CASE STUDY

Handling healthcare workers with care

Industry: Healthcare
Assets: $2 billion +
Participants: < 25,000
Client tenure: January 2024

The challenge

We understand the complexities healthcare organizations face every day—and we have the expertise and resources to help plan sponsors navigate these challenges. A newly merged healthcare organization came to Vanguard to convert multiple plans from various recordkeepers into a single plan. With six qualified plans, one frozen qualified plan, five nonqualified plans (NQP), and one start-up NQP, our client was seeking to convert and streamline plan design, fund lineup, and payroll within a compressed time frame.

Additionally, our client has a diverse employee base with various job functions. The new plan design was not finalized until a few months before the live date, and included specific and different changes that varied by hospital system member. We needed to be clear about what was changing, based on system member.

The solution

Conversion: PIVOT (Process Improvement Value Outcomes Team) guided the client through multiple critical decisions that needed to be made early in the process in order to implement the new plan design and go live by the desired date. The healthcare organization's consultant laid the foundation for a new harmonized plan design, reviewed to confirm it followed best practices, and together were able to demonstrate how each opportunity would impact plan administration and participants. Specific areas where we provided guidance were:

- **Payroll file consolidation**—We provided the direction needed to consolidate payroll files coming from multiple recordkeepers into one file.
- **Loan repayments**—PIVOT provided detailed analysis of loan repayments that were handled via payroll deferral versus ACH. We shared industry best practices based on our work with other plan sponsors, walked through workflows to identify pros and cons of each option, and empowered the client to choose the ACH. As a result, the client avoided payroll challenges and felt confident in their decision.
- **Paycheck deferral percentage**—Our team supported the client through their decision, detailing the strengths and weaknesses of each option. The result was a collaborative payroll solution that fully harmonized deferral elections so that participants only had one set of options instead of multiple. The solution drastically improved the participant experience and eased administration for the organization.

Collaboration: We made the switch administratively easier for our client by working closely with the healthcare organization's consultant to liaise with the prior recordkeeper when response time lagged and provided valuable insight into their knowledge and history of the client and their plan design. This collaboration ensured all documentation and communications were accurate.

Communication: We partnered with the client's consultants to understand each targeted group's unique plan provisions to create custom, targeted communications for the new plan. The integrated approach included a range of channels, including newsletters, and webinars during and following the conversion to ensure employees were aware of the changes and the financial well-being resources that were now available to them.

The outcomes

- Even with a compressed timeline, we executed a successful, on-time conversion with 100% accuracy. Every single cent landed in the correct account.
- Improved and streamlined participant experience.
- Eased administration headaches and improved decision making.
- The client's diverse employee base feels good about their new retirement plan.
- Harmonized 403(b) plan and eased administration for system members and the Vanguard team.

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