



Castle Rock: Improving Employee Retirement Readiness

Unique Challenges Demand Unique Solutions

Challenges

When Castle Rock Investment Company (“Castle Rock”) began working with the Wheelabrator Group, Inc 401(k) plan employee participation and deferral rates were low. The plan’s investment options, service providers, and plan expenses needed a comprehensive review.

Wheelabrator faced additional challenges because most of its employees have no education beyond high school, and Spanish is the first language for 12% of its employees. Those demographics, and employee misconceptions about retirement savings demanded unique solutions.

Results

Wheelabrator’s commitment to improvement combined with plan design, intensive financial education, vendor change, and cost reduction solutions developed by Castle Rock produced dramatic results.

- Participation Rate – 90% (up from 71%)
- Average Deferral Rate – 8.5% (up from 6.6%)
- Plan Expenses - Reduced by 34%
- Wheelabrator nationally honored as a *PLANSPONSOR of the Year* finalist for 2017

“We have shifted the paradigm, via auto-enrollment and retro-enrollment, to assume participation,”
- Wheelabrator CFO

Establishing a Solid Foundation

After being engaged by Wheelabrator in 2007, Michele Suriano of Castle Rock conducted a search for a new record keeper, updated the plan's investment menu, and encouraged the Company to become an early adopter of automatic enrollment and default investment features. Those improvements established a solid foundation – they reduced plan expenses, improved investment performance, and initially increased participation and contribution rates.

However, the impact of the Great Recession and other stressful economic conditions caused participation rates to decline by 2013. Many employees believed that they could no longer afford to save for retirement. Feedback gathered from Spanish speaking employees identified some misconceptions about how the plan worked and they were hesitant about participating.

Solutions

Castle Rock worked with the record keeper to implement an “Undersavers’ Sweep” on January 1, 2014. Key features of the program were:

- Automatically re-enrolling nonparticipating employees at a 6% deferral rate, with automatic escalation up to 10%
- Automatically increasing deferral rates to 6% for all participants who were below that rate

The changes shifted the employee paradigm to an ***assumed ability to save***. To ensure that the changes were embraced and to minimize participant opt-outs, Wheelabrator provided financial education for all employees.

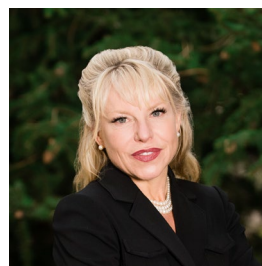
Castle Rock conducted group educational and individual one-on-one meetings to advise employees about their specific financial needs. Some sessions were conducted in plants at 4 a.m. to accommodate the schedules of third shift employees.

When employees received education on personal budgeting and debt management, they recognized that that could save for retirement. As a result, participation and deferral rates increased and opt-out rates were very low.

“Our gamble was that if employees were better able to manage their overall finances, they’d continue to participate in the plan and perhaps increase their deferral rates.” - Director of Human Resources

The Wheelabrator Plan Todayⁱ

- Wheelabrator nationally honored as a 2017 *PLANSPONSOR of the Year* finalist
- Participation Rate – 90%
- Average Deferral Rate – 8.5%
- Average employee account balance \$101,103
- 90% of employees have an age-appropriate asset allocation
- 64% of employees are participating in the annual automatic increase
- Plan Expenses - Reduced by 34%
- Plan Assets increased 100% to \$28.4 million



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Castle Rock Investment Company, formed in 2006, is an independent woman-owned registered investment adviser located in Castle Rock, Colorado. Castle Rock specializes in advising workplace retirement plans, including 401(a), 401(k), 403(b), 457, profit sharing, employee stock ownership, and defined benefit plans.

Wheelabrator Group, Inc. is a world leader in surface preparation technology used by the automotive, aerospace, and other industries. U.S. locations in Georgia and Wisconsin.

ⁱ Data as of January 31, 2023