

- You are listening to HR Mixtape, your podcast with the perfect mix of practical advice, thought-provoking interviews and stories that just hit different so that work doesn't have to feel well, like work. Now, your host Shari Simpson.

- Joining me today is Jeanne Sutton. She's the managing director of Strategic Retirement Partners. Jeanne serves as a retirement plan consultant and financial wellness educator for companies across the country. Jeanne's goal is to simplify advice in an overcomplicated jargon-filled industry. She has been interviewed by national publications including Forbes Magazine, Time Magazine, USA Today, The New York Times, CNBC News, and many more. She brings an energy and simplicity to complicated topics and is known for the original content she posts on social media. You can find her using the hashtag #401klady. Thanks, Jeanne for taking some time to sit with me today.

- Oh thanks so much for having me.

- So we have a pretty interesting, heavy topic today but you are the perfect expert I think to help give us the skinny on all these things.

- I hope so. I don't know, but we'll see what we can do.

- Okay, so we'll start this one off. I was hoping you could start with providing an overview of some of the key changes, including the SECURE 2.0 that organizations with existing retirement plans need to be aware of. And even asking that question, I feel like that was mouthful. It is a mouthful and there are 92 provisions in SECURE 2.0. So there is no quick overview, but if I were just to point out a few of the key ones or maybe some of the most talked about, there's a lot of new optional features. So really, the intent is to take the existing long-term retirement savings program that we have and make it more flexible to meet more immediate financial needs, in addition to retirement. So some new hardship provisions, some new matches maybe on student loan payments or ways to access the money if you have an emergency need. A lot of that is built into SECURE 2.0, along with some other technicalities, but really just making it more accessible for immediate needs.

- So as you're trying to administer these changes with those existing retirement plans, what are some things that HR professionals really need to consider or steps they should take to implement that effectively?

- So it's interesting that I'm on this podcast as a 401k person because the number one tip I have in my presentation is to evaluate your payroll provider.

- I love it.

- That is not planned for this podcast. It truly is the number one tip. A lot of the SECURE 2.0 provisions, even though I'm presenting them from a retirement plan perspective, involve changes to payroll. And so those of you who have a plan and you're interested in some new features or just being compliant with the requirements, I can't emphasize enough how important it is that you have a solid payroll provider with the depth, breadth and the financial capacity to reinvest in their technology and help you through the changes.

- Yeah, that's so important. Obviously being sponsored by Paylocity, that's something that is very near and dear to my heart but we're not the only provider out there obviously. So I think it's really important to take away some of those key things to bring back to your HCM and ask them those questions and have an understanding of what they're doing on the backend.

- Absolutely.

- So as we think about specifically employees, what are the benefits that are gonna change for employee offerings in relation to retirement savings and you know, financial security?

- So quite a bit in SECURE 2.0 is optional. So that's what we're talking a lot about here at the SHRM conference is what is gonna be a good fit for your organization and what do you as an employer actually want to adopt? If some of the new features are adopted by your employer and they become available to you, you could be potentially getting a 401k match based on a student loan payment.

- Wow.

- Even if you don't save in the 401k.

- Yeah.

- Right? There could be a built-in, automatic emergency savings account that's much more accessible for you. There's just different things, but again, I would emphasize they are optional. So it's definitely gonna depend upon what your employer adopts and it's just about understanding if they do, how you can maximize those individually.

- On top of that, what are some of the legislative changes that we should be considering?

- SECURE 2.0 provisions are being implemented over five years. And I don't know about you but I don't wanna borrow a problem from like 2027. So I'm gonna answer this by focusing on this year, and perhaps one of the mandatory changes that I think has the potential for the most shakeup is this idea that anyone earning more than 145,000 that

is used to making the catch-up contribution. So we're talking about individuals over the age of 50, starting next year, they'll be required to make those after tax or Roth. So if we're just gonna focus on, all right, time sensitive, mandatory requirements starting 1/1, that's gonna be one of the first ones for existing plans. There's some pretty powerful changes for new plans that aren't effective until 2025. But I think it's worth discussing. Any company that starts a new retirement plan after December 29th of last year is going to be required to have automatic enrollment, and automatic escalation, which I think is a pretty fundamental shift in just how we design our retirement plans to begin with.

- Yeah. Is the idea behind that that as a country, as an option that we're helping future generations be more financially secure?

- For sure. So if you look at what our industry calls the retirement gap, there's quite a bit of data that supports the fact that lower socioeconomic statuses and minorities are contributing or have access to contribute to a retirement plan in much lower levels. And so we're trying to close that retirement gap and encourage small employers to offer plans. And automatic enrollment is one way to encourage individuals to save if they have the ability to do so. And if you actually look at the world, if you look over in Europe, automatic enrollment is pretty standard. It's just not standard here in the US and it definitely needs to be. We know participation rates spike if you're automatically enrolled than if you have to actually go enroll yourself.

- I feel like it's that same, and maybe this is a terrible thing to say, but I feel like it's the same thing as like when you join a gym and it's like really difficult to leave the gym, like you sign up in person but then you have to call like 12 numbers and send five emails and like get out of it. And at some point, you just give up and you're like, yes, I have a gym membership forever now.

- It's the law of inertia. The same rules apply to organ donation, right? The countries that you have to opt out of organ donation have much higher participation rates than those where you opt in.

- Yeah, as HR professionals, what do they need to start communicating? Because when you said that 90 some number of things that are in SECURE 2.0, like that gives me heartburn as an HR person. Like how do I know what to start communicating, where to start diving into this? Do I just call my 401k provider and they do it? You know, what are you seeing?

- So for sure, you definitely want... You need somebody to translate it for you. It's too much and it's not all applicable to your plan. So reach out to your 401k provider, your record keeper, your payroll provider or your retirement plan consultant, which would be the role

that I would typically play. We are digesting, right? And cleaning out and kind of giving you the need to know bullet points on SECURE 2.0, what's relevant and again, more importantly, when because it's a five-year implementation timeline. So like, let's eat this elephant one bite at a time.

- Speaking of implementation, how should we be tackling that as we implement these different changes over the next five years?

- So this is the greatest challenge we face. So as a retirement plan consultant, I work with a number of different companies, all of which have different 401k providers, right? And different payroll providers. So each provider is implementing these changes different ways. Some are opt-in, some are opt-out, some will be implemented at different timeframes. So it truly is one of those where it's hard to give quote, unquote blanket advice. And it really is. You have to go to your individual payroll person, your individual 401k record keeper and ask them how they intend to implement. But what you wanna do is be having conversations with your leadership team and this is what I'm telling our HR people. This is the opportunity for you to elevate yourself outside of just HR and really start demonstrating a strategic corporate leadership, right? Like big changes are happening, big opportunities for changes that are going to affect the overall benefit structure, the overall benefit spend, right? So what a way to get ahead of the curve, introduce the conversations, introduce the pros and cons before we get to that what are we gonna do moment, right? Demonstrate strategic leadership.

- What do you think are some of the most exciting things coming out of it that you've seen kind of related to current trends around employee experience and engagement and culture, the things that we keep talking about in the HR space?

- So to me, it's a broadening of the benefit itself. So for years, I've shied away from using the word retirement. I mean, it's so not relevant to so many people. If we look at our employee base today, more people are far concerned with immediate financial needs and concerns. And so it's the idea that we're taking these retirement plans and we're making them financial benefits for today, a few years from now and tomorrow. And I just think that that's the coolest concept of SECURE 2.0.

- So as I think about wrapping our conversation, and there's so much to this, and we just barely scratch the surface. So if you're listening, I definitely again encourage you to talk to your 401k provider, your payroll provider, your HCM. Looking beyond the immediate impact, what do you anticipate as the long-term implementations of SECURE 2.0 for retirement planning and employee financial wellness?

- So I think the long-term implications are that these financial benefits in combination with student loan, emergency saving, right? All of these other things, I think they're gonna become a much more, a larger portion of just a benefits package. And I think if you actually look at studies, employees are looking to employers for financial wellness, financial education, financial support, and I just think it's actually going to help the population so much more. It's going to close that gap. It's going to help them meet immediate needs. It's gonna help them make better financial decisions. And I just think in general, it's better for everyone.

- That financial education, we've talked about that a little bit. When you think about employee experience and you create about the holistic employee. Before, it used to be we just talked about mental health and we used EAP as the check mark and we were like, yes, we are good employers. We have done our due diligence. That is not the case anymore. We are thinking about the holistic employee, mental health, financial health, social health, all of the things. So this is a step definitely in the right direction for those things.

- Absolutely, and we face the same challenges that EAP programs face, right? It's utilization, right? If you offer it, how do you get employees to utilize it to leverage the benefit?

- Yeah, well, Jeanne, thank you so much for jumping on and sharing a little bit about SECURE 2.0 with us.

- Yeah, thank you so much.

- I hope you enjoyed today's episode. You can find show notes and links at thehrmixtape.com. Come back often and please subscribe, rate and review.