Employee Benefit News
HELPING BENEFIT PLAN SPONSORS PUT INFORMATION INTO ACTION

Employee Education Policy Statement Can Help Set Goals

By: Robert C. Lawton, President, **Lawton Retirement Plan Consultants, LLC**

Most retirement plan sponsors struggle with justifying the value of their employee education sessions. They wonder whether behaviors are changed enough to warrant taking employees away from their jobs for an hour or two. Making attendance at the sessions mandatory can guarantee bodies but it doesn't require employees to become involved in the session.

Rather than just abandoning your employee education program, or resigning yourself to mediocre results, consider taking a harder look at your process by constructing an employee education policy statement. A policy statement can help focus your education sessions on addressing the deficiencies - low savings rates, allocations that are too conservative, low participation, general apathy and lack of understanding - in your plan.

Creating an employee education policy statement can also help you formulate a message about your retirement plan that can be incorporated into employee communications throughout the year. There's no law requiring you to have an employee education policy statement. It isn't a document that you would ever have to produce under audit. However, if you are serious about complying with Section 404(c) of the Internal Revenue Code (which protects you against participant lawsuits originating from your plan's investment options) and believe in effective employee communication, it can't hurt to have one.

Start with some analysis of your plan to identify its deficiencies. Your recordkeeper has all of the information related to your plan in their database and probably already provides enough reports for you to analyze. If you can't seem to find a report that is helpful, most recordkeepers allow employers to create custom reports online. Also, talk with your managers to check for misperceptions about your plan. Maybe employees feel investment funds are poor or that it is hard to enroll. It could be that employees feel once they begin contributing they can never stop. It is likely that there are some misperceptions about your plan. Many plans suffered a reputational hit when matching contributions were either lowered or eliminated during the recession.

SMART Criteria, Set Goals

Once you have determined where improvement opportunities lie, it's time to formulate goals and action plans to address them. It's helpful to think of goals that meet the SMART criteria - Specific, Measurable, Attainable, Relevant and Time-bound.

For example, let's say that you have determined that your participants are not contributing anywhere near the 13% to 15% necessary to fund a secure retirement. A SMART goal to address this deficiency is increasing the average plan participant contribution rate by 1% per year for the next three years.

An action plan to support this goal might include:

- Re-soliciting all eligible employees currently not participating in the plan.
- Using pay statement stuffers to promote a higher level of contributions.
- Conducting employee education sessions focused on increasing participation and contributions.
- Offering one-on-one meetings with participants who self-identify as needing additional help.
- Maintaining a consistent message from management at staff meetings and employee gatherings that emphasizes the importance of contributing to the plan.

Enlist Recordkeeper, Investment Adviser

Check with your recordkeeper and your investment adviser to see if they have access to resources to help you construct an Employee Education Policy Statement. You can source a template from the Internet or from employee education experts in your community.

Using an Employee Education Policy Statement forces you to state in writing your goals, action plans and commitment to change. This makes it much more likely that your plan will experience meaningful change and your participants will enjoy education sessions that speak to their challenges.

About the Author

Robert C. Lawton, AIF, CRPS is the founder and President of Lawton Retirement Plan Consultants, LLC. Mr. Lawton is an award-winning 401(k) investment adviser with over 30 years of experience. He has consulted with many Fortune 500 companies, including: Aon Hewitt, Apple, AT&T, First Interstate Bank, Florida Power & Light, General Dynamics, Houghton Mifflin Harcourt, IBM, John Deere, Mazda Motor Corporation, Northwestern Mutual, Northern Trust Company, Trek Bikes, Tribune Company, Underwriters Labs and many others. Mr. Lawton may be contacted at ***(414) 828-4015*** *or* ***bob@lawtonrpc.com****.*

About Lawton Retirement Plan Consultants, LLC

Lawton Retirement Plan Consultants, LLC is a Milwaukee, Wisconsin-based independent, objective Registered Investment Adviser (RIA) providing investment advisory, fiduciary compliance, employee education, provider management and plan design services to 401(k) plan sponsors. The firm currently has contracts in place to provide consulting services on more than $400 million in plan assets. For more information, please contact Robert C. Lawton at ***(414)***

828-4015 or bob@lawtonrpc.com or visit the firm's website at: http://www.lawtonrpc.com. Lawton Retirement Plan Consultants, LLC is a Wisconsin Registered Investment Adviser.

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