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Employee Benefit News

May 2018 | benefitnews.com

The 25 Biggest 401(k)s

These employers are leveraging their size to negotiate lower fees, improve menu selection and keep costs in check

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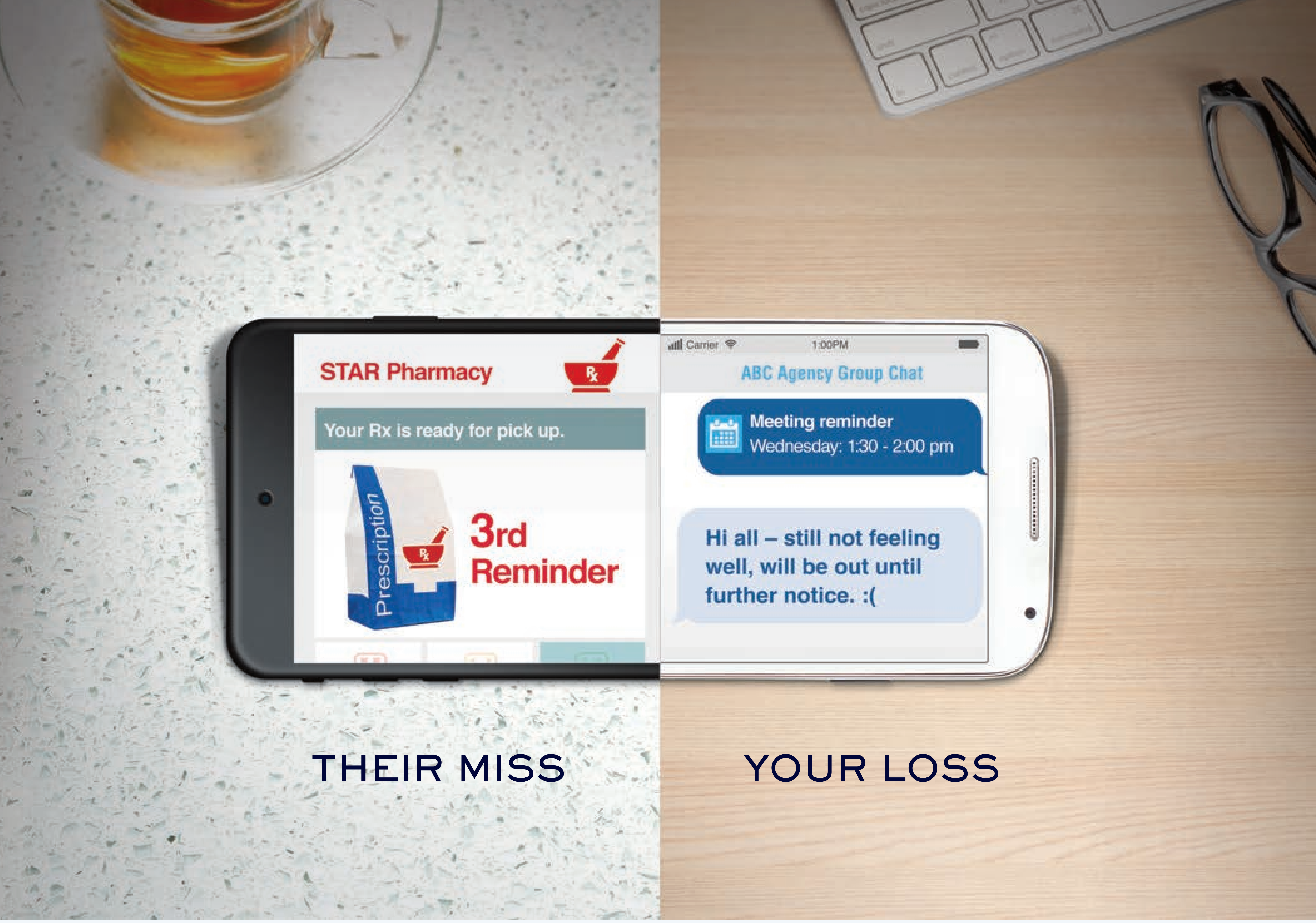

Shifting healthcare costs to your employees may result in short-term company savings. But benefit designs like high-deductible health plans could make some more likely to put off filling prescriptions and delay recommended procedures.[1]

This may put your **employees' health at risk**, which could mean **higher long-term costs** for your company —for example, increased medical spending, absenteeism, and disability claims.[1]

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Reference: 1. Guardian Life Insurance Company of America. The Guardian workplace benefits study, 4th annual: a crack in the foundation. https://www.guardiananytime.com/gafd/wps/wcm/connect/bf8933e5-142d-42f9-b3d0-fa5eb2e43ad6/employee-benefits-study-crack-in-the-foundation.pdf?MOD=AJPERES&CVID=lPbWko-. Published 2016. Accessed January 10, 2018.

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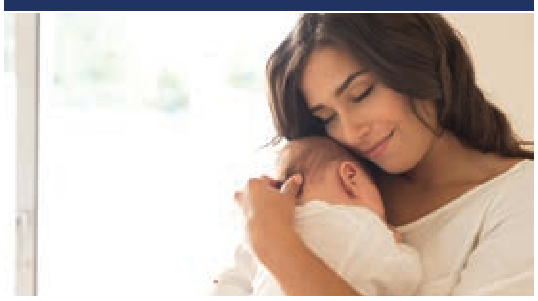

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Top 20 workplaces for parents

Employers including American Express, Deloitte and Salesforce offer benefits including paid parental leave, fertility treatments and flexible schedules that make moms and dads happy at work and at home. https://bit.ly/2BrsYzT

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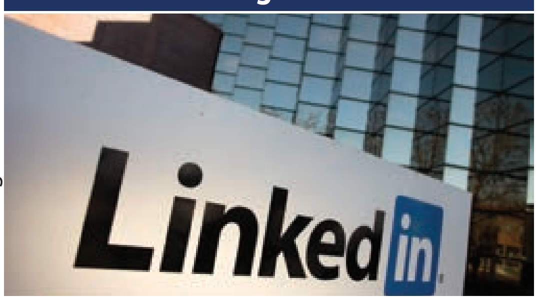

Bloomberg

Inside LinkedIn's quest for talent insight

The social media giant is leveraging its data trove in an effort to support HR and recruitment professionals. Check out *EBN*'s interview with Eric Owski, LinkedIn's head of product, talent insights and talent brand. https://bit.ly/2KidovB

VIEWS

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Employers, here's how you improve the broken 401(k) plan system

If plan sponsors don't use technology to create seamless plan-to-plan portability, they risk turning their accounts into islands cut off from other retirement plans. https://bit.ly/2HNv7wT

ebn Employee Benefit News

SourceMedia™

Editor's Desk

Getting engaged

What's the point of having a robust benefits package if employees aren't taking advantage of it?

I knew that engaging employees in benefits was a pain point for many employers. But a recent conversation with Brian Marcotte made me realize just how serious the problem is.

"What keeps employers up at night is engagement," said the president and CEO of the National Business Group on Health. "It's engagement in all these benefits and tools — the full scope of resources that employers make available. How do they make these available at the time employees need them, and how do they maximize them and achieve their goals from a health and wellbeing perspective?"

Because employees often ask their employers for more benefits — calling for paid leave, student loan benefits and other perks that make them healthy and happy — it doesn't always cross my mind that there already are a number of workplace offerings that often go unnoticed and underutilized by employees.

The reason for the problem is nothing new: Benefits are complex and confusing, and communication isn't always prioritized. And let's face it, employees have other things to do besides feverishly researching their employer's benefits roster — unless it's at a time when they really need help. As Mike Thompson, president and CEO of the National Alliance of Healthcare Purchaser Coalitions, told me, the focus on putting the employee in the middle, making workers the center of these decisions, hasn't turned out to be the best strategy. "I don't think it's working the way it's intended," he said.

What seems to be missing from the equation is more education and continual support for workers.

One solution, as Thompson pointed out, is a streamlined approach, where one vendor leads the way and guides employees to all the other resources available to them, as opposed to having a whole array of vendors and expecting employees to navigate the maze.

Other answers are evidenced by the companies who made the list of the country's biggest 401(k) plans (p. 10). Some of the nation's largest employers are automatically enrolling employees and automatically increasing contributions in their company's retirement plan, taking away some of the guesswork and engaging workers in a meaningful benefit right away.

Yet another solution is found in a new study from WorldatWork and Korn Ferry, which discovered that a number of employers are increasing personalized, progressive health benefits in an effort to reach an always-on workforce.

Offerings such as telemedicine and access to a 24-hour nurse line shot up by double-digit percentages in the past year. They are being touted as a way to get employees access to care when they need it most, even on weekends and after hours. Likewise, stress reduction (offered by 65% of employers), weight management (70%) and smoking cessation programs (84%) can be accessed 24/7, improving behavioral changes in a positive way for employees and employers. (See more on p. 26).

It's a smart idea: There's more to engagement than letting employees know certain benefits exist. It's also about designing them in such a way that employees are able to use them.

Employees aren't 9-5 anymore, so we can't expect our benefits to be, either.

After all, what's the point of having a robust benefits package if employees aren't taking advantage of it?

Send letter, queries and story ideas to
Editor-in-Chief Kathryn Mayer at
kathryn.mayer@sourcemedia.com

— Kathryn Mayer

Enrollment

Is health savings account growth rate stuck in neutral?

EBRI analysis shows HSA enrollment is trending down over the past decade, but bullish signs persist

By Bruce Shutan

Growth rates in health savings account-eligible health plan enrollment have been trending down from as high as nearly 70% a decade ago to no more than 12% and as little as 0% last year. That's the startling conclusion of a recent Employee Benefit Research Institute analysis of five separate HSA surveys.

In addition, EBRI found that many HSAs are unfunded and a growing number are not receiving employer or employee contributions. Researchers examined data from the EBRI/Greenwald & Associates Consumer Engagement in Health Care Survey, America's Health Insurance Plans, Kaiser Family Foundation, Mercer and the National Center for Health Statistics.

While these findings may alarm lawmakers and regulators, they also are bound to shape employer strategies about leveraging pretax dollars to ease the sting of rising out-of-pocket costs.

But HSAs proponents say flat enrollment is only part of the story, and they're bullish about the prospects for growth.

"We grew 18% year-over-year in terms of the number of accounts, which was pretty solid growth," reports Chad Wilkins, EVP of Webster Bank and head of HSA Bank, noting penetration rates of between 20% and 30% of commercially insured populations.

New people are still enrolling in HSA plans, explains Paul Fronstin, director of EBRI's Health Research and Education Program, but there's nearly no growth in the total size of that marketplace. The issue is that many working Americans are leaving these types of plans after changing jobs or discovering that they're just not the right fit, he says, citing those with chronic conditions or high uses of some healthcare services.

Most employees use HSAs for reimbursement of out-of-pocket healthcare expenses and not as an investment account, Fronstin adds. One reason is the longer someone is in an HSA, the more likely they are to invest. But most enrollees haven't had their accounts that long, according to Fronstin, who estimates that 25% of employee populations are in an HSA-eligible plan.

Only about 1% of HSAs opened in 2016 were invested in securities, he says, whereas that number is 10% or 12% for accounts opened in 2005. In addition, just 13% of account holders max out their contributions.

Two possible explanations for the dearth of HSA investments are that people don't necessarily know an investment option is available or they don't meet the minimum-balance requirement to invest, Fronstin says. Another reason may be a reluctance to tie up money until the account holder has reached a certain balance over time, he adds.

There could be yet another driver of the results EBRI has uncovered, observes Keith McNeil, co-founder of Arrow Benefits Group. "An improving economy might actually cause a slowdown in the growth of high-deductible health plans," he says. Employees who once could only afford an HSA-compatible plan without an HSA contribution might now afford a low deductible plan, which he says would be viewed as being more generous and not a takeaway.

But there also are systemic problems that need to be resolved at the federal level, explains Mark Fendrick, co-founder and director of the University of Michigan Center for Value-Based Insurance Design Center.

"Every CFO of a large and small organization wants to move to an HSA-qualified HDHP," he says, citing the savings to employers.

However, obstacles remain. They include shortcomings in benefit designs and IRS rules. One positive development is that Health and Human Services Secretary Alex Azar wants to improve health plan choice and increase access to evidence-based services for chronic conditions by removing regulatory hurdles, Fendrick adds.

Marketplace innovation also is expected to play a role. HSA Bank's online calculator, for instance, allows individuals to model a total-cost scenario by entering their medical expenses, health plan costs and HSA contributions. Wilkins says the tool paves the way for a transparent price comparison relative to traditional PPO coverage or another plan option.

Adds Kevin Robertson, chief revenue officer at HSA Bank: EBRI's analysis recognizes that the research it extrapolated involves sample studies, "and while they're absolutely good from a directional standpoint, the reality isn't that weak." Even the trends reported in EBRI's own data as well as others, show that despite flat enrollment, he says the industry has been growing at double digits all along. **EBN**

ADOBE STOCK

Benefits tech

Gamification scores HR win

The technology is permeating human resources, as employers use it to hire, train and engage their workforce

By John Soat

It turns out that video games are good for more than just killing time on the train or keeping kids busy after school.

In the world of human capital management and employee benefits, gamification is increasingly being used to address such challenges as employee recruitment and retention, training and skills development, and benefits utilization.

HR gamification isn't new, but new business priorities and corresponding changes to how human capital is managed — including a new-found emphasis on employee experience versus education; a pervasive need to improve employees' technical and managerial skills, and a trove of opportunities to increase service levels and reduce costs with new self-service applications — particularly in connection with employee benefits — have made the use of gaming more relevant and integral to HR than ever.

Gamification has already won some high-profile adherents. Marriott International, for example, was an early adopter, using an online hotel-simulation game called MyMarriott to recruit new employees, especially in emerging markets.

But determining the technology's ROI can be a challenge, since many of the most important benefits — such as establishing a rapport with a sought-after constituency (e.g., millennials), or increased employee engagement, even outside working hours — are hard to quantify.

"Our clients typically have goals beyond ROI," says Peter Filak, business development director at Games for Business, a game technology provider. Coca-Cola, for instance, used the Games for Business platform to develop Revenuepoly, a sales-strategy training application. Coke "recorded a 52% voluntary participation rate and an average length of usage of five hours per user, 51% of which was recorded outside of working hours," Filak says.

The increased use of gamification by HR organizations correlates with the increased use of a specific hiring tactic: assessment. Assessment tools are "hot again because they've been gamified," explains Jonathan Kestenbaum, managing director of Talent Tech Labs, a research and development organization. And the reason is simple. "Assessment is an area where [gamification] works," he says.

There are three types of assessment tools where gamification can play a significant role, Kestenbaum says. The first is simulation. A call center trainee, for example, might be put through an engaging but challenging simulation game that features an irate customer, to uncover any weaknesses in dealing with confrontation or reaching a consensus.

The second is skills-based assessment. This is often used to ascertain specific technical expertise. For instance, a company called HackerRank offers companies the ability to create "CodeChallenges," competitive games that hiring managers can use to assess their candidates' coding skills and select the most talented.

The third area, the one most often associated with business-related games, is behavioral-based assessment. Behavioral assessments "have been around for a long time," Kestenbaum notes, and there are several providers that offer these types of tools and/or services.

Knack, founded in 2012, is one of them. It offers cloud-based applications for testing job candidates in the form of three online games: "Meta Maze," "Bomba Blitz" and "Dash Dash." The results from recruits' mobile phone gameplay are combined with a wealth of employment-related data that Knack has accumulated, and then run through the company's AI-based data analytics tool in an effort to identify high-potential talent.

Knack's predictive analytics are also useful for identifying unrecognized or under-developed leaders within a company's workforce, says CEO Guy Halftek, and then matching them to leadership positions.

Still another area ripe for gamification is employee benefits. Jim Wexler, co-founder of Persona Labs, a maker of game-based assessment tools, offers wellness programs as a case in point: "The materials are often off-putting, boring, complicated and scary," he says. "Gamification can get more people to participate, to appreciate a program's benefits."

Employers are also using gamification to develop leadership and sales skills, train employees in crisis management and in many other areas, because, as Wexler puts it, "games are what people want." So many clients are interested in using this format, he says, "because they understand that they can use the power and effectiveness of games to get things done." **EBN**

The biggest 401(k) plans

AT&T, Boeing, Costco, IBM and JPMorgan Chase are among the country's leading retirement plans based on plan-year-end net assets, according to miEdge data.

By Elizabeth Galentine

The country's leading retirement plans have a lot of things in common. A high percentage of employees participating. A robust match. A well-integrated financial wellness program. A large number of assets under management. The latter factor, in particular, gives businesses a leg up in negotiating fees and setting the terms of the relationship with their plan provider.

Indeed, General Motors' Bill Grotz says of his company's plan, "The investment menu includes fund options with competitive fees based on our large plan size."

Listed here in descending order, *Employee Benefit News*, in partnership with business intelligence data analytics firm miEdge, presents the top 25 401(k) plans in the United States based on plan-year-end net assets as of April 9, 2018. Plan sponsors include this information in Form 5500 Schedule A data submitted annually to the Department of Labor.

Lynn Dudley, senior vice president of global retirement and compensation policy at the American Benefits Council in Washington, D.C., says businesses with high-ranked retirement plans are savvy about fee disclosure and management.

"Companies have gotten much better at … negotiating the lowest fees they can for their employees," Dudley says. "If you have more money, you're going to have more negotiating power."

Smaller businesses also look to larger plans to monitor trends in savings management. Other trends seen in the large employer market include custom-designed benefits and services that employees are not likely to receive with a small company, Dudley adds, including individual help with asset management.

"You're seeing financial literacy broaden out to encompass a broader swath of an individual's financial circumstances," she says. "It's not uncommon to have somebody come in and talk to employees, but also to invite spouses."

There continues to be a steady increase in automatic enrollment and automatic escalation. For example, Dudley points to a proposal in Congress now that would allow plan sponsors to continue to escalate their employees' contributions beyond the current law's 10% cap.

Editor's note: As EBN fact-checked the data that follow, some companies submitted more updated numbers that would shift their place in the ranking. In order to maintain consistency, as not all companies replied to multiple fact-check requests, this listing reflects the latest official data in the federal government's Form 5500 database. Because business plan years start at different times, some company data are from 2016 and others are from 2017. All listings reflect the most recent government records as of April 9, 2018. Those that did provide updated numbers that are not yet in the federal government's database are indicated by an asterisk, with the updated data at the bottom.

25. Costco Wholesale

Location: Issaquah, Wash.

Begin year net assets: $11,328,895,969

End year net assets: $12,192,532,404*

Participants with balances: 151,231*

Participant loans: $454,622,483

*As of Dec. 31, 2017, plan assets totaled $14,484,582,311. And the number of participants with a balance was 159,969.

Costco's plan participation rate exceeds 90%, according to Patrick Callans, senior vice president, HR and risk management. The plan includes auto-enrollment and auto-increase features. "We offer a matching contribution (the lesser of $500 or 50% of an employee's deferral), and a more significant discretionary contribution of 3%-9% of total compensation, depending on the employee's years of service," Callans says.

24. Citigroup

Location: Stamford, Conn.

Begin year net assets: $11,436,037,587

End year net assets: $12,343,944,178

Participants with balances: 136,072

Participant loans: $225,768,994

Citigroup's 401(k) plan encourages employees to save through automatic payroll deductions. Once plan participants are eligible for company matching contributions, Citi will match dollar-for-dollar up to the first 6% of eligible pay. The plan's investment options include a choice of: pre-diversified funds that shift in investment mix, according to age; indexed funds; actively managed funds; and/or The Citigroup Common Stock Fund. The plan also includes an automatic feature that increases employee contributions yearly until participants reach the plan's preset savings goal.

23. General Motors

Location: Detroit

Begin year net assets: $11,860,641,869

End year net assets: $12,855,385,613

Participants with balances: 62,350

Participant loans: $176,725,967

Employees are automatically enrolled in GM's 401(k) plan upon joining the company. GM also offers the Annual Increase Program to help grow contribution amounts over time, according to Bill Grotz, GM manager of internal communications and employee engagement.

"GM offers financial educational workshops and pre-retirement one-on-one consultations," Grotz says. "There is also a GM-provided Retirement Contribution in addition to the GM Company Match on employee contributions. We currently have a 98% participation rate in the plan."

22. Oracle

Location: Redwood Shores, Calif.

Begin year net assets: $11,991,945,576

End year net assets: $13,014,873,222

Participants with balances: 70,353

Participant loans: $90,469,449

Oracle's 401(k) plan has a BrightScope rating of 83 out of 100. It is in the top 15% of plans for salary deferral and total plan cost. Participation rates are average, but salary deferrals and account balances are great, according to BrightScope. The plan has 38 investment options, nearly twice the average of 20.

21. Honeywell International

Location: Morris Plains, N.J.

Begin year net assets: $12,831,387,169

End year net assets: $13,296,382,723

Participants with balances: 79,001

Participant loans: $15,000,000

Honeywell's 401(k) plan has a BrightScope rating of 80 out of 100. Participation rates are average, but the company generosity is rated as above average and both salary deferrals and account balances are great.

In January, the company increased its 401(k) match. "Our strong performance in 2017, together with the enactment of new U.S. tax legislation, has enabled us to increase our 401(k) match in the U.S.," Darius Adamczyk, president and CEO, said at the time of the announcement. "This is a sustained, annual benefit that will provide a more secure retirement for our employees. We believe that enhancing this benefit is extremely valuable and important to our employees over the long term."

20. Hospital Corporation of America (HCA)

Location: Nashville

Begin year net assets: $12,729,599,397

End year net assets: $14,002,383,663

Participants with balances: 265,040

Participant loans: $394,690,197

HCA's plan provides a 100% match for employee contributions, from 3%-9% of pay, based on years of vested service. Employees are automatically enrolled in the 401(k) plan on the first day following two months of service. The contribution rate begins at 3% of pay and increases by 1% in January of each year until it reaches 15%, or the plan participant actively chooses another rate, or opts out of the plan, according to the company's website.

19. Johnson & Johnson

Location: New Brunswick, N.J.

Begin year net assets: $13,113,143,474

End year net assets: $14,349,853,964

Participants with balances: 64,855

Participant loans: $105,792,212

Johnson & Johnson's 401(k) plan is rated an 87 out of 100 by BrightScope. It is in the top 15% of plans for account balances, company generosity, salary deferral and total plan cost. The company offers 12 investment options.

18. FedEx

Location: Memphis, Tenn.

Begin year net assets: $13,260,615,840

End year net assets: $14,720,273,154

Participants with balances: 229,598

Participant loans: $309,222,572

The FedEx 401(k) plan has a 70 out of 100 rating on BrightScope. Company generosity and salary deferrals are average, while participation rates and account balances are above average. The company offers 27 investment options.

17. Fidelity Investments

Location: Boston

Begin year net assets: $13,599,102,611*

End year net assets: $14,730,835,962*

Participants with balances: 57,658*

Participant loans: $132,211,935*

*As of Dec. 31, 2017, Fidelity's plan had 57,422 enrolled plan participants. End year net assets were $16.7 billion and participants had $110 million in plan loans.

"Fidelity is sharply focused on providing a benefits package to our employees that is not just competitive, but differentiating. Through our 401(k)/profit sharing plan, employees can make pre-tax and/or Roth after-tax contributions and Fidelity will match them, dollar-for-dollar, up to 7% per pay period," says Michael Aalto, vice president, public relations.

Employees can invest in nearly 200 Fidelity mutual funds, as well as a wide array of non-Fidelity funds, Aalto says. As of December 2017, 95% of match-eligible employees contributed to the plan at average rates of more than 10%. "Increasing the retirement readiness of American investors is a key part of Fidelity's mission as a company," he adds. "Going above and beyond to do so for our own employees is a crucial part of how we view our role as an employer."

16. Microsoft

Location: Redmond, Wash.

Begin year net assets: $13,695,612,842

End year net assets: $15,632,570,354

Participants with balances: 91,641

Participant loans: $114,393,990

In 2016, Microsoft boosted its employer match to 50% of employees' regular pre-tax and Roth deferrals, up to a maximum of $9,000. Previously, its employer match was 50% of the first 6% employees deferred, to a maximum of 3% of pay. The company has a BrightScope rating of 88 out of 100 and offers plan participants 25 investment options.

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15. Raytheon

Location: Waltham, Mass.

Begin year net assets: $14,862,472,595

End year net assets: $16,142,754,786

Participants with balances: 77,828

Participant loans: $216,286,658

Raytheon matches a portion of employee contributions dollar-for-dollar, up to the first 3% of eligible compensation, up to the first 4% of eligible compensation after five years of continuous employment with the company, according to Raytheon's website. Employees are immediately 100% vested in the company match.

14. Chevron

Location: San Ramon, Calif.

Begin year net assets: $17,088,316,508

End year net assets: $19,382,469,310

Participants with balances: 38,113

Participant loans: $135,115,786

U.S. employees are immediately vested in Chevron's matching contributions. For those who contribute 2% of regular pay, Chevron contributes an amount equal to 8% of regular pay. The Chevron contributed amount is equal to 4% of pay for employees who contribute 1% of regular pay, according to Braden Reddall, a senior external affairs adviser.

There is a 97% participation rate for the plan, which includes enhanced planning tools, technology and educational resources for participants either developed in-house or through Chevron's vendor, according to Reddall.

13. United Technologies

Location: Farmington, Conn.

Begin year net assets: $19,281,263,000

End year net assets: $20,237,210,000

Participants with balances: 91,412

Participant loans: $156,794,000

"The UTC Employees Savings Plan offers participants all the features expected in large, well-run 401(k) plans. This includes a well-thought-out investment lineup with the lowest available fees, a high-yielding stable value fund, automatic enrollment and automatic escalation of employee contributions, age 50 catch-up contributions and Roth contributions — to name a few. What really sets UTC's 401(k) plan apart from other large employers' plans is the unique Lifetime Income Strategy — an in-plan solution for providing guaranteed lifetime income to participants," the company says in a statement.

Additionally, the company notes that UTC is the only large employer to make an in-plan guaranteed lifetime income solution the default investment option. "[F]rom the time our new hires reach their fourth anniversary of employment until they leave UTC, annual contributions of between 16.6% and 19.1% of pay will be accumulating in their 401(k) accounts, and will provide guaranteed income throughout their retirement," the company says.

12. Northrop Grumman

Location: Falls Church, Va.

Begin year net assets: $19,343,455,501

End year net assets: $20,866,567,177

Participants with balances: 103,692

Participant loans: $218,466,620

Northrop Grumman has an 84 out of 100 ranking on BrightScope. The company has a great rating for salary deferrals, account balances and company generosity. Employees have 21 investment options to choose from.

11) ExxonMobil

Location: Spring, Texas

Begin year net assets: $19,718,000,000

End year net assets: $21,426,000,000

Participants with balances: 42,546

Participant loans: $192,000,000

ExxonMobil offers company matching and employee education programs, including its Financial Fitness program. The total package offered to eligible employees includes a defined benefit plan as well as the 401(k). "These plans are a valuable employee benefit and a competitive advantage, helping us meet our business objectives by attracting highly skilled employees and retaining them over the course of a career," says Rebecca Arnold, corporate media relations advisor.

10. Verizon Communications

Location: Basking Ridge, N.J.

Begin year net assets: $20,133,535,109

End year net assets: $21,865,058,119

Participants with balances: 156,890

Participant loans: $532,011,358

"Features include our 100%, dollar-for-dollar company match up to the first 6% of eligible pay deferred, along with up to an annual profit-sharing award of up to 3% of eligible pay (for up to a total 9% total company contribution)," says Jonathan Hayes, director of benefits.

The company also offers plan participants an institutional investment fund lineup managed through its in-house investment management firm, Verizon Investment Management Corp. "We are also proud of our overall 96% participant rate and an average deferral rate of over 6%," Hayes says.

9. Bank of America

Location: Charlotte, N.C.

Begin year net assets: $19,758,274,228

End year net assets: $22,117,821,268

Participants with balances: 243,075

Participant loans: $449,793,562

Notable elements of Bank of America's plan include a company matching contribution of up to 5% of eligible play, an annual company contribution of 2% of eligible play — 3% after 10 years with the company — unlimited free financial counseling and access to videos and other information from Better Money Habits, according to a company spokesperson.

8. JPMorgan Chase Bank

Location: Jersey City, N.J.

Begin year net assets: $21,200,339,877

End year net assets: $23,758,898,917

Participants with balances: 275,509

Participant loans: $506,583,334

JPMorgan Chase offers plan participants a dollar-for-dollar match on up to 5% of pay for all employees with at least one year of service, excluding those earning more than $250,000 a year. For the past several years, an additional "special award" has been credited to the accounts of employees earning less than $60,000, according to Bernadette Branosky, global benefits manager. In 2017, it was $750. Thanks to the company's automatic enrollment feature, more than 90% of employees participate in the plan.

"In addition to the employer contributions, JPMorgan Chase provides pay credits of 3%-5% of pay (pay capped at $100,000) each year, in a separate retirement plan," Branosky adds. "That is 8%-10% of pay, which is market leading — in particular for our lower-paid employees. It all adds up and allows us to offer a competitive, comprehensive benefits package to our employees, in addition to their annual compensation."

7. Walmart

Location: Bentonville, Ark.

Begin year net assets: $20,793,579,908

End year net assets: $24,185,192,771

Participants with balances: 1,006,227

Participant loans: $952,901,404

Walmart's 401(k) plan offers matching contributions of up to 6% for eligible employees, according to the company's website. The company has a BrightScope rating of 56 out of 100. Participation rates, salary deferrals and account balances are below average, and company generosity is average.

6. General Electric

Location: Boston

Begin year net assets: $28,644,090,113

End year net assets: $29,555,945,175

Participants with balances: 228,873

Participant loans: $394,972,228

GE's 401(k) plan has an 83 out of 100 rating on BrightScope. Company generosity, salary deferrals and account balances all rate as great, and participation rates are above average. GE offers plan participants 16 investment options.

5. Lockheed Martin

Location: Bethesda, Md.

Begin year net assets: $29,384,645,702

End year net assets: $30,899,980,211

Participants with balances: 125,385

Participant loans: $202,269,996

Lockheed Martin's 401(k) plan has an 86 out of 100 rating on BrightScope. It has an above-average participation rate, and company generosity, salary deferrals and account balances are all rated as great.

4) AT&T

Location: Dallas

Begin year net assets: $29,469,686,000

End year net assets: $34,786,285,000

Participants with balances: 260,254

Participant loans: $694,508,000

AT&T's employer match for most employees is equal to 80% of the first 6% of salary contributed by the employee. Employees that are not accruing a pension with AT&T generally receive a higher match of 100% of the first 6% they contribute, according to John Phipps, assistant vice president, retirement design and operations. In 2015, the company added investment advice services from Financial Engines. Since implementation, 69,000 participants have used the service.

Additionally, AT&T has a financial wellness program called Your Money Matters that offers a variety of programs and resources that cover a wide spectrum of topics, from preparing for retirement to making the most of a 401(k). "Your Money Matters leverages AT&T's internal social media to allow employees to share experiences, ask questions and offer their own tips to their colleagues across the business," says Phipps. "It's an informal way to engage in the space of financial wellness. Since YMM started in 2011, we've seen 401(k) participation rates rise from 82% to 91% and an increase in those maxing out the company matching going from 49% to 79%."

3. Wells Fargo

Location: Minneapolis

Begin year net assets: $35,786,151,009*

End year net assets: $38,240,089,080*

Participants with balances: 327,513

Participant loans: $1,020,030,226

*For the plan year ending in 2017, Wells Fargo had 238,419 eligible employees with 198,770 contributing. Begin-year net assets were approximately $37 billion, and end-year net assets were approximately $43 billion.

The voluntary participation rate for all eligible employees is 83%; for match-eligible employees it is 87%, without automatic enrollment. The average account balance among employees is $145,982, and the average participant contribution rate is approximately 9%, according to Diana Rodriguez, senior vice president of corporate communications.

Additionally, Wells Fargo makes quarterly employer-matching contributions dollar for dollar up to 6% of eligible compensation after completing one year of employment. The company funded around $1 billion in employer matching contributions in 2017.

"Wells Fargo pays all of the Wells Fargo 401(k) Plan's administration expenses on behalf of participating employees, which, when coupled with the plan's low investment expenses, makes it a great value and top tool for our employees to save for their financial future," Rodriguez says.

2. International Business Machines (IBM)

Location: Armonk, N.Y.

Begin year net assets: $45,928,701,192

End year net assets: $48,431,129,208

Participants with balances: 186,290

Participant loans: $250,068,415

IBM lets plan participants defer up to 80% of eligible compensation on a before-tax or Roth 401(k) basis, according to the company's website. Employees can also save up to 10% of eligible pay on an after-tax basis. For regular full-time and part-time employees hired or rehired after Jan. 1, 2005, the company offers a 1% automatic company contribution and a dollar-for-dollar company match on up to 5% of eligible pay. Employees become eligible for IBM contributions after completing one year. IBM contributions are immediately vested.

1. Boeing

Location: Seattle

Begin year net assets: $47,130,387,730

End year net assets: $50,391,350,564

Participants with balances: 203,053

Participant loans: $713,495,086

Boeing provides a 75% match on the first 8% of base pay that most nonunion employees save in their VIP accounts, in addition to age-based company contributions, according to the company's website. Additionally, new hires are automatically enrolled at 4% of base pay. If they do not opt out or change the contribution rate, it automatically increases by 1% each April until reaching 8% of base pay and receiving the full Boeing match.

"Most newly hired nonunion and certain union-represented employees receive automatic company contributions into the company's 401(k) plan (regardless of whether the employee saves part of his or her pay into the plan)," the company says. "Employees are 100% vested in both their savings and the company contributions at all times. The plan offers a variety of investment funds that employees can use to diversify their account, as well as lifecycle funds targeted to specific retirement dates. Risk levels range from conservative to aggressive." **EBN**

The rise of self-insurance

More small and midsize employers are embracing the insurance model, as firms realize cost savings, plan flexibility and employee satisfaction.

By Nathan Solheim

When Ernie Clevenger suggested his company, CareHere, move to self-funded health insurance, there were a few people, including the firm's chief financial officer, who had their reservations.

"[The CFO] had worked with smaller companies that were not self-funded, and she was concerned about catastrophic claims that might occur," recalls Clevenger, CEO of CareHere, a provider of on-site health clinics based in Brentwood, Tenn. It has a little more than 800 full-time employees with locations in 27 states.

But as the self-funded health insurance option at CareHere took off, the CFO saw how the company benefited from the move, namely by low rate increases, very quickly. And now, three years into the program, the CFO — along with many others at CareHere — has become a proponent of self-funded insurance and even seeks out ways to implement similar solutions in other areas of the company's benefits package.

CareHere is among a growing number of employers who have embraced self-funded insurance, as companies realize cost savings, plan flexibility and employee satisfaction that can manifest itself as soon as the first year after implementation.

Although self-insurance isn't new — it began back in the 1970s with larger employers exploring new ways to manage soaring healthcare costs — the movement has spread to midsize employers steadily as costs continued to rise by double digits year after year. More recently, the passage of the Affordable Care Act gradually helped spread self-funding to small employers.

"The passage of the ACA had the indirect result of encouraging more employers to look at self-insurance," says Michael Ferguson, president and CEO of Self Insurance Institute of America. "Generally speaking, we can say that the ACA has created increased pricing for mid-market employers and created uncertainty in the marketplace for employers who want to provide the benefit."

Today, more than 90 million employees get health benefits through self-funded plans.

The trend today

A look at recent numbers for self-insurance reveals not only ACA's impact, but also some interesting findings about the state of self-funding among employers. A February study by the Employee Benefit Research Institute found that the percentage of smaller employers with at least one self-insured plan increased between 2015 and 2016 while self-insurance in larger employers declined over that same time period. EBRI's research also found that overall enrollment in self-insured plans fell just slightly from 60% to 57.8% between 2015 and 2016.

Breaking down the numbers a little further, EBRI found that the percentage of small firms, with fewer than 100 employees, offering self-funded plans rose from 14.2% in 2015 to 17.4% in 2016.

ADOBE STOCK

"When the ACA passed, the expectation was that more small employers would go the self-insurance route," says Paul Frontin, director of the Health Education and Research Program at EBRI. "The ACA was expected to raise costs and the expectation was that was going to drive small employers to save money. That's exactly what we're seeing happen. It's not taking off like the space shuttle, but it's taking off like an airplane. It's just barely off the ground. We might be seeing the beginning of a trend."

Meanwhile, the number of midsize establishments offering a self-insured plan dropped slightly from 30.1% to 29.2%. Frontin notes, however, that during the two years before 2016, midsize employers saw gains in the number of self-insured employers, noting that setbacks are common in long-term trends.

"A drop like this could be that we're reaching cruising altitude," Frontin says.

And, for large establishments offering self-insured options, the percentage declined from 80.4% to 78.5% over the same time period. Frontin warned not to read too much into these numbers at this time. "I'm not convinced that's the beginning of a trend," Frontin says. "It's hard to imagine large employers going back to fully insured in a major way. I would guess it's a statistical anomaly, there's not a rational reason to see a drop."

The Telligen track

While EBRI's findings may show a bit of a dichotomy in recent self-insurance stats, the results couldn't be more concrete for Telligen, a Des Moines, Iowa-based health management and wellness solutions company with about 700 employees.

Five years ago, the company decided to move to self-insurance. Their situation was somewhat unique — Telligen is a 100% employee-owned company. According to Doug Ventling, Telligen's vice president of health and wellbeing, the company had experienced double-digit increases in their fully insured plans for several years thanks to high-cost claimants, employee lifestyle and pharmacy costs.

To rein in costs, Telligen initially took the traditional routes to manage their fully insured plan. Management looked at plan design but found it only shifted costs to their employees. It also looked at how to manage the plan more efficiently and considered taking measures to improve employee health. But after consultation with benefits consultants, Telligen made the switch.

"Those increases were beginning to impact our competitiveness," Ventling recalls. "We clearly saw a direct impact on our financial results."

So far, Telligen has realized an overall reduction in health insurance costs. In fact, the year after they

"Becoming self-funded enabled us to directly share the results back with our employees."

implemented the plan, the company had a 3% decrease in health plan costs after an adjustment for a phenomenon known as the "run-out" — a period of time where employees make claims on the old plan. Without the run-out, Ventling says, costs would have decreased 9%. The next year — 2015 – Telligen saw a 4% decrease in health costs.

In 2016, however, Telligen hit a speed bump — health costs spiked 11.2% due to some high claims.

"That happens with self-funded," Ventling says. "We're at the whim of statistical chance. Sometimes, a super-high claim could affect our results. We had some very complex claims situations. But you have to look at the long-game in self-funded. You're going to have good years and bad years. With proper reserving, you can weather the bad years relatively easily."

The following year — 2017 — Telligen's costs continued their downward trend with a drop of 15%.

"We were so tickled with our results last year that we gave our employees a premium holiday [meaning employees didn't have to pay premiums] in December," Ventling says. "Becoming self-funded enabled us to directly share the results back with our employees. It was kind of nice."

Telligen's decision went beyond dollars and sense, too. Ventling says part of Telligen's strategy was to improve employee health. Along with the move to self-funding, Telligen initiated a robust wellness program — a model the company helps install for its clients. Initiating such a plan in a fully insured environment would have been more difficult, Ventling says.

"As long as we were looking at fully insured, we were unable to improve employee health," Ventling says. "With a fully insured plan, we didn't have the flexibility that would change the trajectory of our health population. When we evaluated moving to self-funded, we considered the financial risks and weighed the opportunity to deploy health management and wellness solutions to improve our employees' health. We knew there was financial risk but we had to break free from being fully insured to deploy our health management solutions."

Because Telligen is employee-owned, the company sought input from its stakeholders and openly communicated with the workforce throughout the decision-making process. Telligen executives used transparency to explain why it was important to cut costs. They also shared what the health benefit would look like after the move to self-funding.

Ventling says that after implementation, costs were reduced significantly enough that the share price for the company rose, too. For Telligen employees, the increase in share price equates to an increase in their retirement plan. Telligent continues to be transparent with its financials related to the health plan.

For Clevenger's part, the move to self-funding provided cost savings as well. CareHere was able to pay a greater share of his company's family option. Clevenger also says the self-funded health insurance plan at his company allows him to build health benefits across the nation, which helps his company compete for employees in all their markets.

"Because we are national in scope, we have to be competitive within pockets of the country," Clevenger says. "Benefits in Chicago are different from benefits in Denver, which are different than benefits in Butte, Mont. We can tailor our plans to meet more of the national norms."

Clevenger adds that self-funded plans allow for more flexibility to offer and remove benefits. CareHere, for example, is adding a telemedicine benefit for its employees. Such a move, he says, would take more time and cost more in a fully insured environment.

Turning toward self-insurance

Any employer considering self-funding will have several challenges to contend with. A move from fully insured programs means employers will largely be free of state regulations, but will take on responsibility for compliance with several sets of federal regulations, including ERISA, HIPAA, the ACA and protected health information, or PHI.

Employers also will need to select appropriate stop-loss policies and strongly consider the organization's risk tolerance. Regulations pertaining to self-insurance also require disclosures to employees and regulatory authorities.

Clevenger says employers also should assess their approach to dealing with volatility.

"You may have three great years and then one year with a lot of claims," Clevenger says. "If you make a decision year by year by year, that's kind of like timing the market and thinking you can pick stocks better than the market. You have to look at the return over time."

Ventling recommends partnering with finance departments early in the process and be prepared to audit the plan regularly for compliance with regulations and the stop-loss carrier.

"The biggest change or consideration was how we managed the plan and analyzed our data from a claims as well as financial perspective," Ventling says. "Being self-funded, we had the responsibility to ensure we were selecting the appropriate stop-loss levels — individual and aggregate — and assessing our own risk tolerance. Also, there's a whole new set of terminology you need to learn as well as data points available. But positively, with more data comes the ability to make better informed plan design decisions as well as more focused health management interventions. You have an opportunity to spend your money more wisely." **EBN**

Q&A

Audits, internal struggles vex retirement plan committees

By Phil Albinus

Employers seeking to provide a retirement plan need the services of a retirement plan committee. Indeed, the Department of Labor's ERISA rules require employers to establish a committee of fiduciaries responsible for the plan's fiscal health and statutory compliance. *Employee Benefit News* recently caught up with Susan Clausen, vice president and financial adviser for CapTrust, a retirement plan consultancy based in Akron, Ohio. She shared her insights about the challenges facing retirement committees and how they can best address them.

***Employee Benefit News*: What's the role of a retirement plan committee?**

Susan Clausen: With any qualified plan, there is usually a delegation of authority to identify and ensure that the plan's fiduciaries are complying with ERISA. Usually the board of directors or executive group will delegate authority to a committee in one of two ways: They either delegate authority to an executive who has the power to form the committee, or they delegate directly to a committee, which chooses a chair.

The reason for the committee is that under ERISA, you don't want the plan sponsor's board of directors, president or CEO bearing that fiduciary liability. They don't have time to scrutinize the plan day-to-day.

***EBN:* What size employer or retirement plan requires a plan committee?**

Clausen: Best practice is to have a committee regardless of plan size, because when the Department of Labor steps in for an audit, they want to know who is responsible for the plan's administration and ensuring that it is in compliance with the plan document.

FINANCIAL WELLNESS

ALEXA, WHAT'S MY 401(K) ACCOUNT BALANCE?

Prudential participants can use Amazon's digital voice assistant to keep track of their savings

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CASE STUDY

HOW A POLICE UNION NABBED FLEEING FUNDS

An officers' association had many challenges — the first one was getting retirees to stop losing tax-exempt money

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***EBN:* You've mentioned that minutes of a meeting are more important than taking notes. Why?**

Clausen: It has to do with risk management. When you're in a fiduciary capacity, notes are subject to court depositions. You can be deposed on those notes. In minutes, you want to be succinct. You don't want to be "gabby" or repeat what's in the reports that are provided by your advisers or record keeper. You want to say, "Here's the committee, who is in attendance and who is excused. We discussed these topics, made these decisions like a unanimous vote to replace the fund and why." You want to be careful to make sure you're not rambling.

During litigation, we find that statements can be made out of context and then be used by the litigators, which is why you don't want to ramble.

***EBN:* What does the committee do in the event of an ERISA audit?**

Clausen: The committee members are the fiduciaries who are responsible for the plan. That's who the Department of Labor is going to talk to. They'll hand them a 33-page request for documents that need to be provided.

The committee is responsible for gathering those records and keeping the plan sponsor up-to-date about the audit. And if the DOL comes back with issues, the committee will engage and consult with an ERISA counsel as needed.

***EBN:* What questions does the DOL ask?**

Clausen: It's comprehensive. They're going to pull participant records and track them from their eligibility, all the way through any transactions and terminated distributions, to make sure the plan sponsor was managing the plan in compliance. They're also going to look at their payroll and their contribution timing, to make sure that the contributions are funded to come out within a reasonable period of time — usually three to four days.

That's where there've been the most penalties over the past couple of years — even for small plans. I've seen DOL audits where the funding of a contribution for a particular payroll was delayed because of a vacation or illness, and it was done a week later than their normal process. They were fined $78.

***EBN:* I heard you mention that it's better to have an odd number of committee members to avoid tie votes. What's the ideal makeup of a committee?**

Clausen: We generally recommend three, five or seven members. We don't recommend committees larger than eight people because they can become unwieldy. Some very large organizations have larger committees, but we find that four to seven is a good number.

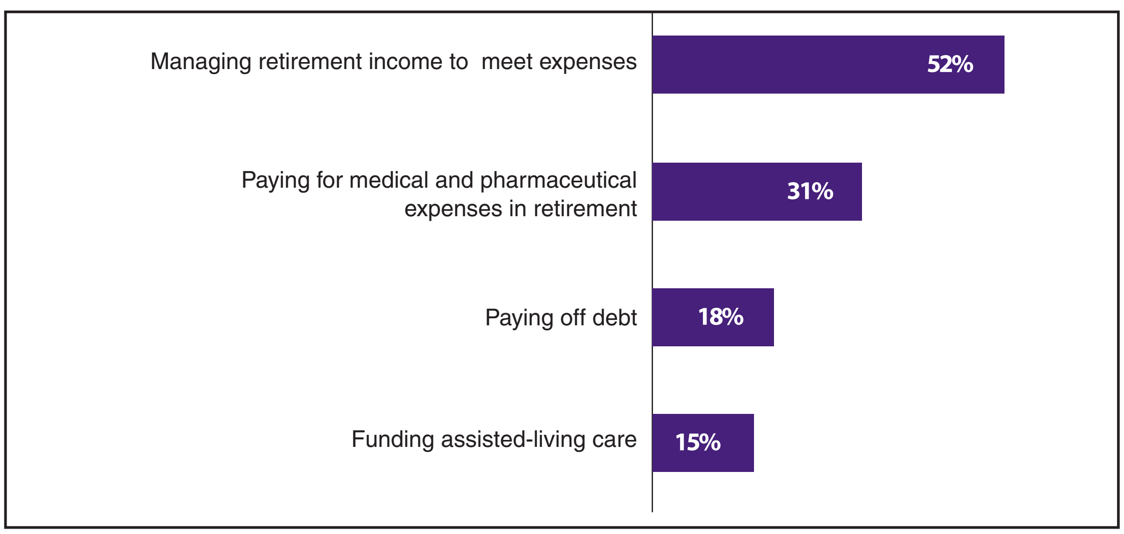
The committees that work the best have representation from finance, HR and administration — with the administration generally attending as a non-voting guest.

Typically, the makeup consists of the CFO as the chairman plus maybe a comptroller or treasurer, and then a VP of HR and maybe a manager of the retirement plan. If they have in-house counsel, we'll either see them attend the meetings or become a committee member.

Many executives see these committees as a senior management training ground, so they look to add up-and-comers as additional members. **EBN**

EMPLOYEES' RETIREMENT FEARS

Workers have a range of worries about their income during their post-work years, according to a survey of 2,000 individuals by Franklin Templeton Investments. Their biggest concerns:



Source: Franklin Templeton Investments

FINANCIAL WELLNESS

Adobe Stock

Alexa, what's my 401(k) balance?

By Paula Aven Gladych

Alexa, Amazon's voice-control device, is popular among users for allowing them to play their favorite tunes, create a grocery list and search the Internet for a myriad of answers. Now, some users can use the technology for an even more important task: checking up on their financial wellness.

Prudential Retirement recently partnered with Amazon to allow Prudential's defined contribution, defined benefit cash balance and nonqualified plan participants to use Alexa to check their account balance, rate of return, any vested amounts and any outstanding loan balances.

Scott Gaul, head of sales and strategic relationships at Prudential Retirement, says that Prudential looked closely at how its clients were using their retirement plan websites to determine the most useful functionality for the Alexa skill. When employees log in to their accounts, 84% are doing so to check their account balance and 39% are using the website to check their rate of return.

"We looked at the trends and figured we would create an Alexa skill to allow participants to access this information," he says.

To access the skill, users must have an Amazon account and a Prudential retirement account. Because of security, users will be asked to give a personal identification number every time they request Alexa to give them their Prudential retirement account balance.

"It is too early to pull statistics, but early indications are that it has been received very well — not only by participants, but employers looking for unique and innovative ways to help participants secure their financial futures," Gaul says. **EBN**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CASE STUDY

Bloomberg News

How a police union nabbed fleeing funds

By Phil Albinus

Chris Monahan, a captain for the New York Police Department and senior official of the New York Police Department's Lieutenants Benevolent Association, had a problem. The organization's annuity was shrinking, in large part because retiring police lieutenants were being persuaded by retirement fund managers to move their lump-sum retirement funds from the union's tax-exempt annuity account into other types of financial vehicles.

"We found that our members retired early and had money in a 457 account, a defined benefit plan, and then the sharks came in and said, 'we want your money,' said Monahan, referring to advisers who advised the officers to invest in other investment plans. "And they cost them a lot of money. We found that they lost money," said Monahan, speaking recently at the NAPA 401(k) Summit in Nashville.

Although he works in a union that engages in collective bargaining, Monahan believes he has a responsibility to the 5,000 active-duty and retired union members who served as NYPD lieutenants and captains.

"The retirement they thought they were going to have, they didn't have, and they had to go back to work," he said. "We felt there was a need for them and for us as a union. [We thought] 'we need to make sure you are financially stable.'"

So the association turned to Barbara Delaney, principal of retirement adviser StoneStreet Renaissance, who with her team was able to restore $125 million back into the fund.

The key, Monahan said, was one-on-one education sessions with union members. For one financial wellness seminar, the union held a raffle to attract participants: $2,000 to pay for one month's rent or mortgage.

The group also held seminars for parents of students about to enter college.

"It wasn't about paying for college but about applying for grants, FISA forms and scholarships," Monahan said. "They asked a rep from New York State to come down and spend four hours at the police academy, and they had 500 members in attendance to hear about getting a kid through college."

According to Delaney, who also spoke at the conference, the union preferred one-on-one sessions with financial advisers instead of interacting solely with apps and web portals.

"We saw the wellness wave coming, and this is why we moved to a one-on-one basis. We needed to address employee needs," she said, adding that financial advisers need to staff specifically for financial wellness.

Monahan noted that the trust factor drives the relationship between the financial wellness adviser and the employee.

"What we find in one-on-one [sessions] is that everyone is different. Maybe your wife works, maybe they don't work," he said. "How many assets do you have? Any outside stocks? Can we put that all into a computer system? Maybe one day we'll be there. But right now, we find that sitting down, one-on-one, works the best." **EBN**

HEALTHY RETIREMENT

Healthcare could cost couples $280K in retirement

By Paula Aven Gladych

Employers better step up their employee retire-ment planning efforts: According to Fidelity Investments' latest annual cost estimate, a 65-year-old couple retiring this year would need $280,000 to cover healthcare and medical expenses throughout their retirement. That's a 2% increase from 2017, and a whopping 75% increase from Fidelity's first estimate in 2002.

"Despite this year's estimate remaining relatively flat, covering healthcare costs remains one of the most significant, yet unpredictable, aspects of retirement planning," says Shams Talib, executive vice president and head of Fidelity Benefits Consulting. "It's important for individuals to educate themselves and take steps while working to ensure they are prepared to address these costs. Otherwise, people risk having to dip into more of their savings than originally anticipated, potentially impacting their overall retirement lifestyle."

Fidelity's healthcare cost estimate is based on metrics that shift depending on the economy and changes in government regulations. The 2% increase to this year's estimate was the smallest annual increase since 2014, "which indicates that many of the factors contributing to the estimate, such as prescription out-of-pocket drug expenses and Medicare premiums, have remained relatively flat over the last year," Fidelity found.

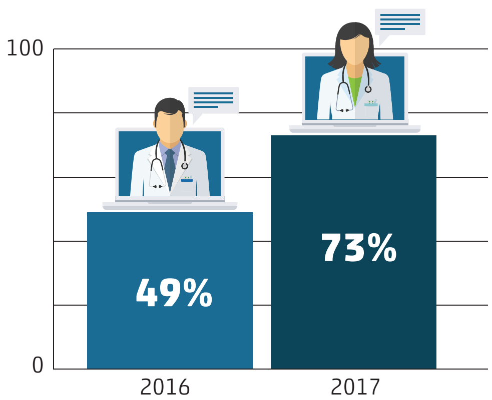
The Fidelity report has implications for employers, who increasingly have been discussing with employees how to manage healthcare costs in retirement.

More employers have been pushing health savings accounts; the money saved in an HSA can be used for medical expenses in retirement if a person doesn't use up their balance every year. Any extra funds are invested, just like they would be in a typical retirement plan.

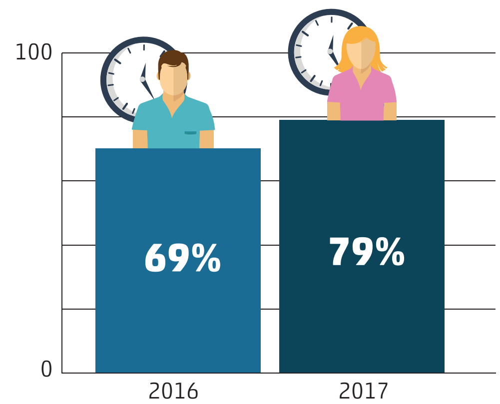
"Individuals who are faced with the prospect of retiring early, regardless of the reason, will need to educate themselves on the options available to bridge the gap to Medicare eligibility to help pay for the extra healthcare expenses they're likely to incur during this period," Talib says. **EBN**

BY THE NUMB3RS: 24/7 workers, 24/7 benefits

Employers are offering more personalized and progressive health benefits to accommodate an always-on workforce, according to new analysis from Korn Ferry and WorldatWork.

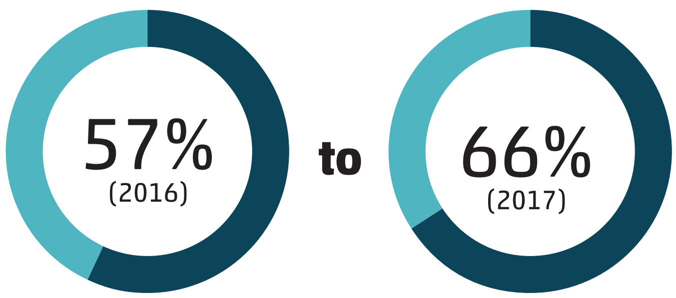


The percentage of employers offering telemedicine shot up **24%**

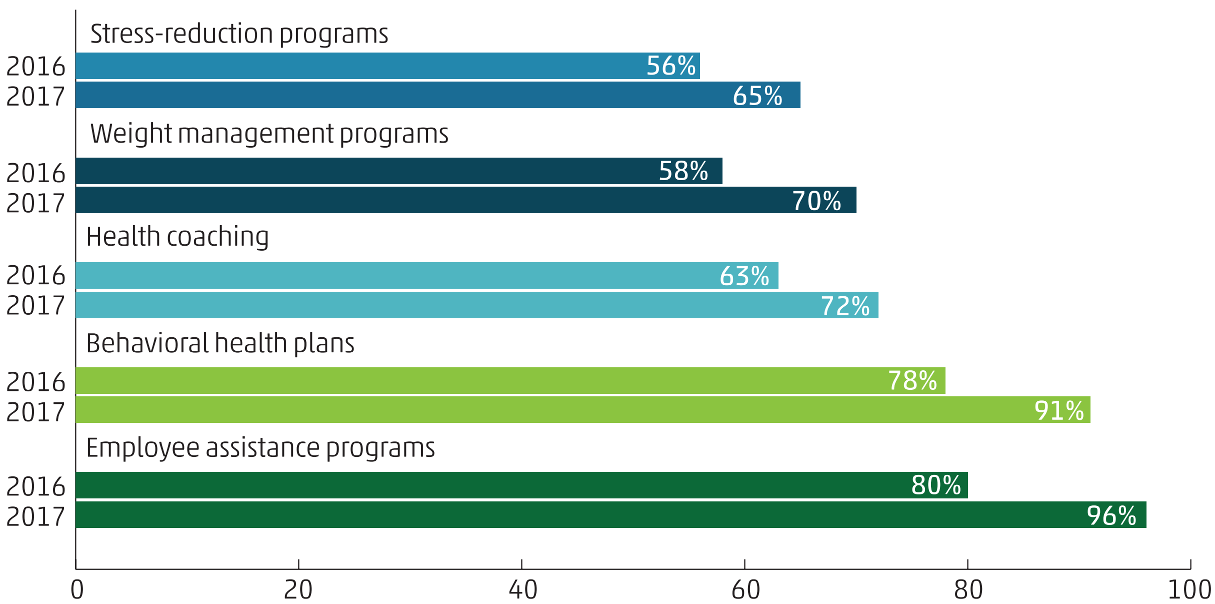


The percentage of employers offering employees access to a 24-hour nurse line increased by **10%**

The percentage of employers offering nutrition counseling increased from



Topping the list of programs that saw a significant increase in prevalence year-over-year:



Source: Korn Ferry and WorldatWork, 2018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