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HUMAN RESOURCES & PAYROLL

How To Help Your Clients Plan for Retirement

While your clients know that their employees will eventually leave their business – either for another company or retirement – it may not be a reality they are prepared for. With your help, they can properly plan for employees' retirement.

Taija Sparkman • May. 15, 2015

- Restock office supplies
- Update marketing materials
- Clean up necessary files according to current document retention policy
- Assist clients in preparing payroll and benefits for retiring employees

New hire onboarding and open enrollment are very popular times for employees to sign up for or adjust contributions to their retirement plan. However, most plans allow employees to make changes to and/or cancel contributions at any time. It's important to make sure your staff is properly processing these changes and working with your clients on any issues that may arise. If an employee must take unpaid leave, it can affect their retirement contributions and benefits. Work closely with your clients to determine how to handle these situations. If clients' employees don't manage retirement benefits directly through your portal, make sure your systems are properly set up to automatically receive and process any changes made on third-party sites.

Work with your clients to provide ongoing retirement education, for both them and their employees. It's possible that they may not fully realize or even think about the ways in which retirement will impact the payroll aspect of their business. Provide them with materials to share with their employees about their retirement benefits. Employees that understand their retirement options are more likely to enroll and actively contribute to those benefits. Your clients also need to understand their role in the retirement process. Make sure you are communicating with them your expectations, as well as their duties in managing the process.

Since many employees choose to remain working after they are eligible for retirement, it can be hard to predict when employees may actually retire. Some may choose to retire as soon as they are eligible while others may choose to change their employment status to part-time or temporary. Age and/or service years can also affect benefit rules and eligibility. For example, some employees may be able to contribute more to their yearly plan or qualify for a higher company match. Communicate with your clients when they have employees that become eligible for retirement or changes in retirement benefits to help them succession plan.

When employers learn of an employee's intent to retire they should notify you so your staff can begin the proper process. Payroll contributions and company matching will need to be ceased. Depending on the integration between your clients' payroll and retirement benefits system, this may or may not be a seamless process. If

your practice provides both payroll and retirement services, you will need to make sure that any changes in one system is properly reflected in the other.

While retirement usually signifies the end of the working relationship between your client and their employee, it isn't always permanent. Many times, companies end up rehiring retirees for a variety of reasons. Work with your clients to determine what, if any, impact this will have on retirement benefits and payroll withholdings. Will service time rollover from the previous employment? Consider any changes that will need to be made from a payroll standpoint. Make sure your payroll systems are configured to properly handle this situation. The stop and start of retirement benefits and multiple changes in employment status can lead to glitches or even human error. Make sure that any payroll changes are processed accurately.

It's important as a payroll practitioner that you help your clients manage their retirement process, particularly if you manage their retirement benefits in addition to payroll. Changes will occur at every level, and it's likely your clients will be busy worried about succession planning and the transfer of knowledge to other employees. By effectively handling the payroll administrative part of the retirement process, you help to eliminate some of the stress for both clients and their employees – freeing them up to properly celebrate their employee's contributions and service years and wish them well in the next chapter.

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