

Race and Equity Pocket Questions

Department: Human Resources

Title: Introduction of the North Carolina 457(b) Supplemental Retirement Savings Plan

Purpose: To expand the Town's retirement benefits by offering a second voluntary savings option, enhancing employee financial wellness and retirement preparedness. This plan complements the existing 401(k), giving employees more flexibility and access to resources for long-term planning, including early withdrawals without penalty.

What are the racial and equity impacts?

Positive equity impact: Offering an additional retirement savings vehicle can help narrow wealth disparities, particularly for BIPOC employees who may have had less intergenerational wealth or retirement savings due to systemic inequities.

Choice is empowering: Giving employees the ability to tailor their retirement savings with pre-tax and Roth options supports a wider range of financial needs and goals, which vary by family background and economic circumstance.

Potential disparity in use: Without intentional education and outreach, higher-income and financially literate employees may disproportionately benefit from this offering.

Who is or will experience community burden?

Lower-income employees may feel unable to contribute, even though they may benefit most from early and consistent retirement savings.

Employees without financial literacy or access to advising may not fully understand how to maximize the benefit, reducing its effectiveness and deepening existing inequities.

HR and payroll administration teams may experience a short-term burden due to increased complexity in onboarding and supporting two retirement systems.

Who is or will experience community benefit?

All employees benefit from increased retirement planning flexibility, especially those nearing retirement or anticipating early retirement.

The Town benefits from positioning itself as a competitive employer offering modern retirement tools that support holistic employee wellbeing.

BIPOC and women employees, who have historically faced barriers to retirement readiness, can benefit if paired with equitable education and engagement strategies.

What are the root causes of inequity?

Unequal access to financial literacy and retirement planning resources is a key barrier, often rooted in racial and economic disparities. Historical exclusion from wealth-building tools (e.g.,



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redlining, wage gaps, lack of access to employer-sponsored plans) means some employees start at a financial disadvantage.

Voluntary participation structures inherently benefit those with disposable income, which often mirrors race and class divisions.

What might be the unintended consequences of this action or strategy?

Widening of retirement security gaps if only higher-paid, financially savvy employees can afford to contribute meaningfully.

Lack of uptake among lower-income employees may lead to an equity gap in long-term outcomes, creating two financial futures within the same workforce.

Employees may become **confused or overwhelmed** by too many options if not provided with sufficient financial education.

How is your department planning to mitigate any burdens, inequities, and unintended consequences?

To promote equitable participation and ensure that all employees benefit from this offering, here are some strategic actions:

- **Financial literacy education:** Partner with Empower or a local nonprofit to provide **education** tailored to diverse income levels and life stages.
- **Consider monitor participation by demographics:** Track utilization by job class, race, and tenure to assess whether certain groups are under-participating. Use the data to guide outreach.
- **Tie into race and equity goals:** part of a broader strategy to support **intergenerational wealth-building and economic resilience** for historically underserved communities.