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Hello and welcome to Revamping Retirement, a podcast brought to you by CAPTRUST, where we explore the opportunities and challenges facing today's retirement plan, sponsors and fiduciaries. Our hosts, Jennifer Doss and Scott Matheson, lead the employer-sponsored retirement plan practice at CAPTRUST, one of the largest registered investment advisors in the US and a thought leader in the retirement plan advisory and consulting space.

We hope you enjoy Revamping Retirement.

Jennifer Doss: Welcome back to another episode of Revamping Retirement. I'm Jennifer Doss and I'm actually alone today, just from a hosting perspective, anyway, certainly not from a guest perspective.

I have Kimberly Plessinger and David McIntee from Kimley-Horn, and they're gonna talk about their financial wellness perspective. You guys have been doing a lot for years, and I know we've worked with you a ton on that.

And then your more recent foray into discretion, 3(38) services that I think is a hot topic within the industry as well. So thank you so much for both being here today, and putting up with just me. Thanks for having us. Thank you. Yes. Yeah, absolutely. Rather than me try to introduce your roles and your firm, I might throw it back to you guys 'cause you'll probably do a better job than me.

So tell me a little bit about what you do at Kimley-Horn. Maybe what your role within the retirement plan specifically is, and a little bit about your business as well. Ladies first.

Kimberly: I'm Kimberly Plessinger. I am benefits manager for Kimley-Horn and Associates.

I've been with the company just over nine years, always in Raleigh, and always overseeing employee benefits, so, very involved in our health and welfare programs, all of the things, family benefits, elder care support for our employees as they navigate healthcare challenges. And I partner with our administrative committee in the oversight and administration of the firm's 401(k) plan.

David: And I'm David McIntee. I have been with Kimley-Horn now for 25 years. My role is treasurer, so as treasurer I'm responsible for things like banking, relationships, and management of the firm's money and taxes. But I also chair the retirement committee and the administrative committee that governs the retirement plan.

So I've been involved with our relationship with T. Rowe Price and with CAPTRUST now for 15 years or so.

Jennifer Doss: Wonderful. And then maybe just, 20 seconds on Kimley-Horn altogether. What does that look like in terms of number of employees, what you guys do and maybe a little bit of overview of what your retirement plan, the 401(k) plan specifically, looks like and covers.

Okay.

David: Kimley-Horn is a large civil engineering consulting firm. We've been in business for 56 years, I believe. Wow. Roughly 7,500 employees. Almost 150 offices across the country. Most of our work is domestic. A little bit of work outside the U.S., but not much. As for retirement plan, Kimberly, you wanna give a

Kimberly: So retirement plan, we've got about 7,300 active participants, about 8,100 participants overall.

We have about a \$1.6 billion balance. Our match and profit share, I think, is pretty unmatched. So we've got a two-to-one match on your first 4% of eligible compensation. And then we have a discretionary profit share, which has been 10% since 2015. Wow. So we always explain to our employees, you put in four, we give you 18. For a total aggregate contribution of 22%. Yeah. So something that I think is pretty

Jennifer Doss: phenomenal. That's amazing. And certainly that will help with some of the financial wellness that we talk about today. Yes. We'll segue into what else you guys do for your employees, which is phenomenal as well.

You guys have been a longstanding supporter of the need for financial wellness for your employees. Can you maybe tell us when that started and why that's so important to you guys?

Kimberly: So as far as when it started, David, I'm not sure years, as long as you can remember. I've been, as long as I've been at the company and I imagine as long as David's been at the company, that's really been a priority for us.

So a statistic I didn't mention about the retirement plan is a little over 50% of our plan participants are under the age of 30. Wow. So we have really young folks. A lot of people fresh out of college. And so education is really important for everyone, but especially for a really young demographic.

And so making sure we are helping them understand the value our retirement plan brings. Yep. And the importance of starting early. And, we just have a really unique opportunity to catch those employees really early on in their career. I think I've talked to a lot of people who say, I wish I had thought about this early on in my career.

Just the importance of saving for retirement, investing in your financial future, and making sure that you are, you're thinking about that at an early age is really important.

Jennifer Doss: That's great that you guys get started so early. I mean, getting people just in the plan and saving is a big hurdle that people deal with. And then getting them to understand the value, especially that big contribution that you guys are making as an organization from that monetary perspective.

And then further investing in people to make sure that from a financial wellness perspective, they understand the totality of their finances. It's not just retirement necessarily. It's also budgeting and saving. And maybe they're still paying off college education expenses or they're paying for a house and things like that.

So I think that's really great. How would you say that financial wellness has evolved over the years for Kimley-Horn? How have things changed?

David: Since the pandemic, our growth has been, we've, we're doing a lot of hiring. We have a huge number of the under-30 crowd, as Kimberly was saying.

We think that the level of engagement among that crowd has always been higher than the media likes to say. Yeah. You often read about how, oh, the, they, this group, this group isn't concerned about their retirement. This group, they have other concerns right now, and that's not our experience.

We, we feel like they're engaged in this, but that hasn't, that's always been the case. That hasn't, that didn't change. That hasn't changed. We've always felt like the under-30 crowd is engaged in financial wellness more than people like to say, or people like to think.

Jennifer Doss: No, that's great because I think that is the narrative sometimes that people spin, which is, oh, you can't reach these guys. You can't get them to care, and they won't care until they're 50 years old and they're nearing retirement, and that's just not the case.

David: So Kimberly and I teach a training class for young professionals, and we will ask a room full of people: How many people here have talked to your parents about the retirement plan? All the hands go up. Wow. Every last one of 'em. Wow. The vast majority of hands will go up and we ask 'em, what do you know? What can you tell us about your conversations with your parents? And they know this is important. They read about Social Security, they know that Social Security is not something they can count on. They know that saving for your retirement and their parents, of course, tell 'em what you'd expect parents to tell their 25-year-olds when they see that they have a retirement plan, that will contribute 18% of your, of your salary plus your bonus.

And that is, yeah. Participate in the plan. Do this for 35 years, you'll be good.

Jennifer Doss: Yeah. that's amazing. I think some of the other things we've heard from people is, on the engagement side and maybe this isn't as applicable maybe given how young you're talking about your demographic is, but you know, since the pandemic, we've heard a lot of other companies talk about how they've got more of their spouses involved and maybe if they're meeting with people and especially if you're doing it virtually, they're able to pull in and have more holistic conversations.

But again, I think everybody's got different goals and objectives, and a 25-year-old's goals and objectives are very different than a 35-year-old's goals and objectives. I mean, even where you're talking about under 30, there's a vast array of things that they might be worried about or working on.

Kimberly: Yeah, that's one of the things that CAPTRUST is really great on helping us with because that employee advice program that we offer, it's as a participant of the retirement plan. But we always explain to employees it's so much more broad, right, than just the retirement plan. It's not should I be contributing Roth, which over 30% of our employees are, or how I should be investing.

It's should I be putting money in a 529? How do I create a budget? How can I save for my first home? So it really is that holistic support.

Jennifer Doss: And I know that. Often plan sponsors, what we hear from them is that they have trouble sometimes getting employees to engage.

Any tips you might give to plan sponsors that are looking to drive more engagement? I mean, particularly like you said, within that younger population. I mean, how do you get them to, how do you get them to engage and how do you get them to use a service like that?

Kimberly: So we just keep it in front of our employees. We partner with T. Rowe Price, where CAPTRUST employee advice is in our T. Rowe Price Communications.

It's part of our new hire orientation. We do quarterly webinars that are led by CAPTRUST specifically for our employees. Yep. Where we have really good participation, employees wanna just get that financial education that we're offering them. CAPTRUST gets our employees' email addresses so you guys can email them and remind them of upcoming informational sessions.

And then we do what we call our, internally, we call it a blitz, where once a year we really package the CAPTRUST employee advice desk, in a way that we tell employees we've reserved these days specific for Kimley-Horn employees where you need to meet with a CAPTRUST advisor, create your blueprint, make sure you're on track.

And those sessions fill up almost immediately. That's great.

We've got 99% participation in our retirement plan. It's amazing. Yeah. And so they, they are engaged and continue to be.

Jennifer Doss: I guess the other thing that you guys do, you do something a little bit different for some of your principals, right? So you go a step further than just the financial wellness and the blitz by the way. I love that. It's, marketing is just a phenomenal thing, right? You get people to really engage sometimes just from the marketing aspect of it.

And that's amazing. So talk to us a little bit about how you go a step further, what you do for your principals that maybe have a little bit more complicated financial situations. If I'm making that leap.

David: We have an executive bonus program where we engage CAPTRUST to act as an advisor to our most senior employees and manage money on behalf of our most senior employees. So this is a program for people who have reached a certain promotion level and it's been going on for, really, for decades.

So when somebody is promoted to principal, they become a participant in an executive compensation program, and if they don't already have an account set up, we set one up for them and we fund it on an annual basis.

Kimberly: It's very important, even at our higher promotion level, to be thinking about that financial wellness.

We are owned by employees, about anywhere between 11% and 14% of our active employees are owners. It's very important that employees are set up for a successful financial future. Getting that one-on-one advice just makes sure that they are thinking through things correctly, managing things, so that then, when retirement's here, they're here at Kimley-Horn because they want to be. Yep. And not necessarily because we have to, they have to be.

Jennifer Doss: So I might give you an opportunity, Kimberly, to, tout some of the other, are there any other benefits at Kimley-Horn? I know this is a retirement podcast, but just since you're here, I'm just interested, is, are there anything else, benefits wise, that you're just particularly proud of that you offer your employees?

Kimberly: So, I will a lot I think. Sure. I personally think we have a wonderful benefits program. But you know, something we added back in 2020. Now I will say we don't call this a quote unquote benefit, it's a special bonus program. Sure. But we do what's called Kimley-Horn My Way Dollars.

Think of it as a lifestyle account. And so this. This was born from a meeting where a bunch of us sat down and we put ourselves in the shoes of our employees and we pretended we were a person straight outta college or a 40-year-old mother of four, which I am, or others.

And we really said, what do our employees need? And we threw all this spaghetti on the wall and we really realized that our employees need a lot of different things. Just depending on where they are in their life cycle, in their career cycle. And so, from that came My Way Dollars, where we give a funding to employees three times a year where they can use them for what's important to them, whether that is, I need to use that to pay down student debt. We've paid over \$2 million of student loans for our employees through the My Way program. Travel is our number one.

We've spent over \$5 million in, over the past three years, for employees to travel, take time off, do things with their families. Really it was our way of saying, employees, we understand that what's important to me is different than what's important to you, and allocating those dollars to help them with that. So that's been something that's been going on since 2020, before the pandemic. This was not a pandemic baby, right? This was planned before that. But that's something I think that employees really appreciate and is our way of giving back and supporting them in what's important to them.

Jennifer Doss: Yeah, I'm sure that really helped, even though it wasn't because of the pandemic, I'm sure that timing coincidentally really helped. Yeah. People are like, hold on a second. Yeah. I have all

Kimberly: this. we saw less in the gym membership category and more in the in-home fitness category.

Jennifer Doss: anything else, financial wellness related that you guys wanted to talk about that.

David: In terms of benefits, we also have very competitive, medical insurance. We've been able to keep our costs, our employee cost share, very low. The firm pays more than 80% of our medical costs, which is high. We also provide a high level of HSA funding as well. We encourage people to fund their HSAs and our people do.

We, so we're, we're able to keep benefit costs down for our employees and help people save, help people save using HSAs as well. Yeah.

Kimberly: Yeah. And David mentioned HSAs, we really changed the narrative around HSAs several years ago. It used to be primarily focused on, put your money in, cover your out-of-pocket expenses.

And our younger folks weren't really putting very much in because, hey, I'm healthy. Why? Why do I need to do that? So we really changed the narrative or try to change the narrative several years ago to focusing on your HSA being another tool in your toolkit for that financial wellness and saving for healthcare expenses and retirement and investing those funds, as they become available to invest.

So that's also, we've seen an open enrollment is. Especially a lot of people asking questions about investing their HSA. And I think we've done a good job in changing that narrative to get even our healthy folks thinking about the HSA in a different way as another tool in their financial wellness toolkit.

Jennifer Doss: Yeah, and that's an interesting, that's why I ask you about general benefits too, right? Because even though this is a retirement podcast and we deal mostly with retirement, you talked about how financial wellness is just so much more broad than that. And it does deal with things like, how do you save for healthcare costs and HSAs, and how do you think about contributing to your 401(k) versus

the HSA and in what order and, to get the best benefits, from Kimley-Horn, and so these things all are intertwined, is what people really, I think they know, but maybe don't stop and think about a lot is if you're not, financially well and if you don't feel like you have, Hey, I'm paying a lot for a nanny.

I can't afford to save for my retirement. Or, I can't afford to put in everything from HSA. So these things are all intertwined. And that's why I think, companies that focus on holistic benefits and the whole wellness aspect of their employees are really also helping the retirement.

Maybe not even directly, but it's indirectly. And I think that's great. So, yeah. Absolutely. Yep. Okay. Great. We'll take a quick break for our minute with Mike's segment, and we'll come back with David and Kimberly and we will talk about discretion. So, all right, take it away, Mike.

Mike Webb: This month, we will discuss some important news from the IRS regarding a key feature of Secure Act 2.0. On Friday, August 25th, the IRS announced a two-year delay in the implementation of the new mandatory Roth Age 50 catch-up rule under Secure Act 2.0. The rule, which mandated at age 50 catch-up contributions for those earning more than \$145,000 be Roth was scheduled to take effect in less than four months on January 1st, 2024.

With the new IRS guidance in the form of Notice 2023 62, the mandate will now take effect on January 1st, 2026, so more than two years from now. The notice also addressed a technical error in Secure 2.0 that would have eliminated all age 50 catch-up contributions beginning in 2024 by clarifying that such catch-up contributions would indeed be permitted after 2023.

The plan sponsor community anticipated that the new rule would be a heavy lift, especially given the lack of IRS guidance on the matter to this point. A delay in the effective date of the provision was unlikely since it was a revenue-raising provision for the government, but thanks to the efforts of the

American Retirement Association and other lobbying groups, plan sponsors can breathe a huge sigh of relief.

The notice also indicated that the IRS is considering an exemption for all self-employed individuals as well as state and local governmental employees who are FICA exempt from this new catch-up rule based on a strict interpretation of the language in Secure Act 2.0. This would be excellent news for plan sponsors, but such an exemption will not be finalized until 2024.

Jennifer Doss: Thanks Mike. Appreciate that update. And we are back. Jennifer Doss. I'm here with Kimberly Plessinger and David McIntee from Kimley-Horn, and they're so gracious to spend some time with us today.

We've been talking about financial wellness, but we're gonna transition a little bit to another topic that's hot within the industry, discretion. So also known as 3(38) discretionary services, investment management services, however you wanna frame it. So just to start out, tell me a little bit about why you guys decided to move to 3(38) discretionary services from the 3(38) consulting relationship.

David: Once we looked at the details of it, it was very, it was an easy decision for us. I.

By entering into a 3(38) relationship with CAPTRUST, it first of all, it brought our fees down a lot. Our part saved our participants over a million dollars a year.

In terms of our working relationship with CAPTRUST, it didn't really change much. We were already working with CAPTRUST on consulting. Consulting with you on our fund lineup, and you were recommending fund changes.

We were reviewing our investment lineup and our fund performance on a quarterly basis. We still do that now. Yep. So it, it didn't result in any significant changes to our fund lineup. We still consult with CAPTRUST on a regular basis, on how our funds are doing, and it saved our participants, again, millions of dollars per year. On fees. So this was an easy decision. I, it's, it was a win. It was a win for everybody.

Kimberly: And Jennifer, it was an easy decision. But of course, to be prudent, we did do an RFI. Yep. Once we learned about the 3(38), we hadn't heard of it before.

And yeah. So, once we understood the concept, we of course worked with an external company to do an RFI and make sure we were partnering with the right 3(38) for Kimley-Horn, and our investment objectives ultimately landed at staying with CAPTRUST. But right off the bat, we knew it was going to be a good decision.

We just had to make sure we had the right partner there.

Jennifer Doss: Yeah, so I think it's interesting because we talked to a lot of plan sponsors about it. You're right. A lot of them don't even know what 3(38) is. They've just been so used to working in this traditional 3(21) consulting relationship, which is great, which works for a lot of people.

But with a 3(38), yes, you can, potentially, take some work off of your plate or, you don't have to sit there and you can talk about the funds and we can get into as much detail as you want, but we don't have to do that. We talk about other things like how to move the needle on your financial wellness capabilities and programs. So I think there's a myth out there that by moving from even a 3(21) relationship to a 3(38), that the relationship's gonna change, right? That, that the advisor is gonna come in and just start making changes to your plan and not tell you anything, and you're not gonna know, and you're just gonna get this communication from your record keeper that says, oh, we're changing your whole lineup.

So, just to be clear, that's, that is not your experience.

David: Correct. It really hasn't changed the way that we work together at all. You were advising us before the 3(38) relationship. You're advising us.

You have to consider, we have to consider swapping this fund and Kimley-Horn saying, no, we're not gonna do that, that's not gonna happen. Yeah. So that's, we still, it's still a partnership where we were, you were consulting with us before and after we entered into 3(38) agreement and, it hasn't really, hasn't changed the working nature of that relationship.

Kimberly: If anything, it has streamlined a little bit on the record-keeping side. So now, the CAPTRUST team is more involved in certain approvals of required disclosures as we are doing a share class change or something like that. So that has taken some work off of my plate where I was the one reviewing that and approving that, and now I still get to see them.

I still know what's being approved, but the, our CAPTRUST partners are involved in that a little bit more. Yep. Now with the new relationship, which has been a nice streamline for me in my role and how I work with our record keeper.

Jennifer Doss: Yeah, so I think a couple things I'd reiterate is yes, going through the, as you learn about 3(38) services out there, go through the prudent process, right?

Learn what it is. Really understand it, because I will say that it is still one of those things that not everybody defines the same way, right? I mean, there's a legal definition, but then there's the reality of how an advisor, a consultant might actually implement it. So, we try to take a very educational approach, make sure people understand that you go through the RFI, you make sure you understand the marketplace and what that will bear out.

And then yeah, you ask a lot of questions about how would, how might this change our relationship? Would it change our relationship? How would the committee meetings change? And things like that. And, if you have a lot of trust, I think between your advisory team, particularly if you've been working for them for a while and you're going from that traditional 3(21) to a 3(38), you know that might be a little easier, right? Because you already are, you have that trusting relationship and you already know how that works. And you're putting, willing to put your faith in them. So, yeah, absolutely.

Yeah. That's great that. So we've got to the hardest part of the whole podcast. and it's, yeah, it's not the saving for retirement part. It's not the 3(38) part. It's not money, David. Sorry. It's, I mean, it does have to do with retirement, but it's more personal. And because retirement is personal, we do

like to ask all of our guests. So Kimberly, maybe I'll start with you again. What does retirement look like to you?

Kimberly: Oh goodness. So it's still a ways away. Oh, absolutely. 19 years, but who's counting? And three months in two days. No. So, I honestly, if I'm being honest, I don't know.

Yeah. It is far away. I have four young children. I imagine there will be some form of chasing children, hopefully not too far across the country. And I think even though I don't know what necessarily retirement looks like for me, I will say the really nice, blessed situation that I'm in right now is that I'm not very worried about the financial aspects of retirement.

My husband and I are gonna have the opportunity to figure out the joys of retirement and what we want to do. A little less concern about the financial just. Being able to work for an organization that prioritizes my financial health has led to that. Knowing that whatever that looks like to you, you're probably going to be financially ready for, going to be financially able to do that.

And that is just such a big part of it too. So that's great. It lets us focus on the fun. Exactly. It lets us focus on the fun and not necessarily the finance.

Jennifer Doss: Exactly. All right. David, what about you? You're the finance guy here, so,

David: No, I'll echo what Kimberly said. I'm grateful to have worked for a company for 25 years now, where we have such a great retirement plan.

Most employers don't put 18% into your 401(k) plan.

So I will echo what Kimberly said and that is I'm grateful to have worked for a company now for 25 years that has such a great retirement plan. Most employers don't put 18% into your 401(k). To look forward to retirement, and I'm a lot closer to retirement than Kimberly is.

I'm within about six years or so of yeah. Retirement. To be able to approach retirement. Not having to stress about finance, about having a retirement income is something for which I'm very grateful. Yeah. What does my retirement look like? A whole lot of travel is nice.

Part of my plan. I like to travel. I may start playing golf again. We'll see.

Jennifer Doss: You may actually get good at golf. No, that's not oh,

David: Not gonna happen. All right. I haven't, I haven't played golf in five or six years. I've used to play a fair amount, but, so I consider playing golf again, but a lot of travel, and I'm looking forward to it. Yeah, I'm not dreading it.

Jennifer Doss: That's great. I think that's what we hear from a lot of folks, which is, if you've got the finances figured out, it's really about financial freedom is what retirement really is. It's the ability to do what you wanna do, when you wanna do it, whatever that is or ends up looking like for you. And so that's great. And like you said, it starts with you being personally responsible for your finances, obviously, but also the organization that you work with caring a lot as well, which you guys do a great job. So congrats to you and Kimley-Horn.

You guys are amazing and thank you so much for being here today.

David: Thank you. We appreciate our partnership and thank you for what you do.

Yeah, absolutely.

Jennifer Doss: Thanks for having us. All right. Thanks everyone. You've made it to another episode of Revamping Retirement, and please don't forget to like and subscribe wherever you get your podcasts or listen to those, and we will see you next time on Revamping Retirement.

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