

# Tailoring Your Retirement Plan Communications

Many American workers haven't saved enough for retirement. According to the EBRI *2013 Retirement Confidence Survey*,\* 57% of workers report that the total value of their household's savings and investments is less than \$25,000. Clearly, it's important to encourage employees not only to participate in your plan but also to use it effectively. Tailoring employee communications and education can help. Plan messages that have a targeted approach can be quite effective.

**How do targeted communications encourage plan participation?** Different groups of people often have different retirement planning needs. When a retirement plan communication is tailored toward a specific group, that message is more relevant to the participants. For example, older employees who are approaching retirement may be less interested in a message that is directed toward younger employees who are just joining the retirement plan.

**What types of employee groupings should be considered?** It really depends on the demographics of your work force. Grouping employees by life stages is a relatively common approach. But other criteria, such as income or educational level, also may be useful.

In addition to demographics, you may want to look at retirement plan behaviors. Messages can be targeted toward employees who don't participate in the plan, employees who contribute only enough to receive an employer's match, employees who don't increase their contribution level over time, employees who don't adjust investment risk level over time, and employees who take loans from their plans.

**Should messages and education about retirement planning be gender-specific?** Women have a longer average life expectancy than men do. They also are more likely to have stopped working at some point during their careers due to the demands of their families. Workshops, articles, and other communications that discuss issues like these may encourage female employees to make sure they're taking action to have sufficient income during retirement.

**Should employee communications target specific cultures?** If a workplace has a significant non-English speaking population, providing bilingual plan communications and presentations that also are sensitive to specific cultural differences could help boost plan participation and contributions.

**Which strategies may be effective when communicating with younger employees?** Younger employees need information on the importance of joining their retirement plan and contributing as much as possible. Communications should concentrate on how the plan works and the advantages of pretax contributions, tax-deferred compounding, starting early, and contributing regularly. In addition to tailoring the message, also consider how employees will receive the information. Younger employees may be interested in learning about financial issues through social media, for example.

**What topics will resonate with older employees?** Participants who plan to retire in the next five years need information on transitioning from accumulating assets to spending those assets in retirement. Older workers generally are interested in information on shifting their account's asset allocation into investments that are more conservative. The impact inflation may have on their expenses and investments is another topic of interest. Older employees also should understand their plan's distribution options and the need for a withdrawal strategy during retirement that helps guard against depleting savings too quickly.

\* *The 2013 Retirement Confidence Survey*, Employee Benefit Research Institute