

Effectively Communicating Your Retirement Plan Message

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Communicating with employees is one of the most important aspects of any retirement plan. A plan may be carefully designed to help participants achieve their retirement objectives, but if the plan sponsor does not effectively communicate the key information, the participants may not have the understanding they need to succeed in reaching their goals. For communication to be effective, it needs to be delivered in an appealing format with a message that resonates with the individual.

Many plan sponsors place great emphasis on the communication they deliver to their employees about the retirement plan. Whether it is related to required annual disclosure notices or general education materials, plan sponsors look to provide communication that will help their employees make thoughtful, measured decisions about their retirement accounts and enable them to achieve their long-term savings goals.

However, despite the effort and good intentions that go into communication programs and initiatives, most retirement plan participants do not feel confident that they will have the financial resources saved to enable them to maintain their standard of living in retirement. In a recent survey of over 20,000 plan participants, only 17% said that they felt they would be able to retire comfortably. When asked if their employer's communication program helps them make confident decisions, 76% indicated "Not Very Well / Not at All."¹

There are likely many reasons for these results. Employees' attention is often pulled in different directions over the course of their daily lives. Depending on when they receive the plan sponsor's communication, they may not devote the proper consideration to the messaging and its ultimate impact on their personal retirement account. Given the frequency and volume of daily messages individuals receive via advertising, social media, email, texts, and other sources, unless a communication piece stands out or aligns with the reader's preferences, it may receive little or no contemplation and be discarded.

While it is impossible to control all the potential variables in pushing the meaning and importance of a communication piece through to their employees, there are some steps which a plan sponsor can take to help. Below are some of the findings from Cammack Retirement Group's recent survey, "Current Attitudes and Perceptions" which may assist plan sponsors in effectively delivering their communications. Feedback from the survey showed that participants do not typically respond to a "one size fits all" communication and education approach. The standard communication programs from recordkeepers are not often tailored to the specific characteristics of a plan's participants. To help address this, plan sponsors can look to segment their participants by characteristics such as age, salary, years of service, and current

¹Cammack Retirement Group in partnership with Lincoln Financial, "Current Attitudes and Perceptions" survey, Dec. 2018

savings, amongst others, and distribute communication materials that are the most relevant to each particular group of the employee population. By tailoring the message more specifically to individual circumstances, the communication feels personalized and participants are more likely to pay attention, ultimately generating better results.

Another important consideration is the medium through which the message is communicated. Since learning approaches vary, it is important for a plan's communication program to use many different media to deliver education. Some individuals may favor print materials, others may prefer online options, and some may like to have conversations with representatives to digest plan information. Using a wide array of communication channels gives the plan sponsor a better chance of reaching its targeted audience.

The survey also indicated that the type of information being communicated has an impact on the communication medium preference. For example, participants are partial to receiving factual details, such as account balance, personal rate of return, investment performance and fees, from print or online communication media. This is the type of information typically found in a participant's quarterly statement. Conversely, for information on which a decision is required, the survey showed that the general preference is for in-person communication. On decisions such as selecting investments, making changes to investments and tax planning issues, participants want direct assistance. Any decision-based material should be provided through someone who can help the participant and respond directly to any questions. Thus, using non-interactive media, such as print or email, is unlikely to

generate the desired participant actions. For plan sponsors developing participant communication programs, the survey findings are timely. At the start of each year, recordkeepers often meet with plan sponsors to finalize the intended communication program for the next twelve months. To maximize the impact of these programs, plan sponsors should work closely with their recordkeepers to segment various groups of plan participants within the employee population to ensure that the communications are not overly generic. The more segmentation available for differing demographic characteristics, the more relevant the communication will feel to a participant. Plan sponsors should also consider the desired action from each message to delineate whether it is informational or intended to drive a decision. If the latter, working with the recordkeeper to incorporate human interaction with the participants should foster more confident decisions, and more appreciation for the retirement program as a whole.

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For more information on our services, please contact **Earle Allen**, Partner, at **646.839.8206** or **eallen@cammackretirement.com**.

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