



# Retirement plan auto features

## Closing the retirement savings gap

A retirement plan sponsor can play a significant role in offering their employees a savings vehicle for retirement. In fact, 56% of American workers surveyed said they probably wouldn't save for retirement if they didn't have a retirement plan at work.<sup>1</sup>

Having access to a retirement plan is just the beginning for achieving retirement income goals. Plan sponsors can do more to help employees by adopting 401(k) retirement plan auto features: auto enrollment and auto-deferral escalation.

### What is it?

With auto enrollment, employees will be automatically enrolled into the plan and invested into the default option at a preset default elective deferral percentage. Auto-deferral escalation enables you to set employee deferral percentages to increase on an annual basis.



### Adopt auto enrollment

Now is the time to make auto features a part of your retirement plan.

The SECURE 2.0 Act of 2022 requires 401(k) and 403(b) plans started after December 29, 2022 to automatically enroll eligible participants in their respective plans.\*



Two-thirds of plan sponsors who offer auto features see a direct and attributable benefit to their plans' outcomes as a result; the most commonly cited benefit is having higher participation.<sup>2</sup>

\*Exceptions apply. Talk to your tax professional and visit [irs.gov/retirement-plans](https://www.irs.gov/retirement-plans) for more details.

### Key benefits

- ✓ More plan participation among eligible employees
- ✓ Help attract and retain valuable employees
- ✓ Higher contribution rates may favorably affect a plan sponsor's nondiscrimination testing
- ✓ Potentially get tax credits for including auto features in your plan

### Key employee benefits

- ✓ Minimizes psychological barriers that prevent them from enrolling in the plan
- ✓ Simplifies the savings process for employees
- ✓ Encourages better savings habits to help achieve retirement goals

For more information on our retirement plan services,  
please contact your local financial professional.

1 ICI Research Report: American Views on Defined Contribution Plan Saving, 2019.

2 DCIIA Retirement Research Center, Plan Sponsor Survey, April 2020.

**Important note**

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