



Testimony on Behalf of Benz Communications
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Sample Model Notice to Provide Retirement Education to Plan Participants

Thank you for the opportunity to appear before you today. I am honored to present to the committee once again, and discuss potential solutions for effectively engaging retirement plan participants in saving for their financial future.

I am Jennifer Benz, founder and CEO of Benz Communications. We're an award-winning marketing firm specializing in employee benefits communication. Our clients include those among the Fortune 500 and 100 Best Companies to Work For in America. We create simple, but effective, communication pieces—similar to the sample model notice I'll share today—to break through the jargon and complexity of health care and retirement, and inspire employees to take the next step in being healthier and more financially secure.

It's important to note that it's difficult for employees—across all income levels—to grasp the nuances of retirement planning, and change entrenched financial behaviors. It's helpful, maybe even liberating, for U.S. employers to understand that while workers' education and affluence varies, our minds operate the same. Steve Wendel, author and principal scientist at financial guidance firm HelloWallet, put it well when he said, "You can double the usage of your programs by acknowledging that employees aren't stupid. They aren't terrible. They're just human."

Renowned psychologist BJ Fogg created a formula that leverages our humanity to create positive behavior change. The formula ($B = M + A + T$) illustrates that behavior change occurs when motivation, ability, and a trigger all happen in the same moment. When we put that equation into retirement planning terms, motivation is covered, since we're almost universally motivated toward having more money. Or, in the case of an employer match, not losing out on money.

So then to complete the equation, we need to heighten employees' abilities, by presenting retirement saving as easy to do, and provide an effective and timely trigger.

It's with those tenets in mind that our team crafted a sample model notice for retirement education.

We believe the notice should:

- **Be simple and clear**—written at an eighth-grade level, free of jargon like "investments," "contributions," or "mutual funds." It also should feature simple visual elements to help participants navigate the content, and clearly understand "What's next?" after they read it.
- **Create a sense of urgency** through four critical calls to action—saving early, saving more, keeping money in the plan (encouraging participants away from plan loans, withdrawals, and cash-outs), and calculating retirement income.
- **Be delivered at meaningful "trigger" points** in employees' careers: when starting and departing a job. These are critical decision points when employees consider, "What should I do with my money?" They are also times when workers are more likely to think openly about financial matters—starting a new employment chapter or closing an old one creates feelings in us of having a fresh slate to do things "the right way." Such trigger points may or may not coincide with other required notices, but it could be helpful if delivery were streamlined overall, to keep participants from being overwhelmed.
- **Be electronically distributed**, or delivered in print as a concise, one-page document. Electronic distribution allows employers not only greater ease and reduced cost, but also increased measurement proficiency. They can track email bounces, open rates, and click-throughs to gauge effectiveness in ways that traditional mail simply doesn't offer. Further, email distribution allows for viewing online or via a mobile device, which is now a primary—if not the No. 1—way Americans communicate. Pew Research Center data

tells us that nearly all Americans use the Internet,¹ and two-thirds have mobile access via a smartphone.² Also, statistics from Prudential show that the top three ways that employees prefer to receive benefits information are all digital.³

- **Point to rich online resources.** Finally, we encourage the DOL to create a robust, mobile-optimized website that uses the best of modern, interactive, and engaging communications. It could be a combination of existing resources, such as those on MyMoney.gov, and new resources. The site could include:
 - Calculators to assess how much you'll have to live on in retirement, including your retirement plan balance and your current savings level.
 - Mistakes to avoid in saving for your future—again, loans and cash-outs.
 - Short videos that explain the basics of retirement plans—putting investing into accessible terms—and feature “success stories” from retirees. There are great examples at dayonestories.com.
 - Checklists for important retirement-related events, such as switching jobs and turning age 65.

Building on those five key elements, here is the sample model notice we've created.



Saving made simple: 4 mistakes to avoid

One day, you're going to retire—whether you're planning to work for the next 5 years or the next 50. No matter when you stop working, your retirement plan is the key to your future. Social Security payments will help. But to enjoy life the way you want, you'll need your own savings, too.

To set yourself up for success, avoid these 4 mistakes:

- 1 Procrastinating.**

The key to a happy, restful retirement is to save as much as possible—for as long as possible. Your 401(k) makes it easy, because the money comes out of your paycheck before you even miss it. If you haven't joined your plan or started saving, do it now!
- 2 Stealing from your future self.**

That's what you do when you take a 401(k) loan. Sometimes times get tough financially, but a 401(k) loan should be your very last option.
- 3 Cashing out.**

When you change jobs, you might be tempted to “cash out” and withdraw all your savings from your 401(k) plan—don't do it! Here's why: You'll have to pay taxes on the money, and a 10% penalty, too. You'll be left with about half in cash now—and back to zero for retirement. Instead, “roll over” the money into a 401(k) at a new job—or keep it in the old one. You'll skip penalties, pay lower fees, and stay on track to retire when you want.
- 4 Relying on guesswork.**

1 + 1 = 2. Knowing how much money you need in retirement can be just as easy. Chances are it's a pretty big number. But knowing is better than guessing. Use a retirement calculator (there are lots of them online)—you'll have an answer in minutes.

Get information on avoiding these mistakes and more at dol.gov/yourfuture.

Conclusion

Thank you again for the time to share our recommendations. I am delighted that you are investigating this topic, and are open to against-the-grain ideas about how employers and the DOL can work together to help more Americans live happy, successful, and financially secure lives.

1. <http://www.pewinternet.org/data-trend/internet-use/latest-stats/>
2. <http://www.pewinternet.org/2015/04/01/us-smartphone-use-in-2015/>
3. <http://research.prudential.com/documents/rp/Report-8th-Annual-BB-GroupBenefits-Theme5.pdf>