

# Father of the 401(k) Is Planting a New Workplace Savings Idea

Ted Benna has designed a new tax-advantaged workplace incentive program in which workers automatically earn 'grains of wheat' that can be harvested at a later date.

Reported by ALEX ORTOLANI

---

Ted Benna, dubbed the father of the 401(k), has developed a new tax-advantaged employee incentive plan designed largely to help workers who have trouble contributing to a retirement plan.

Benna calls his new idea the Wheat Grain Incentive Plan, or WGIP, with the metaphorical grains of wheat representing cash contributions from an employer based simply on an employee consistently showing up for work or meeting performance goals.

The program, he says, is designed to help the many people in America's workforce who do not make enough to save sufficiently in a 401(k), missing out on both the tax advantages and potential employer matches.

"One major Wheat Plan objective is to help lower-paid employees save who are not likely to be able to do so on their own," Benna says. "A 401(k) is a great savings plan for employees to save for retirement if they can afford to do so; however, these plans are subject to strict rules."

Benna, who has authored a version of "401(k)s and IRAs for Dummies," notes problems with the 401(k), including that employer matching programs do not vary for years of service. Meanwhile, he notes, lower wage workers often do not save unless through automatic enrollment because they cannot afford to, and even then they may withdraw early or repeatedly to meet daily needs. In addition, college graduates with student loans may be torn between paying off debt and saving for retirement.

Benna says his program skirts these issues while still helping people build savings in a tax-deferred program. "Most reward systems other than those that provide de minimis benefits must be included as compensation, which is subject to federal, state, city and local income/wage taxes," he says. "The wheat grains are also not subject to FICA, unemployment taxes and [workers'] compensation."

The Wagner Law Group, with attorneys specializing in the Employee Retirement Income Security Act, has agreed to provide legal support for the offering; Benna says the fees would be determined once he has the program set up with a recordkeeper.

## Harvesting Ideas

Benna has long been associated with the 401(k) after initially discovering the tax-advantaged savings potential and championing it for workplaces in the early 1980s. But even as the 401(k) has grown into the most popular workplace savings vehicle in America, its creator has been critical of both its value for low-income workers and its ability to offer steady income in retirement.

By using this site you agree to our network wide [Privacy Policy](#).

OK, GOT IT

“The employer will convert the wheat grains at the end of each month to make a tax-deductible contribution to the WGIP,” Benna says. “The wheat grains should be invested in short-term fixed-income investments such as money market funds, because many participants may want to access the money for short-term needs. Such investments currently earn approximately 5%.”

Employees in the program may also choose to transfer their account balances into another plan, such as a 401(k) or individual retirement account, Benna says.

Benna suggests one use case in which the minimum withdrawal would be \$500, and only one withdrawal would be permitted per year. There would be a service charge for each withdrawal to be paid by either the employer or the employee.

## Attraction and Retention

If done right, Benna believes, WGIPs will help employers attract and retain employees, which in turn would reduce costs associated with turnover and rehiring—enabling funds that could further fuel the wheat grains earned by employees.

Eligible employees may only be non-highly-compensated workers, and the program could kick in only after a set number of months of employment to promote retention, Benna says.

Meanwhile, wheat grains could be defined as a percentage of a person’s salary or as a flat fee and could also be used with a bonus program. They may also be tied to company profitability and even meeting safety standards.

“A WGIP will enable these employees to receive additional value for their service that will be investments in their future,” Benna says. “Employers will be helping some employees do something that they have not been able to do on their own.”

---

**Tags** 401(k) plans, employee benefits, Tax-Deferred Savings, Ted Benna,

**Reprints** To place your order, please e-mail Industry Intel.

By using this site you agree to our network wide [Privacy Policy](#).

**OK, GOT IT**