

CLIENT SERVICE October 14, 2020

How to Diversify Retirement Plan Committees

With representation being top of mind in 2020, companies are reconsidering the makeup of their workforces and their retirement plan committees.

By *Lee Barney*



This year, in particular, with the protests that sprung up across the country following the death of George Floyd, has shown many companies the importance of having a truly diverse workforce. And that principle should extend to the retirement plan committee as well as the workforce, experts say.

While having a diverse committee is ideal, the first thing plan sponsors should do is select experts to sit on the committee, says Timothy Irvin, a director and corporate

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secondly, representative of the institution.”

Those experts might include the chief executive officer, the chief financial officer, the vice president of finance, the treasurer, the chief benefits administrator, the head of HR or someone from payroll, Irvin says.

As far as diversity is concerned, companies should “make sure different areas of the company are represented on the committee,” Irvin says. “A lot of the committees we work with are diversified. We help our clients with this by benchmarking the typical roles on committees and sharing this information with clients.”

Dannae Delano, a partner with The Wagner Law Group, agrees with Irvin that having a diverse retirement plan committee is an important consideration. “Traditionally, the thinking has been focused on people with the right expertise, that is, representatives from the financial, HR and legal departments,” Delano says. “Those are all still important, but as workforces are becoming more diverse—culturally, generationally, by ethnicity and by gender—it is also important to have the committee represent this more diverse workforce.”

Having a committee that is more representative of employees results in participants better understanding the plan—and, potentially, better retirement outcomes, Delano says.

“Statistics show that it is very hard for workers to understand their retirement plan,” she says, “but that increases exponentially when there is someone from their demographic group on the committee, because those committee members can convey information about the plan to people in a way they understand. Diversification is becoming more important on all levels. If you don’t have a diverse retirement committee, you are not speaking to your workforce.”

That said, Delano is quick to add that the size of the committee should never extend beyond 11 people. The ideal size, she says, is five to nine people serving

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“Another reason why you don’t want the same people on the committee forever is because the demographics of a company change over time,” Delano says.

TIAA has been committed to having a diversified workforce in its offices around the world for the past 12 years, says Corie Pauling, senior vice president and chief inclusion and diversity officer at the firm. That also means having a diverse retirement plan committee.

The race-related protests of 2020 have brought the need for diversity to the forefront, and many of TIAA’s clients have been asking the firm for guidance on best practices on this topic, Pauling says. “This year, the conversation around racial justice has emerged in unparalleled ways,” she says.

Having a workforce that is more diverse results in better productivity because employees feel valued “and contribute at their maximum,” she says. “Workforce innovations have led to measurably better outcomes in terms of retention, ambassadorship and engagement. The diverse mix of individuals in our organization feel included and want to do the very best for our organization and ensure our success.”

Tagged: diversity, retirement plan committee

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