



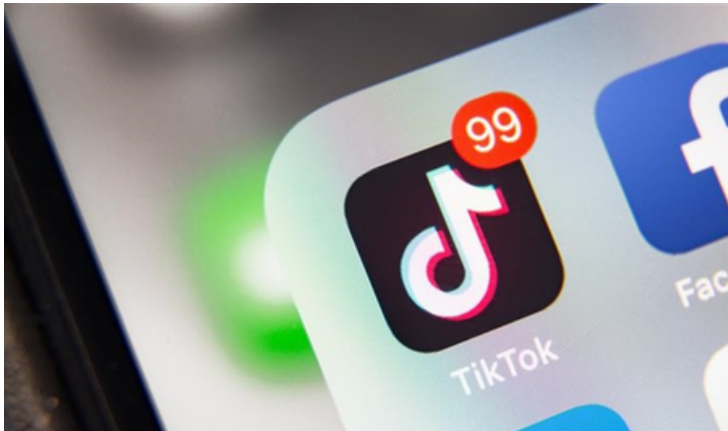
The Retirement Times

J U L Y 2 0 2 5

Engaging the TikTok Generation on Retirement

Nearly a quarter of all Gen Z employees aren't enrolled in a company retirement plan, according to BenefitsPro. That's three times the rate of millennials, Gen X, and Boomers. In addition, 12% of Gen Zers don't take advantage of any workplace benefits at all, twice the rate of other generations.

Nearly a quarter of all Gen Z employees aren't enrolled in a company retirement plan, according to BenefitsPro.



That's three times the rate of millennials, Gen X, and Boomers. In addition, 12% of Gen Zers don't take advantage of any workplace benefits at all, twice the rate of other generations. Here are ways plan sponsors can help prevent their youngest workers from experiencing financial FOMO by sitting on the sidelines of their employer-sponsored retirement plan.

Tailor plan design. Plan sponsors may improve engagement by offering immediate eligibility for participation and matching, automatically enrolling new hires at modest deferral rates with auto-escalation features, and linking student loan payments to employer contributions. Emergency savings features and Roth options may also resonate with this cohort, helping them manage both short- and long-term needs.

Use short-form videos. Provide education about the benefits of 401(k) participation via TikTok-style videos on internal platforms or social channels. This generation may prefer fast, engaging content over longer-form articles.

Highlight flexibility over distant retirement dreams. Frame contributions as a step toward financial freedom. This could mean taking career breaks or more travel experiences — not just retiring at 65. When young employees can see how retirement savings fuel a lifestyle they care about, they're more likely to start now.

Make enrollment feel like an app. Use mobile-first, intuitive interfaces for benefits enrollment. Gen Z expects user experiences to feel more like Apple or Amazon, not clunky HR portals. Reduce friction in the user digital experience. Plan sponsors should work with providers who offer enrollment options that mirror the apps Gen Z uses daily.

Offer purpose-driven messaging. Emphasize how financial wellness supports independence and the ability to enjoy a greater breadth of life experiences, or lets them contribute to causes that matter to them. This generation often views money as a means to impact, not just for the purpose of accumulation. Purpose-oriented messaging is likely to resonate more with this cohort.

Integrate with onboarding gamification. Build benefits participation into early-stage onboarding with milestone achievements or rewards. Gen Z may respond well to gamified processes. Badges, or tiered goals can nudge participation. Even something as simple as a “first contribution” celebration badge can provide a motivational spark.

As Gen Z enters the workforce, it does so during a time of economic uncertainty, high student debt, and rising housing costs. They face delayed financial milestones and a different perception of long-term planning. Many also began their careers during the COVID-19 pandemic, shaping a worldview that values flexibility, purpose, and digital fluency, though they still appreciate human guidance. Helping Gen Z build financial resilience today and setting them up for a more secure financial future tomorrow requires the willingness to rethink how retirement planning is communicated and delivered — because the habits they form now will shape their future and the retirement landscape for decades to come.

Sources

<https://fortune.com/2025/05/18/gen-z-missing-out-free-money-401k-match-company-policy-retirement-savings/>

<https://www.benefitspro.com/2025/03/03/23-of-gen-zers-arent-enrolled-in-the-company-401k-3-ways-to-engage-this-younger-generation/>

Rethinking Pension Surplus Dollars: Avoiding the Termination Trap



As rising interest rates have reshaped pension funding dynamics post-COVID, many corporate defined benefit (DB) plans are now experiencing significant surpluses. According to actuarial firm Milliman, the 100 largest corporate DB plans, in aggregate, held an estimated \$62 billion in excess assets as of December 2024.

Under existing tax law, defined contribution (DC) plan sponsors have limited options for using these surplus funds because, as a rule, accessing the excess assets requires terminating the plan. However, two new proposals from the American Benefits Council could offer an alternative path forward.

In letters sent to the chairs of the House Committee on Ways and Means and the Senate Committee on Finance, the council outlined legislative recommendations that would allow employers to repurpose pension surpluses without requiring them to terminate their DB plans.

Unlocking Surplus Dollars from DB to DC Plans

The first proposal would permit companies to transfer excess assets from an overfunded DB plan into a DC plan, such as a 401(k), for the benefit of current employees. This would enable sponsors to keep the pension plan intact, while still making use of the surplus to help enhance employee retirement security in other ways.

Support for Active Employee Health Coverage

The second proposal to the committees focuses on retiree health accounts. Under its recommendations, employers would be permitted to redirect the surplus assets in overfunded DB accounts toward funding health care benefits for their current, active employees.

Both proposals are seeking to modernize the rules governing surplus DB asset use while preserving the integrity of existing defined benefit plans. They would also help prevent what some policymakers might view as a “double dip” — repurposing surplus dollars into new benefit obligations while claiming a second tax deduction. The proposed changes would limit any future deductions on amounts already receiving favorable tax treatment, mitigating potential revenue loss to the federal government.

Implications for Plan Sponsors

If enacted, both of these provisions would provide sponsors with greater flexibility to optimize benefit offerings without dismantling well-funded pension plans. For many companies, this could mean retaining their DB plan structure while giving them more options to address their evolving workforce needs.

The proposals are in early stages and would require legislative action if they were to be enacted into law. Still, they reflect growing interest in revisiting pension policy to reflect today’s funding realities as well as workforce and plan sponsor needs.

Source
<https://www.americanbenefitscouncil.org/pub/?id=ed02fe69-b2ef-6632-a9f6-84a8a70349c9>

Stretching the Match

Summer has begun and now you can relax, right? Maybe not... this is actually a great time for you to do a midyear check on your organization’s plan design to see how it is performing among your employees. Are they participating in the plan? Are they increasing their contributions every year? One way to adjust your plan design to say “yes” to both of those questions is by “stretching the match.” This is a high-impact, low-cost tool that can that can boost contribution rates among your organization.



What is “Stretching the Match”?

Stretching the match means that you are increasing the minimum contribution percentage needed to receive the maximum employee match without costing your company more money. For instance, a traditional match will be 100% up to 3%, but with a stretched match, it would be 50% up to 6%. Both cost the exact same amount to the employer, while still increasing the minimum percentage of contribution, incentivizing the employees to put more money into their retirement accounts

Why Does It Work?

People generally save what's needed in order to get the full match. If an employer has a minimum of 3%, the employees may believe that that's what they should be saving. Increasing the minimum gently nudges participants to defer more money to their retirement accounts, effectively pushing them to be ready for retirement and accrue long term wealth accumulation.

Communicating with Employees

Positively communicating this change among your employees is crucial for the stretched match to be effective. Use clear language in your educational materials and offer meetings/sessions to explain the value that saving for retirement brings to the table. While explaining, try to use real-dollar examples to show exactly how much someone could be saving if they contributed or increased those contributions according to the adjusted employer match.

Stretching your company's contribution match won't be the end-all-be-all for everyone, but it can be a helpful solution to increase participation in the plan. Some considerations would be the current participation and deferral rates, the current economic state of your employees, and any concerns they may be relaying to you about their finances such as paying off student loans or daycare costs. If you have any questions about adjusting your plan design, be sure to reach out to your retirement advisor.

Sources

<https://www.plansponsor.com/behind-the-401k-match-why-employers-offer-it-and-how-to-best-design-it/>

https://www.fidelityworkplace.com/s/page-resource?cid=fidelity_building_financial_futures_report