

## Good Pay Programs Allow Your Employees to Focus on Retirement Plan Participation

Pay programs are the guidelines, policies and practices employers use to determine employee pay. Why not leverage your pay program to encourage employee retirement plan participation?

Startups and growing organizations with 1,500 employees and fewer tend to have less formal pay programs in place. According to Newport Group's [Compensation, Retirement, and Benefits Trends Report](#), slightly less than half of these organizations report having no salary structures in place to guide pay administration, for example.

How does that impact employee pay and retirement plan savings? More informal pay programs can be challenging to communicate and may be perceived as more subjective. The pay opportunity for each position may be unclear, as well as how to achieve a higher salary through performance, taking on more responsibilities, or a promotion. When pay raises are less predictable, financial and retirement planning can be a challenge even for the most disciplined savers.

Employers tend to focus on their pay programs during times of company growth, competition, changes in leadership, and when expanding into new labor markets. Offering competitive pay includes a market analysis, or salary study within the industry and companies of similar size and location, and then determining how competitively to set pay rates for employees, new hires, and executives.

A "good" pay program will align with the business strategy, support the organization's goals over the next few years and offer appropriate rewards for achieving those goals. The process should begin by engaging the leadership team in a total rewards philosophy discussion to align these components.

Savvy human resources leaders often consider an overall total rewards approach when strategizing how to best attract, reward, and retain top talent. This is also an excellent opportunity to highlight your retirement program. Total rewards is a strategy used by employers to attract, motivate, engage and retain their best people. Rewards include compensation, benefits, work-life effectiveness, recognition, performance management and talent development.

Employee retirement plan contributions and employer matches are most often set aside as a percentage of annual salary. Take the opportunity to show how an individual's retirement savings may look if they contribute enough to meet the company match when they enroll. Encourage employees to increase their contributions with each pay raise, or consider timing your auto escalation feature with annual pay increases. Newport Group can assist in offering financial education to your plan participants that can encourage them to set attainable retirement savings goals.

By showing the collective value of a good pay program, retirement plan, benefits and career opportunities, you can harness the impact of total rewards.

Contact your Newport Group representative for more information.