

ENGAGING PARTICIPANTS

Best Practices for Plan Sponsors

Report Preview



In the defined contribution era, plan sponsors have taken on a larger role in helping their employees prepare for the unique challenges they face in saving for retirement. It is well-documented that today's workforce faces a longer and more costly road to retirement compared to past generations. This makes selecting the right retirement plan provider a priority for plan sponsors.

To their credit, plan providers have invested an incredible amount of resources to educate plan sponsors and their employees about retirement planning. Despite these efforts, retirement readiness continues to be a major issue. Why? Because many retirement plans fail to meet the individual needs of the underlying plan participants.

One of the key criteria that goes overlooked when designing a retirement plan is the strength of the online and mobile user experience offered by the provider. Today, it is essential that plan sponsors stay current on new innovations that drive participant engagement. A well thought out digital strategy will enable plan sponsors to connect with and educate their participants more effectively and help to satisfy their role as a fiduciary.



ENGAGING PARTICIPANTS REPORT

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REPORT EXCERPTS

HOMEPAGE PROJECTIONS SHOULD CLEARLY STATE THE LIKELIHOOD OF SUCCESS

A homepage that simply conveys an account balance is hopelessly incomplete and could even be misleading. An account balance needs to have context associated with it so the participant will know what their current balance means to their future retirement goals. For example, a thirty year old with \$100,000 in retirement plan assets is likely in a better financial position than a 60 year old with \$200,000. Best practices on this important point include several techniques. An image or a blatant statement that alerts a participant of the likelihood of success of their current retirement plan set up is ideal. You should have providers include homepage projections with supplemental images or statements that explain what the dollar figure implies about their retirement readiness.

The screenshots below are examples of how to convey how a participant is doing – either with imagery or with a blatant statement. In the first example, the sunny outlook clearly states the likelihood that the participant’s retirement savings goals are met. Reinforcing detail includes numeric income projections given the current balance, contribution rate, and a presumed rate-of-return. Participants are able to select whether they want yearly or monthly views of future retirement income.

Weather-themed forecast alerts a participant how they are doing. In this case the outlook is “sunny”.

The screenshot shows a retirement account overview with a 'Your Retirement Outlook' section. The outlook is 'Sunny', indicated by a sun icon and the text 'A sunny outlook means your current strategy is likely to produce retirement income that meets at least 95% of your goal.' The current savings rate is 12% of pay. The overview also displays account activity as of 04/08/2014, including a total balance of \$95,091.98, a vested balance of \$95,091.98, and a personalized rate of return of 0.97% from 01/01/2014 to 04/08/2014.

A blatant way to alert a participant that they are off track as well as how to get them on track through use of: 1) Colors 2) Graphics 3) Data

The screenshot shows a retirement account dashboard with a prominent red banner stating 'You are off track for retirement' and a green banner stating 'Get on track now!'. The 'Why am I off track?' section explains that experts recommend having 80% income replacement saved for retirement, but the participant is currently at 34%. A bar chart compares the Retirement Income Goal (\$9,380/month) with the Estimated Retirement Income (\$3,950/month). A 'Change Now' button is provided. Resources for further information are listed at the bottom.

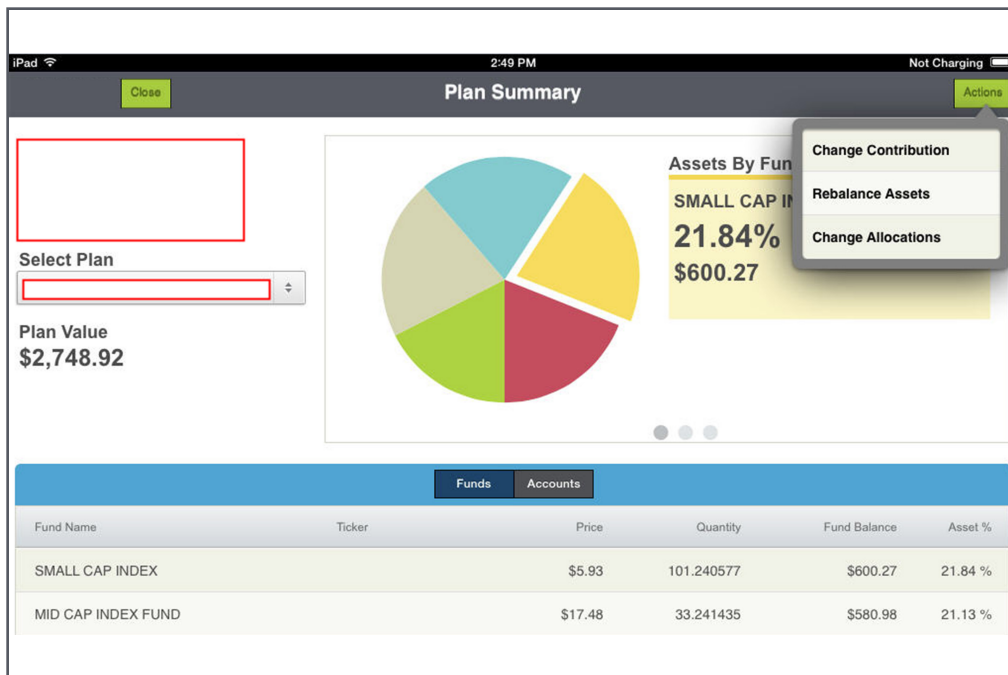
Homepage Design – Projections and Context to Account Balance

MOBILE CAPABILITIES

Increasingly, smartphones and tablets are used in place of desktop computers. Therefore, it is important that your plan deliver a similar, engaging experience via mobile apps as is available through full websites. Mobile capabilities should allow participants to access retirement plans without missing out on exclusive website features. Choosing a retirement plan that offers an optimized mobile app or website can help retirement plan participants take on a more active role in management of their retirement portfolios.

MOBILE TRANSACTIONS

Participants should be able to manage their retirement plans through their providers' mobile apps. Surprisingly, many retirement plan providers do not allow transactions through a mobile platform. Retirement apps should allow participants to execute transactions, as is illustrated in the example below. Since savings is the main goal of a retirement plan, we suggest that rebalancing and other account allocation features should be a priority; loans and withdrawals are not as important. Plan sponsors should still encourage participants to speak with an advisor before submitting changes to a retirement account.



Transactions – Mobile App

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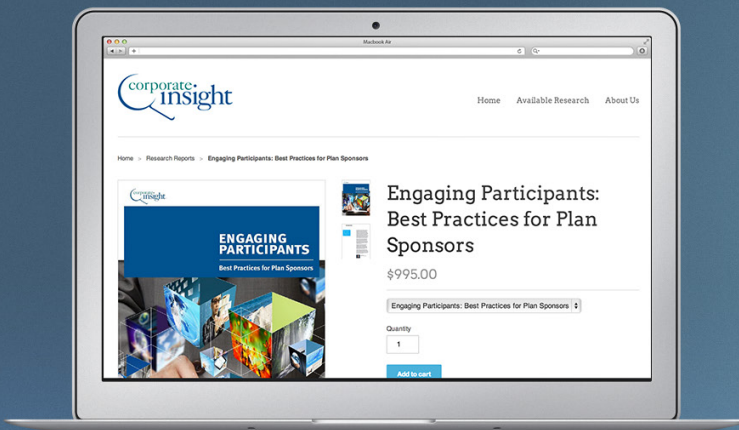
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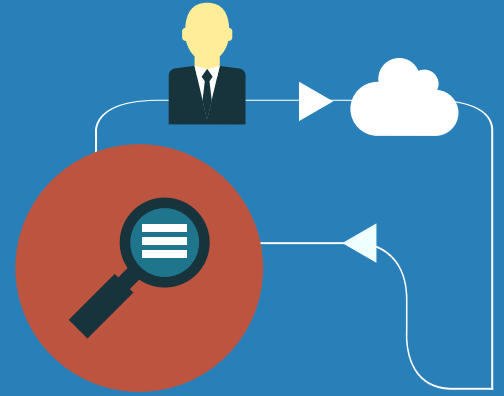
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