

Use of Auto Features Can Financially Benefit Employers

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Washington, DC ([PRWEB](#)) July 11, 2016 -- A new publication by the Defined Contribution Institutional Investment Association (DCIIA) highlights several ways in which employers may benefit when they thoughtfully employ automatic plan features in their defined contribution retirement plans.

DCIIA's paper – "Automatic Plan Features in Defined Contribution Plans: What's in it for Plan Sponsors?" – emphasizes the benefits plan sponsors may experience when utilizing automatic plan features in the defined contribution (DC) plan design. DCIIA submits that enhancing plan features over time need not be a mystery, and offers clear suggestions for how a plan sponsor might implement design changes.

"There have been a number of excellent guides published enumerating how 'autos', such as auto enrollment and auto contribution escalation, really help employees save for retirement. We thought it would be useful to illuminate the benefits that accrue to employers who utilize automatic features as well. We hope that plan decision-makers find this work helpful when discussing plan design alternatives," explains Mikaylee O'Connor of RVK, Inc. and one of the primary authors of the paper.

Key findings

- Some key benefits to the employer include improved employee satisfaction and engagement, as well as the ability to negotiate lower fees, including reduced recordkeeping and asset management fees due to greater plan participation.
- Empowering employees to retire as planned not only benefits the employee but also facilitates workforce planning efforts.
- In some cases, sponsors reported that a benefits program which includes a generous stretch match can help attract and retain employees. Some plan sponsors report reduced rates of turnover, resulting in lower training costs, which in turn lessens the negative impact of lower productivity from newer employees.

The whitepaper also shares a framework for how a plan might implement such a program over a period of years. "Our experience is that when plan sponsors implement auto features, it is something of a process. Plan sponsors often start off slowly—for example, with low default contribution rates and new-hire-only auto enrollment. Then they gradually increase default contribution levels and may sweep in existing hires," says Lori Lucas of Callan Associates and DCIIA's Chair. "To take the guesswork out of the equation, we have developed a roadmap that may help plan sponsors design and implement a thoughtful and impactful offering that addresses their specific plan needs in a measured and cost effective manner."

DCIIA's whitepaper can be obtained by clicking on the link below.

[Automatic Plan Features in Defined Contribution Plans: What's in it for Plan Sponsors?](#)



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