

Gaining a competitive edge with a 401(k)

What franchise owners need to know



Nice to meet you!



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DISCLOSURE

Human Interest is an affordable, full-service 401(k) and 403(b) provider that seeks to make it easy for small and medium-sized businesses to assist their employees invest for retirement. Investment Advisory services provided through Human Interest Advisors, a Registered Investment Adviser. For more information, please visit humaninterest.com.

Human Interest does not provide tax, legal, or accounting advice. Plan Sponsors should take independent steps to validate the tax, legal, or accounting considerations of hiring any service provider for the Plan, obtaining guidance on any Plan document (or amendment thereto), and for any issues pertaining to design, implementation, or operation of a Plan.

The information provided here is for general informational purposes only and should not be considered an individualized recommendation or personalized investment advice. The investment strategies mentioned here may not be suitable for everyone. Each investor needs to review an investment strategy for his or her own particular situation before making any investment decision.

Agenda

- Today's competitive landscape
- Tech companies heat up the war for talent
- Three big challenges for franchise owners
- Offering retirement benefits is becoming the law
- How we can help
- Q&A

Today's competitive landscape

- **Low unemployment**

- Under 4% YTD 2022¹

- **Good talent is hard to find – & keep!**

- The Great Resignation – mass exodus of hourly workers; hot competition for talent
- Talent shortage requires investments in hiring and benefits²

- **The total cost of turnover:**

- Low employee morale
- Decreased productivity (6-month ramp)
- Impacts on customer service



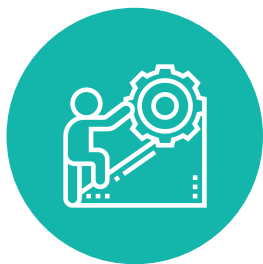
¹ [Bureau of Labor Statistics](#), August 2022

² QSR, [In-N-Out Scores Top Marks in Fast Food's 'War for Talent'](#), August 2022

Tech companies heat up the war for talent

- Modern companies, especially in the tech industry, are boosting benefits in the post-COVID era.
- Hourly workers now have many more options, not just fast food and retail³
 - Amazon
 - DoorDash
 - Uber





3 big challenges for franchise owners

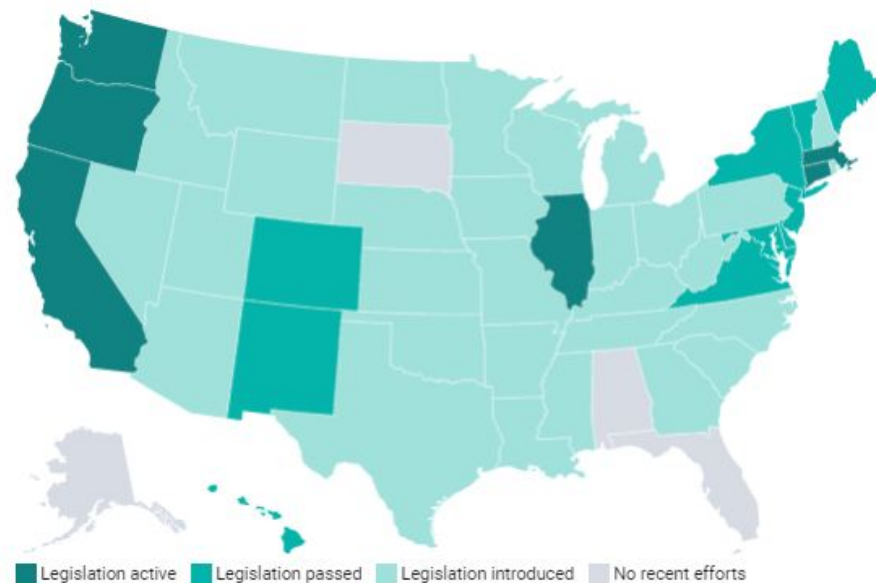
- **Attracting talent**
 - Unemployment rate is trending downward in 2022.⁴
- **Retaining talent**
 - Almost *57 million* people left jobs between January 2021 – February 2022.⁵
- **Balancing many responsibilities**
 - HR, finances, operations, marketing with limited time in the day

⁴ [Bureau of Labor Statistics](#), 2022

⁵ [Harvard Business Review](#), 2022

Offering retirement benefits is becoming a legal requirement

Sixteen states and two cities have already passed legislation. Six states have active programs where **employers may be subject to penalties** for non-compliance.⁶



46

States are working on mandating state-sponsored retirement programs.⁶

⁶ Human Interest, ["What is a state-sponsored retirement plan?"](#) As of July 2022. Subject to change.

CalSavers penalties

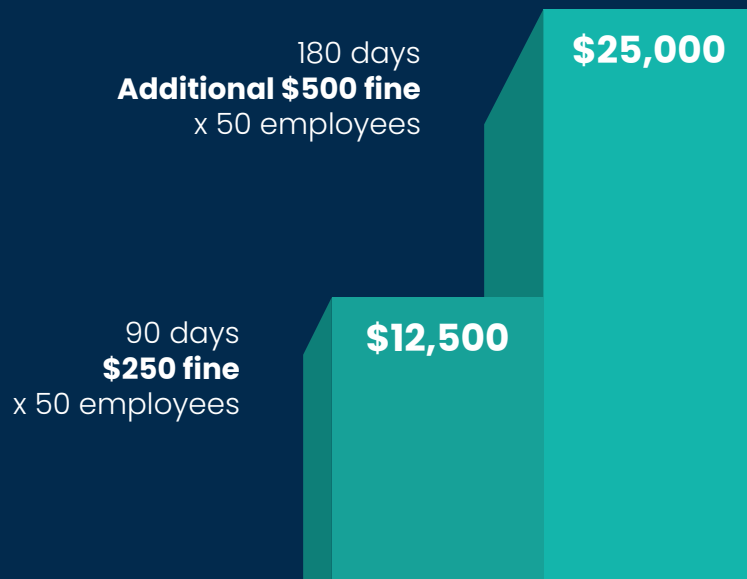
Employers will receive fines for failure to provide a retirement savings option to their employees.

Once served notice, CalSavers fines start at **\$250 per eligible employee** for 90 days of non-compliance.

After 180 days of non-compliance, employers will be fined an **additional \$500 per eligible employee**.⁷

A business with
50 eligible employees
could lose up to

\$37,500 in fines.



⁷ Human Interest, ["What is CalSavers? What employers should know,"](#) 2022

Franchise owners should consider a 401(k)

1 May help boost employee retention and morale⁸

2 Gain a competitive edge as jobseekers weigh offers

3 Comply with state retirement laws⁶

⁸ Human Interest, [How the Great Resignation could impact employee benefits and retention](#), 2022

⁶ Human Interest, ["What is a state-sponsored retirement plan?"](#), 2022

How we can help

Franchisors partner with Human Interest to provide a highly rated 401(k) software to franchisees^{9,10}



Best for Affordability



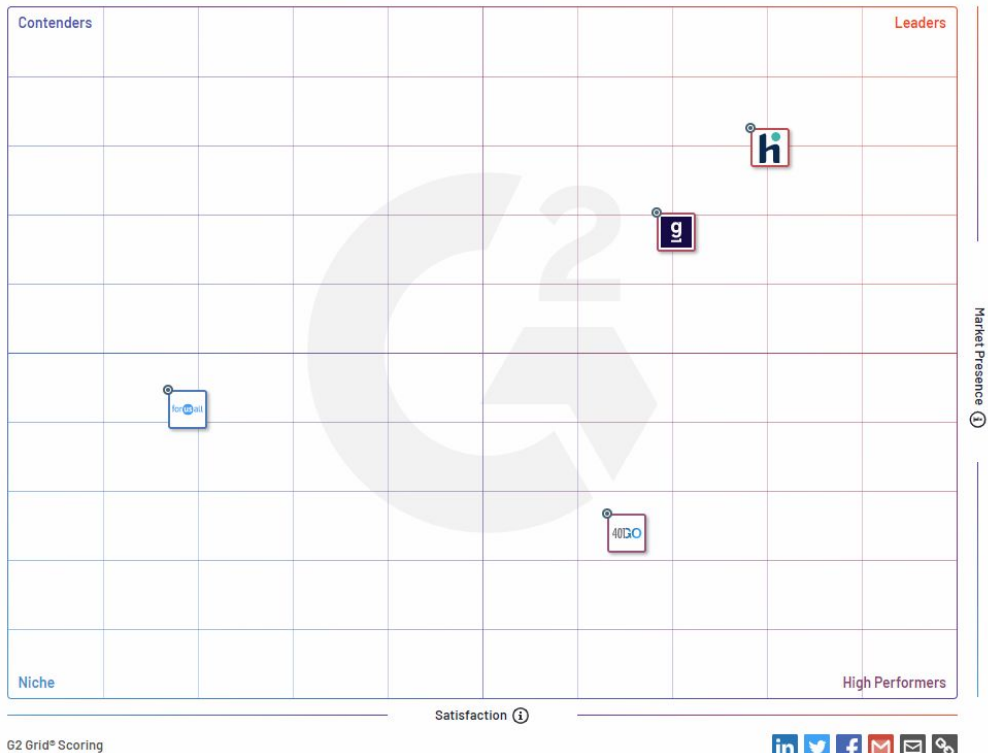
Human Interest

VISIT SITE

- ✓ Low monthly employer costs
- ✓ Relatively low employee fees
- ✓ Customizable and flexible plans

Editor's score: 9.5/10

Transparent pricing	10/10
Low employee investment fees	9.5/10
Mobile and online access	10/10
No sign-up or administration fees	10/10
Variety of plans	9/10



G2 Grid® Scoring



View the full Business.com report [here](#)

View the full G2.com report [here](#)

⁹The **G2 Grid maps** qualifying companies into quadrants based on User Satisfaction rating and a Market Presence score that considers data from online sources, including, among other criteria, the amount of reviews and web presence. To be included, a product must have 10 or more G2 reviews across its core categories. (as of [date]) of the 15 listed products, Four products qualified. Click here for the most recent [grid](#) and here for full [methodology](#). ⁹ **G2 Rating** of 4.2 as of September 21, 2022. Ratings fluctuate in real-time. Visit <https://www.g2.com/products/human-interest-401-k/reviews> for most recent rating. Human Interest solicited clients for G2 reviews in exchange for a nominal gift card. A higher nominal value offered for non-anonymous testimonials. Active solicitation and financial incentives will make a customer more likely to portray Human Interest favorably. Testimonials are unique to an individual, may not be representative of the experience of others, and past success does not guarantee future results. Read our full disclosures [here](#). **G2 Users Love Us badge:** Must have minimum 20 reviews and G2 rating of 4.0+ stars.

¹⁰ **Business.com** Best Pick: As of 8/24/22. Rated "Best for Affordability" by Business.com. Human Interest has a paid relationship with Business.com, creating an incentive to add our firm to the list. Please see page 20 for more information.



Human Interest by the numbers



**\$200
Million**
in Series D funding



200+
payroll integrations



100+
industries served



7,000+
customers



75%
participation rate



200,000+
eligible employees



700+
employees



86%
participation rate when
offering auto-enrollment¹¹



Top-rated
401(k) solution on
business.com¹⁰

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¹¹ Human Interest data, YTD data as of May 2022 unless stated otherwise.

Why 7,000+ businesses choose Human Interest



Admin Experience

- “No-Touch” integration with 200+ payroll providers.¹²
- Automated 401(k) administration, including recordkeeping and select 3(16) Fiduciary Services with Complete tier and up.
- Admin dashboard with a 360-degree view of your plan, including documents, reporting, and participation.



Employee Experience

- Participants sign up online within minutes and have access to phone and email support.
- Easy to navigate dashboard and built-in financial education in our product.
- Customized enrollment webinars available for employees to help them learn more about their Human Interest plan.



Completeness of Solution

- Human Interest can act as your 3(16) Fiduciary Services Provider, to limit liability and ensure compliance.
- Advisory services (e.g., model portfolios) are included.
- With Concierge tier, you’ll have a dedicated Customer Relationship Manager for plan compliance and administration.



Cost and Value

- Employees pay an investment management fee of 0.50% annually.
- Employer costs start at \$120 per month + \$4 per eligible employee. A \$499 startup fee may apply.
- **No transaction fees!** Other providers may charge additional fees to both admins or participants.

¹² [Human Interest payrolls](#)



We'll do the heavy lifting

Human Interest's end-to-end solution helps minimize the manual work when managing a retirement plan.

PAYROLL SYNC

- Streamline employee onboarding
- Automate 401(k) contributions
- Track eligibility & sync employee data

COMPLIANCE & RECORDKEEPING

- Annual nondiscrimination testing
- IRS Form 5500 preparation & signing
- Plan document preparation
- Year-end data collection & review

How Human Interest can help

We'll do the heavy lifting with 3(16) Fiduciary Services¹²

Human Interest will provide the following services with Complete and Concierge tiers:

- ✓ 402(g) Limit Reporting
- ✓ 404(c) Notice Distribution
- ✓ Annual Nondiscrimination & Coverage Testing
- ✓ Audit Package Preparation (if applicable)
- ✓ Auto-Enrollment Notice Preparation
- ✓ Beneficiary Designation Maintenance
- ✓ Blackout Notice Distribution
- ✓ Calculations and Processing
- ✓ Census Review¹²
- ✓ Contribution Rate Change Processing
- ✓ Corrective Distributions Approval¹³
- ✓ Corrective Distributions Monitoring
- ✓ Death Benefit Approval¹³
- ✓ Distribution Reporting
- ✓ Eligibility Calculations and Notifications¹²
- ✓ Employee Contribution Monitoring
- ✓ ERISA Bond Review and Purchase¹⁴
- ✓ Error Monitoring
- ✓ Force-out Processing
- ✓ Form 5500 Preparation, Signing, & Filing¹²
- ✓ Form 8955-SSA Preparation, Signing, & Filing¹⁴
- ✓ Fund Change Notice Preparation
- ✓ Hardship Distribution Processing
- ✓ Hardship Distribution Approval¹³
- ✓ In-Service Distribution Processing
- ✓ In-Service Withdrawal Approval¹³
- ✓ Investment Election Change Processing
- ✓ Investment Fund Transfers & Rebalancing
- ✓ Loan Approval¹³
- ✓ Loan Policy Administration
- ✓ Loan Processing & Reporting
- ✓ Participant Enrollment Processing & Assistance
- ✓ Payroll File Aggregation¹²
- ✓ Plan Amendment Preparation
- ✓ Plan Document Preparation
- ✓ Plan Document Restatement
- ✓ QDIA Notice Distribution
- ✓ QDRO Calculation & Processing
- ✓ QDRO Determination & Approval¹³
- ✓ Rate Change Monitoring & Reporting
- ✓ Required Minimum Processing & Distribution¹³
- ✓ Rollover Contribution Processing
- ✓ Safe Harbor Notice Preparation
- ✓ Summary Annual Report (SAR) Preparation
- ✓ SMM Notice Distribution
- ✓ Summary Plan Description (SPD) Preparation
- ✓ Termination Date Verification & Maintenance
- ✓ Termination Distribution Approval¹³
- ✓ Termination Distribution Processing
- ✓ Upload Payroll Files¹²
- ✓ Vesting Tracking
- ✓ Website Access for Plan Sponsor, Participants, and Advisor
- ✓ Year-end Data Collection & Review



neighborly®



401(k) provider for franchises

- We're the preferred 401(k) vendor for a number of franchisors, including all US-based Neighborly brands.¹⁵
- **We service franchisees of over 60 unique brands (and counting).**

¹⁵ Franchisors have a partnership with Human Interest and will be compensated if you hire Human Interest. The listed franchisors and its representatives are not affiliated with or employed by Human Interest. For the full disclosures, refer to humaninterest.com/solicitor-disclosure

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Being able to offer a 401(k) was a critical component of our employees' overall well-being. When our employees feel cared for, they can ensure our members feel cared for too.¹⁶

– Peter Amato, CFO and Managing Partner
Easy Mile Fitness, Planet Fitness franchisee



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¹⁶ The testimonies, statements, and opinions presented are unique to the individuals providing reviews and may not be representative of the experience of others. Individuals providing testimonials are current clients of Human Interest. These testimonials were actively solicited by Human Interest and individuals did not receive either cash or non cash compensation. A direct solicitation of a testimonial incentivizes individuals to positively recommend services and products, creating a conflict of interest. Past performance or success is not a guarantee of future results. Read our full disclosures [here](#).

Final takeaways

- **Who's your real competition?**

- The projected growth rate for tech jobs over the next decade is nearly 2x the national growth rate.¹⁷
- **Consider tech companies as competition.**

- **Retirement benefits can help your franchise attract and retain talent.**

- **Avoid high costs that come with employee turnover.**
- Show your employees that you're investing in them for the long-term.

- **We can help.**

- Human Interest's affordable, modern solution can help address your biggest concerns and allow you to focus on running your business.

Disclosures

¹ [Bureau of Labor Statistics](#), August 2022

² QSR, [In-N-Out Scores Top Marks in Fast Food's 'War for Talent'](#), August 2022

³ [TechCrunch](#), 2022

⁴ [Bureau of Labor Statistics](#), 2022

⁵ Harvard Business Review, "[The Great Resignation Stems from a Great Exploration](#)," 2022

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¹⁰ Human Interest was named one of the Best Employee Retirement Plans of 2022 (as of 08/24/22) by Business.com. The Editors gave an overall score of 9.5/10 and the title "Best for Affordability", based on its review of 23 providers "to determine the 10 best employee retirement plans." Evaluated criteria include: setup costs, prices for employers, plan types, and investment fees. The rating did not consider investment performance. Human Interest has a paid partnership with Business.com where compensation is paid to Business.com per lead. This creates a financial incentive to add firms, with similar arrangements, to the "best of" list. The rating is not indicative of Human Interest's future performance. Read more: business.com/categories/best-employee-retirement-plans.

¹¹ Human Interest data, YTD data as of May 2022.

¹² Human Interest's 3(16) Fiduciary Services are included in Human Interest's Complete and Concierge 401(k) plans and subject to the [Terms of Service](#).

¹³ Human Interest will only determine eligibility if the plan uses elapsed time (i.e., days, weeks, months, years). If the plan uses actual hours worked, the client will be responsible for monitoring and reporting eligible employees to Human Interest.

¹⁴ Human Interest will procure ERISA bonds for Complete and Concierge 401(k) plans. Dedicated account management is limited to Concierge 401(k) plans.

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¹⁷ CompTia, [State of the Tech Workforce](#), 2022

Q & A

Thank you!



We're highly rated.



Best for Affordability



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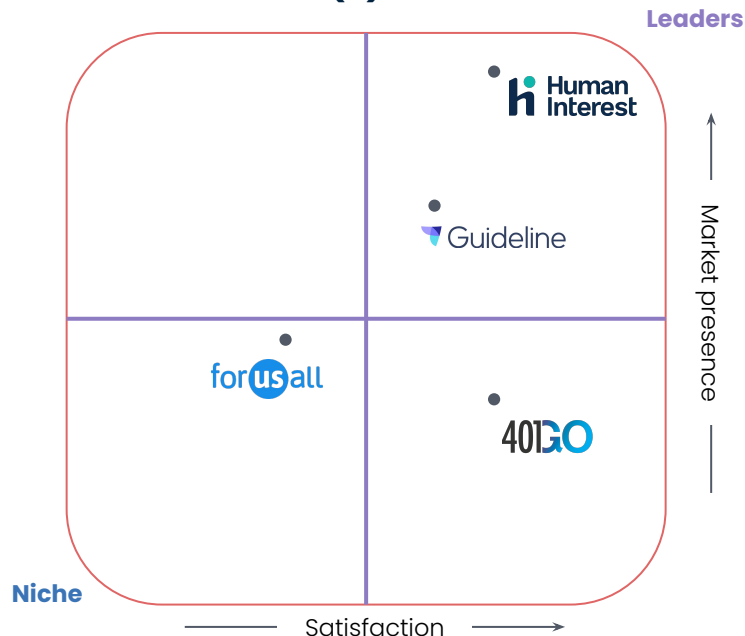
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Best 401(k) software



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