



401(k) IN 2017

Use These Changes as a 365
Recruiting and Retention Tool

When you think “compensation,” does your mind go to salary numbers? If you’re a top candidate, it doesn’t – so if you’re trying to recruit those top candidates, it shouldn’t either.

The best talent looks at the entire picture, whether that means understanding the whole company or analyzing the benefits that accompany their take-home pay. Here’s how to make your company’s 401(k) offerings stand out and operate as a powerful recruiting and retention tool year-round.

IN THIS eBOOK YOU’LL FIND:

- information on the changes coming to 401(k) plans in the new year,
- the whys and hows of using your 401(k) offerings to recruit,
- how to build and sell an entire compensation package, and
- how to make compensation offerings work as part of your employment brand.



What's Changing? 401(k) in January 2017

The IRS has announced a number of changes to 401(k) plans for the new year. Here are a few of the biggest:

- **CONTRIBUTION LIMITS STAY THE SAME.** For 2017, the contribution limits will stay the same for deferred income tax: \$18,000 for a 401(k) and \$5,500 in an IRA. Employees age 50 or older can add an additional \$6,000 per year to their 401(k) and \$1,000 to an IRA.
- **HIGHER IRA INCOME LIMITS.** Employees may have 401(k)s and IRAs at the same time. In past years, however, an employee's income had to be under \$62,000 per year to make this work. In 2017, that cap rises to \$72,000.
- **HIGHER INCOME LIMITS FOR "SAVER'S CREDITS."** Workers who receive low or moderate wages can save \$250 more under the saver's credit in 2017, if they earn less than \$31,000.
- **HELP FOR THE SURVIVORS OF HURRICANE MATTHEW.** Victims of Hurricane Matthew are allowed to tap into their 401(k)s without a tax penalty if they are using the funds to pay for storm-related costs, including the costs of food and shelter. The loan must be paid back within five years to avoid penalties.

Why Recruit on Your 401(k)?

Companies have offered retirement benefits for so many years that a 401(k) can seem unremarkable – even boring. When “everybody’s doing it,” why waste your energy trying to make your 401(k) efforts stand out?

HERE’S WHY:

- **TIMES HAVE CHANGED.** Workers in older generations tend to take things like retirement benefits for granted. Workers in younger generations, however, do not. Particularly for those young professionals who struggled to launch careers during the 2009 recession, a strong benefits package is a major selling point – and one they will happily “go the extra mile” to obtain.
- **TWO WORDS: HAPPIER EMPLOYEES.** According to a recent MetLife study, employees who are satisfied with their benefits are happier, work harder and stay with their companies longer. The first step to being satisfied with your benefits? Understanding them.
- **TWO MORE WORDS: BETTER RECRUITING.** Employees who are happy with their employer and proud of their benefits don’t just work harder – they also recruit harder by “bragging up” where they work and what they do. Employees who can explain their benefits can be some of your best salespeople when it comes to recruiting new talent.

401(k)



How to Sell Your 401(k) Offerings

Companies have dozens of channels available to talk about their benefits offerings. Here are just a few you can leverage to sell your 401(k) and other benefits to candidates and employees alike:

- **NEW HIRE ORIENTATION AND ONBOARDING.** Discuss benefits right out of the gate, so new staff know just how much you value them – and how to leverage that value.
- **DURING ONLINE EMPLOYEE PORTAL TRAINING.** Include training on how to access and understand their benefits when you're showing employees how to use your employee portal.
- **CH-CH-CHANGES.** Anytime a company changes the employee benefits package, the change can cause anxiety and stress in employees. Communicate regularly and honestly about what change is being made, the business decisions behind it and its effects on your staff.



When 401(k)s Don't End With the Job Offer

Offering a strong 401(k) can help you recruit better talent. Supporting that 401(k) can help you keep it.

ACCORDING TO A 2013 WORKPLACE BENEFITS REPORT FROM BANK OF AMERICA:

- 59 PERCENT of employees need help understanding and managing their benefits.
- 21 PERCENT of employees actively seek help understanding and managing their benefits.

What does this mean? First, it means that your best people may not fully understand the value of the compensation they receive.

Second, by simply offering guidance in the form of a class, seminar or reading materials, you can stand out from the crowd. Give candidates the support they need, and they'll put your company at the top of their lists



Building the Whole Package

The 401(k) is one of the cornerstones of a solid compensation package, and for good reason. But a strong 401(k) will do its best recruiting and retention work if combined with other strong benefits – and when the whole package is communicated to your team.

- **LIST THEM ALL.** List the benefits and career opportunities your company offers on your website and in your recruitment materials. This allows job seekers to see at a glance how you stand out – and how you value your people.
- **MATH IT OUT.** Some candidates overlook the true value of retirement and other benefits. To help them see exactly what they're getting when they join your team, crunch the numbers and provide a summary that shows exactly how much value they receive when the total package adds up.
- **GET NONTRADITIONAL.** Health insurance matters. Retirement benefits matter. But non-traditional benefits can help you create a competitive package without breaking the bank. Consider options like flextime, telecommuting or memberships to local gyms, food co-ops or other services that help promote employee wellness and community goodwill.



Invest in Yourself: Creating an Employment Brand

Benefits are essential recruiting tools, but they're just one part of creating an overall employment brand. Here's how to incorporate 401(k) and other benefits information into a strong brand that appeals to candidates and employees alike:

- **BE CONSISTENT.** Consistent visuals, design and messages help create uniform "brand" that can apply to everything from recruitment videos to benefits paperwork. Use logos, colors, images, slogans and similar tools to create this branded feel.
- **FOCUS ON YOUR AUDIENCE.** Reaching out to candidates? Communicating with your employees? Always put yourself in their shoes and answer their number-one question: "What's in this for me?"
- **CHECK IT OFF!** Offering specific checklists tailored to employees who are nearing retirement, planning marriage or expecting a birth can help your staff navigate these major life changes more confidently – and feel supported by their employer.



How Can Your Recruiter Help?

In the battle for the best talent, staffing partners fight on the front lines. Here's how your recruiter can help you leverage your 401(k) and other benefits offerings to find better talent:

- **BUILDING A STRONG EMPLOYMENT BRAND.** Recruiters see hundreds of employment brands. They know what works and what doesn't. Best of all, they know what works for you – which allows them to recommend strategies that mesh with your company's culture and goals.
- **GETTING COMPETITIVE.** Staffing firms specialize in knowing what each industry they serve offers candidates across a wide range of positions. They can help you ensure your offerings are competitive to top candidates while still remaining within your budget.
- **OFFERING GUIDANCE.** While staffing firms are not financial advisers, they can provide much of the 101-level information candidates need to acquaint themselves with your compensation policy, so your top candidate can feel confident saying "When do I start?"

401(k) Plans

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SOURCES

2013 Workplace Benefits Report

http://corp.bankofamerica.com/documents/10157/67594/2013_Workplace_Benefits_Report.pdf

MetLife Study

<https://benefittrends.metlife.com/assets/downloads/benefits-breakthrough-summaries-2014.pdf>