

MEMO



October 8, 2017

To: Board of Directors
From: Tom Knill, Director of Human Resources and KC Krichbaum, Certified Financial Planner
Subject: **401k Safe Harbor Plan**

Message:

The purpose of the transition to a Safe Harbor plan is to improve Tahoe Donner's competitive standing in the marketplace. All of these conversations take place in the realm of employee compensation and Tahoe Donner Association's ability to recruit, retain, reward and retire key talent. Surveys have told us that after the medical plan, retirement comes in at or near the top of employee priorities.

Here are some current statistics on the 401(k) plan Tahoe Donner offers:

- 1) Approximately \$3.5M in plan assets
- 2) Approximately 75% participation rate among active participants
- 3) Approximately \$36,000 average account balance
- 4) The current matching formula is \$.50 on the dollar up to 6%

Per the 2017 Plan Sponsor Industry Report approximately two-thirds of similar organizations to Tahoe Donner Assn (Membership Organizations/Industry Associations – Micro Plans <\$5MM) offer a Safe Harbor plan (see page 11 of the PDF – bottom right corner). Clearly Tahoe Donner Association's market segment is heavily tilted towards the Safe Harbor plan design.

For some perspective, and again for Micro plans in the MO/IA subset, nearly half of all plans offer a more generous match than Tahoe Donner Association (see page 33 of the PDF). In addition, when factoring in other employer contributions, like profit sharing for example, in your market segment 62% of plans offer a more generous employer contribution to their employees (page 34 of the PDF).



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All of these items should be viewed through the prism of overall employee compensation and market competitiveness. There are some areas here that bear consideration by the EOB for future discussions.

Best,

KC Krichbaum, CFP®



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2017 PLANSPONSOR Industry Report

Membership Organizations/ Industry Associations

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'Institutional' refers to plans with at least 100 participants.

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Summary of Findings

Is your DC plan a “Safe Harbor” plan?

	All Industries						Membership Organizations/Industry Associations					
	Overall	Micro (<\$5MM)	Small (\$5-<\$50MM)	Mid (\$50-<\$200MM)	Large (\$200-\$1B)	Mega (>\$1B)	Overall	Micro (<\$5MM)	Small (\$5-<\$50MM)	Mid (\$50-<\$200MM)	Large (\$200-\$1B)	Mega (>\$1B)
Yes	49.3%	63.4%	46.8%	34.7%	36.9%	36.7%	51.8%	66.7%	43.5%	20.0%	33.3%	100.0%
No	50.7%	36.6%	53.2%	65.3%	63.1%	63.3%	48.2%	33.3%	56.5%	80.0%	66.7%	0.0%

If you provide a match, please select the option that most closely relates to your match formula:

	All Industries						Membership Organizations/Industry Associations					
	Overall	Micro (<\$5MM)	Small (\$5-<\$50MM)	Mid (\$50-<\$200MM)	Large (\$200-\$1B)	Mega (>\$1B)	Overall	Micro (<\$5MM)	Small (\$5-<\$50MM)	Mid (\$50-<\$200MM)	Large (\$200-\$1B)	Mega (>\$1B)
More than 100% of first 6% of salary	5.2%	6.8%	4.7%	3.9%	5.1%	4.4%	12.8%	10.0%	21.1%	0.0%	0.0%	0.0%
100% of first 6% of salary	10.7%	10.8%	8.7%	8.6%	14.3%	18.6%	14.9%	0.0%	26.3%	40.0%	0.0%	0.0%
51%-99% of first 6% of salary	11.9%	12.1%	9.9%	12.3%	14.3%	15.9%	17.0%	30.0%	10.5%	0.0%	0.0%	0.0%
50% of first 6% of salary	18.9%	17.1%	20.4%	23.2%	19.0%	10.6%	14.9%	15.0%	10.5%	20.0%	0.0%	100.0%
Less than 50% of first 6% of salary	7.3%	8.0%	8.9%	6.2%	4.8%	3.1%	2.1%	5.0%	0.0%	0.0%	0.0%	0.0%
Other	46.0%	45.2%	47.4%	45.8%	42.5%	47.3%	38.3%	40.0%	31.6%	40.0%	100.0%	0.0%

What would be your organization's maximum total employer contribution to an employee's DC account in a single year?

	All Industries						Membership Organizations/Industry Associations					
	Overall	Micro (<\$5MM)	Small (\$5-<\$50MM)	Mid (\$50-<\$200MM)	Large (\$200-\$1B)	Mega (>\$1B)	Overall	Micro (<\$5MM)	Small (\$5-<\$50MM)	Mid (\$50-<\$200MM)	Large (\$200-\$1B)	Mega (>\$1B)
None	8%	13%	5%	4%	5%	7%	7%	14%	0%	10%	0%	0%
1%	2%	3%	3%	1%	2%	0%	1%	0%	0%	0%	33%	0%
2%	5%	5%	6%	6%	3%	1%	3%	3%	0%	10%	0%	0%
3%	16%	20%	17%	15%	9%	9%	12%	14%	15%	0%	0%	0%
4%	14%	18%	13%	12%	12%	10%	10%	21%	0%	0%	33%	0%
5%	11%	11%	12%	12%	12%	11%	13%	17%	4%	10%	33%	100%
6%	9%	8%	9%	9%	13%	10%	13%	10%	15%	20%	0%	0%
7%	4%	2%	4%	7%	5%	8%	4%	0%	12%	0%	0%	0%
8%	5%	3%	4%	6%	8%	7%	6%	7%	8%	0%	0%	0%
9%	3%	1%	2%	3%	5%	6%	3%	0%	8%	0%	0%	0%
10%	5%	3%	5%	6%	6%	6%	7%	7%	12%	0%	0%	0%
>10%	9%	7%	10%	10%	10%	13%	13%	0%	23%	30%	0%	0%

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2%	5%	5%	6%	6%	3%	1%	3%	3%	0%	10%	0%	0%
3%	16%	20%	17%	15%	9%	9%	12%	14%	15%	0%	0%	0%
4%	14%	18%	13%	12%	12%	10%	10%	21%	0%	0%	33%	0%
5%	11%	11%	12%	12%	12%	11%	13%	17%	4%	10%	33%	100%
6%	9%	8%	9%	9%	13%	10%	13%	10%	15%	20%	0%	0%
7%	4%	2%	4%	7%	5%	8%	4%	0%	12%	0%	0%	0%
8%	5%	3%	4%	6%	8%	7%	6%	7%	8%	0%	0%	0%
9%	3%	1%	2%	3%	5%	6%	3%	0%	8%	0%	0%	0%
10%	5%	3%	5%	6%	6%	6%	7%	7%	12%	0%	0%	0%
>10%	9%	7%	10%	10%	10%	13%	13%	0%	23%	30%	0%	0%