
Those who do decide to come back into the workforce are more selective and looking for more perks

The Vicious Cycle of Resignations



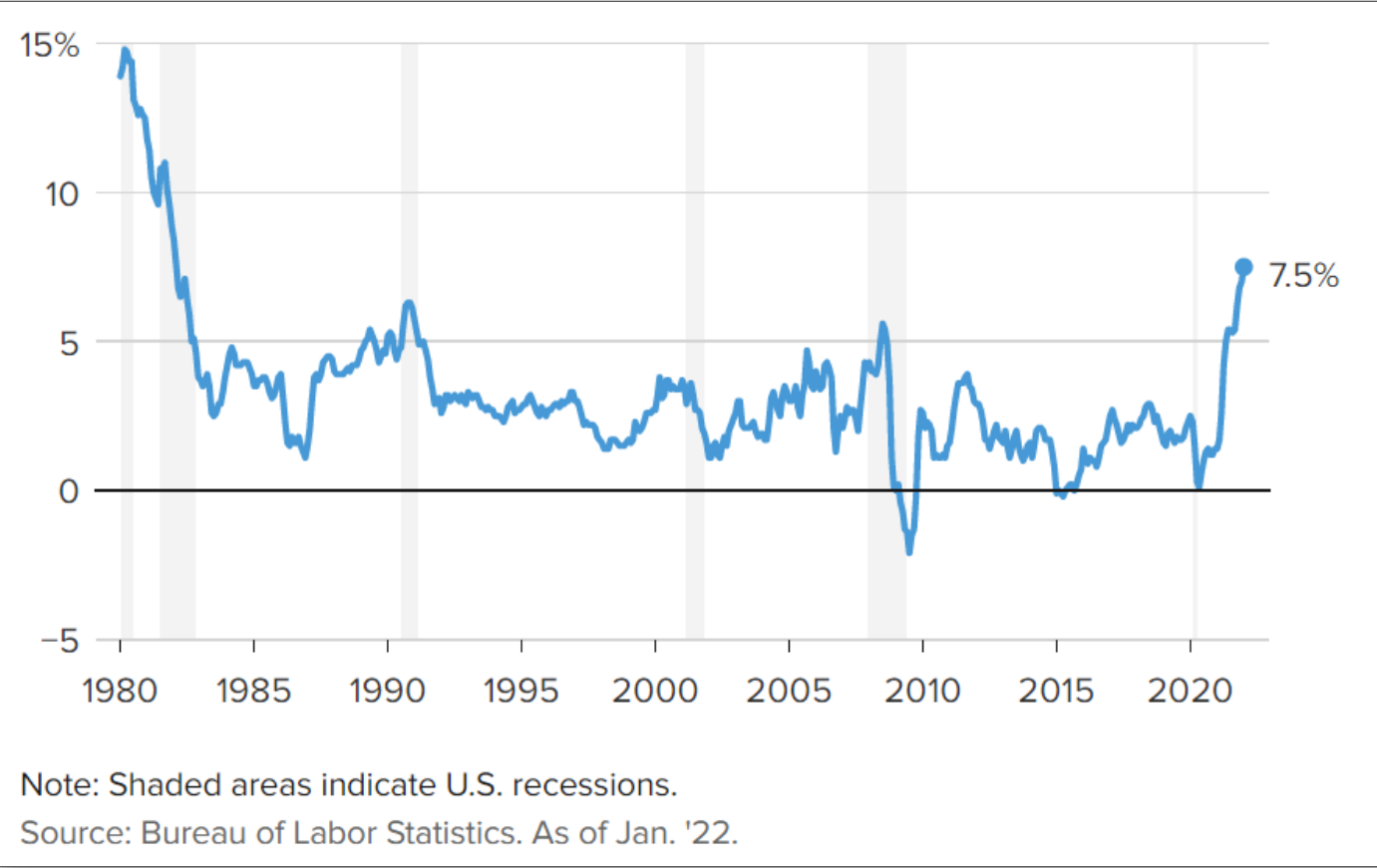
Why Are They Looking?

The top reasons cited in a recent SHRM survey states that employees are looking for:



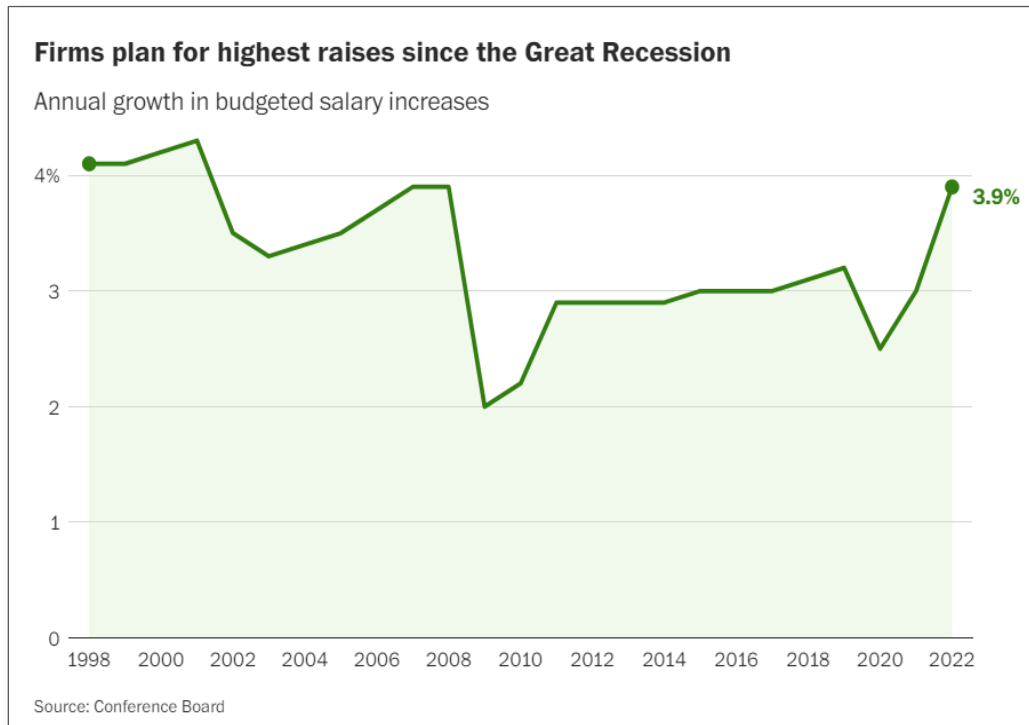
Consumer Price Index, Percent Change from a Year Ago

All Items in U.S. City Average



Salary Budget Increases

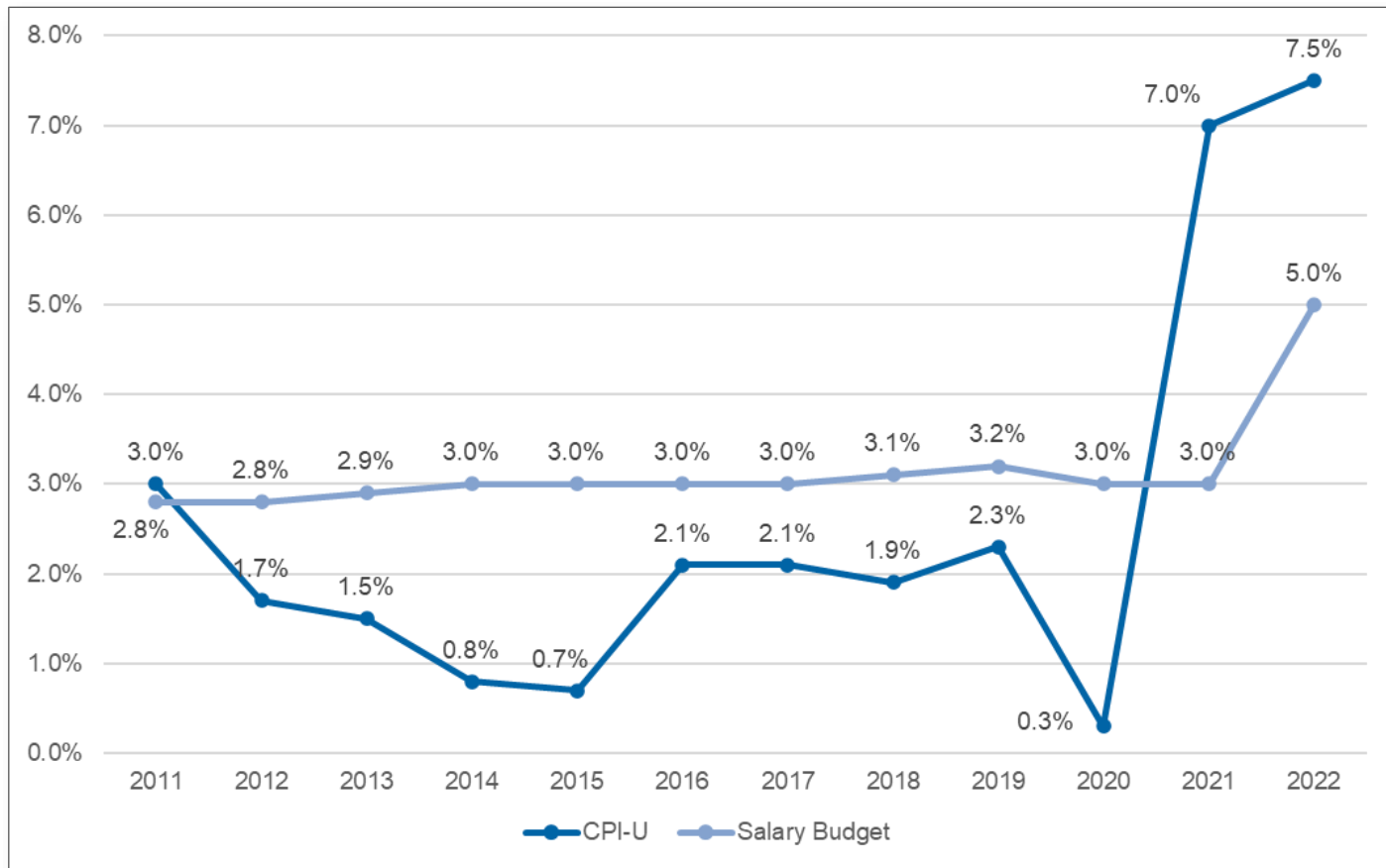
Forecasts Went From 3.2% in July to 4 - 5% in January!



WorldatWork's
“Salary Budget Quick Poll”
Reported an average salary
budget increase of
4% average
and **5% median.**

These are the final results of WorldatWork's “Salary Budget Quick Poll,” which was conducted from December 1, 2021, through Jan. 3, 2022.
Conference Board Survey December 7, 2021

CPI and Salary Budget Movement



Statistics for salary budget increases come from World at Work's Annual Surveys from 2011-2022.
 Inflation statistics come from BLS (Bureau of Labor Statistics)

Total Rewards Philosophy

World at Work

Components:

- Compensation
- Benefits
- Retirement
- Work-Life Effectiveness
- Performance Management
- Talent Development
- Recognition



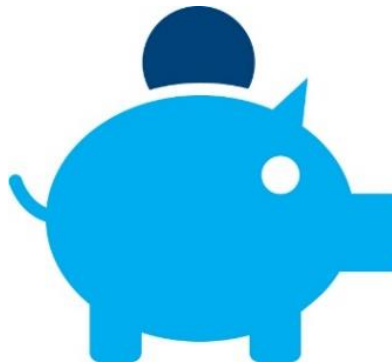
Determine Your Sources of Retirement Income

Retirement Plans

Pension Annuity

Social Security

IRA



HSAs

Personal Savings

Employer Matching Contributions⁶

Match Type	Example	Percentage of Plans	Percentage of Participants
Single Tier formula	\$0.50 per dollar on 6% of pay	72%	62%
Multi-tier formula	\$1 per dollar on first 3% of pay, \$0.50 per dollar on next 2%	21%	27%
Dollar Cap	Single or multi-tier formula with \$2,000 max	5%	9%
Other	Variable formula based on age, tenure or similar variables	2%	2%

Employer Matching Contributions⁶

Suggestions



**Increase the
amount of
compensation you
will match**



**Increase the
percent of
your match**

Vesting of Employer Monies

Cliff vesting
schedule

Graded
vesting
schedule

The average
vesting period
is three to
five years

Vesting of Employer Monies (continued)



**Re-evaluate
vesting
provisions**



**Reduce the
vesting period
in your plan**



**Eliminate
the vesting
schedule**

Financial Wellness

Many employees faced heightened emotional and physical stress during the pandemic.

**Financial stress = Physical stress
= Productivity impact**

Retirement Plan is the second most important employee benefit offered*

95% of employers now feel a sense of responsibility for financial wellness of their employees (up from 81% in 2015)**

*2020-2021-10-10-2021

**Bank of America Workplace Benefits Report February 2021

Financial Wellness

Suggestions



**Access to a
financial planner**



**Managed
Accounts**

You'll Need More Than Just Competitive Pay

Creative Benefits

- Sign-on bonuses
- Retention plans
- Better retirement matches with immediate vesting
- Top-notch healthcare
- Remote and flexible work plans
- Child-care
- Tuition reimbursement
- Loan repayment
- Non-qualified deferred compensation for executives
- And more!



Compensation - Checklist

- ✓ Formulate a cohesive **Total Rewards Philosophy**
- ✓ Benchmark – **utilize multiple salary survey sources** (aged aggressively), job postings, and “pulse” data to triangulate into what the market is offering for compensation of your key roles
- ✓ Carefully **consider your salary budget increase** and the cost of compression
- ✓ Revise or Implement Short-Term Incentive plans that **DRIVE performance**
- ✓ Consider **Long-term Incentives** for your executives
- ✓ **Non-Qualified Deferred Compensation solutions** can set your executive compensation program a cut-above the competition and increase retention of key talent

Retirement - Checklist

- ✓ Review Employer Matching Contributions
 - Increase the amount of compensation you will match
 - Increase the percent of your match
- ✓ Re-evaluate vesting provisions
 - Reduce the vesting period in your plan
 - Eliminate the vesting schedule
- ✓ Financial Wellness Enhancements
 - Targeted advice from qualified financial planner
 - Access Managed Accounts
 - Optimal decumulation strategies

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