

Breaking down the wall

Like many plan sponsors, the Denver Zoo struggles with employee engagement in its 403(b) plan. CFO Donna Driscoll shares her thoughts on what she'd like to do differently, and Children's Hospital Boston reveals how it broke down barriers of inertia and engagement.

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This article is the first in EBN's annual Open Enrollment Boot Camp series, designed to strengthen benefits practitioners with different strategies to employ during this year's enrollment season. This installment focuses on the critical topic of engaging employees in retirement plan participation.

Donna Driscoll sounds almost defeated when she discusses her company's 403(b) plan. As chief financial officer of the Denver Zoo, she struggles - as many employers do - with employee engagement.

"It's hard. It's not like we haven't been trying," she says. The zoo offers educational meetings twice a year through its plan provider, The Standard, but Driscoll believes this just isn't enough anymore, adding that the organization might consider relying less on its provider and more on its own staff to get out and spread the word. "We need to ... have more of the staff go up and say, 'We are all doing this' and have them talk about how much money they've gained and how easy it was," she says of how the organization might better encourage employees to save. "And if you start with a little bit, we'll match it. It's not as hard as everybody thinks."

Out of the 301 employees who are eligible to participate in the zoo's 403(b) plan, just under 60% do so. And while that may seem low, the plan is open to all employees, even seasonal and temporary workers who tend not to participate in great numbers. Driscoll would love to drive participation higher but she acknowledges "it's not really The Standard's responsibility to increase participation. It's ours."

The zoo also offers an employer match; employees contribute 3%, and the zoo matches it with 6%. The organization has resisted automatic enrollment so far, but Driscoll insists the committee talk about it every year because "I know that's the way the world is going," she says. "We try not to force employees to do anything, but that probably would be the one thing that might be to their benefit."

The zoo is making progress, though. It plans to discuss developing a more comprehensive communications strategy in the future and "we're hoping to get some advice on how to motivate employees," Driscoll says. In addition, it's introducing customized retirement snapshots later this year.

"As much as any vendor can raise their hand and offer a very comprehensive suite of services, it's also a credit to the Zoo to be able to support those and take advantage of them by taking people offline during work hours," says Darrell Hannaway, regional pension manager with The Standard.

The Denver Zoo's engagement struggle is not unique to small plans. Even large 403(b) plans struggle with employee engagement when it comes to retirement education and planning. Children's Hospital Boston offers both a traditional defined benefit plan and voluntary 403(b) plan. Altogether it has nearly 11,000 retirement plan participants, including both current employees and retirees.

The hospital undertook a massive communications campaign around its 403(b) plan last year and, in some instances, even held education sessions in hospital hallways and nurses' stations. Sessions were also held in more traditional places such as boardrooms, but it was essential for the hospital's HR staff to think outside the box and reach people in the languages and ways in which they learn best.

Creating a different savings mentality

The biggest hurdle with its 403(b) plan was employee engagement. At the end of 2010, only 37% of the hospital's 9,400 eligible employees were participating in the plan. The organization had to overcome the mentality among many employees that, because there was a DB plan in place, they were already saving adequately for retirement.

"What we wanted to do was emphasize the fact that that wasn't enough," says Dawn Socha, director of benefits with Children's Hospital Boston. "Social Security and defined benefit plans were simply not going to be enough for them to retire in a way that would replace income and keep their lifestyles the way they wanted to keep their lifestyles, and also pay for retiree medical expenses."

Leveraging a campaign it had developed earlier for its medical benefits - a campaign dubbed Take Charge, designed to give employees information, tools and resources to make informed decisions about their medical benefits - Children's Hospital Boston launched an aggressive communications initiative to re-introduce the 403(b) plan to employees.

Results so far show the campaign has been successful. At the end of 2011, 95% of eligible employees were participating in the 403(b) plan, up from 37% at the end of 2010 - an astounding 160% increase.

Part of the reason for that success is that the hospital decided to implement auto-enrollment in the 403(b) plan - not just for new hires, but for all employees - at a savings rate of 2%. It implemented an employer match and also redirected part of its annual "thank you" payment to employees - an annual bonus to thank them for their service and to share the organization's financial success - to the 403(b) plan.

"We really emphasized the fact that we wanted to help employees see the importance of saving for retirement," says Socha, noting that even those employees who weren't eligible for the match - some teaching staff, fellows, interns and residents, for example - enrolled in as great a number as other employees.

The whole project started at the board level and worked its way down to the executive committee, the benefits committee and the department-head level.

The hospital also has a management advisory council for HR, and it reviewed all communication pieces, including postcards, reminders, one-page fact sheets about the changes, a transition brochure and all presentations.

Socha and her team worked tirelessly to communicate with all the department heads - nursing, finance, IT and many others - throughout the hospital, asking them for invitations to come in and present at department meetings.

"We basically said to the department-head people throughout the organization, 'If you give us 10 minutes, we'll come in and do a presentation. If you give us an hour, we'll come in and do a presentation. If you give us a hallway or a conference room, we'll come,'" says Socha. In addition, she used software to bring the presentations to employees' desktops.

"I think I did something like 65 presentations everywhere from hallways to conference rooms to nurses' stations throughout the hospital," she recalls.

The department-level meetings were critical to the campaign's success because "not only were we speaking to employees, but the senior leadership of those departments was talking about the importance of the program, and they were giving time and attention in their very important meetings for us to come in and engage their employees," says Socha.

Engaging senior and department leaders can be an effective strategy for communicating any type of benefits change, says Lauren Brouhard, senior vice president of marketing for Fidelity's tax-exempt retirement services business. "This is an approach we know works," she says. "It's effective because it comes from the department head, or they'll do it during the department meeting and it's a practical way to reach employees."

Along with the presentations, Children's Hospital Boston was hitting employees' homes with postcards, transition brochures, reminders and the automatic enrollment notifications. It also launched a comprehensive website in partnership with Fidelity, its 403(b) plan administrator. Employees can calculate their deferral percentage, calculate what the after-tax effect of the deferral percentage is, look at retirement planning information, figure out their goals and how much they need to save to achieve those goals, change their beneficiary information or deferral percentage, as well as view all communication pieces relating to the 403(b) plan. The site is currently being developed in Spanish.

"We know from the calls to Fidelity and to our HR group here and the website that we've gone from something around 75,000 hits or touch points [a year] to just under 500,000 a year," says Socha.

It was also very important to Socha and her team that they reach the hospital's multicultural employees. She led one presentation in a large conference facility with nine interpreters. "It took twice the amount of time - we had Cantonese, Mandarin, Vietnamese, Spanish," she says.

"Retirement's complicated enough to begin with and when you add the language piece into it,

it's twice as hard. We wanted to bring people to a forum where they felt more comfortable to ask questions in their own native language." (For more on how employers are communicating benefits to multicultural employees, read [How to habla, parlez and hui shou benefits](#) by EBN Associate Editor Lisa Gillespie on page 10.)

Staying engaged

After Children's Hospital Boston launched the initial campaign, it wanted to maintain enrollment in the 403(b) plan, so it started looking at ways to keep the workforce engaged throughout the year. One of the ways the organization maintained engagement was by launching a series of three age-based workshops to provide educational investment guidance tailored to participants in various life stages.

Employees aged 55 or older were invited to a full-day workshop designed to help them prepare for retirement by creating a comprehensive retirement income plan. This included revisiting retirement goals, helping employees understand how to create a retirement "paycheck" and explaining ways to help protect against taxes, inflation and rising health care costs. Both sessions held last year were filled to capacity.

"We heard from employees, 'Thank you for being transparent; thank you for the information. I hadn't thought about the retiree medical aspect before' and so it really helped people engage," says Socha. "Those people who were 55 really felt like they now had time to redirect their focus and do things they needed to accomplish their goals."

The half-day workshop for mid-career savers - those aged 40 to 55 - focused on optimal asset allocation and goal setting. While not as well-attended as the preretirement workshop, employees were nevertheless grateful to receive the information.

"We showed them the pie [chart] and said, 'Here's where your savings will come from. It will come from personal savings, your Social Security and so on,'" says Socha. "For the first time, many thought, 'Wow. I'm not going to reach my retirement goals unless I do something about it.'"

The two-hour session for early savers - those aged 25 to 40 - focused on enrolling in the plan, setting a deferral rate and financial topics beyond retirement planning, such as day-to-day budgeting.

To maintain engagement, Children's Hospital Boston also introduced a new component to its new-employee orientation program. When employees join the hospital, they get information about the DB plan. New employees have to wait about a year before being eligible to join the pension plan. Then, when they're eligible to join, they get invited to a session and "we leveraged that pension plan session to also engage them in the importance of saving in the 403(b) plan as well," says Socha.

She's pleased with the success of the program, noting that "we made a big deal out of this and making it such a big deal and doing so much at the same time was extremely effective for us."

Auto-enroll for auto success

When you look at the data, the one thing that boosts retirement plan participation the most is automatic enrollment, says Lauren Brouhard, senior vice president of marketing for Fidelity's tax-exempt retirement services business.

Among Fidelity's health care clients, plans that have auto enrollment in place have an average participation rate of 80%. For plans that don't have the feature, the average participation rate is 48%.

"That's how you make the big strides," she says. "And, frankly, it's not that common. Only about 12% of our plans in this space have auto-enrollment. It can be an investment because if you provide a match, you're getting all those people into the plan for which you're providing a match."