

# A Closer Look: Why Most Participant Communication is Horribly Ineffective; and What You Can Do About It

**Michael A. Webb, CEBS**  
Vice President, Cammack Retirement Group

---

Many retirement plan sponsors spend a considerable amount of time crafting participant communication in an attempt to increase plan participation, maximize employee deferrals, increase investment diversification, or improve a plan metric.

However, there have been many more examples of communication campaigns that did little to change participant behavior. In fact, despite the most noble of intentions, many communication campaigns have had minimal measurable impact at all! Why is this the case? There are a number of reasons:

- **Participants do not read retirement plan communications** — A recent [IFEBP study](#) echoed many prior studies indicating that participants, for the most part, do not read, or even open, any employee benefit communications sent to them! This is a tremendous barrier that must be overcome in order for any communication to be effective.
- **Even if participants read the communication, the communication does not capture their attention and they take no action** — A recent [NAPA Net The Magazine](#) article focused on the problems with most typical participant communication pieces, including: trying to teach participants financial literacy (which they are not interested in learning), not being visually disruptive, containing too much text, including too many charts, among others.
- **Most participants are financially illiterate and do not want to be financially literate** — This magnifies the importance of simplicity in communications, since the audience only wants to know what to do to achieve the desired result and does not want to be taught to be financially literate. Two-thirds of Americans cannot pass a [basic test of financial literacy](#), and most do not have the time or inclination to become financially literate. “Financial education” is largely a myth for most participants.
- **Most of the audience is not engaged with the retirement plan, for a good reason** — There are many participants who would love to save for retirement, but have challenges such as low income, crushing debt, or both, which present a significant barrier to retirement savings. For them, customized messages similar to those delivered in [this piece](#) on saving when your income is low must be provided.
- **Many plan sponsors send out communications they THINK will be effective, but are not because they did not perform the proper research on their audience first** — As our [Top of Mind](#) post on this subject pointed out, communication campaigns that truly “move the needle” are not easy, and almost never involve just sending out a piece without first doing your homework.

Obtaining comprehensive baseline information on existing participant engagement is absolutely critical. For example, if the research indicates that many participants have not signed in to their retirement accounts in the past six months (or, even worse, have never established log-in credentials), then they need to be taught how to crawl before they can walk, with simple tutorials on logging in to one's account, rather than pieces focused on accumulating sufficient assets for retirement.

All of this can be quite depressing for those in charge of retirement plan communications. So what is a plan sponsor to do? Fortunately, despite the challenges, participant communication can be effective, with the right messaging.

Plan sponsors need to increasingly think outside of the box to reach their employees. Years ago, communications were mailed to employees. However, emails, text messaging, podcasts, and streaming video are much more standard communication vehicles today. Once participants click on the link, the message needs to be compelling enough for them to take action. Part of the problem with making the message compelling is that retirement plans are inherently boring. Most participants work in areas that are far afield from the retirement plan industry; to them, the concept of planning for retirement is, well, not that exciting.

But let's see what happens when we simply change the nomenclature. If, for example, we substitute "financial independence" for "retirement," would participant attitudes toward our message change? What if we asked participants, "Do you want to be financially independent?" instead of "Do you want to retire comfortably?" Which message would be more effective with your

participants? In fact, there is a whole [FIRE](#) (Financially Independent, Retiring Early) movement that is increasing in popularity. Therefore, simply focusing on the verbiage within the communication could greatly increase the likelihood that the piece elicits the desired action.

Another example of how a simple content change can effect engagement is the use of percentages in participant communications. Reading a communication that discusses how participants need to replace 70 to 80 percent of their income in retirement can be sleep-inducing to the average participant. Try changing the message to: "Most people need to save one million dollars, at a minimum, to be financially independent" (noticed that the word "retirement" was eliminated, as well). Unlike percentages, dollar amounts are a concept that participants can easily grasp. The thought of becoming a retirement millionaire, [like this person did](#), is enticing; replacing a percentage of pre-retirement income is not.

Whether witty, entertaining, simplistic, or dramatic, plan sponsors should take steps to ensure their retirement communication is engaging for participants. Otherwise, the message, no matter how well-constructed, will be lost.

Plan sponsors can also look to general employee communications that were effective to replicate elements of those campaigns in their retirement plan communications. Once the employee is ready to act, implementation must be simple, and taking the desired action should be no more complicated than one-click shopping on Amazon!

There is no doubt that effective communication that drives participant outcomes is a challenge, but the result is an employee population well-prepared for retirement.

Do you have any communication concepts and/or delivery methods that have been effective with your plan participants? If so, feel free to send them to me at [info@cammackretirement.com](mailto:info@cammackretirement.com). I would be happy to share such information in a future edition of *Top of Mind*!

**Editor's Note:** "A Closer Look" expands some of our most popular [Top of Mind](#) blog posts into full-length articles.

## ABOUT CAMMACK RETIREMENT GROUP

Cammack Retirement Group has been helping retirement plan sponsors meet their goals for half a century. Solely focused on serving retirement plan sponsors, we provide a tailored approach to investment advisory and consulting services. We work with some of the nation's leading academic and research institutions, healthcare providers, corporations, non-profit organizations and public sector employers to help them manage fiduciary risk.

For more information on our services, please contact **Mike Volo**, Senior Partner, at **781.997.1426** or **[mvolo@cammackretirement.com](mailto:mvolo@cammackretirement.com)**.

*Note: This feature is to provide general information only, does not constitute legal advice, and cannot be used or substituted for legal or tax advice.*

*Investment products available through Cammack LaRhette Brokerage, Inc. Investment advisory services available through Cammack LaRhette Advisors, LLC. 100 William Street, Suite 215, Wellesley, MA 02481 | p 781-237-2291*