

# HAPPY 401K DAY



## 401(k) Day™ 2020 Campaign User Guide

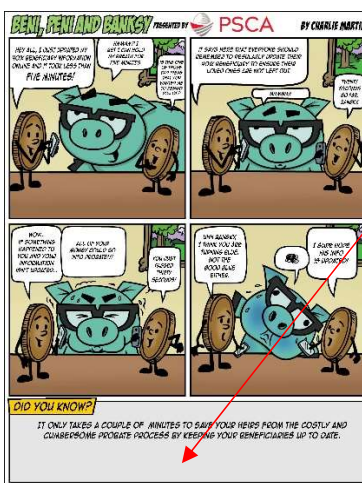
As a retirement plan sponsor you often struggle getting through to your participants to get them to do something, something like complete their beneficiary designation. You know how important it is, but the Plan Sponsor Council of America (PSCA) knows that you often hear things like “Why do I need to worry about a beneficiary when I’m dead?” This is the catchall excuse for not completing this easy form.

To help you, PSCA has developed this year’s 401(k) Day campaign to be focused on getting that crucial beneficiary designation. Below the instructions on using the campaign is some information that you can share with your participants on why this is so important and what can happen if a designation is not on file, or if an old designation is in place, and not what the participant really intended.

### 2020 401(k) Day Campaign Materials

This year’s campaign includes three comics. Meet Beni, Peni and Banksy! These characters are here to help educate your employees on the importance of an up-to-date beneficiary and the ease in keeping that information current in a fun way. The comics can be used in an email campaign, live posters in the office, printed flyers and even through a social media campaign. Help your employees keep their information up to date and therefore avoid having your company in the middle of a family squabble.

We’ve provided both PDF and .jpg formats and each comic has space at the bottom for you to insert your company or retirement plan name. The PDFs can be printed as an 8.5” X11” document to use as a flyer or enlarged to 11” X 17” for a poster to use in break rooms, factory areas, bulletin boards or elsewhere. If you are holding meetings, perhaps during open enrollment, you can add meeting dates and use as posters. You can edit the PDF to add your company or plan information at the bottom.



With the pandemic it's possible you're not in the office and won't be on site for many more months. Your campaign can be completely digital by attaching the PDF versions of the comics to emails, maybe one per day for three days, or one per week for three weeks. You can also embed the .jpg versions into the email. Post the comics on your intranet site. At the end of this guide you will see a section on Beneficiary 101 for Participants. We have provided it as a separate document in both Word and PDF format for you to send with the comic. Do whatever you think will be best for your company culture.

### **Step 1: Create a plan.**

As you're developing a plan, think about these things:

- Timing — Do you want to use the materials on 401(k) Day itself (Friday after Labor Day) or at a different point in the year? Do you want to roll out the campaign during your annual health benefits open enrollment? Or how about during one of the national savings/retirement weeks?
- Events — Are you planning an educational event to coincide with print or digital materials? (See event ideas in Step 2.)
- Delivery vehicles — In addition to the materials provided, think about other ways you can create a buzz about the campaign, including:
  - Intranet
  - Company e-mail (don't forget the email banner!)
  - Internal newsletter
  - All-hands meetings
  - Bulletin boards and breakrooms/cafeterias
  - Message from an executive
  - Desk drop
  - Voicemail blast
  - Mobile phone text

### **Step 2: Prepare for your event.**

If you're planning an event or series of events, decide what kind of event you want to host:

- A lunch-n-learn — Employees can participate in a presentation over the lunch hour. You can ask them to bring their own lunch, provide lunch or offer refreshments. Or, how about a Zoom lunch if you are all working from home?! Make sure they can take action right then and complete their beneficiary designation. If your designations are online, do a screen share and show them where to go on the website to enter their information.
- A presentation — Consider offering several times to fit employee schedules, including allowing them to make their beneficiary designation right then.
- A benefits fair or booth — Employees can stop by when they're available.
- A webinar — If you have an online workforce or a number of locations, consider having an electronic event. You can do a webinar as a live event, record it, then make the recording available to those who couldn't make it. Invite the spouses too.

Once you've decided the type of event, you need to get the word out so employees attend.

- Hang the posters two to three weeks prior to the event to generate interest. Send out emails around the same time.

- Send out electronic invitations, including meeting invites that people can save to their work calendars. Additionally, provide reminders the week before the event, and the day before the event.
- Consider making the event mandatory to show employees how important it is to plan for their future. Just because the focus is on your retirement plan doesn't mean you can't offer information on other financial benefits your company offers. Check with other benefits providers to see if they can supplement your efforts.

### **Step 3: Implement your campaign**

- Think about monitoring your results to determine if your campaign was a success. Be sure to note how many participants didn't have a beneficiary designation on file before your event. Then determine how many signed up during or after your event. Was the campaign a success based on what you were hoping to achieve?
- However you choose to celebrate 401(k) Day this year be sure to tweet photos with the hashtag #401kday and tag us at @PSCA401k! You can email us at [psca@usaretirement.org](mailto:psca@usaretirement.org) and brag about your success!

## Beneficiary 101 for Participants

What are the consequences of an incomplete or inaccurate beneficiary form?

If no beneficiary is designated, the 401(k) plan most likely points the money to your “estate” and the assets become subject to probate. Following death, once all documentation has been sent to the Probate Registry, then the Probate officer will process the claim and send a letter of determination to all financial institutions ordering the decedent’s assets go to whom the officer determines is the rightful heir. This process can be as quick as 3-6 weeks but can last years in a contested situation.

Unlike your home and other investments, account values in a 401(k) or other employer-sponsored retirement plan with a beneficiary designation are treated similarly to transfer-upon-death assets. Under 401(k) beneficiary designation rules, that ownership of the 401(k) assets is transferred to the designated beneficiaries upon the death of the individual account owner rather than being divided as stated in your will or determined by a probate court if you don't have a will.

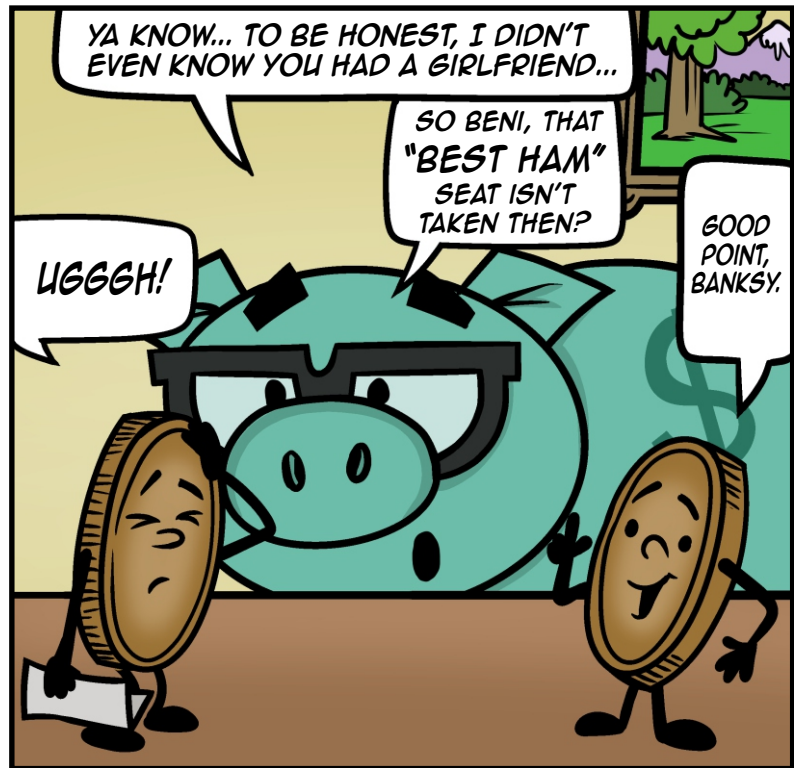
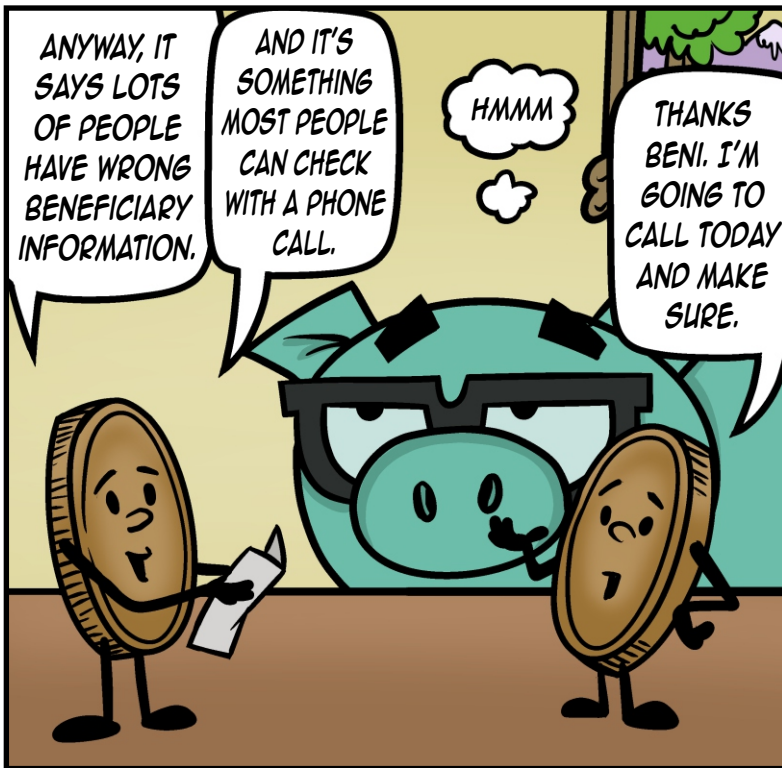
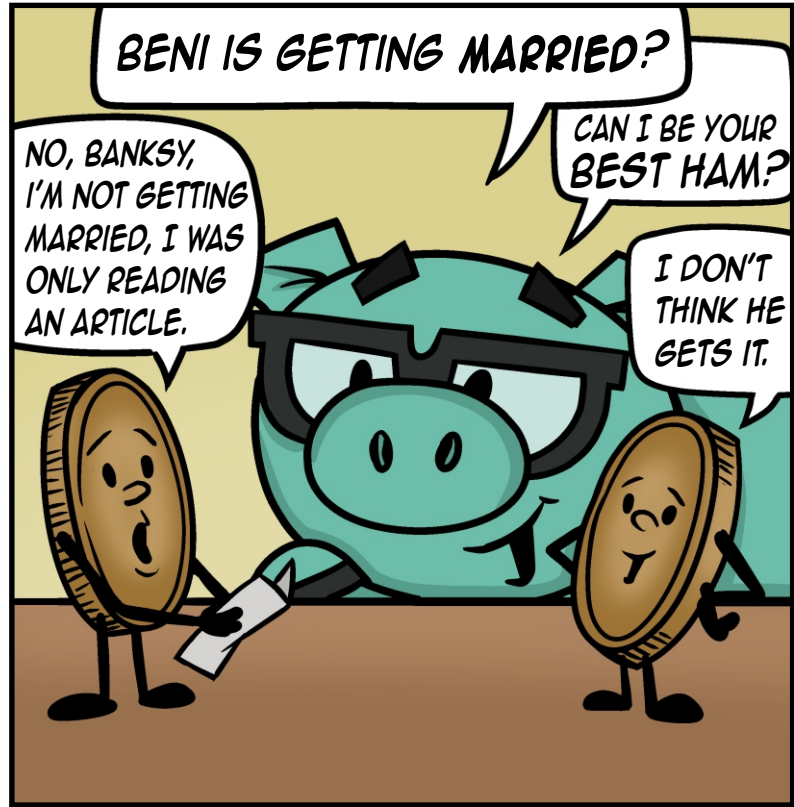
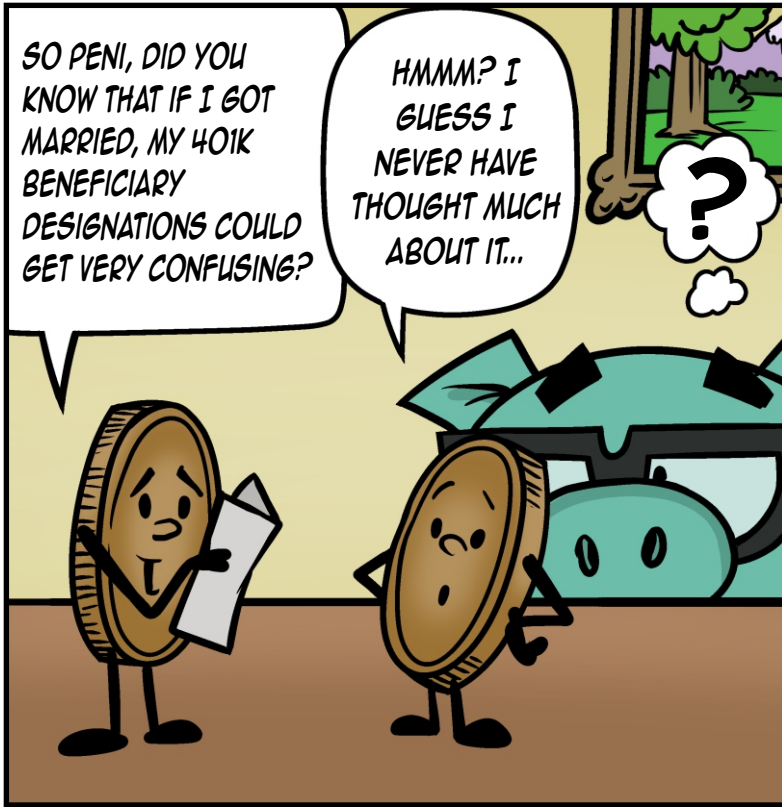
The end result is 401(k) plan assets are most often allowed to pass through to the designated beneficiary without probate, allowing the beneficiaries to avoid the time and expense of that process. The consequence is that if the deceased participant’s intent for those assets have changed, but the beneficiaries have not been updated appropriately, there is little that can be done to counteract the written beneficiary designation. Additionally, if all the designated beneficiaries in the account were never updated, then those assets will be subject to the time and expense of the probate process.

Imagine this situation: a happily married employee in your company, a proud parent of several children with his first wife, dies unexpectedly. His retirement plan beneficiary information reveals that the primary, 100% beneficiary of his 401(k) are his children. This is due primarily to his ignoring the importance of changing the information following a life event, which in this case was his divorce. The second wife, and not his kids, would be the rightful owner of the retirement benefits!

These situations occur more often than you think and can be easily avoided by maintaining an up to date beneficiary form. When you enroll in a company 401(k) retirement plan, you receive a beneficiary form that asks for both the primary and the contingent beneficiary/beneficiaries. If you die with that 401(k) still undesignated, it will end up in probate court—not a good place to leave grieving loved ones.

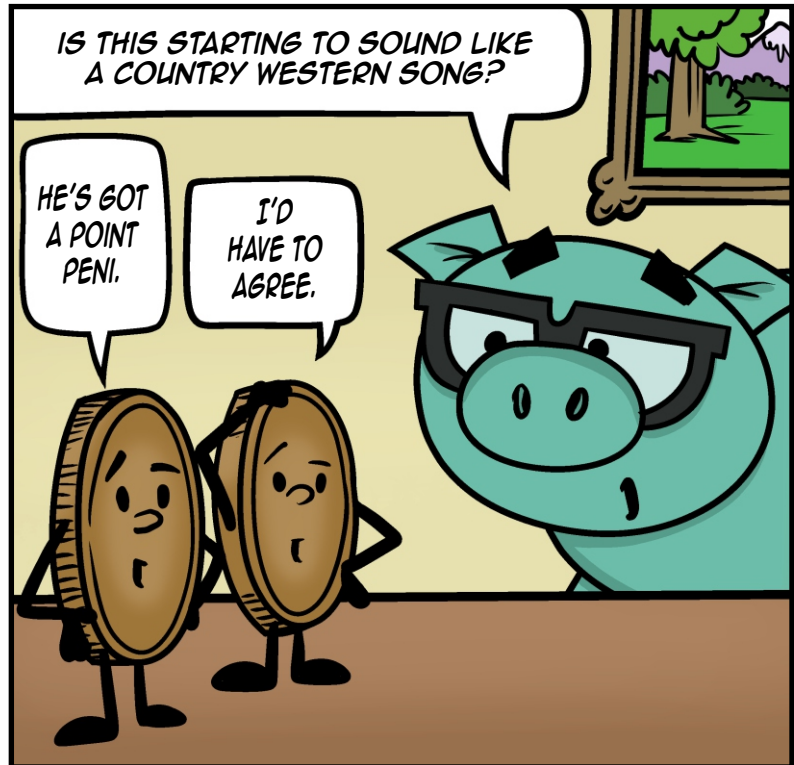
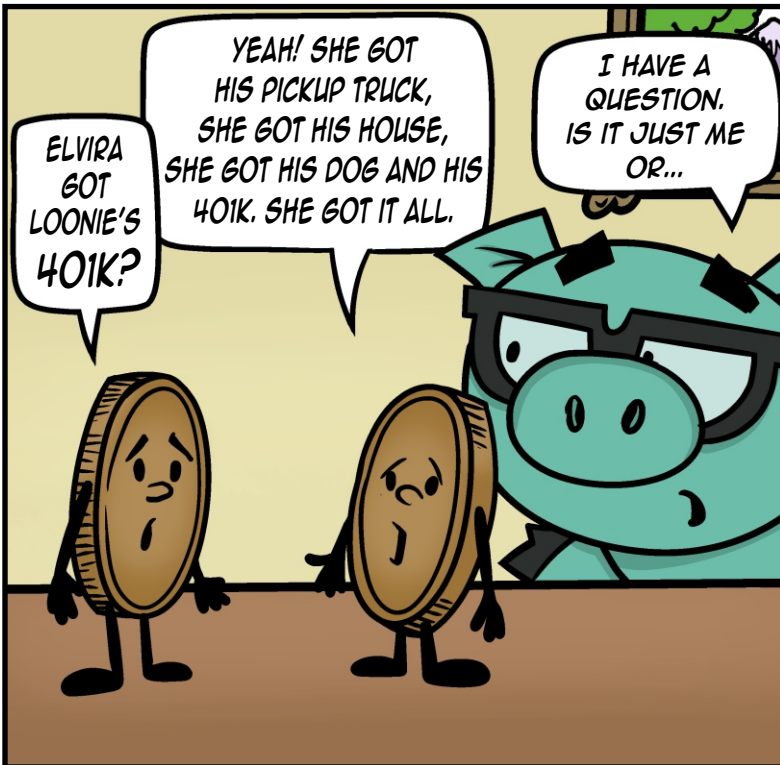
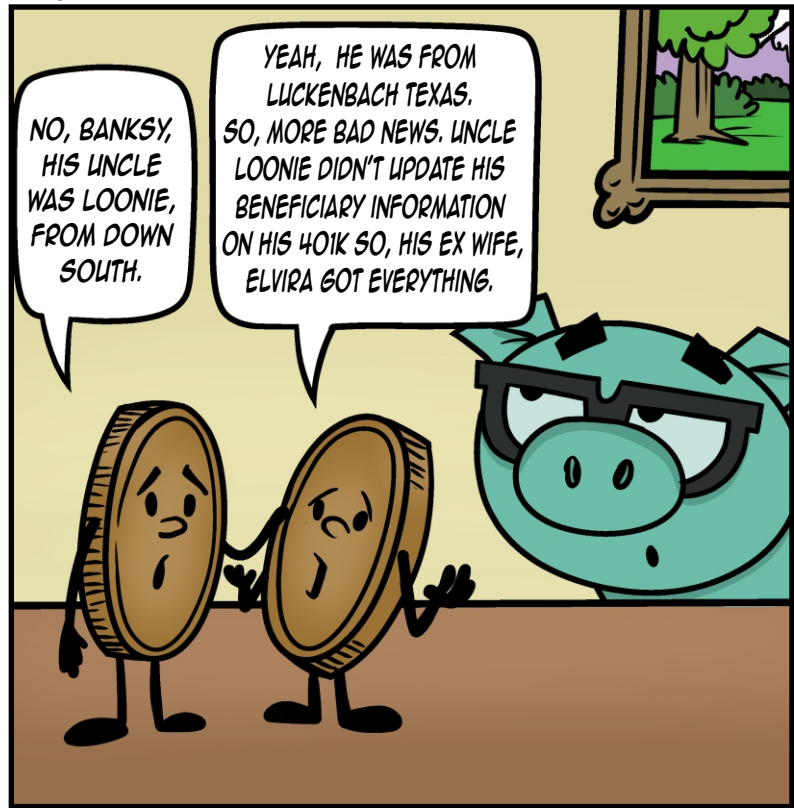
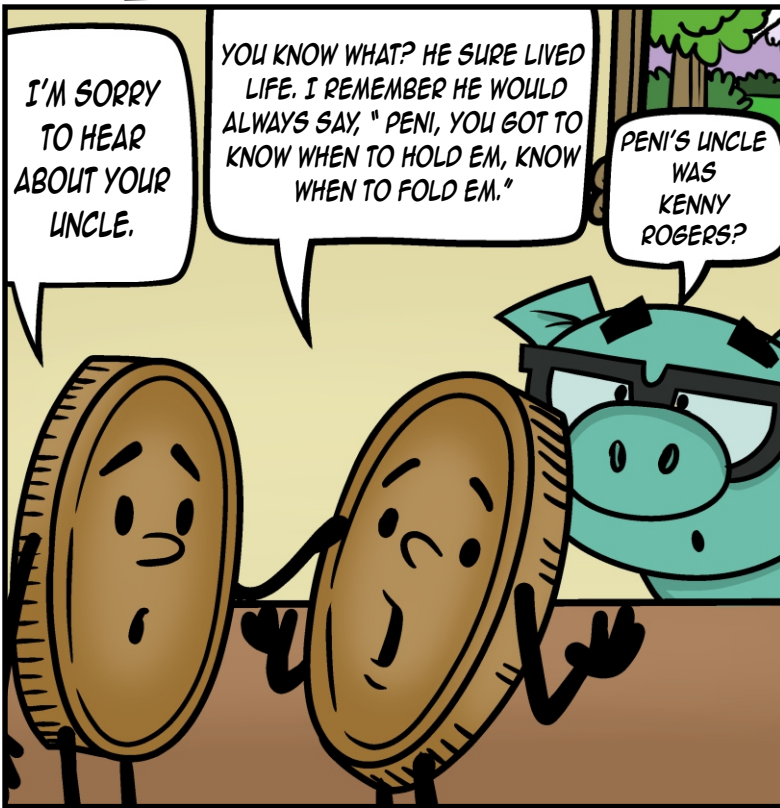
Participants must name a primary beneficiary and at least one contingent beneficiary (to whom assets will pass if the primary beneficiary has already passed away). Once the assets have become the property of the primary beneficiary, the backup beneficiary loses all claim.

Who inherits an asset like a 401(k) is a momentous decision—and a critical detail often handled once and then forgotten. Realize the importance of those names on the dotted line and remember to inspect them at least once a year. To learn how various beneficiaries and their life situations may affect designation decisions, consult an estate-planning specialist or tax expert.



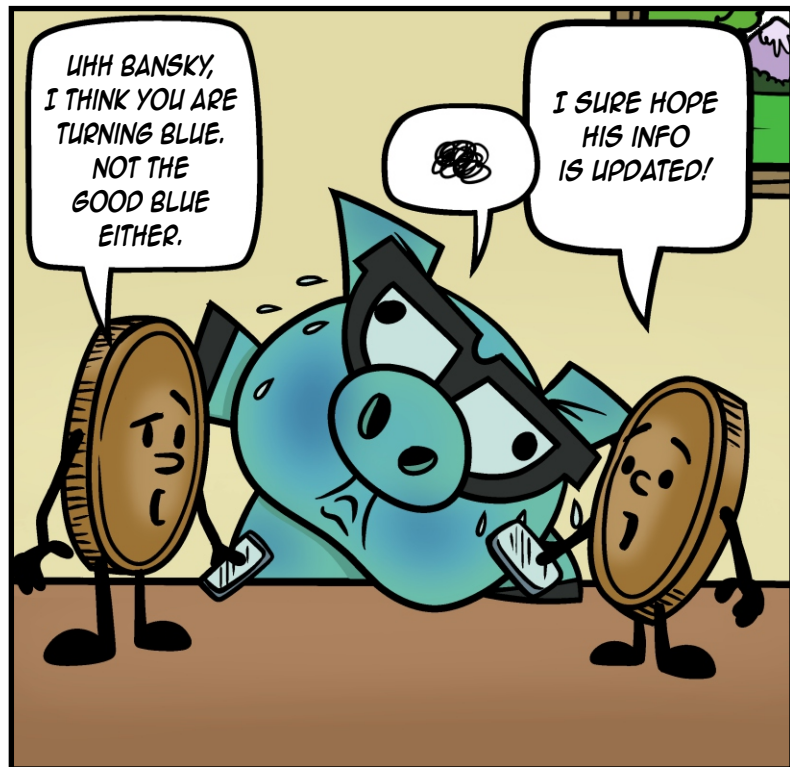
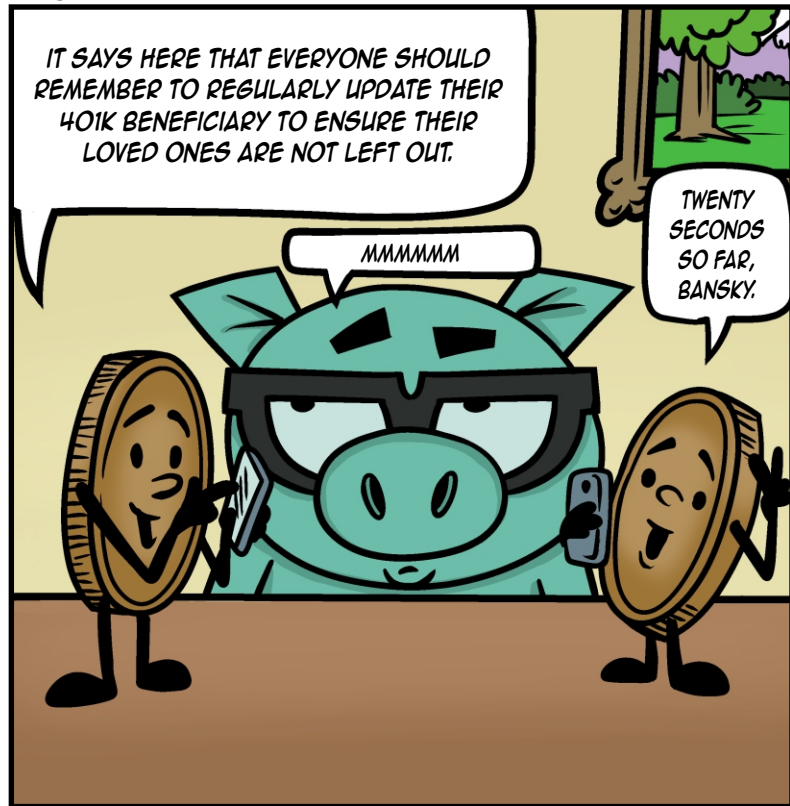
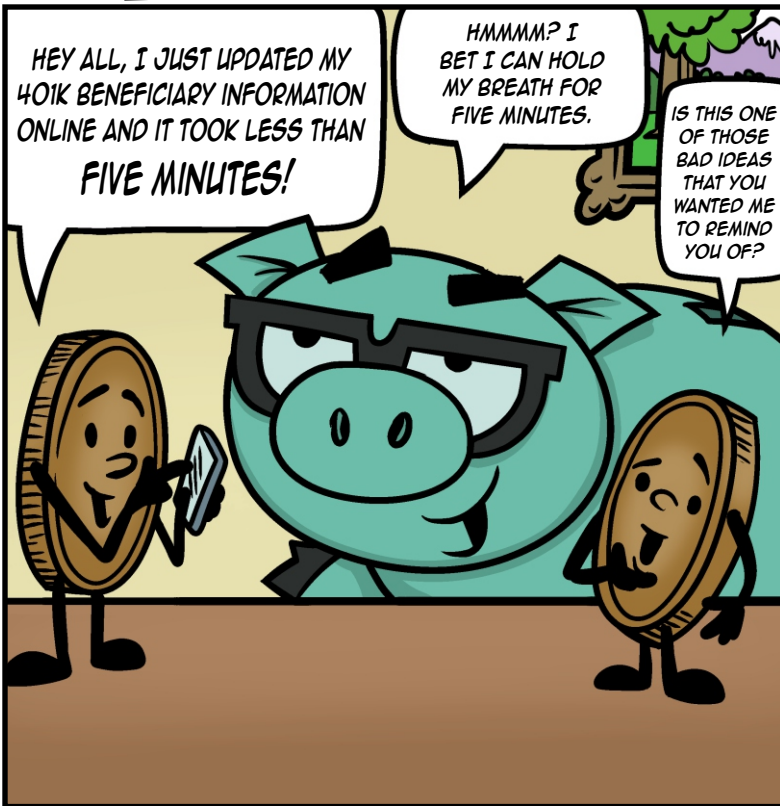
## DID YOU KNOW?

A CHANGE IN MARITAL STATUS MAY COMPLICATE YOUR ESTATE PLANNING IF YOU DO NOT UPDATE YOUR BENEFICIARY DESIGNATIONS AND CREATE POTENTIAL COMPLICATIONS FOR THE SURVIVING SPOUSE.



## DID YOU KNOW?

HAS THERE BEEN A MARRIAGE, DIVORCE, BIRTH OF A CHILD, OR A DEATH IN THE FAMILY SINCE YOU OPENED YOUR ACCOUNT? IF SO, YOU MAY NEED TO UPDATE YOUR BENEFICIARY DESIGNATIONS.



## DID YOU KNOW?

IT ONLY TAKES A COUPLE OF MINUTES TO SAVE YOUR HEIRS FROM THE COSTLY AND CUMBERSOME PROBATE PROCESS BY KEEPING YOUR BENEFICIARIES UP TO DATE.