

# Recruit, Retain, Retire

John Waugh, MERS Benefit Plan Advisor  
September 2023



# Agenda

- The current labor force landscape
- Building a comprehensive benefits package
- Making positions stand out
- Showing the value of your benefits
- Finishing touches
- Key takeaways

# The current labor force landscape



# Reduction in Labor Force

Every day in the United States **10,000 people** turn age **65**

The number of older adults will **more than double** over the next several decades and represent over **20%** of the population by 2050

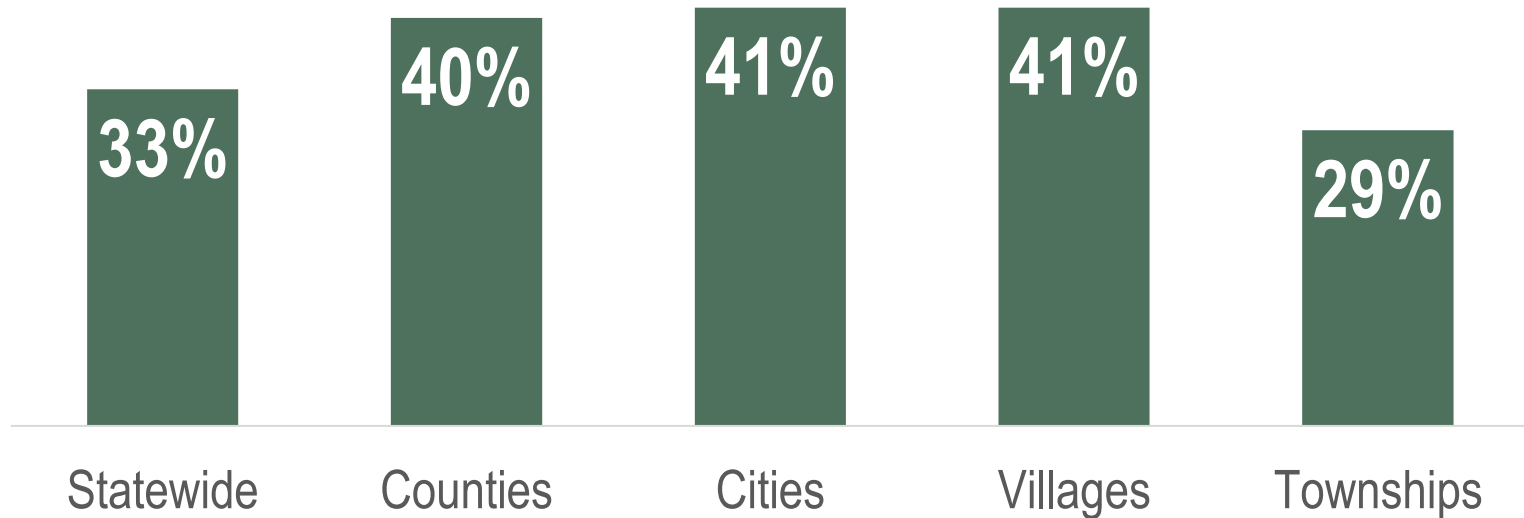


# Recruiting Challenges

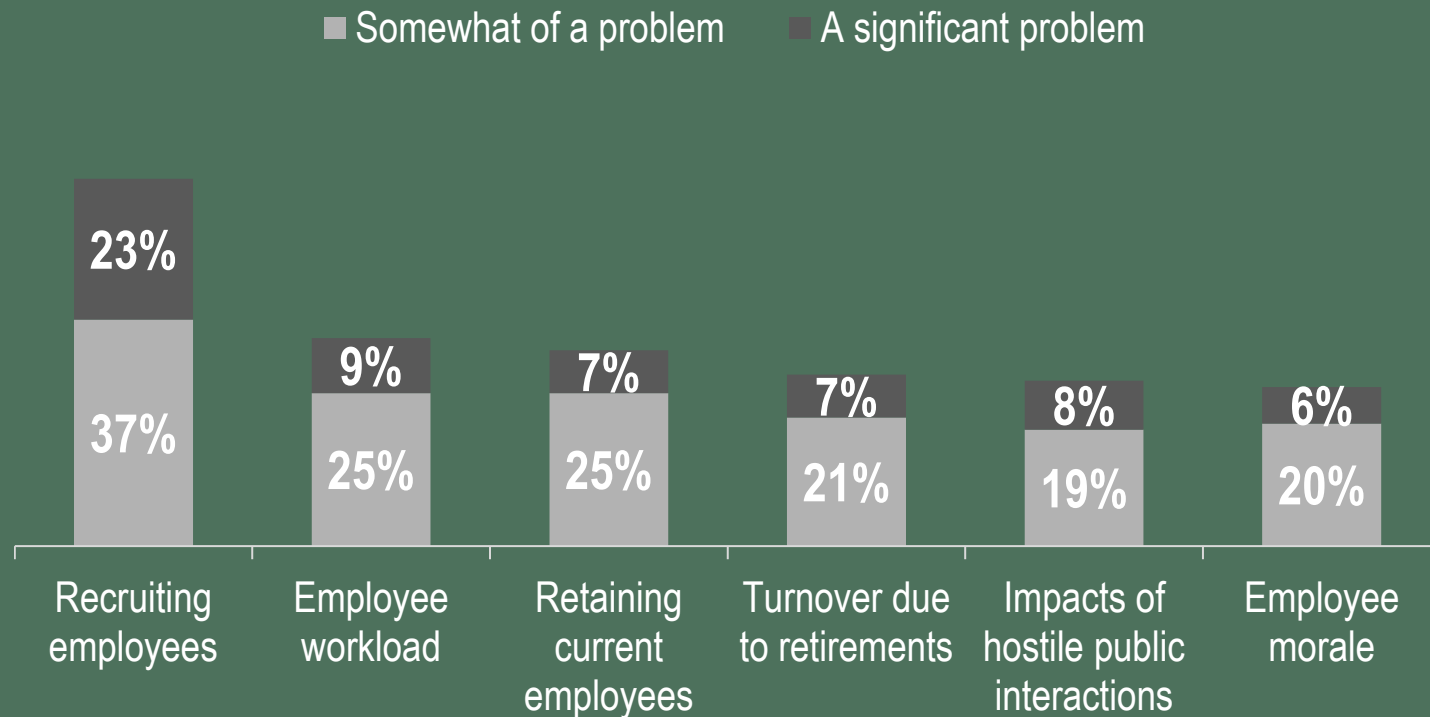
While Private-Sector Employment Bounced Back, State and Local Government Hasn't Recovered

# Is Public Sector Pay Too Low?

Percent of Local Units of Government Rating Employee Pay as “Too Low”

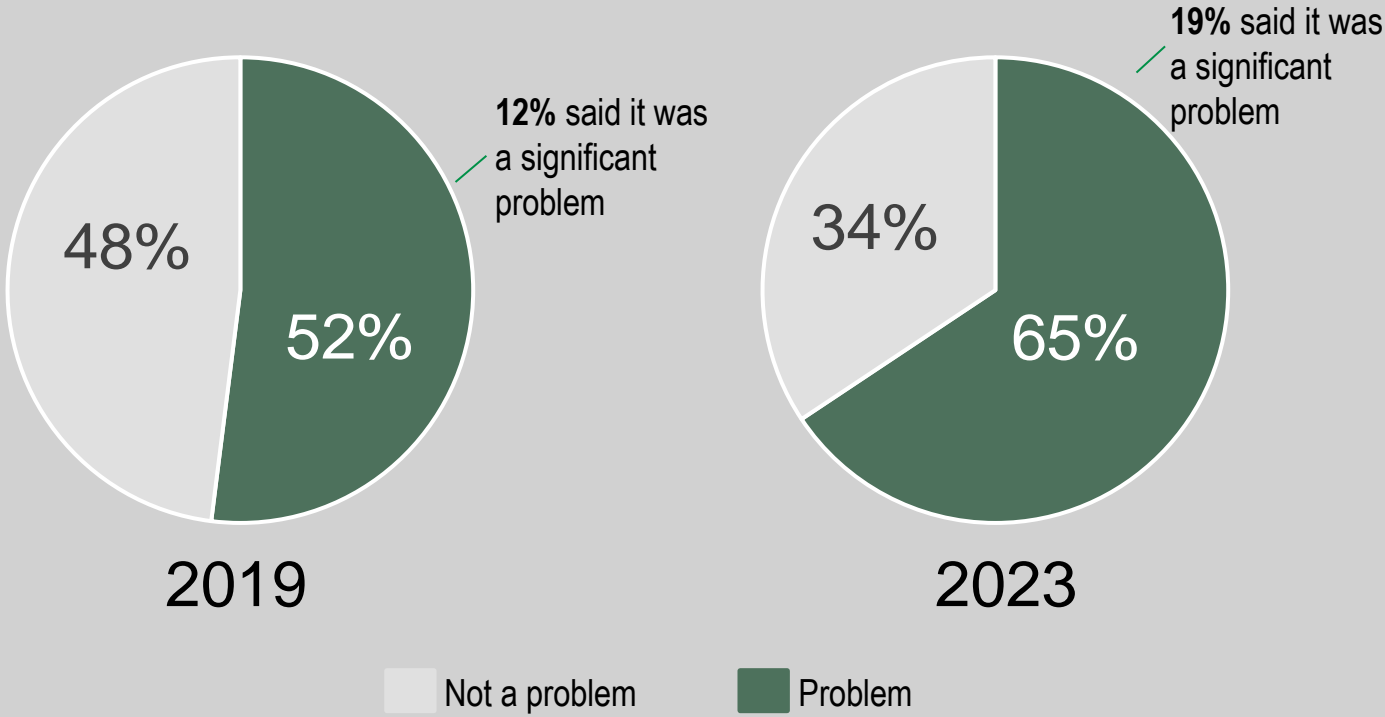


# Local Officials' Assessment of Personnel Problems



# MERS Municipalities

## Attracting & Retaining Skilled Staff





# What do candidates want?



# Why Offer Benefits?



**Recruit**

**Retain**

**Retire**

# **Building a comprehensive benefits package**



# Targeting Income Replacement

## Income Target:

- About 80% of working income in retirement

## Best Practice:

- Saving 10-15% of pay throughout career for retirement



# Designing a Retirement Package

1

## Plan Type

- Guaranteed income
- Variable income
- Both

2

## Participation

- Mandatory, voluntary or both
- Consider automatic enrollment in 457(b) plan

3

## Contribution Structure

- Employer: Fixed and/or match
- Employee: Voluntary and flexible or fixed
- Consider automatic escalation of contributions in 457(b) plan
- Pre-tax and Roth options

4

## Vesting Schedule

- Balancing too long vs. too short

# Other Considerations



Loans



Flexibility



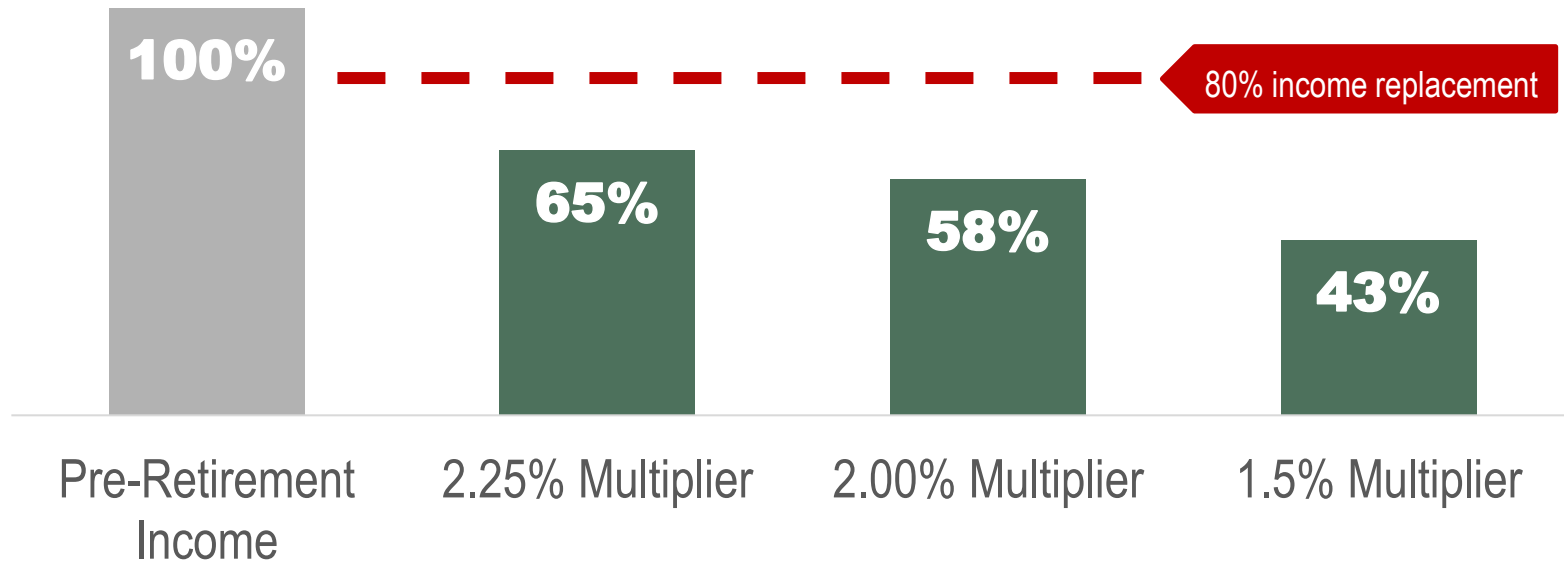
Inflation



Longevity

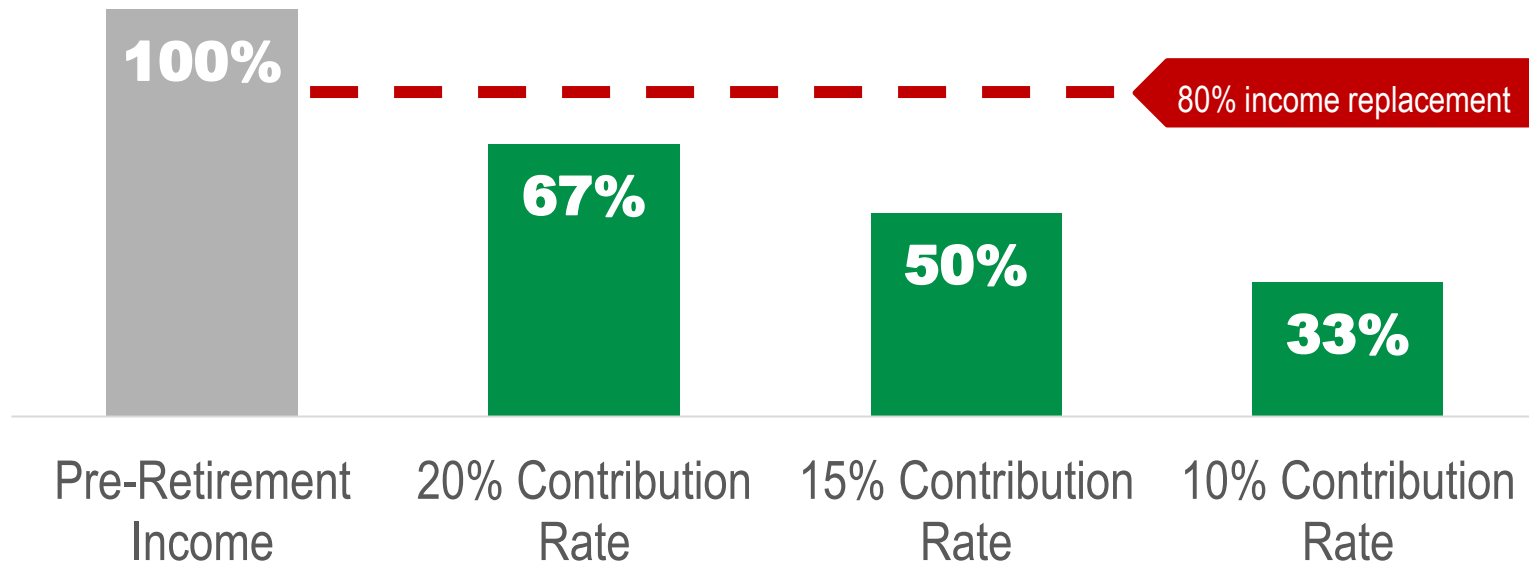
# Defined Benefit Retirement Income

- Projected Income Replacement Rates for Career Employees by Multiplier



# Defined Contribution Retirement Income

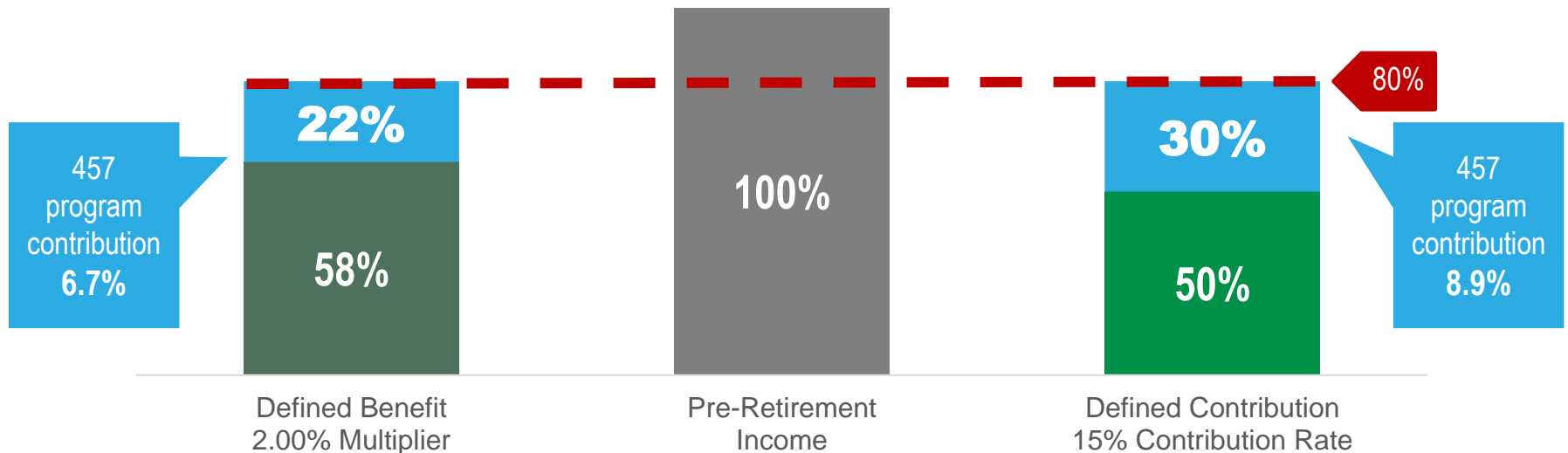
- Projected Income Replacement Rates for Career Employees by Contribution Rate





# Blending Programs

- Adding a Supplemental Savings Program to Reach an 80% Desired Income Replacement Rate



# Retiree Health Care

- Almost **1/3** of working Americans report **low confidence** in having enough money for health care in retirement
- Health care cost impacts to retirement include:
  - Delayed retirement
  - Increased stress
  - Compromises to health
  - Change in standard of living

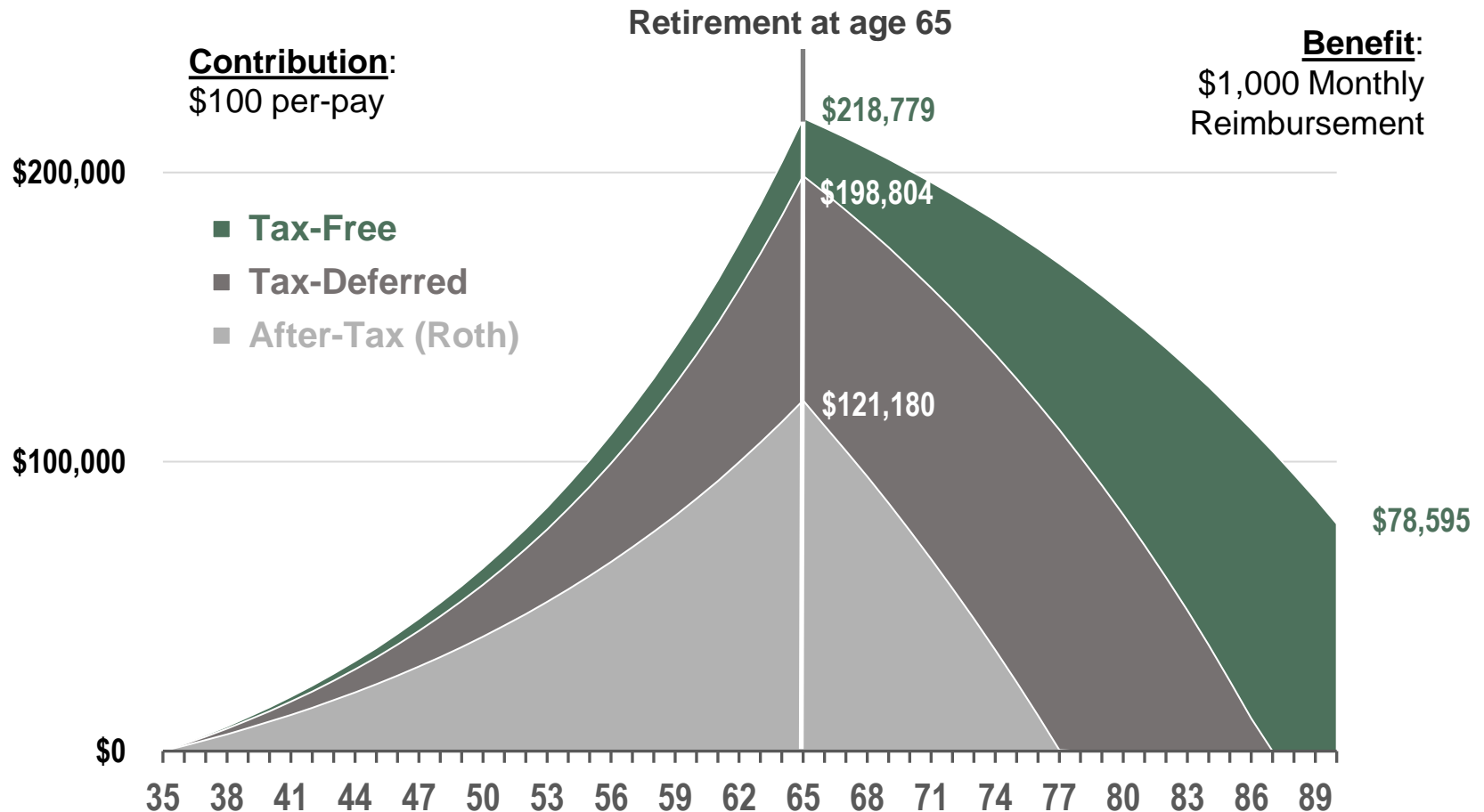


# Tax-Advantaged Savings

	No Deduction	HCSP	Tax-Deferred	Roth Account
<b>Gross Wages</b>	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
<b>Contributions</b>				
Health Care Savings Program	\$0.00	\$100.00	\$0.00	\$0.00
457	\$0.00	\$0.00	\$100.00	\$0.00
Taxable	\$0.00	\$0.00	\$0.00	\$100.00
<b>Taxes</b>				
Federal Income Tax	\$215.10	\$195.31	\$195.31	\$215.10
State Income Tax	\$85.00	\$80.75	\$80.75	\$85.00
Social Security Tax	\$124.00	\$117.80	\$124.00	\$124.00
Medicare Tax	\$29.00	\$27.55	\$29.00	\$29.00
<b>Take-Home Pay</b>	\$1,546.90	\$1,478.59	\$1,470.94	\$1,446.90
<b>Net Change</b>	\$0.00	-\$68.31	-\$75.96	-\$100.00

# Tax-Free Investing

## Long-Term Benefits



# Additional Options



## Group Insurance

- Life
- Short-term disability
- Long-term disability
- Accidental death & dismemberment



## Supplemental Insurance Plans

- Disability
- Sickness
- Long-term care



## Student Debt Assistance

- Employer match
- Debt forgiveness



## Other

- Health Savings Account (HSA)
- Flexible Spending Account (FSA)
- Financial wellness tools

# Employees Have Different Needs

Not all employees...

- ✓ Are career employees
- ✓ Started saving early in their career
- ✓ Understand how much they should save
- ✓ Know how plans can work together to maximize retirement savings/benefits
- ✓ Are saving at an adequate rate
- ✓ Have a spouse with retirement savings options
- ✓ Have the same lifestyle



**Make positions  
stand out**



# Highlight Your Top Retirement Plan Attributes



Employer  
Participation



Portability



Value



Unique  
provisions



# Job Postings

## City Clerk

### Job highlights

Identified by Google from the original job post

#### Benefits

- Benefits include Health insurance, Dental, Optical, and a defined contribution match
- Starting wage is \$16.57/hour with a 3-year step scale
- Pay: From \$16.57 per hour
- Paid time off
- Vision insurance
- 8 hour shift

## Friend of the Court Clerk

### Job highlights

Identified by Google from the original job post

#### Benefits

- MERS Retirement Plan
- Comprehensive Medical, Pharmacy, Dental & Vision
- Optional Voluntary 457 Deferred Compensation plan
- Voluntary Short-term & Long-term disability
- Employer paid Basic Life & AD&D insurance
- Health & Dependent Flexible Spending Accounts

## Deputy Court Clerk

### Job highlights

Identified by Google from the original job post

#### Benefits

- Wage: \$19.04-\$23.26 per hour
- This position includes a generous benefits package including an employer-paid defined contribution plan (8%) and post-employment health plan (4%), a comprehensive health insurance plan, dental and vision insurance plans, life insurance, paid vacation and sick time, and paid holidays, tuition reimbursement, longevity pay, and free access to an employee assistance program

# Sell the Opportunity!



Good

Competitive wages



Better

Pay from \$22.47 per hour



Best

Top pay in the area ranging from \$22.47 to \$27.65 based on prior experience

# Sell the Opportunity!



Good

Medical, Vision, and  
Dental



Better

Medical insurance options  
plus excellent vision and  
dental plan coverage  
available



Best

Best-in-class benefits start on day 1 with 100% employer paid health insurance with flexible options to meet your family's needs including dental, vision & life insurance.

Disability benefits, employee assistance program, voluntary savings plans & more!

# Sell the Opportunity!



Good

Retirement plan



Better

Great retirement plan including Defined Benefit plan with additional employer match



Best

Comprehensive retirement package where long-term employees can retire with a lifetime monthly pension benefit.

We're committed to helping you retire, with free financial wellness education and matching your retirement plan contributions up to 3%.

# Sell the Opportunity!



Good

Paid time-off



Better

Generous vacation and paid time-off



Best

Balance work and life with a flexible schedule and excellent paid time-off including: 12 holidays, 3 weeks vacation, 1 week of sick pay, 1 volunteer/community service day, and bereavement pay.

FMLA is available after 1 year.

# Show the Value of Your Benefits



# Defining Total Compensation

## Private Sector

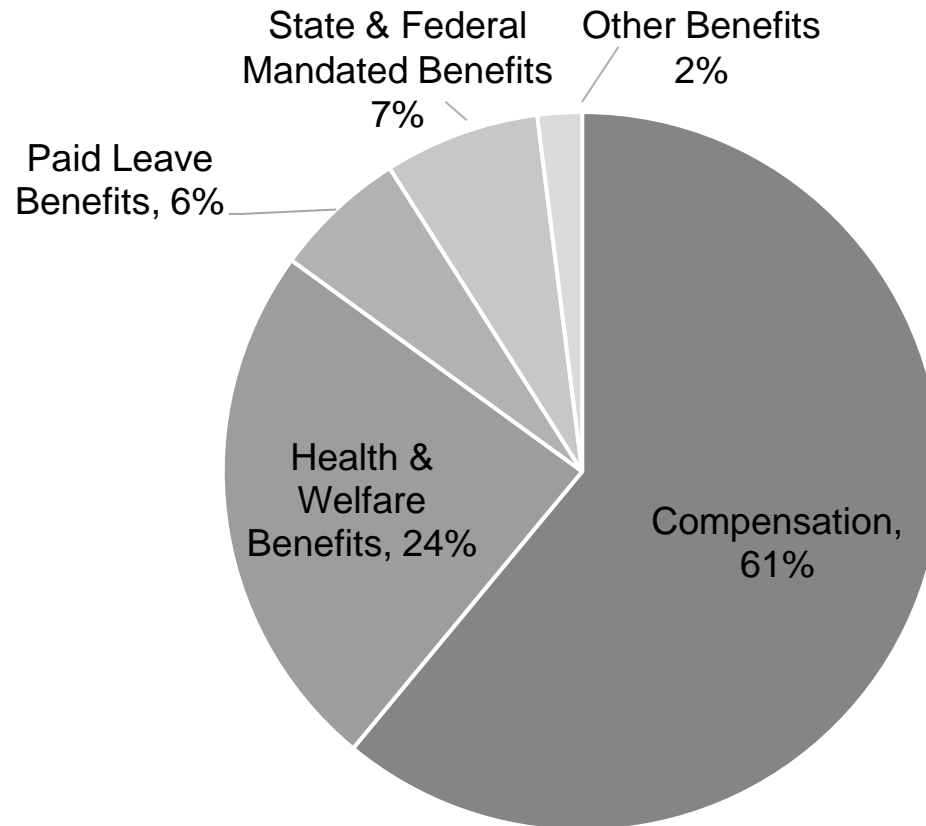
- Higher wages
- More on-site office perks
- Modest benefits

## Public Sector

- Moderate wages
- Typically more robust benefit package
- Federal holidays off, plus PTO

# The Complete Package

- Percentage of Total Company Paid Compensation and Benefits





# Total Compensation and Benefits Statement

**For: Maggie Perez**

**For the Year: 2023**

As an employee of the City, you receive regular pay for the services you provide. The other part of your total compensation is the value of the benefits that the City makes available to you and, if applicable, your family. The value of these benefits is your "hidden paycheck." This personalized benefits statement describes your hidden paycheck and is intended to give you a summary and the value of the benefits you receive.

# The Complete Package

	Employee Annualized Contribution	Company Annualized Cost/Contribution
<b>COMPENSATION</b>		
Annualized salary or hourly pay	N/A	\$64,000.00
Annual bonus (estimated based upon an average of prior year payouts)	N/A	\$2,500.00
Other (shift differential, OT, etc.)	N/A	\$2,300.00
<b>TOTAL COMPENSATION</b>		<b>\$68,800.00</b>
<b>HEALTH AND WELFARE BENEFITS</b>		
Medical family (90/10 split)	\$1,480.00	\$13,320.00
Dental family (90/10 split)	\$56.40	\$507.60
Vision family (90/10 split)	\$34.80	\$313.20
Short-term disability (60% weekly benefit)	N/A	\$434.00
Long-term disability (60% monthly benefit)	N/A	\$1,877.00
Life insurance (1.5 X's base salary)	N/A	\$184.32
Accidental death & dismemberment (AD&D)	N/A	\$30.72
Employee assistance program (EAP)	N/A	\$0.00
Health Care Savings Program 1% employee 3% employer	\$640.00	\$1,920.00
Pension plan 2% multiplier 12.5% employer 4% employee	\$2,560.00	\$8,000.00
HSA Contribution	N/A	\$1,000.00
<b>TOTAL HEALTH AND WELFARE BENEFITS</b>		<b>\$27,586.84</b>

# The Complete Package

<b>PAID LEAVE BENEFITS</b>		
Vacation/annual leave (14 days)	N/A	\$2,454.79
Sick leave (7 days)	N/A	\$1,227.40
Personal days (3 days)	N/A	\$526.03
Holidays (14 days)	N/A	\$2,454.79
Paid family leave		N/A
Other (bereavement, jury duty, military leave)	N/A	
<b>TOTAL PAID LEAVE BENEFITS</b>		<b>\$6,663.01</b>
<b>FEDERAL AND STATE-MANDATED BENEFITS</b>		
Social Security 6.2% employee and employer	\$3,968.00	\$3,968.00
Medicare	\$928.00	\$928.00
Unemployment insurance (federal)	N/A	\$42.00
Unemployment insurance (state)	N/A	\$2,048.00
Worker's compensation	N/A	\$633.00
<b>TOTAL FEDERAL AND STATE-MANDATED BENEFITS</b>		<b>\$7,619.00</b>
<b>OTHER BENEFITS</b>		
Flexible spending accounts (FSAs)--pretax benefit		\$500.00
Tuition reimbursement		\$2,000.00
Other		
<b>TOTAL OTHER BENEFITS</b>		<b>\$2,500.00</b>
<b>TOTAL VALUE OF EMPLOYER-PROVIDED BENEFITS</b>	<b>N/A</b>	<b>\$44,368.85</b>
<b>TOTAL COMPENSATION AND BENEFITS</b> (Annual Salary/Wages + Employer-Provided Benefits)		<b>\$113,168.85</b>

Value of benefits is **64%** of compensation

# The finishing touches





## Don't Assume Your Employees Know...

- How much income their employer-provided benefit will replace
- If they are eligible to receive Social Security
- If those two will be enough or if they will need supplemental savings
- If they will be financially prepared to retire at “normal retirement age”
- What a realistic retirement plan looks like for them

# Consider Pre-Boarding

- New employees are too busy to take everything in on the first day or even first week
- Having a dedicated day makes the process more effective and enjoyable

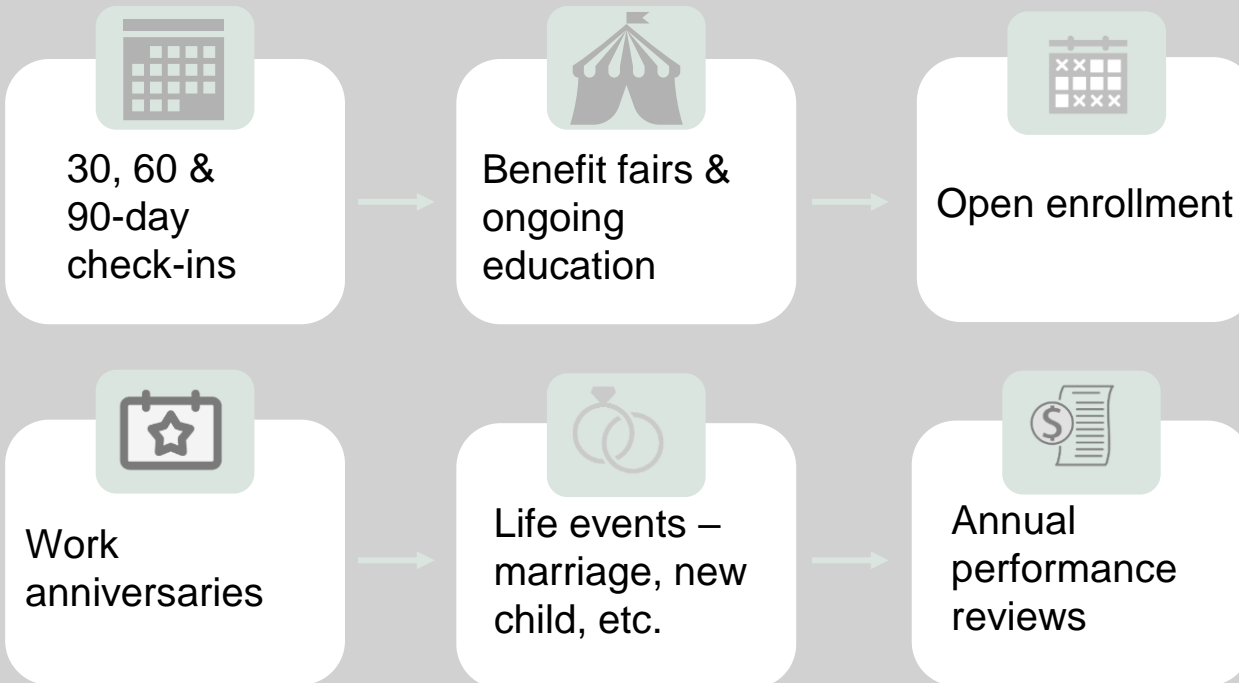


# Ongoing Support

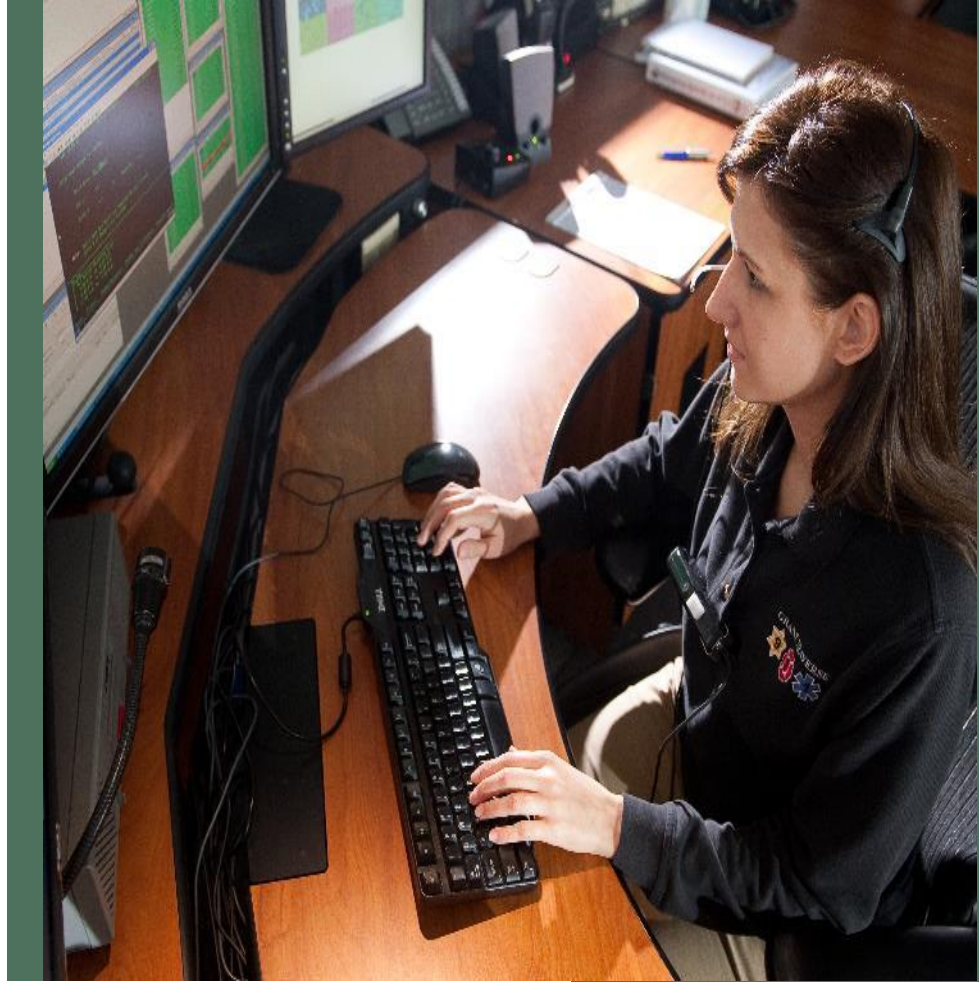
- Supervisor
- Peers
- Mentors
- Onboarding "buddy"
- Union leaders
- Vendors



# Keep the Conversation Going



# Key Takeaways





# Key Takeaways



A comprehensive benefits package can help you recruit, retain and retire employees



How you communicate the value of the benefit is key to attracting and retaining employees



Employees who understand their benefits package are more likely to have better outcomes



Properly preparing employees for retirement leads to reduced uncertainty and issues with succession planning

# MERS of Michigan

1134 Municipal Way  
Lansing, MI 48917

800.767.6377

[www.mersofmich.com](http://www.mersofmich.com)



*This presentation contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date. Where the publication conflicts with the relevant Plan Document, the Plan Document controls.*

