



Retirement Plan

News and Information for Employers

PLAN DESIGN CONSIDERATIONS

A photograph of three business professionals in a modern office setting. A woman with blonde hair and glasses, wearing a green blazer, stands and points towards a document on a table. Two men, one with grey hair and a beard in a blue blazer, and another with brown hair in a grey sweater, are seated at the table looking at the document. The background shows large windows and office equipment.

Q3 | 2025

6 Trending Plan Provisions:
What's New and What to Know

Retirement Readiness Starts
Now: Helping Employees
Plan with Confidence

3 Plan Health Essentials:
Forfeitures, Missing
Participants, and Force-Outs



6 Trending Plan Provisions: What's New and What to Know

Understand the pros, cons, and considerations for moving forward

It started with a simple question during a leadership meeting:

“What’s in our 401(k) plan—and are plan provisions still working for our team the way they should?”

The CEO glanced around the room. No one had a clear answer. The plan had been in place for years, maybe even decades. It quietly ran in the background while the company grew. But things had changed. New hires were asking about Roth options. Long-time employees were thinking about their retirement around the corner. And recent headlines about SECURE Act 2.0 raised more questions. It was clear the time had come to take a closer look.

This scenario is playing out in boardrooms across the country. Retirement plans—once seen as “set it and forget it”—are now under the spotlight. Rules are changing. Teams are growing more diverse. And there’s a bigger focus on financial health. Many plan sponsors are asking: *Is our plan still a good fit?*

A deeper look into plan provisions

Whether you’re a CEO, CFO, HR leader, or plan fiduciary, it’s important to understand your plan provisions and what updates might help. Today’s 401(k) plans offer more options than ever before. Features like automatic enrollment, student loan matching, and Roth conversions are gaining attention. Each plan provision brings unique pros, cons, and considerations.

Let’s take a closer look at the options shaping modern retirement plans and how to evaluate the right ones for your workforce.

1. Automatic enrollment and escalation

- **PRO:** Automatic enrollment helps new employees start saving immediately, boosting participation rates. Automatic escalation slowly increases contribution rates over time. Both help employees save more without requiring them to take action.
- **CON:** Higher participation may lead to increased employer match costs. Some employees may opt out if not fully educated on the benefits.
- **CONSIDERATION:** SECURE Act 2.0 mandates auto-enrollment (starting at 3% and escalating annually by 1% up to 10-15%) for most new 401(k) plans beginning in 2025. Now is a good time to evaluate if your current plan includes this feature or if it should.

2. After-tax contributions and Roth conversions

- **PRO:** Allows high earners to save beyond the traditional deferral limits. After-tax contributions can be converted to Roth at a later time, offering potential tax-free growth.
- **CON:** Adds administrative complexity and may confuse employees, especially if they are unfamiliar with the nuances of after-tax vs. Roth.
- **CONSIDERATION:** If your team values tax flexibility, these plan provisions may be worth adding. They’re especially helpful for high earners or younger employees focused on long-term growth.

3. Student loan matching

- **PRO:** Helps younger employees balance debt repayment and retirement savings. It allows employers to “match” student loan payments with 401(k) contributions.
- **CON:** Requires coordination with payroll and recordkeeping systems. Employees without student loans do not benefit.
- **CONSIDERATION:** Supports financial wellness and may improve recruitment and retention with younger workforces.

4. \$1,000 emergency withdrawals

- **PRO:** Employees can access up to \$1,000 per year for emergencies, penalty-free.
- **CON:** Frequent withdrawals can reduce long-term retirement balances if not repaid.
- **CONSIDERATION:** This provision addresses unexpected expenses without requiring loans or hardship withdrawals. They're especially valuable in industries where employees may have less financial cushion.

5. Higher catch-up contributions

- **PRO:** Employees ages 60–63 can contribute \$11,250 for 2025 boosting retirement savings late in their careers.
- **CON:** May disproportionately benefit higher earners unless paired with education and communication.
- **CONSIDERATION:** Sponsors should confirm that their payroll provider and recordkeeper can support this provision. They should also make sure that older employees understand how it works and why it matters.

6. Plan portability and auto-rollovers

- **PRO:** New rules streamline small account (\$1,000 – \$7,000) rollovers and auto-portability between employers. Keeps participant balances consolidated and helps improve retirement outcomes.
- **CON:** Requires coordination with recordkeepers and third-party portability solutions.
- **CONSIDERATION:** Plans with high turnover or seasonal workforces can benefit from this feature. It helps reduce administrative burden by removing small, inactive account balances.

Changing plan provisions: what to know

If you decide to update your retirement plan, the change process includes:

- **Amending the Plan Document** – Formal plan amendments must be adopted in writing.
- **Communicating with participants** – A summary plan description (SPD) or summary of material modifications (SMM) must be provided.
- **Effective date** – Many SECURE 2.0 provisions can be implemented now, but several have default effective dates of January 1, 2026.

Why now is the time to review your plan

A simple question in a leadership meeting can lead to real change.

Today's workforce expects more, and the retirement plan you offer plays a key role. Thoughtful plan provisions help address goals like recruitment, retention, and long-term financial wellness. Reviewing your plan can help you stay ahead of regulatory changes and evolving needs. Plus, it helps demonstrate your commitment to supporting employees at every stage of life. A modernized plan isn't just a benefit; it's a reflection of your company's values.

QUICK CHECKLIST FOR PLAN SPONSORS

Have you reviewed your plan provisions in the last 12 months?

- ☐ Are you prepared for January 1, 2026 SECURE 2.0 changes?
- ☐ Do your plan features match your workforce demographics?
- ☐ Have you documented your fiduciary decision-making?

If not—now's a great time to start.

Retirement Readiness Starts Now: Helping Employees Plan with Confidence

Practical ways employers can support their workforce's financial future

Many Americans are thinking seriously about their financial future—and with good reason. The economy and rising cost of living have left people feeling uncertain about what lies ahead.

Recent research from the 2025 Transamerica Retirement Survey¹ offers a clearer picture of what today's workforce is facing:

Half of workers report that they **haven't saved enough to retire.**

73% of workers say they **are confident** they'll be able to retire comfortably—but **only 24% feel very confident.**

22% plan to retire **later than expected.**

The median household **retirement savings** is just **\$93,000**

These numbers show that while many workers are thinking about retirement, most still need help getting—and staying—on track.

¹ Collinson, Catherine, et al. "Retirement in the USA: The Outlook of the Workforce." Transamerica Institute. Mar. 2025.

An opportunity for employers

This shift in mindset creates a meaningful opportunity for employers. A strong retirement education program can meet employees where they are. Programs that offer accessible tools and supportive guidance can help build financial confidence.

Covering topics such as financial wellness, healthcare, and retirement planning makes these programs more relevant and helpful to your team. With relevant resources, employees can move from uncertainty to action—one step at a time.

Supporting early preparation

Starting early can make a big difference when it comes to retirement. Many employers are helping by offering education, planning tools, and easy ways to start saving.

Employees often have a lot on their plates: paying bills, managing debt, and covering everyday costs can take priority. But with the right support, many are finding ways to balance short-term needs with long-term goals. Features like auto-enrollment and auto-escalation can make it even easier to get started.

Planning for retirement involves important decisions. People want to know how much to save, when to claim Social Security, and how to turn savings into income. That can feel like a lot, but with simple resources and helpful guidance, it's easier to confidently take the next step.

Retirement readiness education

Employees need clear, helpful retirement education and easy-to-use planning tools. The following best practices can make your education program more effective:

- **Offer targeted and ongoing education.** People want information that helps solve real problems. Since employees face different challenges, targeted messages for different groups can work well. It's also helpful to offer education often, so that new employees or those with changing needs can stay informed.
- **Use adult learning principles.** Adults want to know why something matters before they engage. They are more likely to learn when the content is useful and focused on solutions.
- **Share information in different ways.** Everyone learns a little differently. Education can be shared in short messages like emails, posters, or videos. It can also be offered through longer formats like webinars, one-on-one sessions, or recorded presentations.
- **Keep it simple.** Use straight-forward language and avoid jargon. The easier the message is to follow, the more likely employees are to use the information.
- **Make it relevant.** Tailor your education program to fit your company. Include details about your plan, plus helpful topics like investing, risk and reward, asset allocation, and the value of long-term planning.
- **Include ways to interact.** People remember more when they use what they've learned. Add activities or short breaks that let employees think through the material and apply it.

A path forward

Retirement planning is a journey. Employees need guidance, support, and tools they can trust along the way. When employers offer thoughtful education programs—built around real-life needs and clear communication—they help remove uncertainty and encourage action.

By making retirement readiness a priority, you're not just helping your employees plan for their future; you're also creating a stronger, more confident workforce today.

3 Plan Health Essentials: Forfeitures, Missing Participants, and Force-Outs

A strategic look at your 401(k) plan's health

Ever looked at your company's 401(k) plan and spotted the name of an old colleague?

It takes you down memory lane—you pause and think, *"I wonder how they're doing?"*

That familiar name may trigger a harmless moment of nostalgia. But it could be a signal for something bigger. It might point to a missing participant, an untouched forfeiture, or an opportunity to clean up your plan and uncover hidden value.

As a business leader, you know that small details matter. They can directly impact operational costs, reduce audit exposure, and strengthen overall plan health. Three key areas—**forfeitures, missing participants, and force-outs**—are often missed but can make a big difference.

1. Forfeitures: unlocking hidden plan assets

When an employee leaves before becoming fully vested in their retirement account, the unvested employer contributions don't vanish. They're moved into a forfeiture account. These funds can be a valuable resource if used properly and in accordance with the plan document.

Forfeiture funds can be used to:

- Pay allowable plan administrative expenses
- Offset future employer contributions
- Be reallocated as additional employer contributions to active participants

Many plans unknowingly let these dollars sit idle, or worse, don't use them within the required timeframe (generally by the end of the current plan year or the following year). This not only risks non-compliance but also leaves budget-saving opportunities on the table.

Tip: Review your plan document and forfeiture balances with your service provider. If there's money sitting in the account, put it to work—it's already yours.

2. Missing participants: a silent threat to plan integrity

Missing participants are former employees who still have money in the plan, but their contact information is outdated or unknown. Even though they're no longer active, they still count toward total plan participants, which can have consequences.

Here's why it matters:

- Plans with 100+ account balances require an annual audit
- You may continue sending costly required notices
- You expose the plan to fiduciary and regulatory risk

The Department of Labor (DOL) has published guidance on how to find these individuals, including:

- Conducting address searches
- Sending certified mail
- Contacting emergency or plan-designated contacts
- Keeping documentation of all efforts

Tip: Build a process for updating participant information regularly. Clean participant data can help you avoid unnecessary audits and strengthen fiduciary governance.

3. Force-outs: a smart way to streamline

Force-outs, also called involuntary cash-outs, allow plan sponsors to remove small account balances for terminated employees. Under \$1,000? The participant can typically be cashed out. Between \$1,000–\$7,000? Consider setting up a Safe Harbor IRA provision through your recordkeeper.

This approach helps:

- Reduce total participant count
- Lower administrative burden
- Limit fiduciary risk tied to abandoned accounts

It demonstrates that you're actively managing your plan, which can be helpful in the event of a DOL or IRS inquiry.

Tip: Work with your TPA or recordkeeper to review and implement force-out procedures. Even one or two distributions per year can make a big difference over time.

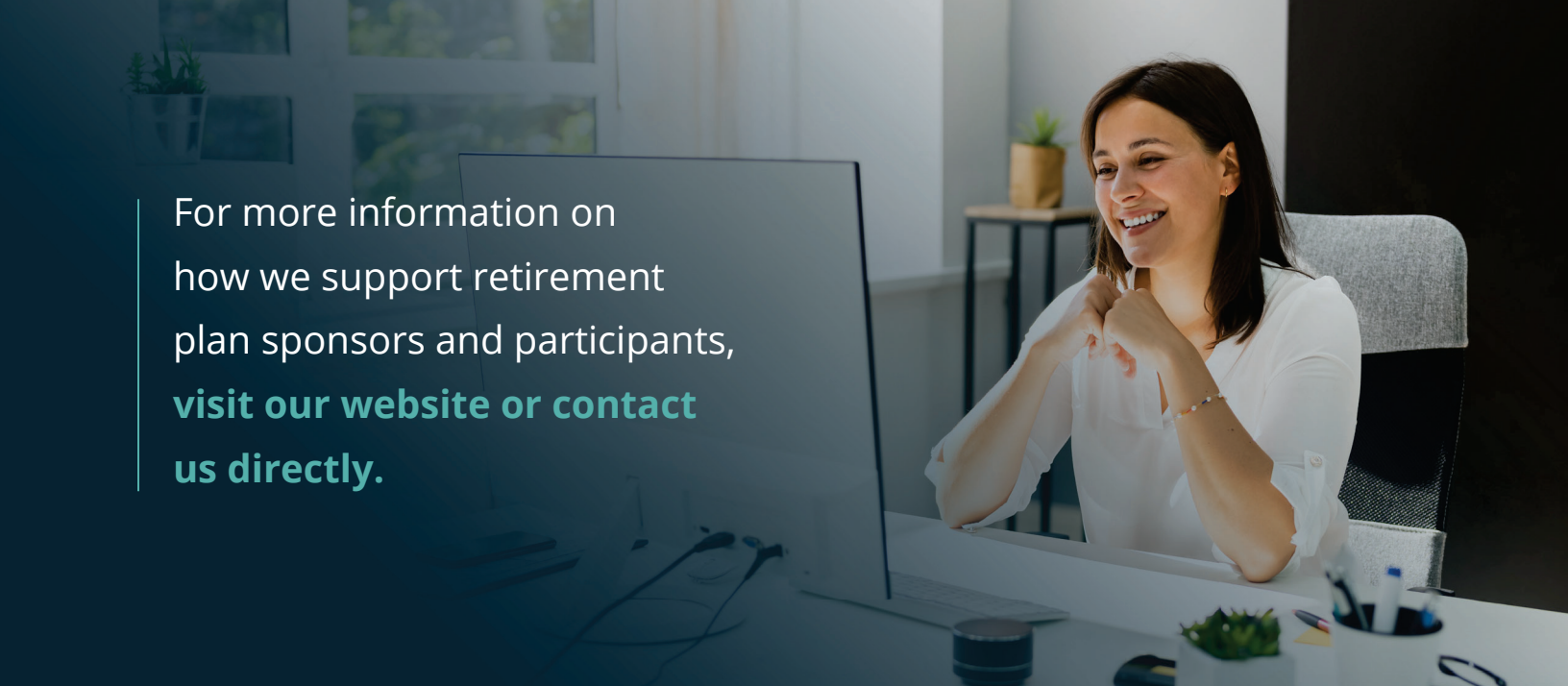
Keeping your plan clean pays off

When it comes to managing your company's retirement plan, a little housekeeping goes a long way. Monitoring forfeitures, missing participants, and small-balance force-outs isn't just busywork, it's smart plan stewardship.

These simple actions can:

- Free up unused funds
- Reduce audit risk and costs
- Improve data integrity
- Reinforce your fiduciary duty

If it's been a while since you've cleaned up your plan records, now's a great time to take a closer look. That old coworker's name on your report? It might just be the start of some extra savings and better plan health.



For more information on
how we support retirement
plan sponsors and participants,
**visit our website or contact
us directly.**



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This information was developed as a general guide to educate plan sponsors and is not intended as authoritative guidance or tax/legal advice. Each plan has unique requirements and you should consult your attorney or tax advisor for guidance on your specific situation.