

**BATTERSHELL & NICHOLS  
WELCOMES YOU**

# **Building Your Organization's Retirement Plan Strategy**

With Geoffrey Schock, CAPTRUST

**The presentation will begin shortly...**

# CPE NEEDED?

WITHIN ONE WEEK, SEND AN EMAIL REQUESTING CPE, COMPLETE THE COURSE EVALUATION AND PROVIDE A LIST OF CPE CODES GIVEN DURING THE PRESENTATION TO:

INFO@BATTERSHELLNICHOLS.CPA

(ONLY AVAILABLE FOR THOSE ATTENDING LIVE)

**All CPE codes are provided in the presentation via polls**



**BATTERSHELL & NICHOLS**  
A PROFESSIONAL SERVICE CORPORATION

# REMOTE ACCOUNTING SERVICES

We provide bookkeeping services to churches and Christian nonprofits including:

- Produce a monthly financial report for leadership
- Process contributions and bills
- Record all transactions in the general ledger
- Reconcile bank accounts, credit cards, and close the books each month
- Process payroll and file all quarterly and annual payroll forms
- Provide budget and cash flow projection oversight
- Give assistance with internal controls

# REMOTE ACCOUNTING SERVICES

## Why do we provide this service?

- With online software solutions dramatically improving, outsourced bookkeeping has become a popular alternative to in-house bookkeeping

## Top reasons our clients use our remote accounting services:

- Managing finances distracts the organization from its mission
- Leadership and members have increased confidence in their finances
- Tax and accounting regulations are complex and changing faster than ever
- They want a trusted advisor to provide CPA oversight

# REMOTE ACCOUNTING SERVICES CAREER OPPORTUNITY

- We are seeking an individual who has an eye for detail, engages well with customers, and is a team player.
- This job requires transferring data from multiple sources to online sites as well as creating and keeping support documentation for transactions.
  - Associate's degree in accounting or equivalent experience
  - Prior experience as a bookkeeper preferred
  - Experience with QuickBooks Online preferred
  - Experience in church accounting preferred
- **To see a complete list of duties and responsibilities, along with the requirements and qualifications, see our website:**
  - <https://battershellnichols.cpa/career-opportunities/>

# DISCLAIMER:

- *The author is not engaged by this text or webinar in the rendering of tax, accounting, or similar professional services.*
- *While the tax and accounting issues discussed in this material have been reviewed with sources believed to be reliable, concepts discussed can be affected by changes in the law or in the interpretation of such laws since this text was printed. For that reason, this information and the opinions based thereon cannot be guaranteed.*
- *Before taking any action, all references and citations should be checked for accuracy and completeness, and updated accordingly.*



**CAPTRUST**

# ***Beyond the Mission:* Building Your Organization's Retirement Plan Strategy**

# Topics for Today's Session

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01

**The definition of an “optimized” retirement program will vary by employer:**

- Organizational goals (Why's) can mean different solutions for different employers
- Defining your WHY – introducing the 4 R's
- The Retirement Plan Spectrum

02

**Generally for retirement program success, employers should focus on a few key elements:**

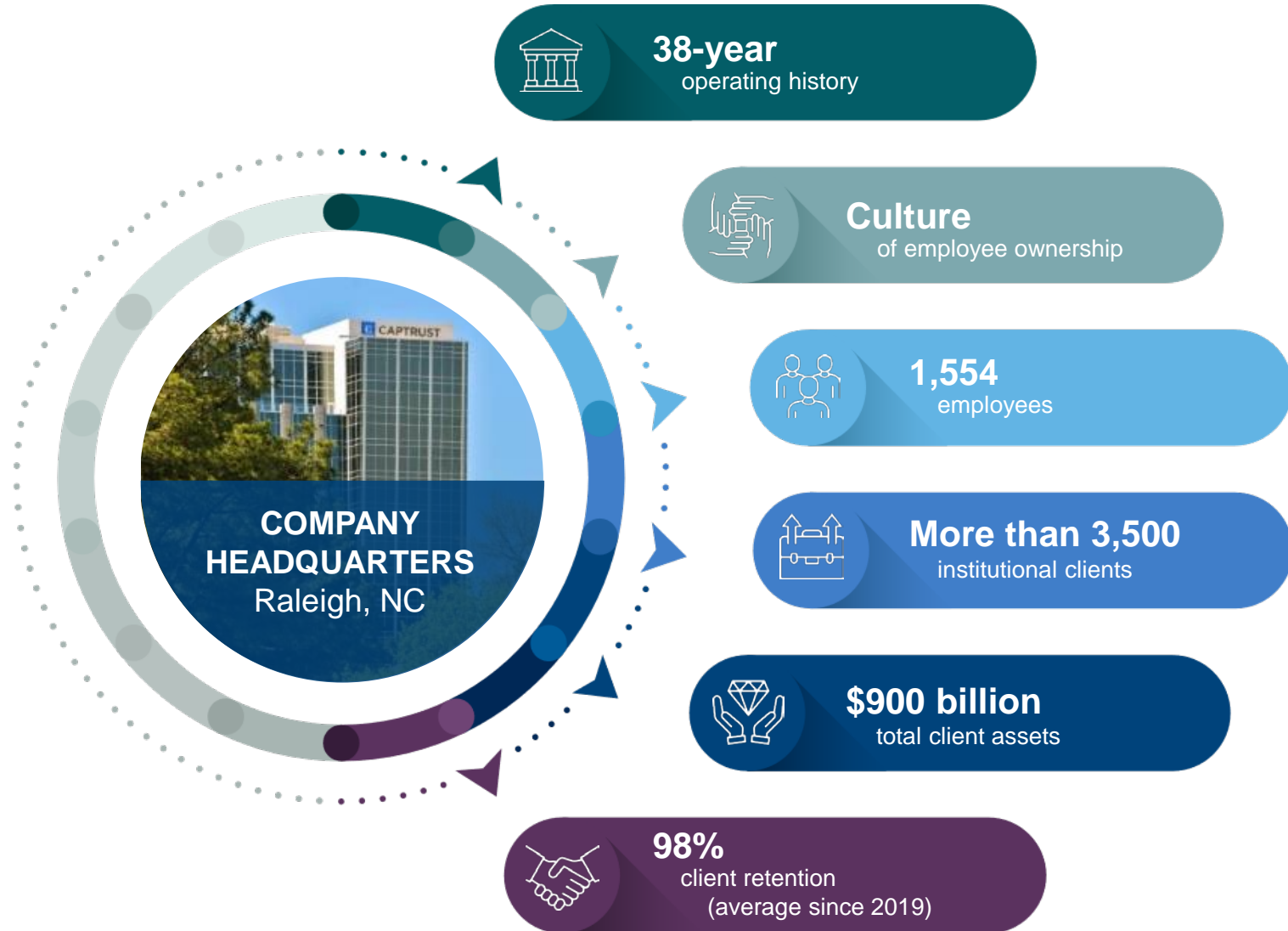
- WHY employers should care
- What does success look like – and what are common roadblocks

03

**The Roadmap to creating an “optimized” retirement program for your organization**



# ABOUT CAPTRUST



Data as of 12/31/2023





# WHAT IS AN OPTIMIZED RETIREMENT PLAN?

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# Optimized Retirement Program

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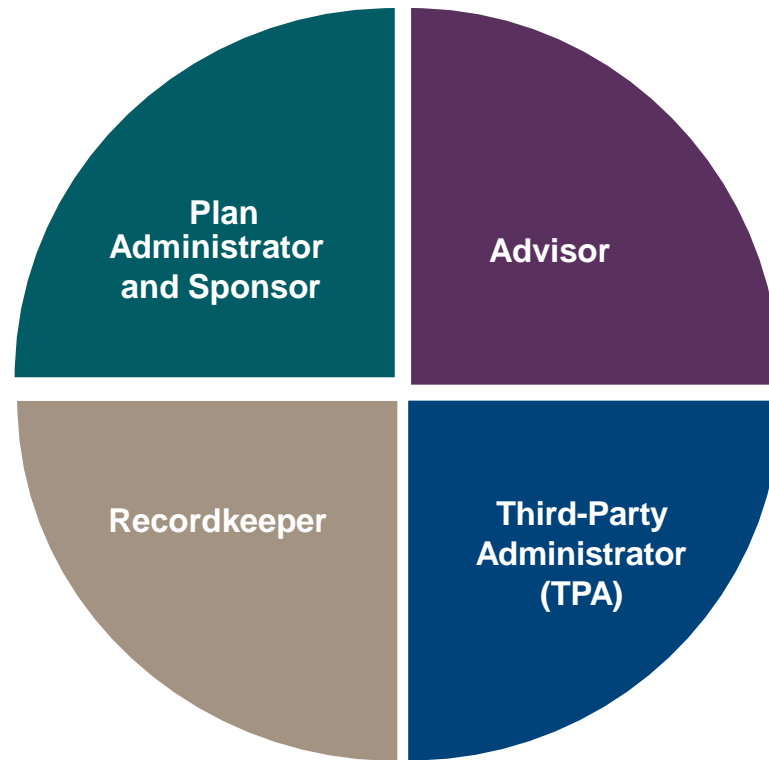
An optimized retirement program most efficiently uses *employer resources* **and** accomplishes each organizations **“WHY”** for offering the benefit.

- SO – **WHY** is your organization offering a retirement plan?
  - Introducing the most common reasons we call the 4 R's:
    - Recruit and Retain
    - Reward and Retire
- Define your Why – start with the end in mind

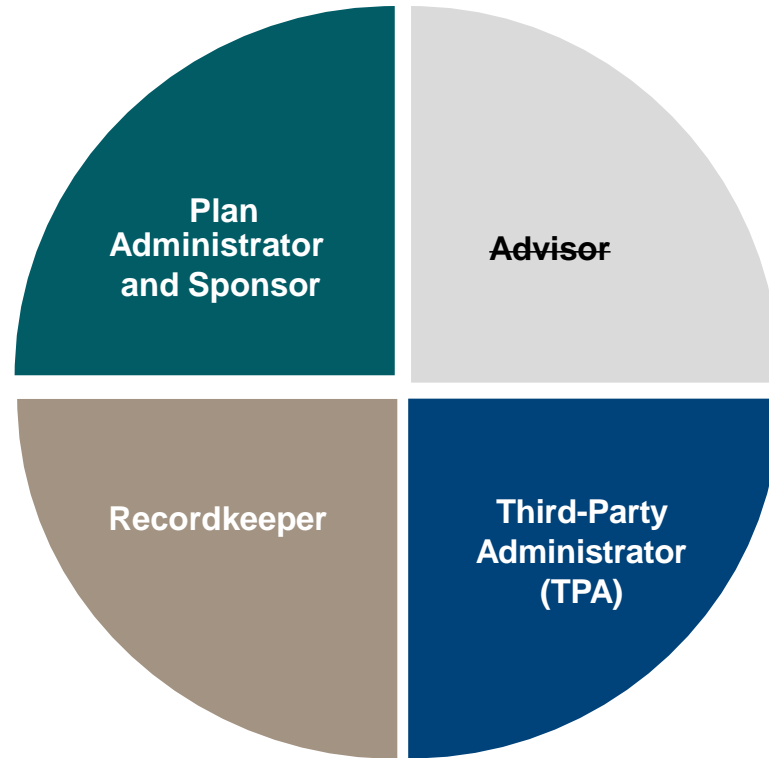
# The Retirement Plan Spectrum



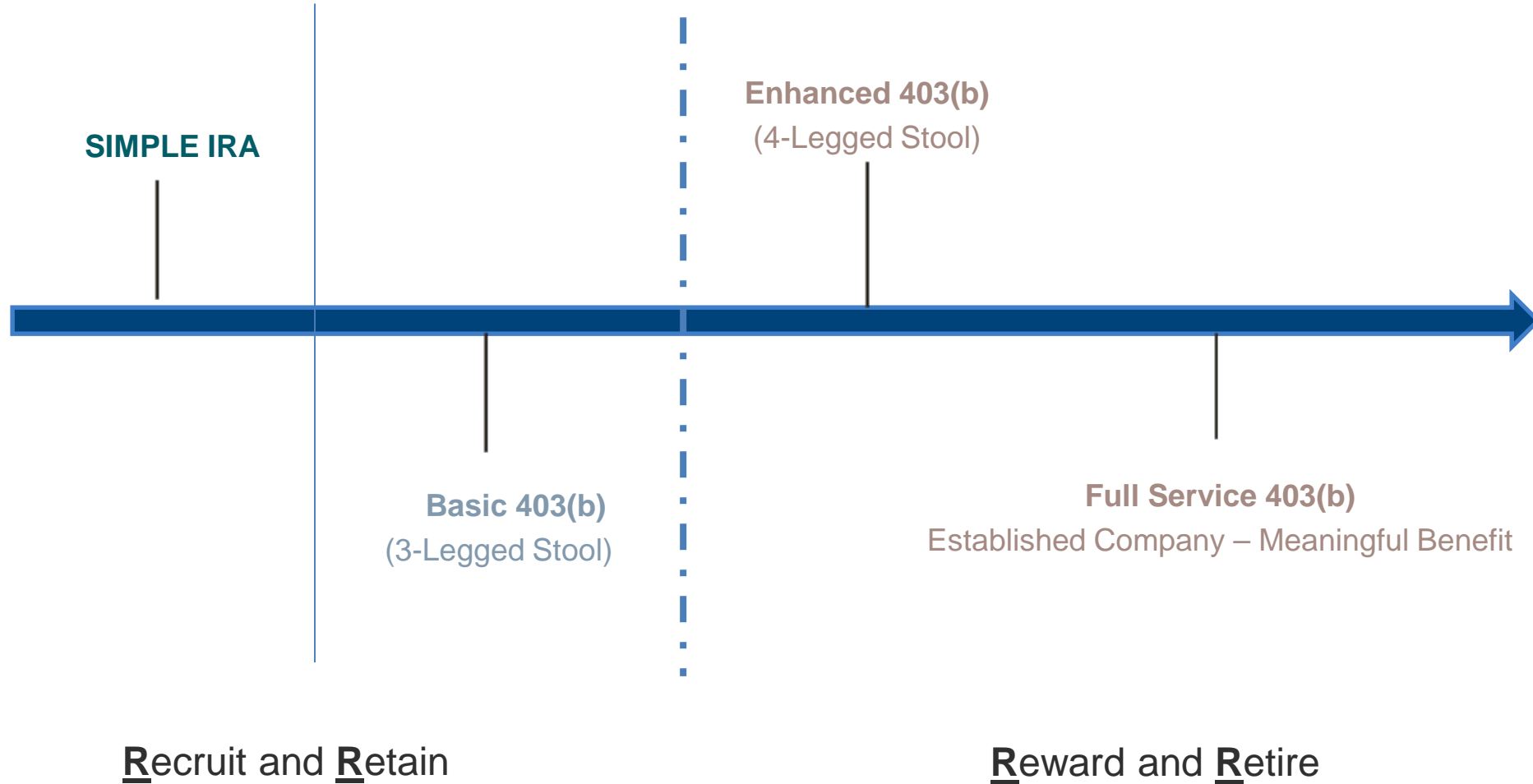
# The 403(b) 4-Legged Stool

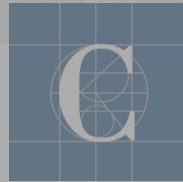


# The 403(b) 4 3-Legged Stool



# The Retirement Plan Spectrum





**WHY SHOULD EMPLOYERS CARE?**

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# Benefits to Employers

## The people side of people management:

- Avoiding financial stress, lost productivity
- Less ability to hire new talent and promote
- Desire to be paternalistic

## The financial side of people management:

- Higher compensation levels on average
- Higher healthcare costs

57% of employers surveyed by Prudential believe that a significant portion of their workforce will have to delay retirement due to inadequate savings.

A study by Prudential showed an incremental cost of over \$50,000 for an individual who delays retirement by one year and an incremental workforce cost of between 1%–1.50% for an entire workforce.

Source: "Why Employers Should Care About the Cost of Delayed Retirement," Prudential 2017



# **WHAT IS SUCCESS AND HOW DO YOU MEASURE IT?**

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# What is Success for You?

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## Success for employers is defined by what success is for employees:

- Saving (i.e., in the plan)
- Saving enough (i.e., deferring enough of compensation)
- Investing well (i.e., appropriately for their situation)
- Engaging in the process (i.e., making active decisions)

## Success can be measured by:

- Participation rates
- Deferral rates
- Usage of diversified funds such as target dates, managed portfolios, etc
- Participant activity on websites, with call centers, or on-site meetings

# What are the Roadblocks to Success?

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Two primary biases can lead plan participants to make poor financial decisions:

01

**Status Quo Bias (inertia)**—the tendency to prefer the current state and delay decisions, even when decisions are in the person’s best interest.

- Studies show that plans with auto-enrollment have better participation rates.
- According to Vanguard’s “How America Saves” report, from 2013–2017, three quarters of all plan participants made zero trades, not even to rebalance their accounts.<sup>1</sup>

02

**Present Bias**—most individuals place a greater value on a benefit received now versus in the future.

- Accounting for risk tolerance and levels of compensation, a study by Princeton University showed that individuals tend to discount future value by between 6–10%.<sup>2</sup>
- When offered the choice between \$50 now or \$100 in the future, most people choose the immediate reward.<sup>3</sup>

1. “How America Saves,” Vanguard, 2017. Plan participants on Vanguard’s recordkeeping platform but excludes managed account investors

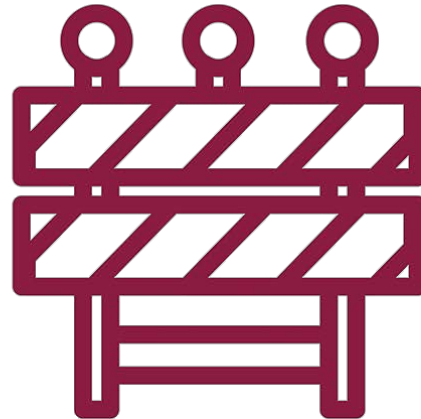
2. “How Soon Is Now? Evidence of Present Bias from Convex Time Budget Experiments,” Uttara Balakrishnan , Johannes Haushofer, Pamela Jakiela, September 16, 2015

3. Shlomo Benartzi, Saving for Tomorrow, Tomorrow. Ted Talk 2011

# Other Roadblocks to Success

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- Financial literacy
- Cost
- Plans commonly include participants from multiple generations (with different measures of success and preferences for communication)



# How Do You Get Participants Engaged?

It is very important to understand how the various demographics within the organization respond to information provided to them and measure the effectiveness of each.





# THE ROADMAP

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# The ROADMAP to Your Organizations “Optimized” Retirement Plan

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- **Start with your WHY – then optimize for that plan structure**
- **Establish parameters that measure success**
  - Low Cost
  - Hands Off administration
  - High Participation Rate
- **Understand what tools are made available by your plan provider to drive success**
  - Payroll Integrations
  - Online financial wellness tools
  - Live education
  - Offering for advice





**WHAT'S NEXT?**

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# What Could Impact the Future of Plan Optimization?

## Theme 1: Demand for Technology

Mobile technology is becoming the norm

Millennials are the largest portion of the workforce

Account aggregation tools are needed

Employees want fewer clicks with actionable advice

## Theme 2: Health Care Meets Retirement

Access to health savings accounts and high deductible plans is increasing

Cost of health care continues to rise

Integrated view of retirement savings will include health savings assets

## Theme 3: Evolving View of Retirement

Longevity continues to increase

More people are employed in retirement

The future of Social Security needs to be addressed

Pension plans are gone

# Employer Contribution 403(b) Retirement Plan

## 2024 employee elective deferral limits:

- \$23,000 general limit
- \$7,500 over 50 catch-up contribution
- \$3,000 if employed by church for over 15 years (IRC 402(g)(7))
- ROTH contribution allowed as plan allows



## 2024 total 403(b) contribution limit

- Lesser of:
  - \$69,000 (\$76,500 including \$7,500 over 50 catch up) (IRC 415(c)(1))
  - 100% of employee's compensation
- Employer contribution can't exceed 25% of employee's taxable compensation
- Churches - \$10K per year/\$40K lifetime max can exceed limits (IRC 415(c)(7)(A))  
<https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-401k-and-profit-sharing-plan-contribution-limits>



## Post-retirement 403(b) Employer Contributions:

- For 5 years
- Use compensation from most recent year of service employment ceases
- For qualified nonprofits (includes churches and educational organizations)
  - See 1.403(b)-4(d)

## 403(b) Clergy vs Lay Employee

- Salary reduction contributions to 403(b)
- Lay employees:
  - Does not reduce Social Security wages
- Ministers:
  - Reduces self employment income

## 403(b) Retirement Plans

- Housing allowance designation in retirement
- Church retirement plan can designate a portion or all of distributions as “housing”
- Benefits do not apply to non-clergy spouse upon death of pastor



# 403(b) Filing Requirements

- Churches generally *are not* required to file a Form 5500 for their 403(b) plan
  - Generally exempt from ERISA unless the church elects to be covered
- Other nonprofits *are* generally required to file form 5500
  - If more than 100 eligible participants, an annual audit may be required



# Questions



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425-401-1211

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# THANK YOU FOR JOINING US!

Please reach out with any questions:

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(253) 839-1620