

401(k) Plan Design Tweaks That Drive Big Results

Quick Reference Checklist for Plan Sponsors

Auto-Enrollment

- Automatically enroll eligible employees unless they opt out
- Set a default contribution rate (consider 6%+ rather than 3%)
- Boosts participation rates and retirement readiness

Auto-Escalation

- Schedule automatic annual contribution increases (e.g., +1% each year)
- Cap at a meaningful level (10–15%)
- Helps employees build savings gradually without feeling the pinch

Roth 401(k) Option

- Allow both pre-tax and Roth contributions
- Educate employees on tax diversification benefits
- Especially valuable for younger employees in lower tax brackets

Re-Enrollment

- Periodically reset participant investments into the plan's QDIA (e.g., target-date fund)
- Employees can opt out or make new selections
- Helps correct outdated or poor allocation choices

■ Why It Matters

- Increases participation and savings rates
- Strengthens employee retirement readiness
- Demonstrates proactive fiduciary oversight
- Makes your plan more competitive as a workplace benefit