

2022 401(k) Survey Reveal Event Transcript

Brad Sack:

Hello everyone. I'm Brad Sack, Director with Barnes Denning. I also work in our firm's employee benefit plan audit group. Thank you for joining us for the revealing of our 2022 401(k) benchmarking report. Now, with attracting and retaining employees, benefits package is more important than it's possibly ever been, and with a 401(k) being a large component of that benefits package, we hope that you find this information useful as you'll be able to compare the offerings within your 401(k) plan to other similar companies.

In addition to that, we've also turned in some questions as it relates to oversight and compliance of 401(k) plans, as we believe that information is useful, as well. I just wanted to take just a couple minutes and give you a brief overview of the survey and maybe show you a few of the questions that we have within our survey. Sharing my screen here, now.

First of all, just to give you a little bit of an overview of companies that participated, we had 128 companies participate in the survey. Down here is a graph showing the types of entities that participated. You can see a pretty good array of companies from an industry perspective, a little heavy on the not for profit and manufacturing, but otherwise a very good distribution of companies that participated in our 2022 survey.

By the way, if you don't have a copy of the survey yet, feel free to go to [barnesdennig.com](https://www.barnesdennig.com) and obtain one there. A little bit more as it relates to the companies that participated, it's, again, 128 companies and pretty much 50/50 as far as the companies that participated that had over a hundred participants and under a hundred participants. As I mentioned, I just wanted to discuss a few of the questions that we had asked here.

One of the questions here, and something I've always been curious about, if I'm just talking to a CEO of a for-profit entity and I ask them and if they're being honest, how they know if they've had a successful year, what they look at. For the most part, they would likely say profitability, but for a plan itself, I've always been curious how most companies evaluate themselves. What factors do they look at? So we asked that question, and you can see the answer here. The number one answer is participation rate. The second most popular answer was plan rate of return. It should be noted that we also completed this survey back in 2018, so as part of the survey here, we will often reference the results from the 2018 survey. And in this case, the number one answer in 2018 was plan rate of return, with number two being participation rate.

One of the other questions I thought I would touch on is time to transfer. Basically what this is the results, our participants are saying is the number of days from the time payroll occurs and those 401(k) amounts are withheld to the day that they are actually remitted to the custodian. And as a plan auditor myself, this is something I was curious about, and it's one of those things that I'm forced to look at with every plan audit I do, is this continues to be a very hot button topic with the Department of Labor as it relates to timeliness of those contributions.

Department of Labor asks that those be remitted as soon as, what they say, administratively possible. They don't go into further detail as far as what that means from a number of days perspective, but it was nice to see that most of the participants are remitting their 401(k) withholdings to the custodians pretty quickly, as you can see here. I guess one other thing I did want to mention here is let's say for example, that you typically remit five days after that payroll date, there was one payroll during the year where you remitted, much quicker, let's say one day, it could be interpreted that then all those other payrolls where you're remitting five days after could be interpreted as being late. So, addition to emphasizing the importance of remitting contributions timely, consistency should also be considered as well.

There's just one other question I thought I would discuss, and that's actually on our last page of our 10-page survey. It relates to COVID-19. We asked the survey participants how COVID-19 impacted them. Basically, we were a little bit surprised that there was very minimal impact as it relates to 401(k) plans, at least of our survey participants. 88% of the respondents said that their 401(k) match formula remained the same. They continued to make employer discretionary contributions, very similar to how they had pre-COVID.

And furthermore, we also asked about the CARES Act, as there was some provisions within the CARES Act that related to 401(k) plans as it relates to distributions and plan loans, and found that there weren't a whole lot of participants that utilized those. 28.6% of the respondents said they had employees that utilized those provisions and even fewer of those had participants, more than 10 participants actually utilize those provisions. So again, I just wanted to hit on a few questions of our survey. Again, if you don't have a copy of the survey yet, feel free to go to barnesdennig.com to obtain it, and we hope you find this information useful. Thank you.