Is your retirement plan on the right path?

The goal of any retirement plan is to ensure employees are set up for successful financial outcomes. While there is no predesigned strategy to achieve this, we believe there are some core plan design principles—focused on contribution rates and investment choices—to put employees in a better position to meet their goals.

Vanguard

Benchmarking data

To help you better understand the benefits of smart plan design, we've compiled plan data from *How America Saves 2022* for you to use as a benchmark.

We hope this guide will serve as a valuable resource as you go through the process of refining your retirement plan.

Key metrics that are indicators of plan health

	Participation rate	Average deferral rate	Average employer contribution match rate	Average total saving rate	Participants with balanced strategies
VRPA (small plans)	**62%**	**7.5%**	**4.0%**	**10.1%**	**79%**
Vanguard benchmark	**81%**	**7.3%**	**4.4%**	**11.2%**	**78%**
Why it matters	By choosing to offer employees a plan to save for the future, you've made a great decision for both them and your business. But the first step toward ensuring that you're maximizing this investment is to encourage employees to join the plan.	In a typical defined contribution plan, employees are the main source of funding, while employer contributions play a secondary role. This means that the level of participant deferrals is a critical determinant of whether the plan will generate an adequate level of retirement savings.	Vanguard recommends that participants save 12% to 15% of their salary each year, including employer contributions. Succeeding in getting them to save more through communication and education and offering employer contributions can help employees meet their savings goal.	By offering employer contributions, employees may be inspired to contribute more. Employer contributions help lead to higher total saving rates.	Both asset allocation and diversification are rooted in the idea of portfolio balance. Historically, balanced portfolios avoid exposure to unnecessary risks and can help participants remain committed to a long-term investment program through periods of market uncertainty.
Ways to improve in these key areas (See slides 3–6 for more details.)	• Consider autoenrollment. • Partner with a plan advisor.	• Adopt a safe harbor plan design. • Partner with a plan advisor.	• Assess your plan design features. • Partner with a plan advisor.	• Assess your plan design features. • Partner with a plan advisor.	• Use professionally managed allocations. • Partner with a plan advisor.

Source: Vanguard 2022.

If you're unsure whether your retirement plan is on the right path, contact your financial advisor or call Vanguard at 1-888-684-4015.

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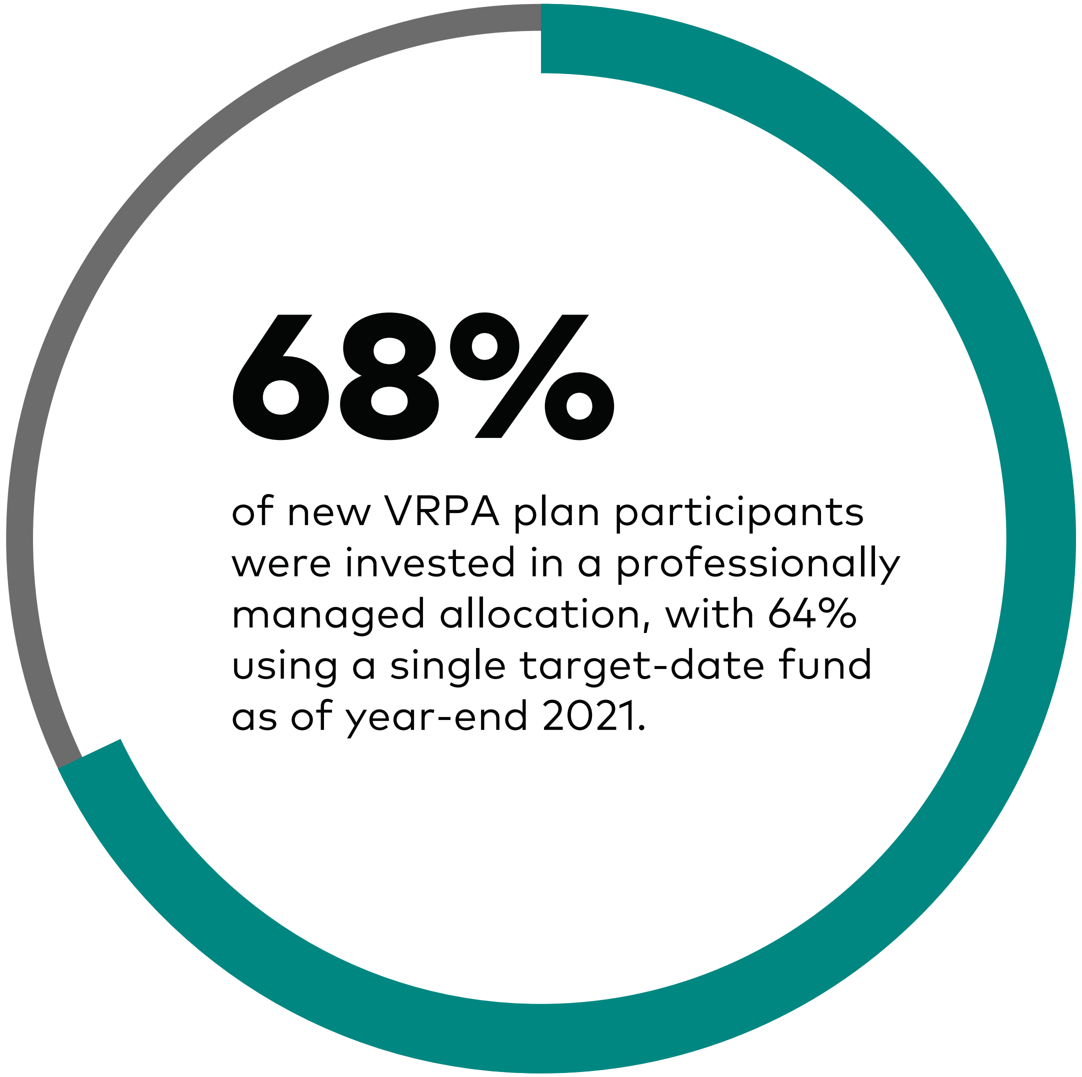
Align goals with a professionally managed allocation

Participants with professionally managed allocations have their entire account balance invested in a single target-date fund, a single non-target-date balanced fund, a model portfolio, or a managed account advisory service. This comprehensive structure can offer a wide range of portfolio, financial, and emotional support that helps fuel a plan participant's financial well-being.



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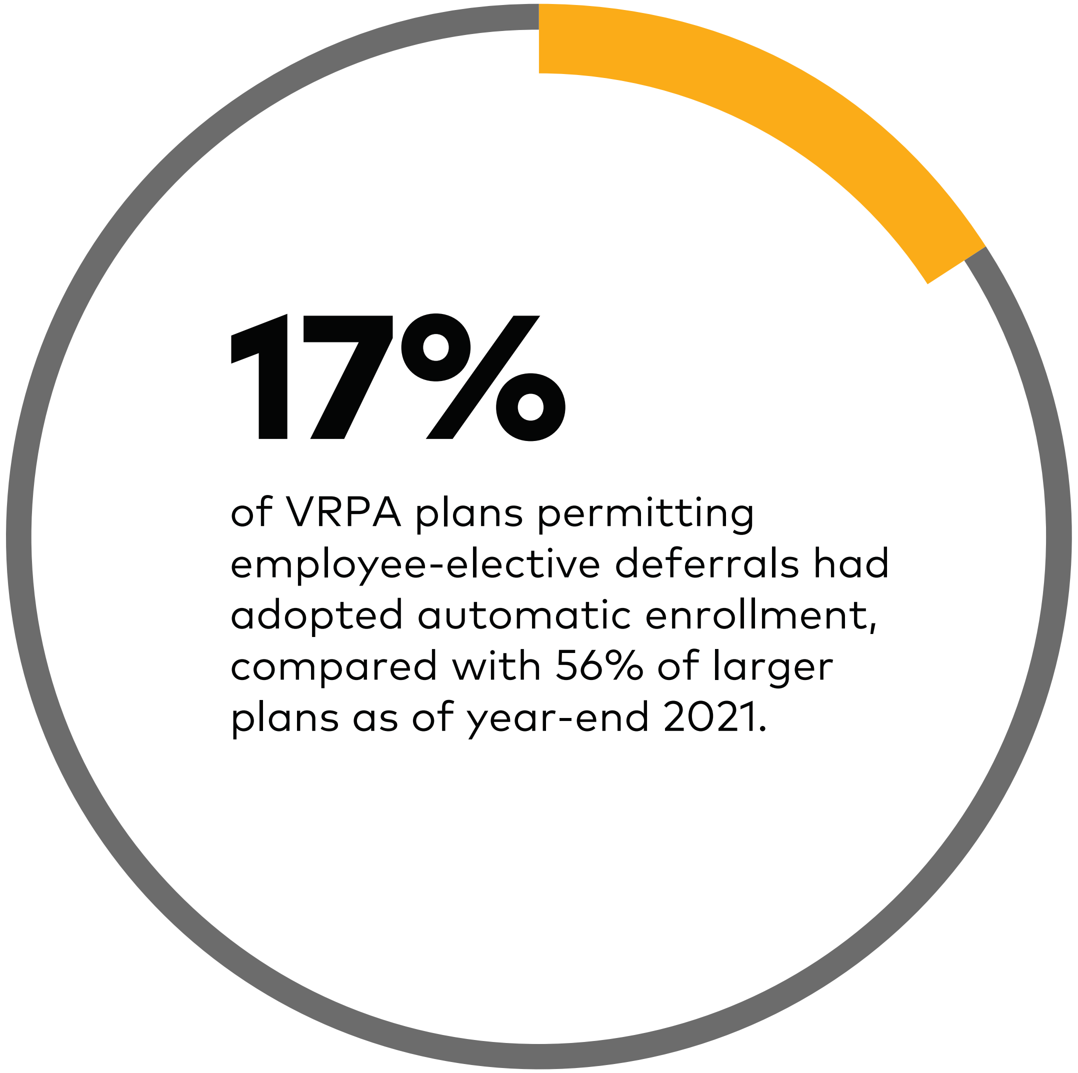
Consider autoenrollment to boost participation rates

Automatic enrollment—a plan design that reframes the savings decision—is an extremely valuable service, as it levels out the influence of demographics. That is, those who are younger, are shorter tenured, and have lower income have a much higher participation rate when autoenrollment is available to them.



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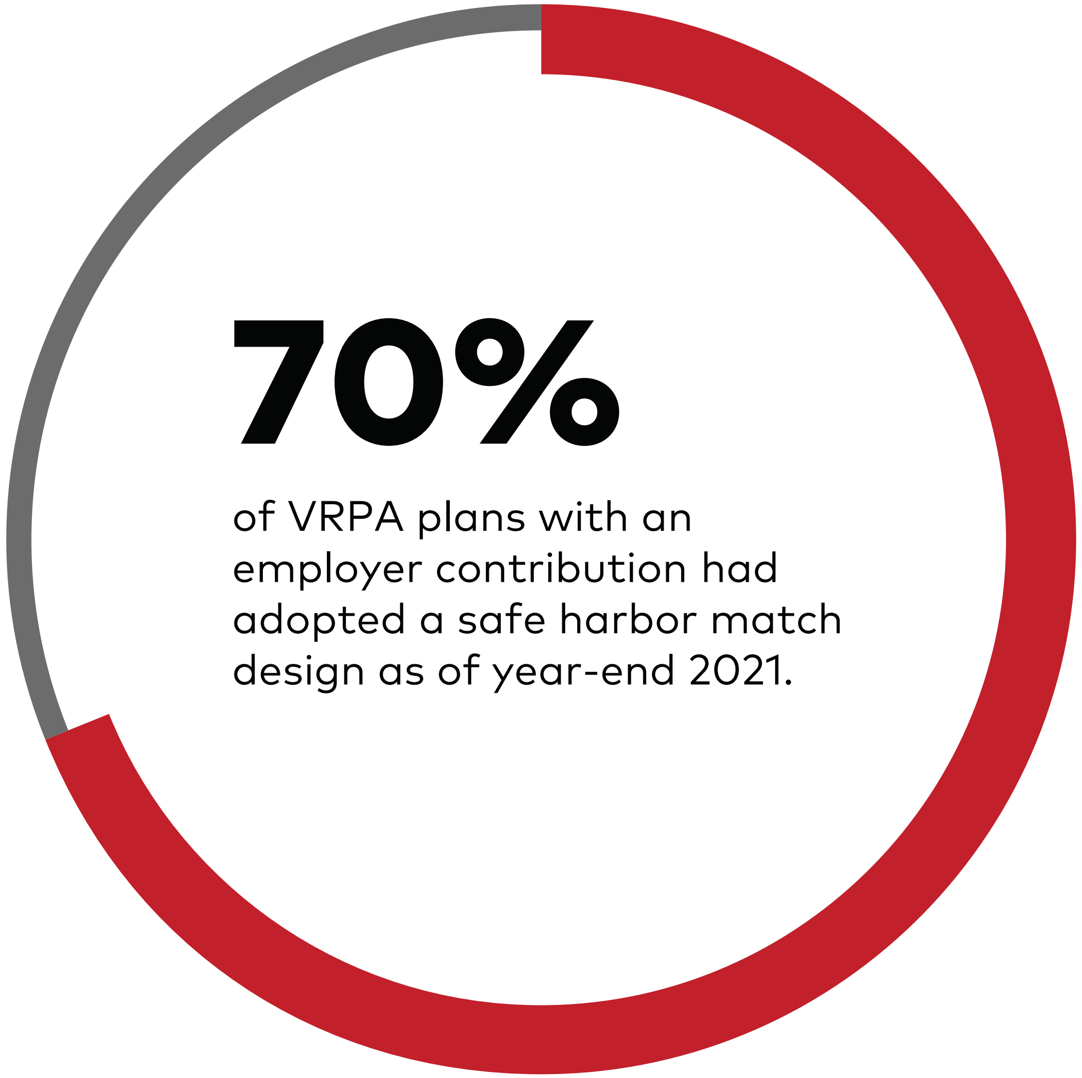
Adopt a safe harbor plan design

A safe harbor 401(k) plan allows a plan sponsor to automatically pass certain annual tests to ensure compliance with IRS regulations—if specific contribution, vesting, and participant notification requirements are met. It can also maximize deferrals for highly compensated employees and relieve a plan's top-heavy status.



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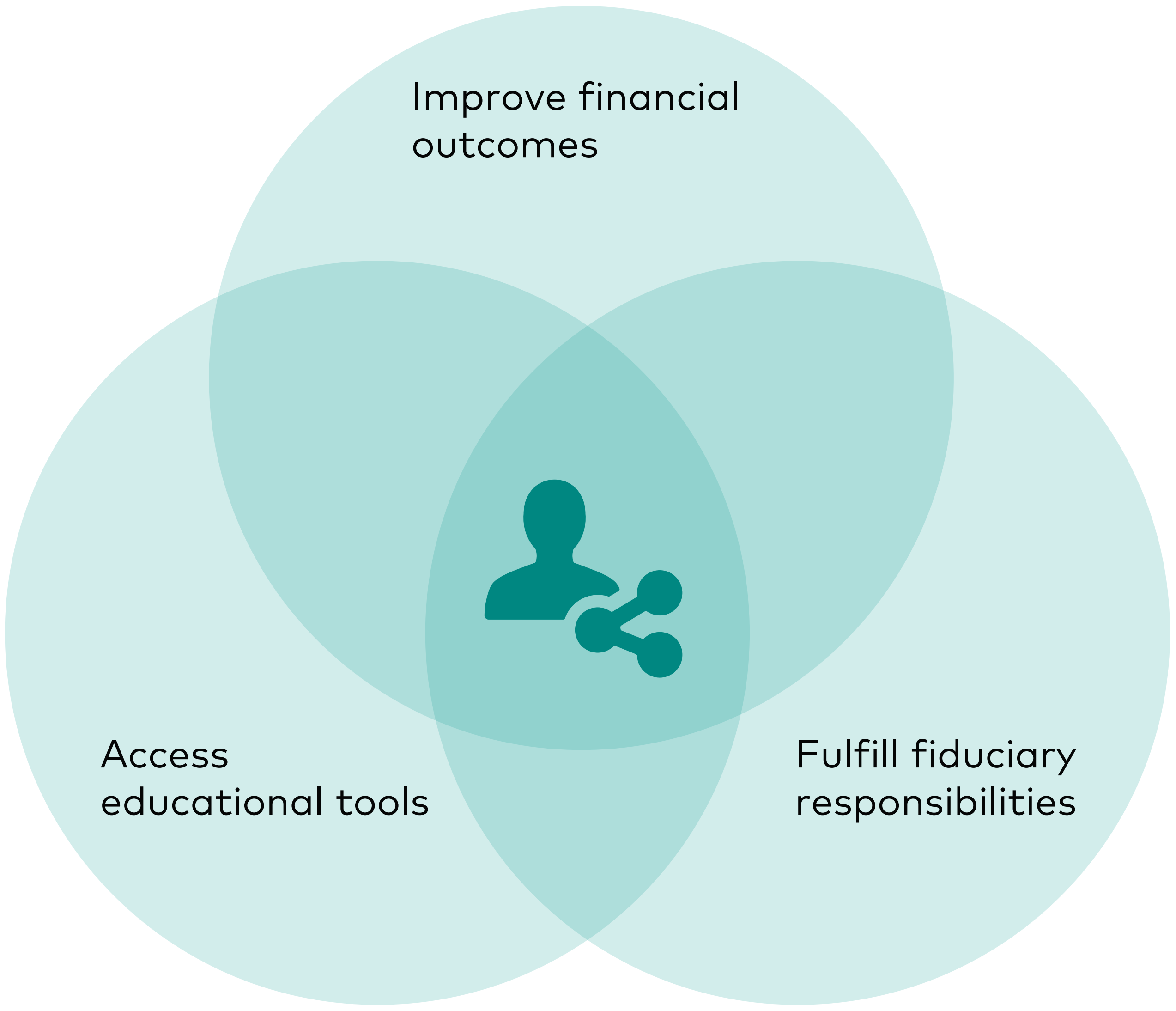
Partner with an experienced plan advisor

A plan advisor is an essential partner for many institutions that do not have the expertise, willingness, or access to execute on their goals. Even those that have these capabilities often find it beneficial to engage with experienced advisors. By providing dedicated resources and expertise, advisors can help their institutional clients achieve better financial outcomes, gain access to educational tools, and fulfill their fiduciary responsibility in an environment of growing operational complexity and regulatory scrutiny.



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Important information

All investing is subject to risk, including the possible loss of the money you invest. There is no guarantee that any particular asset allocation or mix of funds will meet your investment objectives or provide you with a given level of income. Diversification does not ensure a profit or protect against a loss.

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Investments in target-date funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in target-date funds is not guaranteed at any time, including on or after the target date.

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