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Thank you everybody for joining today. My name is Jason Stevens. I'm senior director at CAPTRUST and head our non qualified plan consulting services. I've got 25 years of industry experience. I'm responsible for working with CAPTRUST retirement plan advisors and our 500 plus non qualified plan sponsors to optimize their, non qualified benefit programs.

Joining me today for our discussion are Phil Dunger, Bill is a senior manager in CAPTRUST's Wealth Planning Group, which provides executive financial planning and non qualified advice services. Bill joined CAPTRUST in 2018 and has over a decade of experience in working with individuals regarding financial planning and wealth building.

Bill has a Master's in Financial Personal Financial Planning, and he's earned the Certified Financial Planner designation and the Certified Private Wealth Planner. Advisor designation. Currently, he's the senior manager of the wealth planning team. Also joining us is Chris Whitlow. Chris is the senior director and head of CAPTRUST at work.

He joined CAPTRUST in 2022 and brings more than two decades of experience in the industry. He focuses on the strategic planning and oversight of the CAPTRUST at work practice, especially as it pertains to technology. Educational content and growth initiatives. Prior to joining CAPTRUST, Chris founded and served as the CEO of Educate, a digital financial wellness platform.

His insights have been featured in Fox Business, CNBC, Business Insider, and Reader's Digest. Before founding Educate, Chris served in the wealth management and institutional consulting capacity at Morgan Stanley. And UBS is passionate about democratizing financial literacy and transforming user experiences to yield better engagement.

So with that, Carol, I'll ask you to progress to the next slide. And a few of the takeaways that we hope from, that you get from today's discussion are really some best practices regarding. Education for non qualified plan participants some ideas around improving engagement and outcomes, and some strategies that you can implement that may help your participants financial needs beyond the non qualified plan.

And this discussion will mainly be intended for those who have a non qualified planner are considering a plan and mostly for those in the for profit 409A non qualified space. Although, I think a lot of this will, will also apply to 457B plans in the not for profit space. Before we dive in, I do want to maybe provide a bit of an overview for the conversation and a short discussion about how we see plan sponsors utilizing non qualified plans today.

So the top reasons. According to some of the survey information that you'll find out there, Newport and PlanSponsor put together a survey and that survey would indicate that 76 percent of PlanSponsors utilize a non qualified plan really for retention and attraction of their key employees. Second reason is to allow for asset accumulation, really an onus on the executive to save their own money, and then 59 percent to stay competitive with peers.

Similar information in a separate survey from Planned and Sponsored Council of America, that about 81. 8 percent use it to have a competitive benefits package, but another, call it 56 plus percent, really, for a retention tool. And that goes in line with some of the trends that we've seen long term, which is a shift from employer contributions and non qualified plans to more employee contributions.

So that DB to DC type framework that's also happening in the qualified world. But when you have that shift from an employer responsibility to an employee responsibility from a savings standpoint, it's really less conducive to the retention need that a lot of plan sponsors are trying to drive. So there is a disconnect between the a real.

use of these plans and the 76 plus percent of plan sponsors that want to use it as a retention benefit and the ability to use it as that benefit when we're talking about employees or asking employees to put their own money into the plan as opposed to the employer doing so. And so we have some insights from those same surveys that we were talking about how effective these plans really are at doing that and the data would show that really Plan sponsors say that, the plan, in terms of retention and attraction, is about 41 percent effective, or 41, said another way, 41 percent of plan sponsors would say it's effective at a retention goal, whereas they would mark it as more attractive or more effective, I should say, from an asset accumulation standpoint at about 66%.

Other surveys, principal does a survey, says the same thing. That it's an important consideration for employers to stay with their current employer. But in terms of, whether or not it, it really has. I think the answer to that is it's less clear when we're asking plan individuals to put money, their own money into a plan as opposed to making significant employer contributions and when you add all those factors together, what you find is that 78% of non-qualified plans have participation rates that are below 50% according to the Newport Plan Sponsor Survey and Plan sponsor Council of America reports a similar average participation rate of about 47.5%.

So again, I think the trend of that is for a few reasons that we'll talk about today. But one of it is it's harder to get people to participate when you're asking them really to pull their own weight and really use it as a tool for individual wealth accumulation and not necessarily tying them to any of those retention benefits that employers are hoping to get from these plans.

So we'll talk about some strategies for maybe overcoming some of those obstacles today. Kara, maybe if we can transition to the next slide, please. Thanks. Thanks. So I think what that really does is leads us into today's discussion, which is focused on education and advice, and maybe it's really more about effectiveness.

In other words, plan sponsors are wondering how they can make these plans as useful as possible. And along those lines, going back to some, studies and the Newport plan sponsor one in particular there's a focus from plan sponsors when asked, What would they like to improve on their plans of participant communication and education is something that they see as lacking.

Plan sponsors that they're really only about 20 percent of them are satisfied or very satisfied with the current communication education protocols of their plan. And that's an area that they would like to improve when you compare that to other things in the plan, whether it be the investment menu, or issues with the plan administrator, or the online tool.

You can tell by looking at the slide that you have in front of you that really that improving participant communication and education is really something that, that's highlighted. And various plan functions really today, communication education is the lowest ranked among plan participants about how they feel in terms of how the plan operates.

So it's something that plan sponsors are looking to improve and something that plan participants are saying they would like more of. And so I think all that sort of is a good way of leading us into today's conversation about How we do that and what are effective ways that we can, look at doing that.

Carrie, if we can transition to the next slide, one of the points I wanted to make here before bringing Chris and Phil into the conversation is that there are a number of things that go into participation in a non qualified plan. It's not all about education and communication, but there are some things that I think plan sponsors need to focus on or think about that drive.

Some of the statistics that they'll measure, participant activity with, and some of those are things that the plan sponsor can control. And others are things that, that they can't control. So a few of those factors like which we've labeled here as external factors are the fact that most non qualified plans in the for profit space, at least, are going to remain subject to bankruptcy risk.

And then you also have External factors like the economic outlook or stock market trends or a tax outlook, which really aren't things that a plan sponsor can control, but those are ultimately going to affect engagement from a participant perspective, regardless of how much time and energy you spend in educating or communicating with that group.

Another thing to think about when You want to look at or measure participation in a non qualified plan or overall engagement is going to be eligibility. And so this falls into an area, and really the next three, eligibility, plan design, and awareness of things that a plan sponsor does have. Some control over and so from an eligibility perspective there are some good guys Obviously there are rules in a non qualified environment about who and how many people you can make eligible for a plan and those rules are commonly referred to as Top hat rules and a lot of folks to think of them as No more than 10 percent of your total population is a good starting point of driving that but the reality is if you extend the benefit to You as broad a population as you can that within that 10 percent limit the reality is that some of those people just might not participate.

They might not be in a position to participate. So I think you can look at that and say we still want to extend them that benefit because they're at a role or a title in the organization where we want to make sure that they know that this is aware of that we're available to them. And it's something that is available because they're a valuable employee that we hope to retain, even though.

They may not utilize this benefit. And so there's a push and pull there in terms of if you make a broader population eligible, you might expect lower participation rates. And that might be okay. So that might just be a matter of setting expectations about the fact that you might have a lower participation rate because you included a part of your population that really might not.

Really want to save more money in a plan like this over and above what they might already be saving in a qualified environment. Some of the other things that we note that go into participation overall are also going to be plan design, right? So before, again, before we get to the education and awareness, there's going to be things that make your plan more or less attractive, just based on how you've built that plan.

And some of those things might include, the ability to defer. How much can they put into the plan? Is there a rabbi trust that protects those assets from certain events happening at the company? Is there an employer match? Data shows that employer matches drive participation by as much as 20%.

Going back to that Plan Sponsored Council of America survey that indicated that average participation rates are around 47%. They jumped to 67 percent when there's a plan. A sponsor match involved. So again, that's a design element that would ultimately impact participation rates within your plan. And then the other area is flexibility around things like distribution.

So how accessible are some of the monies that'll be going into the plan? And certainly the more flexible from a distribution standpoint, or some other elements of the plan, the more, flexible it is, the more attractive that's going to be to the individuals that are participating in the plan.

And another area not to lose sight of is the investment option. So in a plan like this, you're not a fiduciary. The individuals that are participating potentially have larger balances and can put more money into a plan like this. And Technically, they may be a more sophisticated audience just because of their experience and their stature with the firm that may allow them to want and utilize more attractive investment vehicles that might not be appropriate for a qualified environment.

And I know Phil will get into maybe a little bit of that in terms of allocating and building portfolios for these individuals that, that might help them diversify their overall accounts by utilizing what's available to them. Within the non qualified plan. So all of those factors really drive participation in, some way, shape, or form.

So before we get to that awareness piece it's going to be a matter of have I got those other things in a place where I've made the plan as attractive as possible to invite people to participate in the first place? Because if, the answer to that is no, then regardless of how much effort and energy you put into communication and education you may not be able to drive those numbers to a level that you, want to drive them to.

So again, I think that's just a matter of setting expectations, recognizing that in general, these rates will be a little bit lower than you would see in a qualified plan because these assets remain at risk and subject to general creditors. And then some of these other features and functions of the plan, eligibility plan design, and some of those external factors will all play a role.

If you're interested, you can read that in the slides. I do want to segue into bringing Chris and Phil into this discussion. But before we jump maybe into a deeper discussion about education and advice. Chris, I wanted to maybe. ask you if you could summarize some of the main differences in the terminology that plan sponsors might hear out in the marketplace.

And by that I think some of the terms that we see thrown around a lot are education, advice, planning, and I think they mean different things to different people and would love for you to maybe spend a minute and kind of frame those up for us.

Yeah, absolutely. And, one, thanks for having me here.

And two, thanks for the kind of that overview. Because I think you really shed a good light on what's happening in the marketplace. If I'm an employee and I'm thinking about that my employer offers this, me wanting to understand it, me participating is going to be driven largely by the way that the plan is designed, the way that the plan is communicated, the different options that I have available to me, and whether or not my family's situation warrants me And so I think it's, no, it's, a no brainer in terms of employers wanting to focus on participant education and advice mainly because it's the thing that might largely be outside of their control of the outcome.

I should say. Like the inputs are there and we'll talk about those as you just asked, like what is education? What is advice? What's planning? But the outputs of that tend to be rather different depending on maybe who your population is and, how they're perceiving certain things. And we have to do, I think a good job of understanding what our employees want and who they are, understanding their needs.

And then offering them the right types of education, communication, and advice that's necessary in order to drive the outcomes that, that we want. Going back to your question what are we hearing in the marketplace? There's general education or guidance. General education or guidance is more or less a passive strategy, I would say.

It's where we provide information and education and we put the information out there. But nothing's really driving anyone to those things other than their need. And desire to learn more about it. And so when we provide the education and the, in the booklets, the brochures, the websites we're expecting people to go and passively learn these things.

And we're giving them generic general terms that they need to apply through their own situation. Then you have really planning, which is the next step of that. It's where you're. Sitting down with the employee and your understanding a little bit more about what they need to do, what they should be thinking about.

And I think here's an opportunity for us to bring the employees into the conversation to make it more holistic about their own lives to see why they may or may not want to participate in a plan like this and how they will. And then advice is really providing them the specific necessary actions needed for them to make.

Make adjustments. And so you're usually getting an advisor involved in some way. You're bringing outside professional help and that outside professional help is able to leverage all the experience that they've had in the marketplace of working with other people in order to acutely address the needs of the employees.

Whereas something like planning could be done. Technically through just technology only, right? Or it could be met up with with a planner themselves. But there are some there's some variety there. So I think that's really the three that you would see in the marketplace, education, advice and planning.

And you're going to have a little bit different. I go back to the advice side and just say a lot of times when you talk about advice too, it's the specific investment advice. So if an employee is inherently trying to figure out what's my risk tolerance, how do I make sure that my investments are aligned with the other investments, maybe that I have inside the qualified plan, that's where they're going to be getting that investment advice.

They're going to specifically be getting advice around the investments in order to take the action so that they're not outside their, risk tolerance. That's

all very helpful. And I guess going back to some of that survey data that I was talking about before. Specifically the Newport Plan Sponsor Survey indicated that really only 20 percent of plan sponsors were satisfied with their plan's communication and education strategy.

Certain higher percentage, I think closer to 60 were, I should say satisfied and only 20 percent were very satisfied. So maybe that's the differentiator there, but I did want to ask you as a follow up to the earlier question. What is it that you think or could you maybe frame up for the audience?

Some of the things that are most effective in terms of bringing that education and advice to life within their population. Is it, the availability of it and are there keys to that or is it integrating it with other benefits? What are the, some of the things that really worked well from your, experience in bringing it to life?

Going back to what you just said, if I had to guess why the 20 percent were extremely satisfied or very satisfied versus the 60 plus percent that were just satisfied, I probably would. Put those camps, like, where advice and planning is probably where the extremely satisfied folks are at, and just basic education is where I'm satisfied.

It's hard not to be satisfied with education, because it's giving me the information that I need, and it's available, and it's readily there but it is a rather passive strategy, right? We're waiting for people to come. They're coming, oftentimes, retro right? They're, not being proactive about it.

There's something that's happened that they're retro going in order to figure something out where the folks that are probably really happy. are getting advice, they're getting planning because we're being proactive in that social, we're reaching out, there's a human involved in some way, and we're trying to actually connect the dots for the employees so that they can take actions on what they need.

What, are some of the things that we see that are best practices? One is that you got to personalize things, I think. You have to make it personal to the employee. Which means that you truly have to understand who the employees are that this is being offered to and what their needs are.

We may assume that we know, but we don't always know, right? And that's going to really depend on the life stages and the the economic situation that they're, in. You have to you got to make it available to them. You gotta make it proactive. If you're only talking about it during open enrollment or maybe during some annual communications that you're doing, it's gonna it's, out of sight, out of mind for individuals, right?

And so if they're not constantly thinking about it and having access to it, It's not one of those things that's front and center for them to take action on it. We need to bring it into the totality of their whole picture. So maybe you integrate it with the other benefits. Telling the story about how this works with some of the other benefits that are offering.

Things that we talk to employers about all the time is that creating a culture around understanding what you want to help your employees overcome financially. And then how do you want to help your employees build wealth? Because if I'm building wealth at my employer, I want to stay there for a long time.

You're going to attract and retain me for a long period of time. And then when those financial challenges come up a bump in the road, you have something there that can help me with that. So when you understand the employees and you can tie those pieces together to say, here's how we help you through and navigate these situations that are most likely for our population, then I think that's going to be something that's going to bring it front and center for folks and make them think about it more.

I think the other piece of this is the coordination and the partnerships, right? And so a lot of times when we're managing benefits, we see them in silos and we don't often use the relationships that we have with other vendors or record keepers in order to cross pollinate how We work with employees.

And so bringing those relationships together, bringing those vendor partners together so that they can collaborate in a way that brings the whole story to the employee is definitely something that can be beneficial. Certainly keeping it simple. As simple as we can keep it, it's more if we can meet the employee where they're at their level.

That's going to be great. And then having really good and direct communication. One thing that you brought up is, this, the idea that these assets could be subject to creditors. And helping them understand the risk and the ways to diversify and the ways to mitigate that across their kind of their planning strategy I think is very important and being direct about it and not not dancing around it because employees can see right through that.

They want to understand as best as they can. And then I would say being holistic, right? Making sure that we understand that. Whether it's the employee situation or the different benefits that are involved or the timing of the things that are going on within the workplace that we're holistically communicating and involving the employees across all of the different elements of their financial lives.

So all of those things I think would help you drive a lot better. engagement across communication and education with the employees.

That's great. That's a great answer. Thank you for that. And I do see a couple of questions coming into the chat and we'll touch on each of those as maybe the best place appropriate during the conversation.

So we are seeing those and keep them coming if you have any and we'll circle back to them. But before we do that, Chris, I did want to ask, Kind of one other question on this thread and that's related to maybe leadership. You had mentioned different partners and the different role players within a non qualified plan.

In particular, let's say whether it's the administrator or the consultant or the plan sponsor. I'm wondering if you have a view on. Who should be driving this process or what's an effective way to bring all those parties together as they all play a different part in the effectiveness of this process?

No doubt it's it's, challenging the quarterback all of that, right? Definitely from a communication perspective, I think anytime you have top down from a leadership to be able to communicate the value of these benefits and how they can be beneficial, is always helpful. But, typically I would say it's a combination of the of human resources, partnering with your consultants and your vendors.

I know within our department like we leverage what we call wellness consultants that kind of can help bring those things together with for you and, help be an extension of HR in order to help. But it's bringing those pieces together in a coordinated effort, almost like an orchestra, right?

That's going to be most effective because if you only, Focus. If it's only coming, for instance, from HR, if it's only coming from the Record Keeper, if it's only coming from the conversations that are happening in the boardroom from the executives, you're likely not getting the full power of the communication strategy that could be generated from your, team.

So I think you have to collectively bring those together. And if you need help in coordinating that because you don't have someone within HR to really take that on to be that coordinator, there's resources. I think that you can use in order to be able to solve for that.

Phil, I want to bring you into the conversation as it relates to your team.

You probably have some of the most. Direct interaction with non qualified plan participants of anybody at our organization, certainly. And I wonder if you can share with the audience mostly made up of plan sponsors of those folks that are responsible for the oversight of these programs, some of the things that, that the individuals that are participating in these plans are asking you and your group and what are the things that they're really looking for advice on relative to these plans so that maybe bring home.

What the pain points are that these participants are looking to, address.

Yep. Happy to. I think it actually works well with a question I saw in the chat, so we can lead right into theirs. I think, ultimately the first question we often get from individuals, and I think it's a good question that, Ties obviously very well into the conversation we're having is whether or not I should participate, right?

I think ultimately some folks that kind of start working with my team have already made that decision, but I think there's always going to be that initial reaction of what's the value of the non qualified plan to me, right? And I think there's two different potential approaches to that question.

And I think it depends on the plan design, right? I think first and foremost, what we end up doing a lot of is what Chris just outlined as we start with education, right? Does the individual we're talking to understand what the benefits are of the plan and really that's an extension of the HR conversation, right?

So we try to take that off of HR shoulders to really be the proponents of the plan and say, hey, Here are the benefits to the plan, right? If there's a company match, here's how you take advantage of that. Here's how you really maximize your value in this plan. And ultimately, I think the conversation becomes very easy Of should I participate if there's a company match.

Then it leads into the other questions, which we'll get to in a second, right? Because then you're getting the advantage of some company match plus the benefits inherent in a non qualified plan. If there's not a company match, and this is where the question that we saw come in comes from, there still could be an advantage to taking it still could be a pro taking advantage of the plan.

The question then comes a little bit from some external factors, right? So what's the current tax situation you're in, right? Because inherently, if there's not a company match in the non qualified plan, then really what you're leveraging is that tax deferral, right? So you have the ability to essentially not earn, your income or not get paid that income, especially if it's a non funded plan or a partially funded plan, and you're not taxed on those earnings until you get the distribution in the future, right?

So if you're comparing a non qualified plan at that point in terms of should I use this to say a brokerage account, the real question would be is what are the tax rates that the employee might be in right now versus what tax situation might they be in retirement? And obviously that's a very individual question.

That's where I think the advice functionality comes in greatly because it's a little bit more than just, do the math and figure it out. It's really, here's how it would apply to your situation.

And ultimately, if you get paid X now, which currently I'll say we are in an interesting tax rate situation where, honestly, for some folks, It may make sense to take that income in their situation currently versus a couple of years down the road, depending on what tax rates happen there.

Non qualified plans without company matches probably become even more valuable if you're in a higher tax rate environment just inherent for the tax brackets. So I think ultimately step one is very much a should I leverage this plan? What does that mean for my financial situation? How do I balance that funding with everything else I'm doing from a cash flow standpoint?

After you get past the, should I use it situation, which ultimately I think for a lot of the plans we're working with, the answer is going to be, yeah, it makes sense to use the questions to what degree. Then you get into kind of the questions where I think a lot of people can are surprised by what they have to choose during an enrollment process, right?

A lot of people are used to the 401k choices where it's how much and how do I want to invest it? And ultimately the non qualified plan gives you an extra kicker. For most every plan, right? It's how do you want the money to come back out to you? And that's usually a more challenging question for anyone to do, because it's not a tomorrow question, right?

It's a 10, 20, 30 years down the road question. And I think that's where we get into some interesting situations, depending on when someone engages in advice service for a non qualified plan, because traditionally in during the kind of the guidance or education mode that Chris was describing. Most places won't answer that question for you.

They won't necessarily help with how much should you put in, what should you invest in, and what distribution options make sense for your situation. You're usually not necessarily giving that level of support unless you get the advice because it requires understanding their financial situation. In that case, often we'll find folks that may just choose the easiest option, right?

I see a lot of people that may default to a lump sum or may default to a 10 year distribution, which may or may not align with their future goals because they haven't necessarily got that far in the financial planning process. And ultimately, we'll talk about this probably a little bit more in the future, but changing those choices once you make them may not always be the easiest again, depending on the plan design, right?

You may not have the ability to go back and adjust the distribution choices you make. Which could have a significant impact on your taxes in the future, and so I think ultimately having an advice service where you can have help with that on the front end is very impactful so that people generally speaking, at least understand the choices they're making and how it could impact them in the future, understand whether or not I should engage in this plan and to what extent.

And then ultimately get that advice going forward, especially for plans. If the change isn't possible, right? If you can't make a change to your distribution, that it's even more crucial that you get that help on the front end to make sure that it's, you're making a, as good of a choice as you can based on the information available.

Yeah, all good points. And I think going back to one of the questions that we saw, there is, even if there isn't an employer contribution going into the plan, there is still an advantage for a participant to be able to defer their own income into the plan on a pre tax basis, similar to how a qualified plan would operate.

And to your point the flexibility about when they choose to get that income ultimately paid to them, Is a discussion around planning and how it might impact their taxes in the future and that really ties back to that plan design discussion because if I'm going to defer money into a non qualified plan today, number one, how much can I defer?

What are the limits about? How much I can defer into the plan? And then what, okay. That's the flexibility that I have for taking that money out. Is it forced to me in a lump sum at a separation of service or at a retirement age or do I have the ability to have it paid out to me over annual installments?

How many annual installments? Is it five? Is it ten? Is it fifteen? And all of those Discussions really have to happen at the inception of your initial election to defer into the plan with some, but not a lot of flexibility to change them down the road. And so that's 1 of the reasons where, even if you have a participant who's elected to be in the plan, They may be making some decisions with long term ramifications that they don't necessarily appreciate how that might impact them in the future from a financial planning perspective.

That is maybe even a little bit more dangerous than somebody who's asking and begging for the education and the understanding of the plan of somebody who's just deferring into the plan and not necessarily understanding or appreciating kind of What they're doing and I guess maybe that would be a follow up question for you Phil.

Is there any advice that you would have for these folks that are overwhelmed by these decisions that come up on that annual enrollment basis? I guess I would another way of asking that question is when folks call you maybe it's around the annual enrollment time and they're thinking about how this benefit fits into their overall picture.

What are the things that you're asking them in terms of outside the non qualified plan if they have those things in order maybe before they Start thinking about this benefit or how to fit this benefit in to their overall financial picture.

Yeah, happy to jump in there and I actually had one one comment to make before I proceed to the next question.

I think it was important to hit on that you mentioned is I think even just having access to a non qualified plan, right? Even if you don't necessarily use it as a huge advantage because it gives you the toys. To defer income, right? And that's a choice that not everyone has where ultimately you do have to make it in advance, but if you do have access to a non qualified plan, even without a match you now have an extra kind of lever from a tax standpoint that most folks don't have, which is saying, yeah, I could defer some portion of my income from.

This year to some point in the future, right? And that's a huge advantage of a tax strategy standpoint that you say, if I'm in a higher earning years and in a high tax bracket, maybe I want to not get paid some portion of my income and move it down to retirement where, you know, hopefully I'm in a lower tax bracket.

And that's obviously where the planning comes into play. But even if you'd say yes or no, having that flexibility to make that decision is a huge advantage that again, most people don't have access to, which is awesome. And in terms of kind of trends I'd say our conversations or I guess questions our conversations tend to go and I hate to lump things because it all is individual.

But I think you had to have to 2 or 3 seasons of folks that end up calling it in at the moment time. 1 is. Probably the newly eligible, right? So it's a newer executives who are probably eligible now for the non qualified plan. Maybe they've used it before a different career, or maybe they haven't used it at all.

They're trying to figure out an initial question. Should I use this? What is that? And maybe they're not even ready to. Think through the broader financial plan, right? And so there, I think it's really even in an advice offering, you're going to start with kind of the education on how does the plan work?

What are the risks, rewards, what are the things you want to think about and really just add the value of here's all the great information that you should know about your non qualified plan. Here's how you enroll. Here's the advantage of it. And then ultimately there, maybe they're starting off with.

More of the variable comp, right? We often have conversations with companies that have non qualified plan that offer some sort of a incentive type compensation that can be deferred to the non qualified planet. And that's often where we might start with newer executives of income where, you know, hopefully, if it all goes according to plan, they're not relying on that as part of their kind of day to day living.

And that's an easy place to defer some. Take advantage of any sort of company match that is available, but also just think about if this is not money that I'm going to rely upon for this year or next year, maybe I defer a part of that and still do that best of both worlds.

Again, I think it all depends on their situation. As we get into folks that are more tenured with those conversations and start to shape more towards distribution planning in terms of. Thinking about how do you align the choices that hopefully you've made successfully before? Or hopefully you have some flexibility in what's your cash flow, right?

Do you want to have a lump sum at retirement? Do you want to have a five or a ten year like you were mentioning, Jason? How does that really match up with kind of your spending in the future? And generally speaking, those are going to require or should require a little bit more financial planning to figure out how that matches up with what you're doing.

And that may be a situation where maybe you're thinking about reducing some contributions to the plan, right? Maybe you've heavily funded it through your early career. And now you're trying to back off a little bit because maybe you've got more income potentially coming out to you in certain years than you want, and you need to back off that a little bit.

And hopefully you're talking to someone along the way that can help navigate kind of the choices you're making an annual basis. So you can align those distributions with your, tax situation, your cash flow needs. So a holistic piece there where they're loops into some pieces there, right?

Some people are not necessarily ready to go into the full What does my retirement look like when they're starting to enroll? So some things to think about there in terms of making sure you're not deferring income that you're gonna need, making sure that you're thinking about the distribution thinking about Do I really want to lump some happening?

And then I think as you're later in your career, thinking about distributions thinking about how this might, as you get closer to retirement, even thinking about when you retire, it can be an important piece of the puzzle in terms of distributions, right? There's going to be generally an amount of time before your distribution start, maybe it's six months, right?

Maybe it's a year after your retirement and thinking about when you retire during the year to match out that distribution start. To help out with tax planning can also be useful as well.

Very helpful. And we did have a question come in related to that. Somebody asked, and I think maybe we have, we both have an answer to this, but it's probably the same answer.

I would hope it is. Relative, do we recommend that participants, Max out their qualified plan contributions before contributing to the non qualified plan. And I think the question asks, do we require it? And I guess maybe I would, maybe phrase it as, do we recommend it first? And then we can talk about maybe the complexity of requiring that.

Phil, is that advice that you would give to a participant relative to where they make their pre tax deferrals? I would think maxing out their qualified plan to the extent that they can first, and then looking at the non qualified benefit.

Yeah, this is probably an answer you're going to hear a lot from anyone you talk about financial planning.

I think it depends. It's in my opinion, it depends a lot on the plan design, right? Because I think that the thing we're going to want to look at is, frankly, a lot of times we're talking about non qualified plans and highly competent employees maxing out can be A different number depending on the plant design, right?

So ultimately what we normally look at is what combinations can get you the best, frankly, bang for your buck in terms of a company match standpoint. And ultimately you have, and this is where Jason, I'm sure you could go run circles on me from a design standpoint, right? But you've got different kinds of plans where some are more of a spillover type of election, right?

When you start maxing out, whether it's the compensation limit or the actual qualified contribution limit, you'll move into that now qualified plan. And maintain the company match standpoint, right? Some are more kind of a side by side, where you can contribute to both at the same time.

And that's where you have to fund that. The nice piece is the qualified plan is going to be more flexible from an adjustment standpoint, whereas the non qualified plan usually has to be made in advance. So sometimes you have the ability to adjust your qualified plan contributions to, to help you get to those maximum numbers.

Whereas the non qual, you have to make the choice on the front end to, to figure out what that number is. And so that's where the planning does get a little bit more complicated. I think generally speaking, you're going to want to take advantage of all of your plans. I would say maxing out the plan, if you're thinking about non qual, that is usually a good call, but it just really depends on how the calculation is going.

Formulas work and making sure you're getting the right combination of benefits. Yeah,

and I also think from a plan sponsor perspective, it's tricky to require that they max out the qualified plan just based on how payrolls work and contributions that would be going in simultaneously and requiring somebody to hit a maximum limit.

I've seen as a challenge from an administrative standpoint, whether or not we're talking about administration being done by the plan sponsor or administration that they're asking the third party record keeper to do. So tying those things together, I've seen as, a challenge. But to Phil's point we generally always recommend that a participant would, max out their qualified plan contribution just because that's a protected benefit in terms of RISA protection, whereas the non qualified benefit is not.

But there are a lot of factors, as Phil mentioned what if the match is more attractive in the non qualified plan? What if my distribution flexibility is more generous in the non qualified plan than it is the qualified plan? So those are all things that I think play into that decision. But in general.

I'd like for a participant to put money in a protected environment as opposed to an environment such as a non qualified plan where that money is still subject to general creditor risk. I prefer the qualified environment be utilized first.

These things that you guys are mentioning though, I think go right back to the necessity to think beyond education.

Because these are such nuanced decisions that you're having these individuals make, and oftentimes in a vacuum, it's very difficult to know, right? It's very difficult to do these calculations, and if you're not working with them all the time, to think about the things that you can't think about. Shifting away from the passive, just education only strategies into more active.

Guidance, or excuse me, advice and planning strategies where you're involving other people, I think is definitely going to be instrumental in getting as much engagement as possible. And not just that, getting to the right solution. As Phil was talking, I was just thinking about all the things that popped in my head in terms of the plan design and the complexities of the individuals that we meet with.

And it's man that's a lot. There's a lot there that you got to unpack for everybody. And it's, you got to be methodical and thinking about how to, and sometimes you need some help to break it down.

That's a great point. Chris, along those lines, I did have another question that I saw pop in here about the expense of these programs.

Obviously, the more detailed some of these services are, whether or not it's just education, or it's advice, or it's full blown financial planning, which maybe includes a non qualified plan, but extends to other corporate benefits, and maybe outside of corporate benefits to a broader financial picture.

Thank you. Question regarding who tends to bear some of those costs, maybe just depending on which environment we're, living in.

Yeah, I think that goes back to the function of what's the culture of your organization in terms of helping your employees overcome financial challenges.

And, helping them build wealth, right? Helping them accumulate and build wealth. And depending on what the culture of your organization is, depending on how you think about planning, because that's going to go in the plan design too of these types of plans, the coordination of the benefits is probably play into how you think about paying for these types of things.

I think at a bare minimum, you want to offer these types of programs. And if you're just offering these types of programs there are ways to offset the cost to the employee. You're offering the, program, but the employee has to bear the cost. But there's other ways to create either through the plan itself or through the the employer actually paying.

There's other ways to structure it so that the burden doesn't fall on the employee. And if he turns into a benefit, That you're providing to help them either overcome the financial challenges they may have or using this as a way maybe it's for executives or maybe it's for a certain part of the organization where you're using it as a way for them to build wealth.

So it's an attraction. It's a retention program. And you're connecting them to these advisors and these planners that can really help them. So that's how I would be thinking about it think back what is what's our culture around this? How do we design our benefits and what do we want to help our employees solve for?

And then how does that tie into the budgets that we're creating to pay for services like these?

Yeah, no, all good points. And then I guess you would probably also maybe I'll ask it instead of assuming it, but, I think for a lot of the plan sponsors, the more that can be taken off their plate, the better in terms of how these programs run.

But I think you would probably also echo the comment that some strong leadership at the plan sponsor level in terms of making sure somebody that might be in an advisor role or administrator role, at least is. This is running and managing the program and in a position to take as much off their shoulders as possible.

So I guess the question in all of that is, is there a, method that works best or have you seen that sort of differ at companies in terms of how engaged the plan sponsor wants to be in turning over some of those responsibilities?

Yeah, I think it really depends on the complexities of your HR and benefits department and how much in the minutia you want to get.

Certainly there's ways for you to offload that where a firm like ours can take on that type of responsibility. But at the end of the day, every single client I imagine that's on the call is structured differently. There's a different size and scope of the organization. There's a different size and scope of the benefits that they're offering.

They're trying to solve for different challenges. Connecting with your advisor, trying to understand how to best administer these programs, and what resources that you need. That you can leverage in order to do that. I think it's going to be the best way to tackle that question, Jason. But Focus on your business right and focus on the employees of the greatest asset.

I think that's the key.

Oh, that's great carol, i'll ask you maybe to jump ahead two slides for me if you wouldn't mind and I can maybe wrap the conversation up and we can answer any additional questions that might come in but I think in terms of, kind of the takeaways of the conversation and number one, which we tried to frame up with at the outset was to set realistic expectations, meaning that the design of your plan, the nature of it being a non qualified plan.

Compared to a qualified plan, how you determine eligibility. Those are all going to factor into maybe a ceiling if you will, on participation, right? So it's not necessarily fair to expect that you're going to have very high participation if you don't have an attractive plan. So that's, going to work hand in terms of how you set those realistic expectations.

So maybe a 50 percent participation rate is good just based on how your plan has been built. So I think looking at it from that perspective is maybe step number one in terms of how you might think about participation rates. The second piece is a lot of, What we've been talking about today is really evaluating that process in terms of some of the things that we talked about is the education and communication process as effective as it could be?

Are there some enhancements that maybe you've heard us talk about today to how that process works that you could implement? Are there things that you might think about? Consider changing from a design standpoint that would make the plan more attractive and really drive up or hopefully drive up the participation rates.

So those are maybe the things to think about in that second bucket there of evaluating how you're doing things today. And then the third is, once you get all that in place just adjust as necessary and Make sure that you're evaluating the process ongoing and making those little tweaks, as, you notice things within your workforce or within your population that is changing over time and that might need or require changes to the process and, how it's working for you.

The last point I, guess I would make is with most of our plan sponsors. This tends to be something that they only think about with the annual enrollment process so when they know that's coming up, and for most plans, that's on a calendar year basis, and that September, October, November timeframe, they start thinking about the upcoming enrollment and, oh, geez, I guess we should do something to, educate the participants or at least make them aware that this open enrollment is coming up again, and I think there are opportunities to make this something that's, More of a process that goes throughout the year where they have access to call and ask questions about things that might impact them over the course of the year, as opposed to just at that open enrollment timeframe.

And certainly, for most folks that I talked to that are operating these plans, they don't. necessarily want to be feeling those calls and the ability to outsource them I think is something that they often appreciate in terms of those day to day conversations about where do I go to log in or I lost my pen who am I supposed to call or I had something happen and I want to reduce my risk to my overall portfolio how do I do that in the non qualified plan and those types of discussions I think again should be happening ongoing as opposed to To, just once, one time a year as you're, making that open enrollment decision.

So with that, unless we have any other questions and I don't see any here in the chat I'd to, again, just thank everybody for, joining us today, and hopefully you found some value in this conversation. And if you do have any. I'm sure you know how to get a hold of us, but feel free to reach out and we'd love to have more detailed discussions with you on any of the things that we talked about today.

And I'd like to thank Chris and Phil for taking time out of their schedules to join us today. And again, thank you everybody

for attending

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