Plan for a Smarter Retirement Plan

While these foundational numbers remain important, they tell only part of the story. High-level averages can mask critical disparities and limit opportunities to improve plan outcomes.

Enter the new model of retirement plan evaluation: holistic, efficient, and employee centered. Proactive plan sponsors are moving beyond surface-level analytics to embrace segmented insights, modern metrics, and employee feedback. This approach doesn't abandon traditional measures; rather, it enriches them with greater context and actionable intelligence.

First Things First

Before diving into analytics, plan sponsors must define what success looks like for their workforces. Is the primary goal maximizing retirement income replacement? Achieving universal participation? Improving employee financial confidence? Clearly defined objectives provide the foundation for meaningful measurement.

Foundational metrics remain the baseline for evaluating retirement plan performance and include:

- Participation rate—The percentage of eligible employees contributing to the plan.
- Average deferral rate—The amount participants save as a percentage of salary.
- Match utilization—The extent to which employees take advantage of employer matching contributions.
- Investment utilization—How participants invest across available options.
- Plan leakage—Withdrawals, loans, and cash-outs that reduce savings.

Plan sponsors track these metrics periodically to identify trends that inform their decisions. These metrics provide a useful snapshot of plan health **but only scratch the surface.**

For example, a plan might boast an 85 percent participation rate, even while hourly workers participate at only half that level.

High usage of a plan's qualified default investment alternative (QDIA) may provide excellent diversification. However, it may also mean that employees are only contributing at the auto-enrollment level—below the 10 to 15 percent typically needed for retirement security.

Looking beyond averages and toward behavioral trends, segment-specific outcomes, or employee sentiment can reveal actionable insights. "Sponsors who take this more in-depth approach often uncover opportunities to tailor communications, adjust plan design, and improve outcomes for underserved employee groups," says Jennifer Doss, CAPTRUST's defined contribution practice leader.

More Modern Metrics

Today, many proactive sponsors supplement foundational metrics with forward-looking indicators to assess whether participants are on track for retirement security.

Several factors drive the need for deeper analysis:

- The workforce comprises four generations, each responding differently to engagement strategies.
- An increased focus on financial wellness expands what defines success for some plan sponsors.
- Regulatory changes have introduced new obligations and options for plan sponsors.

Fortunately, technological advancements enable sponsors to mine employee data for insights and opportunities. As a result, plan sponsors can have access to improved visibility into participant behaviors through dashboard views of participant outcomes. These capabilities are available due to recent upgrades in recordkeeper systems.

Recordkeeper platforms track participant engagement with plan resources, such as account logins, planning tool use, and content. Gap analyses highlight deficiencies in contribution levels or projected income. *Monte Carlo simulations* allow sponsors to model thousands of retirement scenarios under different market conditions, helping them see not just how many employees participate but also how many are really on track.

"These tools are essential in assessing retirement adequacy," says Doss. "Monte Carlo tools elevate the conversation from 'how many are participating' to 'how many are on track.' And the ability to customize these tools to participant-specific retirement goals and spending strategies is key."

"We believe that our investment in more sophisticated plan measurement will pay off by ensuring our employees not only have access to retirement benefits but also understand and feel empowered to use them," says Jen Howe from Holland Hospital's human resources team. Holland Hospital is a nonprofit, community-focused medical center in West Michigan with about 2,400 employees, a 190-bed main campus, and multiple satellite facilities.

Holland Hospital embarked on a process of enhancing its retirement plan metrics about three years ago to better attract and retain colleagues in several key employee segments.

Segmented Insights

One powerful evolution in plan measurement is access to segmented analysis. Averages are deceptive—they can hide significant disparities that merit attention and intervention. “More detailed analytics can create targeted opportunities to engage participants through education, timely nudges, or behavior-focused initiatives,” says Chris Whitlow, head of CAPTRUST at Work.

A notable dimension for segmentation is generation. “With multiple generations in our workforce, we recognize that each group has unique needs, learning styles, and comfort levels with technology,” says Howe. “We take a multi-channel approach, using every resource available to reach employees where they are most comfortable.”

Beyond generation, segmentation and analysis may reveal actionable insights based on:

- Tenure—Employees with longer tenure might be coasting on defaults. Newer hires may merit more onboarding and education.
- Job function—Clinical staff, plant workers, and administrative employees often have different participation, contribution, and loan usage patterns.
- Geography—Multi-location employers may find regional disparities tied to local economic conditions or cultural factors.
- Compensation—Hourly employees face challenges in participating. However, they may respond to different plan design features or communication strategies.

Emerging best practices involve combining segmented data with financial wellness data—like emergency savings accounts, student loan assistance, or health spending guidance—and connecting retirement planning with broader total rewards strategies.

“Traditional retirement metrics can be insightful tools when viewed alongside broader financial wellness indicators,” says Whitlow. “These metrics can help plan sponsors spot hidden signs of financial stress or identify timely moments to capture a participant’s attention.”

SECURE Opportunities

Many SECURE and SECURE 2.0 Act provisions aim to improve the financial well-being of participants. SECURE 2.0, for example, introduced several provisions that require new metrics to track adoption, utilization, and impact.

“The biggest lift from SECURE 2.0 is that it has pulled financial wellness concepts into the mainstream of employee benefit decisions,” says Whitlow. “With SECURE 2.0, the Department of

Labor (DOL) has put a clear priority on financial wellness, giving plan sponsors new ways to help improve employees' overall financial wellbeing."

With SECURE 2.0, the DOL also created new measurement possibilities and needs. Plan sponsors are starting to track student loan match participation; emergency savings withdrawal patterns; auto-portability matches, both into and out of the plan; and repayments (e.g., emergency savings withdrawals, federal disaster distributions, and qualified birth or adoption distributions).

"These provisions blur the line between retirement savings and financial wellness, requiring sponsors to think differently about success metrics," says Doss. "Plan sponsors should consider integrating metrics from their financial wellness program to track success and avoid potential false negatives."

One case in point: Early indications from plans implementing student loan matching show that while some participants may reduce 401(k) contributions to pay down debt faster, employee satisfaction increases, and the benefit serves as a competitive advantage.

Behind the Curtain

Quantitative metrics reveal what is happening. Qualitative feedback explains why—and it can add an important dimension to plan measurement. "A plan can be healthy by the numbers yet fail to support certain segments of employees if it doesn't align with their financial goals and circumstances," says Doss.

Feedback during benefits enrollment, employee sentiment check-ins, or pulse surveys, focus groups on specific topics, and engagement with employee resource groups (ERGs) can provide crucial context on the why.

Key qualitative metrics that may be of interest include:

- Retirement confidence—How prepared do employees feel for retirement? This measure often predicts behavior better than current contribution levels.
- Plan satisfaction—Are participants satisfied with investment options, communication, and available resources?
- Financial stress indicators—What competing financial priorities are preventing higher participation or contribution levels?
- Feature understanding—Do employees understand plan benefits, the employer match, and available investments?

"Imagine being able to pull together data from the recordkeeper, human resources systems, and employee sentiment surveys," says Doss. "A sponsor can now track retirement readiness by income or age band and overlay that with survey data to better understand who is happy and engaged, who is not—and why."

At the core of Holland Hospital's approach is qualitative feedback from employees through employee surveys, benefit fairs, and one-on-one financial wellness consultations. In the course of their engagement with the hospital's employees, CAPTRUST's representatives gather answers to a handful of simple questions—think Net Promoter Score—and dig deeper through conversation to uncover hidden insights.

Benchmarking Success

The last piece of the puzzle is creating benchmarks. How do plan sponsors know how good is good enough? Or what is possible in a particular industry or with a specific employee demographic? Establishing retirement plan benchmarks requires a balance of aspiration with reality.

An effective approach combines external benchmark data with internal goals informed by workforce demographics and business goals.

External data sources offer context about industry performance. They can also help identify areas where a plan may be lagging. Examples include the Plan Sponsor Council of America's (PSCA) annual survey and Vanguard's "How America Saves." The plan's recordkeeper and advisor can also chime in.

However, industry averages shouldn't become rigid targets that ignore the characteristics of an employee population. For example, a manufacturing company with a largely hourly workforce might set different participation targets than a professional services firm with higher-income employees.

The key is for plan sponsors to understand what drives success for their specific population and set benchmarks that reflect those realities, while still pushing for improvement.

Regular benchmark review is essential, as workforce composition, economic conditions, and regulatory changes can all impact what constitutes reasonable performance. Annual—or more frequent—reviews ensure that targets remain relevant and challenging while accounting for evolving participant needs and market conditions.

Holland Hospital uses benchmarking data from CAPTRUST and their recordkeeper, in addition to published sources such as Vanguard's annual study. Given the pace of change and innovation, they are having conversations about plan success more frequently than the traditional annual check-in. By asking for help from their partners, Holland Hospital's HR team can spend less time on tactical issues and more time optimizing their overall benefits package.

"The most successful sponsors view benchmarking as a starting point for conversation rather than an endpoint," says Doss. "They use external data to understand the landscape then they set internal targets that reflect their unique workforce and business objectives."

From Insight to Action

Of course, sponsors can't simply gather the data. The key is acting on what they learn. The payoff is building trust through ongoing plan improvement and communication adjustments. Acting on insights can also lead to more equitable and targeted plan design.

With their limited budget and time, sponsors must focus their efforts where they can achieve the greatest impact. Getting started is easy.

Plan sponsors can begin by requesting segmented reporting from their recordkeeper or advisor. Some recordkeepers provide tools to analyze participant data in their sponsor portals. In other cases, the sponsor may need to share data with the recordkeeper to perform an analysis.

Advisors can help interpret this data and recommend strategies.

Segmented insights enable precise interventions. Here are a few ideas:

- Targeted auto-features—Implementing auto-enrollment for low-participation groups. Using auto-escalation to help tenured employees increase their savings over time.
- New programs—Offering programs like student loan matching or emergency savings accounts to get younger employees off to a healthy start.
- Custom education campaigns—Developing location-specific or demographic-specific content that resonates with employee segments. This might include multilingual materials or debt-focused education for younger employees.
- Personalized communication—Using behavioral data to deliver the right message to the right group at the right time. This could include email campaigns, text reminders, or in-person sessions.

"We strive to tailor our communication to the individual rather than the group, ensuring that every employee feels supported, included, and able to access the resources they need in a way that resonates with them," says Howe. "That may be through in-person one-on-one meetings, group sessions, texts, printed materials, digital articles, emails, letters, or our robust company intranet."

At Holland Hospital, this approach has made a big difference. In addition to moving the needle with a few important demographics—like early-career employees—they are getting real-time feedback. This feedback indicates employees generally appreciate their plan and benefits package.

The Path Forward

While participation rates and average deferral percentages remain important, today plan sponsors have access to tools that can drive meaningful improvement in retirement outcomes. This evolution reflects a fundamental shift in how employers view their role in employee financial wellness and how they communicate with their people.

By embracing deeper analysis and feedback, plan sponsors can transform their plans into active drivers of financial security. “Sponsors who embrace this holistic approach aren’t just checking compliance boxes; they’re building retirement programs that make a difference in their employees’ lives—and that’s what success looks like,” says Doss. “This drives better participant outcomes, builds employee satisfaction through a sense of security and support, and enhances retention by reinforcing our commitment to their long-term wellness” says Howe. “As an organization rooted in community health, investing in our employees’ overall wellness is a direct investment in the future success of both our people and our mission.”

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