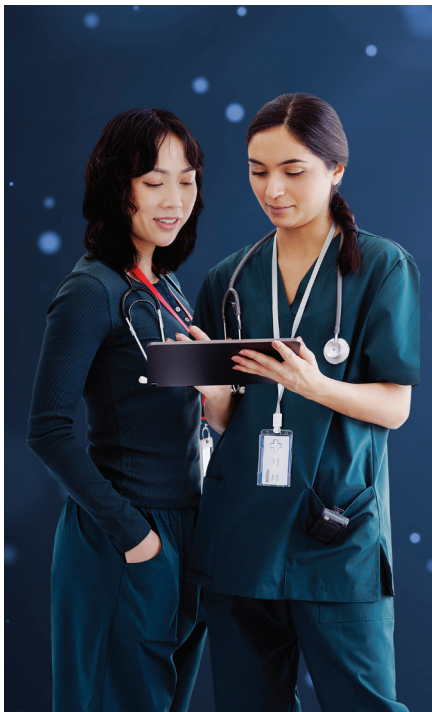


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# Revitalizing Recruitment and Retention in the Health Care Industry:

## *Unlocking the Power of Retirement Benefits*



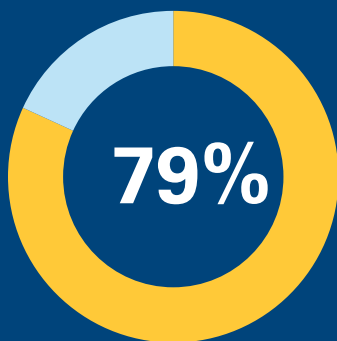
Compensation and benefits are just some of the many factors that influence health care recruitment and retention. With about 30% of total compensation costs allocated to nonwage expenses<sup>1</sup>, maximizing that investment is critical.

As Alan Blaskowski, vice president of Product, Business Development, and Innovation at OneAmerica®, says, “One benefit to consider reviewing is the retirement plan. Often viewed as an expense to be managed, when optimized, it could become a competitive recruiting advantage — ultimately improving the bottom line.”

1. U.S. Bureau of Labor Statistics, June 16, 2023

## Strengthen worker shortages in rural areas.

Health care workers have been leaving their jobs at higher rates than before the pandemic. In 2021 alone, nearly 334,000 physicians, nurse practitioners, physician assistants and other clinicians exited the workforce, citing retirement, burnout and pandemic-related stressors<sup>2</sup>. In rural areas, the problem is often magnified. The loss of even a single professional can impact health care delivery, limiting health care access for thousands of residents spread over hundreds of square miles. Working with benefit advisors early and often can help providers strengthen their competitive advantage to bolster staffing in these underserved communities.



of hospital executives surveyed viewed retirement plans as essential to attracting and maintaining talented professionals<sup>3</sup>.

## Position retirement plans as a performing asset.

According to the Society for Human Resource Management's 2022 Employee Benefits Survey, only health benefits rank higher in importance to employees than their retirement plan. To optimize the plan, sponsors and their advisors should reassess plan designs to ensure current choices meet employee expectations.

"The design elements of a retirement plan encompass various aspects such as eligibility criteria, matching contribution formulas, vesting schedules, investment choices and even the selection of retirement plan types. Each of these factors can impact how employees perceive the value of their retirement benefits, while also influencing the tangible and intangible costs borne by the provider," said Blaskowski.

<sup>2</sup>. Health care workers continue to leave workforce, leaving critical shortages, February 2, 2023

<sup>3</sup>. OneAmerica Health Care Sponsor Survey, 2022

# Four key plan design considerations affecting recruitment today.

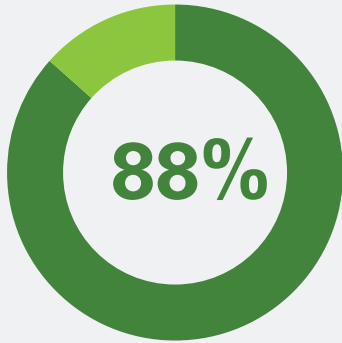
**1 Eligibility requirements** — Do new employees have immediate access to the retirement plan? A recent survey indicates that 52% of plans with fewer than 50 participants impose a service requirement (typically one year) for new hires, whereas only 23% of plans with at least 5,000 participants impose restrictions<sup>4</sup>. Employers competing with larger providers for talent should carefully evaluate whether delaying eligibility is impacting recruiting efforts.

**2 Matching contribution formula** — What's the difference between a 100% match on 4% of pay and a 50% match on 8% of pay? The answer for those contributing 8% or more is nothing — and that's the point. Referred to as “match stretching,” requiring employees to contribute a higher percentage to receive a full match can enhance retirement preparedness. However, setting higher match thresholds may lead to decreased participation. Health care providers should collaborate with their advisor to assess available options, and certain retirement recordkeepers can assist by offering a comprehensive analysis of various matching formulas.

**3 Vesting** — The costs associated with immediate eligibility and matching contributions are an understandable concern for many small- and mid-sized providers, especially for job functions with high turnover. One way to offset that expense is a custom vesting schedule. Cliff vesting, for instance, establishes 0% vesting for a given time period — like 0% in years 1-2, then 100% after three years. This allows employers to recoup matches from employees who don't stay and incentivize those who do.

**4 Investment offering** — An important part of plan design is collaborating with advisors to create an investment policy statement, ensuring compliance with investment selection requirements. A diverse array of investment options, including target date funds, mutual funds and fixed-return choices can establish a strong core lineup. Providers must assess whether using proprietary funds (offered by the retirement recordkeeper at potentially lower fees) is in participants' best interest. Additionally, offering a competitive and user-friendly self-directed brokerage option could attract and retain physicians and executives who prefer a more hands-on approach to investing outside the plan's core lineup.

4. Plan Sponsor Council of America's (PSCA) 61st Annual Survey of Profit Sharing and 401(k) Plans



of respondents say it's very important to be able to easily administer multiple retirement plans on a single website, with a single login<sup>3</sup>.

## Uncover administrative and operational efficiencies.

### Multiple plans

Health care providers often offer multiple plan types, e.g., 403(b), 401(k), 457 governmental plans, and likely some type of “top hat” plan as an added incentive for specialists and executives. Add in potential mergers and acquisitions, and the plans that come along with them, and this can become a challenge to administer, if not overwhelming.

Simplifying and optimizing plans can save the provider both significant dollars and time. Working with a retirement recordkeeper with the technology to easily handle these complex, multi-plan scenarios can further streamline things for staff and their participants.

### Sharing programs

Many small- and mid-sized providers are embracing equipment sharing to diversify the expenses associated with equipment acquisition or rental. This arrangement can help attract physicians who require access to specialized equipment. Similarly, borrowing a successful approach from the corporate sector, providers could consider sharing retirement plan administration with other providers in geographically related areas.

While multiple employer plans (MEPs) potentially offer improved economies of scale and reduced fiduciary liability, they can introduce limiting factors like satisfying Employee Retirement Income Security Act of 1974 (ERISA) requirements at the plan level, not the employer level, as well as restricting plan design options. MEPs aren't the only solution, however. Advisors can craft customized solutions to competitively manage a group of plans in a cost-efficient manner without the drawbacks associated with MEPs.

# Work with trusted organizations.

The advisor, in collaboration with the retirement plan recordkeeper's service team, is the first line of defense for plan effectiveness and managing fiduciary liability concerns. Help with compliance and legal questions, due diligence, testing and audit questions is a significant concern for nearly 90% of health care providers<sup>3</sup>. If the current service team isn't conducting regular reviews and offering access to professionals focused on these administrative functions, it may be time to consider other recordkeeping options.

Sandy McCarthy, president of Retirement Services for OneAmerica, feels strongly that health care is a noble and critically important profession, and that the retirement industry has a responsibility to ensure health care workers have access to retirement plans that will allow them to retire with dignity. "Ultimately, the goal is to work alongside providers and their advisors to improve the retirement readiness of employees. They're on the front lines serving our communities, and it's our honor to serve them in return — building retirement plans that help recruit, retain and put these workers on the path to secure financial futures."



SANDY MCCARTHY,  
President, Retirement Services

**Learn how OneAmerica** can provide experienced guidance and support in navigating the complex landscape of retirement plans. We work closely with plan sponsors and their advisors to streamline processes, improve administrative efficiency, and optimize plan design.

Plan sponsors and advisors can contact our health care team, or visit <https://pages.oneamerica.com/healthcare>.

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