



# Retirement readiness starts with employee engagement

## Executive Summary

Plan sponsors—along with their providers and advisors—are committed to helping employees meet their retirement goals and generate a lifetime of income. A well-thought-out plan design, strong plan management, a carefully crafted investment menu, and an effective employee engagement strategy are all needed to help put employees on the right track to financial well-being.

Each of these drivers is essential to driving better outcomes, but employee engagement deserves special attention as it directly influences the success of the other three drivers. After all, employees are unlikely to benefit from the best-designed and managed plans if they are not taking an active role in their retirement planning.

We know that engaging employees is important to you, but we also understand the significant challenges you face in capturing employees' attention. Three fundamental building blocks can help you motivate your employees to take an active role in their own retirement planning and financial well-being. The questions below demonstrate how the building blocks form the basis of an employee engagement strategy:

### Who are your employees?

Insightful **segmentation** by life stage helps you to understand your employees' unique needs. It recognizes your workforce's diversity and helps you to bring out the ways in which different groups have shared needs, goals and preferences. With this knowledge, you can deliver the right information in the right format to the right employees.

### How do you reach them effectively?

Cutting-edge **technology and multi-channel communications** allow you to meet your employees where they are, whatever their communication preferences. An effective program combines a variety of channels, including printed materials, online webinars, smartphone apps, in-person interactions, and innovative gaming technologies.

### What do they need to know?

Personalized **advice and guidance** help employees to make informed decisions and take positive actions that will prepare them for a secure retirement. These services range from basic financial planning to more comprehensive services for those with complex financial needs.

### Building an engagement strategy

With a focus on these three building blocks, you can help employees engage in their financial well-being and proactively invest in their own retirement outcomes.



# Checklist: Five steps to successful employee engagement

The building blocks of employee engagement—segmentation, technology and multi-channel communications, and advice and guidance—all fall more naturally under the purview of plan providers than plan sponsors. But by taking a hands-on approach and working with your provider, you can help drive better outcomes for your employees.

## 1. Establish plan goals and benchmarks. Clearly defined metrics can help you set objectives for your employee engagement strategy.

- First, define the plan’s strategic goals in terms of your employees’ retirement readiness—for instance, based on your plan demographics, determine the percentage of income your workforce needs to replace in retirement. You may also want to develop an employee education policy statement with your plan’s advisor or provider. A policy statement will help you to align your educational and financial literacy programs with your strategic goals. ✓
- Next, determine the more tactical goals that will help you reach those objectives. These may include traditional metrics such as the percentage of employees meeting the employer match, participation rates and contribution amounts. It also may include more specific goals such as the take-up rate on new investment options, or the percentage of employees taking advantage of advisory services. ✓
- Finally, benchmark the performance of comparable plans for a sense of how yours compares and where you can improve. ✓

## 2. Understand and tailor communications to the various demographic segments among your employees. A strategic relationship with your plan provider can help you target the unique needs of employee groups such as women and Gen Y.

- To allow your provider to effectively gauge employees’ retirement readiness, provide relevant employee data such as salary data and employee retirement and termination dates. If you are currently in a multi-vendor environment, consider whether a sole recordkeeper could provide a more complete analysis of your employees’ progress on the path to retirement. ✓
- Identify employee groups that are not meeting your plan’s goals and benchmarks and the behaviors that are affecting their retirement readiness (e.g., low contribution rates or inappropriate asset allocation). ✓
- Work with your provider to understand these groups’ overall financial circumstances and the messaging that will be most effective in helping them achieve financial well-being. Your employees trust you to tell them what they could be doing better; use your credibility to engage them with data, stories, tools, and seminars that help them understand the consequences of their savings behaviors. ✓

3. Communicate with employees based on their technology and channel preferences. You can play an important role in facilitating your plan provider’s access to employees via different channels.

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| ▪ Access points such as benefit portals, intranet sites, internal benefit newsletters, and orientation meetings can help you get employees connected to your plan provider.               | ✓ |
| ▪ Determine the percentage of your workforce with on-the-job Internet access to understand the effectiveness of e-mail and e-bulletin communications.                                     | ✓ |
| ▪ Consider allowing your plan provider to integrate their tools and capabilities with your own so that employees receive a retirement planning experience customized to your institution. | ✓ |

4. Offer investment advice as well as guidance. You can give employees’ retirement readiness a significant boost with prescriptive advice from a skilled advisor.

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| ▪ Understand how advice is defined, how it can benefit employees, and the different forms it can take.   | ✓ |
| ▪ Consult with your plan’s advisor, provider or both to identify best practices related to offering advice and guidance.                                   | ✓ |
| ▪ Look for a plan provider that will help shoulder the fiduciary burden by taking fiduciary responsibility for specific fund recommendations.              | ✓ |
| ▪ Work with a provider that offers complementary advice and guidance services and makes them easily available in the manner employees want to access them. | ✓ |

5. Monitor the effectiveness of the engagement strategy and adjust as needed. Effective employee engagement is an ongoing process.

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| ▪ Ensure that you have a strategic relationship with your plan provider in analyzing data and devising ways to continuously engage your employees.           | ✓ |
| ▪ Undertake regular reviews of your plan goals—at least once per year—and determine whether you’ve met your targets.   | ✓ |
| ▪ Evaluate each of the specific tactics in your plan and consider whether they have met your objectives.   | ✓ |
| ▪ Adjust your plan goals and tactics—with the help of your provider—based upon your plan’s experience and the success of your current engagement strategies. | ✓ |



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