STONEBRIDGE
FINANCIAL GROUP

Case Study: Trucking School

Converting from profit-sharing plan to a safe harbor 401(k)

The Challenge

For more than 20 years, this company only offered a profit-sharing plan with employer contributions. They were interested in turning the retirement plan into a 401(k) where participants could defer and manage their own portfolios. The company has twenty locations across the country, and participant education efforts needed to be able to support these satellite locations. There was no formal Investment Committee in place.

The Recommended Solution

Putting together and training a new Investment Committee for a retirement plan would be an essential first step.

The strategy would then include adding automatic enrollment into the 401(k) plan at 6% with automatic escalation up to 10%, as well as implementing a coordinated education plan to explain the new options available within the 401(k). This strategy would be designed to engage participants in saving for their own retirement in addition to the employer matching contributions.

Because participants weren't responsible for managing their own investment allocation in the profit-sharing plan in the past, the entire plan should be re-enrolled into age-appropriate Target Date Funds to ensure participants have a diversified portfolio.

Multiple webinars for employees at remote locations would help them learn how to enroll in the 401(k) Plan. One-on-one consultations would also be offered to participants, with a number of employees expected to take advantage of this through phone appointments and email communication.

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The Recommended Solution (cont'd)

It is also important to provide targeted financial wellness topics to participants both over 50 and under 50. The messages would be specific to the participants at different points in their financial lives. Additional webinars can be offered throughout the year to focus on financial wellness topics such as household budgeting, Social Security, Medicare, and college savings strategies.

Setting up meetings with participants (and their spouses) who are within five years of retirement and preparing sophisticated, personalized cash flow analyses using goal-based financial projections would help transition them into retirement.

CLIENT PROFILE:

INDUSTRY TYPE: Trucking School

GEOGRAPHY: Nationwide

NUMBER OF EMPLOYEES: 165

PLAN TYPE: 401(k)

Expected Results

- Increase in participation after enrollments.
- Increase of employees on track to retire successfully.
- Decline of employee deferrals.
- Development of financial wellness program.
- HCEs fully maximize their tax-deductible contributions.
- Increase in plan participants utilizing an age-appropriate Target Date Fund.
- Formalization of an Investment Committee.
- Combined with the company's 4% match, participants achieve a savings goal.

**Disclaimer: Each individual firm's situation is unique. The case study illustrated is for educational purposes.*

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