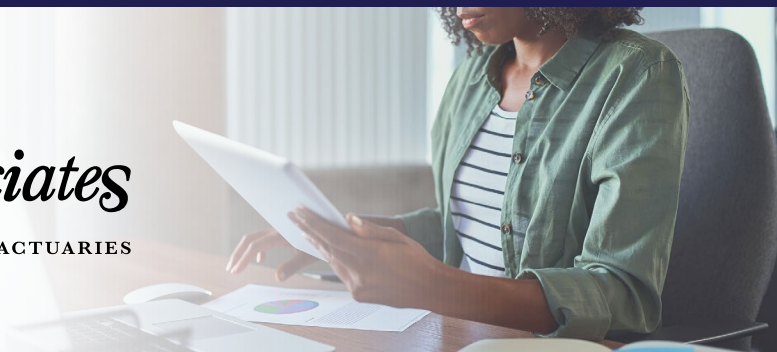


Karel - Gordon & Associates

PENSION CONSULTANTS, PLAN ADMINISTRATORS AND ACTUARIES



Advisor Connect | The Power of Re-Enrollment

MAKING IT ACTIONABLE

Auto-enrollment and automatic contribution increases have proven to be popular and successful retirement plan design features that get more people to save for retirement. A little less known is “**re-enrollment.**” It’s another tool we have to help encourage better participant outcomes and has the potential to benefit the participant, the plan sponsor, and you.

Here are two key functions of re-enrollment as a plan design feature:

- 1 | Similar to the way auto-enrollment sweeps newly-eligible employees into the plan unless they opt out, re-enrollment targets those who either previously opted out or never participated in the past. Re-enrollment forces those employees to consider again the benefit of their workplace retirement plan.
- 2 | It helps to realign participant portfolios to more age- and risk- or goal-appropriate investment options. For example, through auto-enrollment a participant may have been defaulted into a strategy that is too conservative, too aggressive, poorly diversified, or that may no longer be aligned with their current age and circumstances.

Consider: Given industry reports about the high percentage of people—more than one in every three—who are not confident about their investment choices, many participants may have made poor decisions about their own allocations.

[2019 EBRI/Greenwald Retirement Confidence Survey](#)

ACTION TO TAKE NOW

As a retirement plan advisor, you have a great opportunity to differentiate by educating plan sponsors and guiding them toward focus on plan performance and participant outcomes. Automatic plan design features including re-enrollment can change the dynamic of plan meetings from discussion around required metrics to actions that drive real success metrics.



Advisor Connect | The Power of Re-Enrollment

Familiarize yourself with the following mechanics and benefits of re-enrollment features so that you can guide your plan sponsors effectively on this topic.

How does it work?

When a re-enrollment is scheduled, participants receive a notification that their existing balances, as well as future contributions, will be defaulted to the plan's QDIA as of a specified date unless they choose to opt out. According to industry stats, re-enrollment opt-outs are low in these events just like with auto-enrollment.

Why does it work?

A QDIA introduces a professionally-managed "do it for me" approach that automatically rebalances over time and considers the retirement path objectively, which is something most participants don't do.

What does it do for plan participants?

A re-enrollment event presents an opportunity to realign participant portfolios by mapping them to target date or managed account QDIAs. Some participants, who have taken the time to develop their own investment strategy, may prefer to opt out—but many who were opted into the plan and have been more passive, or who were never confident in their own choices, will benefit by the re-enrollment into the QDIA.

What does it do for plan sponsors?

Re-enrollment benefits a plan sponsor in two ways. They enjoy the safe harbor protections for assets that are invested in the QDIA. By offering re-enrollment alongside other auto features, they create a better workplace experience for employees. That translates to improved employee morale.

Let's talk about how we can collaborate to produce better outcomes together.