

Small- and Midsize-Plan Issues

A plan sponsor finds new provider options



PLAN SPONSOR

Baltimore Curriculum Project
Baltimore, Maryland

KEY PLAYER

Angela Scott
Human resource administrator

IN 2001, the Baltimore Curriculum Project began offering employees a 403(b) plan, and participation was at about 20% of those who were eligible, says Angela Scott, the nonprofit's human resource (HR) administrator.

The organization operates four neighborhood conversion charter schools in Baltimore. Scott says there are eight core employees in the main office in East Baltimore and staff at the schools. Not all of the school staff are eligible for the 403(b) because they were hired by the school district and receive benefits from it.

In 2009, the organization's leaders wanted to improve participation. "The board of directors suggested we switch to

a 401(k), so we searched for and chose a provider and started the [plan]," Scott says.

PROBLEM: While moving to the 401(k) did raise participation by eligible employees to 50%, Scott says, the plan provider did not offer access to employee account information, other than regular participant statements. In addition, Scott was still doing payroll setup of deferrals and filing the Form 5500 herself. "We started to wonder what we were paying for," she says. Those involved with administering the 401(k) plan thought about the type of services it could benefit from, such as increased provider/participant interaction and an easier-to-use back end for the plan sponsor.

SOLUTION: In 2015, a board member on the finance committee said his company was using small- and midsize-plan provider ForUsAll as its 401(k) provider, with great success. Scott says the plan committee looked into the provider and found it promising. After a Skype interview with representatives from ForUsAll, the committee switched its plan record-keeping to the new provider.

The plan converted to ForUsAll as of a year ago August and, also because of a new plan design, immediately saw improvements, Scott says.

Today, 42 employees are eligible to participate, and 38 do—a participation rate of 90%. Employees are automatically enrolled at a 6% deferral rate and may choose to implement deferral increases of 1% annually. This has helped the average deferral grow to 7.4%, up from 6.5%.

Besides the participant improvements, Scott is pleased because ForUsAll handles enrollment and payroll deductions, as well as Form 5500 reporting. "Previously, I had to enter everything in

payroll by hand. Now, after an employee's one-year eligibility period is up, I get an email that [he] is participating and that the deferral will be deducted from his pay. ForUsAll runs payroll reports and automatically debits deferrals," she says.

The plan provider also offers fiduciary services, which Baltimore Curriculum Project has engaged. To top things off, switching providers has resulted in average employee fees for the plan dropping by two-thirds.

Scott says one of the reasons Baltimore Curriculum Project decided to move to ForUsAll was "Dave," the virtual adviser. "He" walks employees through every step of enrollment. "The ease of enrollment was one thing that drove up participation," Scott says. Further, the technology shows employees how the company match—50% of up to 7% of pay—boosts their savings.

According to Esther Kim, senior content marketing manager at ForUsAll in San Francisco, even though employees are auto-enrolled, they are introduced to the Dave feature to show them the importance of saving and to build trust with the plan. She adds that, on the employee dashboard, they can get information about all of the funds in the plan and can schedule a time to talk one-on-one, or along with their partner or spouse, with an adviser at no additional charge. "They can talk about debt, leveraging health savings accounts [HSAs], transitioning into retirement and a wide range of other topics," Kim says.

Overall, Scott says, the decision to switch recordkeepers has improved the plan exponentially. —Rebecca Moore

NOTE: This article offers plan sponsors a chance to read about how a peer has worked on dealing with a particular challenge or plan issue and is not intended to endorse a provider or vendor.

Illustration by Chris Buzelli