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401(k) Inventor Offers New Way to Earn 'Bread'

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By: Lee Barney

Ted Benna, the “[Father of the 401\(k\)](#),” is pushing a new incentive plan employers could offer rank-and-file employees.

Dubbed the “Wheat Grains Incentive Plan,” money put into it, exclusively by employers, would grow tax-deferred much like a 401(k).

At a time when 63% of people don't even have \$500 in emergency savings, inflation has increased prices for everyday items 19%, and average 401(k) contribution rates have ticked down to 6.4% from 6.6% — Benna's goal is to create a new type of savings plan employers could use to help lower-income, younger employees, or to reward and incentivize employees for their hard work.

“Recent college graduations saddled with student loans or other immediate needs would be an example of a group that could benefit, or minimum wage hourly employees,” says Benna. “Maybe it would be a good incentive for long-haul truck drivers. Amazon could do this for its warehouse employees or truck drivers.”

Industries with high turnover, like food or retail, could incentivize workers to remain at their jobs with a monthly payment of, say, \$25. The Wheat Grains Incentive Plan might also succeed in retaining workers at a time when unemployment in the U.S. is at a mere 3.7%.

Why the name “Wheat Grains”?

Benna says it came to him since he grew up on, and still lives on, a farm — with the idea of growing wheat. Taking it a step further, one could imagine using the plan to give workers a little more “bread.”

Employers would reward workers a flat-dollar amount or a percentage of compensation to the account, with each Wheat Grain being worth \$1. Benna envisions each account growing to between \$500 to a few thousand dollars.

Unlike 401(k) plans — whose money is earmarked for retirement, with funds accessible earlier than that only through cumbersome loans or hardship withdrawals — the minimum amount that can be withdrawn is \$500 and only one withdrawal per year is permitted.

Should the account grow to a sizeable amount or the account holder want to invest in something other than a money market fund, which Benna recommends for these short-term accounts, they would be able to roll the funds over to a 401(k) or IRA.

Benna is hoping to partner with a big retirement plan provider, like Fidelity Investments, Vanguard Group or Charles Schwab. The managing director of major 401(k) law firm, Marcia Wagner of The Wagner Law Group, has signed up with Benna to provide legal support for the Wheat Grains Incentive Plan.

“From a public policy point of view, it should be acceptable politically because this would not be for highly compensated employees, not for the owners,” Benna says.

Well-known in the retirement savings industry, Benna is a man whose calls to 401(k) high-ups get answered.

If you work for a company that offers you a 401(k) or some other form of workplace retirement savings plan, you can thank Benna.

He's the self-professed "actuarial grunt" who, in 1978, recognized the potential of a new clause, the 401(k), that Congress added to the Internal Revenue Code.

As to why he is still working on ways to improve savings for Americans, Benna says he enjoys the idea of helping improve people's retirement and overall financial outlook.

"It took a while for the 401(k) to catch on," Benna says. "Maybe there will be demand for this. I don't know. We will find out."