

# The **REAL** Business Costs of Employee Turnover

*How to use perks like 401(k) plans to cut costs*

This might be a shocker, but the overall U.S. *voluntary* employee turnover is 23.4% annually.<sup>1</sup> That's nearly one in four employees each year choosing to switch companies.

## Replacing an employee: it's 2 to 4 times more costly than you may think

In a recent survey, most small business owners estimate it costs about \$6,000 to replace one employee.<sup>2</sup> Most agree that getting a new employee 'up to speed' is the biggest cost.

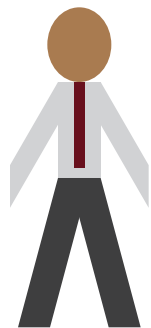
The actual numbers look like this:

- It costs 29% to 46% of an employee's annual salary to replace them.<sup>3</sup>
- So, replacing a \$50,000 employee costs your company \$14,500 to \$23,000.

Those figures include things like interviewing time by management, productivity lost due to the vacant position, training the new employee, and any advertising or other associated expenses. But it doesn't include variable costs, such as customers who might leave, or the knowledge lost with a resignation.

## How savvy entrepreneurs use 401(k) plans to get an edge and cut overhead

Nearly 40% of small business employees without 401(k) benefits say they'd leave their job for a similar job that offers a 401(k) plan.<sup>2</sup> But if by offering a 401(k) you can keep just one \$50,000 employee, you'll save enough to cover a ShareBuilder Simplified 401(k) plan for ten employees for 12 to 20 years.



If you can retain just **one**  
\$50,000 employee ...



... you'll save enough to cover a ShareBuilder 401(k) plan for  
**ten employees for 12 to 20 years.**

(continued)

Top that off with IRS tax credits and deductions your plan may qualify for, and you can lower your 401(k) cost even more. Providing a low-cost 401(k) plan can pay off in spades for your business, and help you stay ahead of the competition. Keeping your best people and lowering turnover costs can be a real advantage!

**401(k) plans are much more than a retirement vehicle for employees; they help you **save on taxes** and can even drastically **lower your costs** of acquiring and keeping your best talent.**

## Strengthen loyalty with profit-sharing and vesting

Profit-sharing and/or matching into your 401(k) plan can be a great way to improve loyalty and reward employees for a job well done. Some companies give matching contributions that vest over a one- to four-year period as an additional incentive to stay while boosting employee engagement in their jobs. That can mean more productivity for your business, too.

Learn more ways ShareBuilder 401K can help your business by visiting [401kpricing.com/costco](http://401kpricing.com/costco) or giving us a call at [866-817-1719](tel:866-817-1719), option 1.

<sup>1</sup> U.S. Department of Labor, Bureau of Labor Statistics, 2006

<sup>2</sup> 2007 *Small Business Annual Retirement Trends* survey conducted by Harris InterActive for ShareBuilder 401K

<sup>3</sup> *Retaining Talent: A Benchmark Study*; DDI; Paul R. Bernthal, Ph.D & Richard S. Wellins Ph.D.

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401(k) plans are: Not FDIC Insured • Not bank guaranteed • May lose value

