



WORTH A LOOK

News & Investment Insights for Retirement **Plan Sponsors** • Vol. 9/No. 1/Spring 2006

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SPONSOR EXCHANGE

Sell-Thru Charts A New Course



Left to Right: Kimberly Lusher, Camiel Quicksall, Stephanie Russell, Dwayne Edwards, Michelle Cargill

Like many companies, Sell-Thru Services, Inc. (STS) is faced with the challenge of making its retirement plan as attractive a benefit as possible for employees, and educating them about the importance of saving for retirement.

STS is a full-service consumer-goods sales agency that provides its customers with complete selling, marketing, and information services. Headquartered in Austin, Texas, 80 percent of its 1,200 employees are scattered across the United States, and they work part-time.

Winds of change

In early 2005, Sell-Thru's 401(k) Committee reviewed the Sell-Thru Services, Inc. 401(k) Retirement Plan and decided to make changes to the Plan that would ultimately give

employees a much better benefit, plus provide more retirement and investment education.

The 401(k) Committee is comprised of six members: Kimberly Lusher, CFO; Michelle Cargill, former 401(k) Administrator; Stephanie Russell, Payroll and current 401(k) Administrator; Camiel Quicksall, 401(k) Administrator; Diane Seman, HR Manager; and Dwayne Edwards, an outside advisor.

New ports of call

STS made the following Plan improvements in 2005 with its employees in mind:

Faster enrollment

- Eligibility was changed to the attainment of age 21 and completion of 1,000 hours of service.

- Enrollment frequency was increased from semi-annually to quarterly. "Employees can now come into the Plan faster and start saving for retirement sooner," says Stephanie.
- In addition to traditional enrollment forms, online enrollment was made available so newly eligible employees could become Participants sooner.
- Automatic enrollment was added to the Plan on January 1, 2006. Eligible employees are automatically enrolled

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Dear Sponsor:

In this issue's Sponsor Exchange, we introduce you to Sell-Thru Services, Inc. and share how this company implemented multiple Plan changes that will benefit employees, as well as how they ramped up their employee education.

We provide you with insight on the challenges women face as they save for retirement, offering recommendations to help them achieve their savings goals—including a preview of a new seminar we've developed just for women.

And, "In Focus" gives you recommendations on how to help your Participants perform a "check-up" on their retirement accounts.

Sincerely,

David Shute
Worth A Look Publisher



www.TA-Retirement.com



Targeted Communication To Help Reach Retirement Goals: What Women Really Want

Tailoring communications programs for women is key to helping them save adequately for retirement.¹ In order to create effective communications programs, though, it is necessary to understand the obstacles women face when planning for retirement.

Women face unique challenges

Although the economic status of women has improved considerably over the last 40 years, poverty is prevalent among women.² According to the Social Security Administration, nearly 30 percent of non-married women earn an annual income that is below poverty level and are considered poor.

Consider these facts³:

- Women live longer than men.
- Women work fewer years than men.
- Women tend to work part-time, will earn less, and may not be eligible to participate in a retirement plan.
- Women have shorter job tenure.
- Women typically receive lower Social Security benefits than men.

Women need more information

Women are less confident about achieving a comfortable retirement lifestyle, and 75 percent admit they don't know as much about retirement investing as they should.⁴ They lack financial and investment knowledge and are concerned with market volatility.⁵ Here are ways you can help:

- Offer Transamerica's new *Made Simple Series* seminar, *Investing for Women Made Simple*, which focuses on empowering women with basic investment and financial planning strategies, by encouraging learning through an exchange of real-life experiences.
- Offer other seminars, such as *401(k) Made Simple*, *Investments Made Simple*, and *The Economy Made Simple*, to create an effective targeted program.
- Direct women to Transamerica's online brochure, "A Guide to Understanding Market Volatility," and to this quarter's Participant *Worth A Look* for the article, "Keep Your Investments Simple," which offers recommendations to simplify investing.

Women want additional guidance

Fifty-two percent of women indicate they'd like more information and advice from their employers on how to

reach retirement savings goals.⁴ The good news is women are ready to take charge, with 73 percent wanting to be involved with retirement savings *now* rather than waiting until closer to retirement, plus 55 percent currently save outside of work.⁶ Address these needs by directing them to:

- Transamerica's online *Asset Allocation Questionnaire*, to help define investor type, evaluate risk tolerance, and to determine an appropriate asset allocation mix, and *AdviceSolutions*SM to help with realistic goal setting.
- This quarter's Participant *Worth A Look* for the following articles:
 - "IQ Quiz: 10 Questions to Test Your Investment Quotient," which will help women understand key investment concepts.
 - "Play the Game of Retirement," which covers retirement planning basics.

Shift your focus

Female workers trust employers when it comes to their retirement plan. Forty-eight percent strongly agree their company manages their retirement plan with the best interest of employees in mind⁶, and 82% believe the company gives the right information they need to make decisions about their retirement plan.⁴

Sponsors have an opportunity to provide the tools and resources that women want and need. You can reach this large population by offering targeted communication and education. By listening to their concerns and requests for specific information, you can help your female Participants gain the confidence they need to start saving for the future and ultimately reach their retirement goals. ☺



¹2005 *Women and Investing*SM Survey, Oppenheimer Funds, January 2006.

²"What Makes Older Women Work?," Alicia H. Munnell, *An Issue in Brief*, Series 1, September 2005, Center for Retirement Research at Boston College.

³Social Security Administration Online, www.ssa.gov.

⁴*Seventh Annual Transamerica Small Business Retirement Survey*, Transamerica Center for Retirement Studies, 2005.

⁵*How To Market Financial Services to Women*, LIMRA International, 2005.

⁶*Sixth Annual Transamerica Small Business Retirement Survey*, Transamerica Center for Retirement Studies, 2004.

Sponsor Exchange (Continued from cover)



Clockwise from top: Michelle Cargill, Kimberly Lusher, Camiel Quicksall, Stephanie Russell & Dwayne Edwards,

with a three percent deferral rate, and money invested in the Stable Value Fund.

Simpler investment choices

- Five Vanguard Target Maturity Funds were added to the Plan, bringing the total fund line-up to 20 funds. The funds provide an easy way for Participants to invest, plus have minimal fees compared to other funds. "Employees are more confident about choosing funds," Stephanie says.

Easier deferral changes

- Online deferral changes were added to the Plan, so that changes can be made at any time and are effective as of the next pay date.

Earlier access to money

- Vesting was changed from a six-year graded schedule to a four-year graded schedule, so Participants are vested in the company match sooner. STS matches 50 percent of the first six percent of contributions up to three percent of compensation.

The ship's log

Plan changes were effective in the second half of 2005, so employees received numerous announcements and information via e-mail, traditional mail, payroll stuffers, posters, and the company's intranet, "Trade Connections."

"Employees who have a computer will log in to the intranet everyday, so utilizing it is a great way for us to reach our employees," Stephanie explains. Traditional mail is typically used for those employees who don't have a computer or regular access to e-mail.

Enrollment meeting materials and kits

Because employees are located nationwide, STS typically holds two open conference calls during each enrollment period in place of face-to-face enrollment meetings. Enrollment meeting materials and enrollment kits were updated to reflect Plan changes. Currently, STS only has about half of eligible employees calling in to ask questions, which Stephanie wholeheartedly attributes to the quality of the enrollment materials.

"The enrollment kit Transamerica provides is spectacular," says Stephanie. "It not only has all the basic retirement and investment information an employee needs, but it has a calculator that walks employees through how to choose an appropriate deferral percentage to meet their retirement goals," she adds.

Stephanie and Camiel also recommend that employees read publications such as *The Wall Street Journal* and visit financial Web sites such as *MSN Money* to learn more about investing.

401(k) Day

The "Dress for Your Retirement" theme STS chose for its first 401(k) Day was a huge hit. Employees showed up dressed as golfers, skiers, and beach bums. "One employee envisions herself running for mayor of her hometown, so she dressed the part," says Stephanie.

STS offered enrollment workshops, and multiple sessions of all seminars from the *Made Simple Series*. Open conference calls were held during the 10 different seminar times so employees at other locations could call in to hear the presentations live. "We sent presentation materials ahead of time, so employees could follow along," explains Stephanie.

Transamerica as first mate

Transamerica has helped STS tremendously with Plan administration. "As a Plan Sponsor, the information and guidance I receive from Transamerica allows me to work confidently with our employees," says Stephanie.

Stephanie is particularly impressed with the Transamerica Investment Monitor (TIM), and she feels it is extremely valuable. "The Standard & Poor's endorsement for TIM means a lot to me as a Sponsor. Being able to see the Investment Scorecard is very helpful," Stephanie adds.

As a Participant, Stephanie finds the Transamerica Web site invaluable. "I'm on the Web site regularly, using calculators and viewing my statement," she says.

Stephanie adds, "I couldn't do my job without Transamerica. They are my lifesavers!"



If you have a Transamerica success story or any information you'd like to share, please contact LaTanya Hayes at LaTanya.Hayes@Transamerica.com or 213-742-2526. 

IN FOCUS: There's Still Time for Participants to Get a Check-Up



With tax season behind us, now is the time to encourage Participants to assess their retirement savings. Here are some key areas to stress:

Review goals and investment strategies

Setting realistic goals can be tricky, so encourage Participants to consider expenses that will be eliminated or reduced when they stop working (such as commuting costs, dry cleaning costs, mortgage payments, or children's college tuition), and new or increased expenses (such as travel and healthcare costs).

After considering these costs, Participants can reassess what they will need to retire comfortably, and decide if they should modify their investment strategy.

Check overall savings progress

Participants should review their retirement account balances to determine if they are on target to meet their retirement goals. Participants can utilize Transamerica's online calculator, *Saving Up*, to determine if their current savings rate is adequate, and they may make necessary changes to reach their goals

Rebalance asset mix

Once Participants have checked their progress, they may decide to rebalance their asset mix. They can see an asset class breakdown of their accounts in their quarterly statements and compare this with their original asset allocation. If the mix has shifted, they can make the necessary changes to bring their mix back to where it should be.

If your Plan offers automatic rebalancing, this would be a great time to promote this feature.

Re-evaluate contribution rate

If you haven't done so already, communicate the latest IRS annual contribution limits to your Participants. Be sure to reinforce the benefits of contributing the maximum amount allowed to the Plan, particularly the potential tax savings. Direct Participants to Transamerica's *Loose Change* calculator to see how an increased contribution could affect savings.

If your Plan offers a company match, this is an ideal time to remind Participants about it. Those who are not taking advantage of the match may be encouraged to increase their savings rate – even a small amount – to receive the full company match.

Participants should also be encouraged to re-evaluate their savings rate to accommodate life changes, such as marriage, birth of a child, or divorce.

Participants can make informed decisions about their retirement accounts when armed with the right information. By working with the appropriate tools and resources, Participants can adequately re-evaluate their retirement savings progress and make changes to help them achieve their goals. ☑



WORTH A LOOK is published quarterly by Transamerica Retirement Services. The newsletter's mission is to provide timely, relevant information that employers can use to increase retirement plan participation and to respond to the needs of plan Participants as they strive to achieve their investment objectives.

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