Communicating a Redesigned Retirement Plan

Even the most effective plan design can have limited success when the communication of the newly designed plan is not properly planned and implemented among all affected audiences. This article discusses the importance of using research to understand employee perspectives as well as the essential elements of a successful communication strategy. A true communication strategy today often uses a mix of traditional tools and new technologies to deliver consistent messages to employees and affect their behavior, ensuring that all the aspects of plan design and implementation work together for the benefit of employer and employee alike.

by Michael F. McAllister | Mercer

When an organization explores the redesign of a retirement plan for employees, several key issues typically drive the need for redesign:

- Competitiveness (the employer’s ability to attract and retain employees)
- Cost of benefits (funding and/or accounting costs, including the overall level, predictability and volatility of costs)
- Level of benefits (the employee’s ability to retire)

But even the most effective plan design can have limited success when the communication of the newly designed plan is not properly planned and implemented. And it is important to identify all the target audiences for the communication. Besides employees, there may need to be communication with unions, stockholders and even prospective employees.

Employee Perspectives

When redesigning a retirement plan, it is important to look at a plan’s design from the employee perspective. In addition to understanding the benefit amounts that may be provided to plan participants, it is important to identify the desired behavior of the plan’s participants and their expectations for what the plan may provide them in future years.

Research into employee attitudes and perceptions about retirement are essential elements in the development of a communication strategy around retirement plan redesign. Thus, employee perception questionnaires can be very helpful in any retirement program study, and focus groups can be very helpful in fleshing out issues of keen importance to employees and perceptions (and misperceptions) employees may have.

For example, we often find in research with employees that they underestimate both the role they must play in planning for retirement and the amount of their own income they need to save on a regular basis in order to attain the retirement they desire. Too often, employees don’t consider retirement planning until they are in their late 40s or 50s (or later) and are surprised to see the size of the gap between what they thought they’d have in retirement and what they actually will have.

Research efforts into employee perceptions of retirement
need to be carefully planned and executed. This is a good opportunity to retain the services of workforce communication and change experts to prepare the questionnaires or facilitate the focus groups. Research could even be broadened to include an employee engagement survey that looks at how employees view their organization from the standpoint of their goals and expectations, allowing the employer to better understand how benefits packages such as retirement plans drive engagement within the organization.

Whether employee feedback is solicited formally or informally, it’s important to gauge employees’ understanding of new plan features, such as how the plan works, what it provides and the role employees need to play to make the plan truly work for them. For example, if an organization is replacing a defined benefit plan with a defined contribution approach, employees will need to understand how benefits under the former plan will be handled for them, and what they need to do under the new plan to reach their retirement goals.

Additionally, research can help an employer understand generational differences among the plan’s participants—something that can be a major factor in communicating about retirement benefits. This can have a significant impact on the ultimate communication strategy.

**Developing a Communication Strategy**

Once employee research is completed and the new plan design is developed and approved, a structured, strategic communication strategy will be needed to deliver consistent messages to employees and affect their behavior. Regardless of the topic or communication need, a true communication strategy must identify:

- The organization’s **major objectives** for the retirement plan redesign and the communication of that design. Do you want employees or other groups to simply understand the new design and the reasons for it, or are you asking employees to take action (such as contribute more to a defined contribution plan)? Do you want to use the communication to enhance employee commitment to the organization?
- The **key messages** that will need to be sent to different stakeholder groups. My personal experience is that these key messages cannot number more than three and must be repeated in various ways through all communication vehicles.
- The **obstacles** to be faced in communicating and how you will overcome them. These obstacles could range from current employee misperceptions about retirement to logistical challenges in reaching employees in remote locations. Multilingual workforces also can present unique challenges in making sure all employees receive the same messages in the same way.
- The **audiences** for the communication. These could include top management, employees, managers and supervisors, family members, vendors, union representatives, etc.
- The **media** to be used. These could range from print pieces to use of the Web, apps and widgets for communication, and everything in between. An extraordinarily effective medium to use is the human one—with “real” individuals conducting meetings or being available to answer questions. But using the human factor can present additional challenges in terms of resources, time and consistency.
- The **timing** for the release of communication pieces and activity. This is a critical aspect of a communication strategy. When will information be released and in what sequence? How long will employees be given to make any decisions they have to make?

The explosion of the Web has presented new opportunities—and challenges—for employers. We can now provide almost instant updates to employees on retirement issues (e.g., savings plan balances) and we can provide opportunities for employees to model different scenarios regarding saving and retirement adequacy with various saving approaches. At the same time, employees can use e-mail and social media to discuss plan changes. More and more, employers are turning to Web portals and tools for their communication, which can help improve the timeliness and thoroughness of communication while also reducing—or totally eliminating—printing and postage costs.

It’s equally vital to make print and electronic communication work together. Providing the right mix of media reinforces key messages and helps ensure that employees un-
benefits communication

Understand what information is most important. Companies must select the best delivery vehicles—print, multimedia or online—to make sure their messages create the most impact. These can include:

- Announcement letters
- Educational brochures
- New hire welcome kits
- Newsletters
- Posters and postcards
- E-mail blasts and e-cards
- Interactive e-brochures and presentations
- Online e-learning videos
- Web portals, apps and widgets
- Use of social media for immediacy and interactivity.

Effective communication extends beyond techniques and materials that primarily inform employees and urge their action. State-of-the-art tools are part of the equation—or should be—if employers want to truly empower employees to take greater control of their retirement futures. The availability of comprehensive, Web-based retirement planning tools continues to advance, and these tools can be extremely effective and popular with employees.

Unlike traditional tools that calculate only the future value of current assets and projected contributions, today’s tools—one such example is the Retire@Ease planner we’ve pioneered—allow employees to model different scenarios to help them understand how much they need to save; how different savings levels and assumptions regarding inflation and return rates will affect their retirement income; and how long their money will last in retirement.

Such tools can show employees how all of their retirement income sources work together to ensure retirement goals are met. And that, not incidentally, is also the model or optimal communication of retirement benefits—it’s a matter of making sure that all the aspects of plan design and implementation work together for the benefit of employer and employee, with effective and efficient communication strategies each step of the way.

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