

Retirement Planning *Insights* Case Study

Healthcare System 403(b) Plan

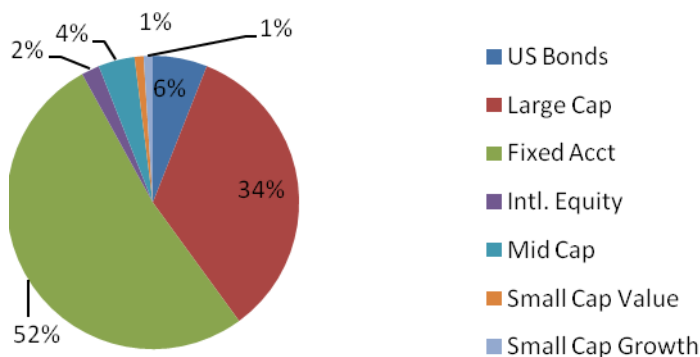
Case Objectives

- Increase participation in 403(b) plan
- Increase participant contribution rates
- Diversify participant utilization of plan investment options
- Improve communications regarding retirement plan and investment allocation
- Increase record keeper's reach among existing employees

Case Demographics

# of employees:	3,797	
# of participating employees:	2,126 in 403(b)	Participation rate: 56%
403(b) plan assets:	\$ 38,927,060	
Annual 403(b) contributions:	\$ 4,043,652	

Asset class breakdown



403(b) Plan Formula:	.50 match up to 4%
Average 403(b) contribution rate:	4.34%
Average employee age:	34.1 years

The objective of the record keeper and the employer is to increase 403(b) plan participation and improve the employee's utilization of the investments available within the 403(b) plan. The current allocation of assets was heavily weighted to large cap equities and bonds, clearly indicating that employees generally were not diversifying their investments appropriately. To assist in achieving these objectives, the record keeper and employer wanted something other than just traditional communication and group meetings. After a 20 year relationship with this plan, the record keeper's standard communications and group meetings had been proven to be ineffective in changing employee behavior and were an expensive and time consuming strategy for the record keeper. In order to achieve the plan's objectives and improve the plan's value to the employees and the plan sponsor, we devised a four part communication strategy.

Communication Strategy

1. Deliver a customized payroll stuffer to all employees

The customized payroll stuffer communication campaign was designed to reach all employees, addressing the value of the 403(b) plan, the potential impact of appropriate asset allocation and the need to understand and identify a specific retirement target. The payroll stuffer finished with an introduction of the personalized reports to be delivered and the upcoming group meeting schedule. The schedule was also posted on bulletin boards in common areas of the workplace and communicated through an e-mail to all employees.

2. Delivery of personalized reports to each employee

Utilizing the Annual Portfolio Review for all participants, Financial Soundings mailed 3,800 reports outlining the employee's current savings activity, their target for retirement savings, a gap analysis of their current plan, and fund level investment recommendations to assist employees in potentially improving their chances of success. In each report, custom implementation instructions for their record keeper were included to facilitate employee utilization.

3. Group Meetings

To further enhance the visibility of the program and to increase employee awareness and comfort, the plan advisor scheduled on-site group meetings. Availability of the meetings was communicated through the e-mails and payroll stuffers as well as through posters displayed in common areas of the workplace. The meetings were purely voluntary for the employees.

4. Personal report review

As a follow up to the group meetings, the Plan Advisor would give employees the opportunity to meet one-on-one to review their reports. The focus of these meetings was to ensure employee understanding and assist with any steps necessary for implementation.

Program Impact

1 payroll stuffer delivered

Two weeks prior to the participant reports and subsequent group meetings we created a custom payroll stuffer outlining the benefits of the program to all employees.

3,797 personalized reports delivered

Every employee received a personalized report. This included Participants and Non Participants.

30 group meetings conducted

Over four days the record keeper's representatives conducted 30 group meetings outlining the reports and the implementation of the recommendations. 874 employees (or 23%) attended these voluntary meetings.

120 personal reviews conducted

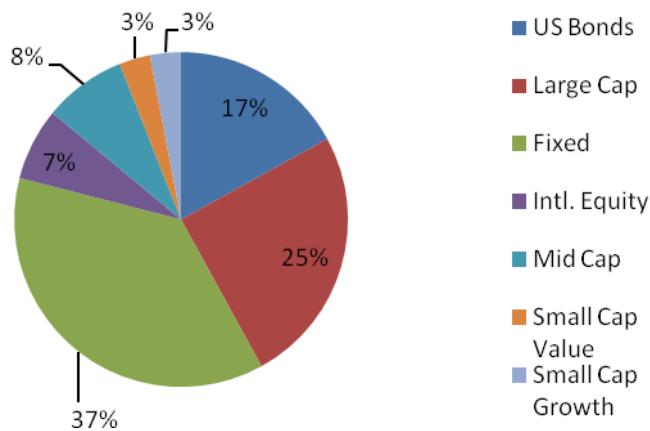
In addition to the group meetings the representatives conducted 120 personal reviews of the reports to assist employees in clearly understanding the implementation instructions and how to personalize the suggestions even further through the on-line planner.

Program Results

1,298 Personal Future Investment Election Changes

61% of participants made asset allocation changes within their portfolio within 2 weeks of the group meetings. 79% of those participants transferred their existing account balances in coordination with their new investment election.

Asset allocation after:



541 Deferral Rate Changes in 4 days

541 employees, made deferral rate changes to the 403(b) within 4 days of the meetings.

286 New Enrollments

286 new enrollments were completed based on the information in the reports. This represents 17% of the non-participants entering the plan. Additional flow from Non Participants was \$406, 978

Overall contribution increase: 28%

The impact of contribution increases and new enrollments was an annual increase in contributions of 28%.

	<i>Before</i>	<i>After</i>
<i>Participation rate 403(b)</i>	56%	64%
<i>Average contribution rate</i>	4.34%	4.90% (5.12% among previously participating employees)
<i>Annual Contribution</i>	\$4,043,652	\$5,175,610

Employer Reaction

“Unfortunately when we add a new benefit we usually only hear the negative. With Insights, I enjoyed hearing positive feedback from virtually all of the employees I spoke with.”

Employee Comments

“Although it was disappointing to know I have more work to go, at least I now know what things I can do to impact the outcome”

Representative Comments

“The Insights process allowed us to act in a purely educational role. Because the recommendations were personal and come in the form of a report from a third party, the employees felt compelled to act.”