

DEVELOPING EMPLOYEE COMMUNICATION PLANS

A journey made simple.

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1

The importance of developing **employee communication plans**

Failing to communicate with your employees about your retirement plan is a lot like not offering a retirement plan at all. The *Journal of Managerial Psychology* reported that up to 69 percent of employees did not fully understand and appreciate their employer provided benefits.¹

The U.S. Bureau of Labor Statistics calculated that for the month of December 2006, employer costs for benefits averaged 29.5% of total employee compensation.

Developing and implementing a customized employee communication plan can help you derive the most value from your retirement plan by:

- Creating employee awareness of the benefits and features of your retirement plan.
- Increasing employee satisfaction levels and retention rates, thereby lowering your hiring and training costs.
- Improving nondiscrimination testing results and encouraging higher contribution levels.

If your employees receive clear information regularly, are encouraged to participate, and can take action easily, your retirement plan will be seen as invaluable.

Transamerica Retirement Services² ("Transamerica"), is committed to partnering with you in communicating the value of your retirement plan. We have created this easy-to-use employee communications planning workbook as a tool that we can use together to help your employees master retirement.

¹ *Journal of Managerial Psychology*, Volume 19, Number 1, 2004.

² Transamerica Retirement Services ("Transamerica"), a marketing unit of Transamerica Financial Life Insurance Company ("TFLIC"), 4 Manhattanville Road, Purchase, New York 10577, and Transamerica Life Insurance Company ("TLIC"), 4333 Edgewood Road NE, Cedar Rapids, Iowa 52499, and other TFLIC and TLIC affiliates, specializes in the promotion of retirement plan products and services. TFLIC is not authorized and does not do business in the following jurisdictions: Guam, Puerto Rico, and the U.S. Virgin Islands. TLIC is not authorized in New York and does not do business in New York.



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What to consider when developing your **communication plan**

In today's complex employee benefits environment, employers are offering their employees more and more choices. While choice can be positive, making the right decisions when faced with numerous options can be overwhelming for many employees, so they choose to do nothing.

To overcome this challenge, employees need to be both educated and encouraged to participate in their retirement plan. This requires connecting with employees on an emotional level to generate interest, involvement and most of all—action.

To gauge how your employees may perceive your retirement plan, consider the following:

Yes	No	What to consider when developing your communication plan
<input type="checkbox"/>	<input type="checkbox"/>	Does your company's employee turnover rate compare favorably to your industry?
<input type="checkbox"/>	<input type="checkbox"/>	Are your employees requesting more benefits?
<input type="checkbox"/>	<input type="checkbox"/>	Are you using your retirement plan to help recruit employees?
<input type="checkbox"/>	<input type="checkbox"/>	If you match employee retirement plan contributions, do your employees contribute enough to obtain the full match?
<input type="checkbox"/>	<input type="checkbox"/>	Do your employees know about their retirement plan's educational tools and resources?
<input type="checkbox"/>	<input type="checkbox"/>	Are your employees making the most of the investment choices available through the retirement plan?



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Your Retirement Plan Statistics

Analyzing your retirement plan statistics may provide valuable clues for developing your retirement plan goals. Take a moment to complete your current retirement plan statistics. Then continue on to the additional workbook pages for help customizing your communication plan.

Item	Retirement Plan Statistics	
Total number of employees		
Total number of eligible employees		
Number of participants		
Participation rate		%
Male/Female		
Age distribution	18-35	
	35-50	
	50+	
Annual turnover		
Number of newly eligible per year		
Average employee contribution rate		%
Asset allocation		
	Cash Equivalents	%
	Bond	%
	High Yield Bond	%
	International/Global Bond	%
	Hybrid (Balanced/Strategic Allocation/Target Maturity)	%
	Large/Mid Value Equity	%
	Large/Mid Blend Equity	%
	Large/Mid Growth Equity	%
	Small Company Equity	%
	Global Equity	%
	International Equity	%
	Specialty	%

Item	Retirement Plan Statistics	
Total percentage of employees in each salary range		
	Less than \$25,000	%
	Between \$25,000 - \$50,000	%
	More than \$50,000	%
Employees' investment knowledge		
	Beginning	%
	Intermediate	%
	Advanced	%
Number of locations		
Number of shifts		
Additional language needs		
	Number of employees	
Number of outstanding loans		



2

Tools & Resources Usage

Yes	No	What to consider when developing your communication plan
<input type="checkbox"/>	<input type="checkbox"/>	Are participants aware they have toll-free access to their retirement plan account through our interactive voice response system, TransDirect®?
<input type="checkbox"/>	<input type="checkbox"/>	Are participants aware that Transamerica certified retirement specialists are available to guide them through their retirement plan's features, including online tools?
<input type="checkbox"/>	<input type="checkbox"/>	Are participants aware of the various educational features and calculators available online at www.TA-Retirement.com ?
<input type="checkbox"/>	<input type="checkbox"/>	Are participants using <i>AdviceSolutions</i> to help make investment decisions?
<input type="checkbox"/>	<input type="checkbox"/>	Do you offer your employees access to a library of Transamerica retirement planning materials?

Modes of Communication

How do you communicate with your employees? Check all that apply:

- U.S. Mail**
- Internal Mail**
- Internal E-mail**
- On-site/Regional Meetings**
- Conference Calls**
- Department Meetings**
- Webcasts**
- Intranet**
- Payroll Statements, Inserts**
- Company Newsletters**
- Break Room/Cafeteria**
- Bulletin Boards**
- Other: _____**



2

Past **Communication Efforts**

Reviewing past communication efforts can be a valuable exercise for generating strategies for your communication plan. Here are a few questions to consider:

- What have you done?
- What has worked; what has not?
- What do your employees need?
- Have you surveyed your employees to discover their retirement education needs or interests? (See sample survey on page 19)
- What concerns have your employees voiced in the past?
- How are your employees learning about your retirement plan?
- What communication and promotional materials are you currently using?
- How do you communicate other employee benefits, such as health care?
- Are there lead employees/supervisors that influence employee behavior?

Employee **Demographics**

Employees' life stage, education, cultural heritage, and preferred communication style are important to consider when designing your communication plan.

Acknowledge and stay mindful of geographical differences, different employee populations, and prevalent employee attitudes and opinions.

Some 68% of employees polled in the Eighth Annual Transamerica Retirement Survey, November 2006, agreed that they did not know as much as they should about retirement investing.

For more information on the survey, including methodology, please visit www.TA-Retirement.com/TheCenter.



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What Your Retirement Plan Data May Reveal

Comparing your retirement plan statistics to industry benchmarks, your management goals, and expressed employee concerns can help you quickly gather practical information about your retirement plan, like whether:

- Your retirement plan's participation rate is in line with those of your industry peers
- Your employees' average deferral rate matches those of your industry peers
- Your employees understand asset allocation and diversification
- Your retirement plan's loan/hardship withdrawal rates signal your employees understanding of the importance of long-term retirement savings

Know the **Benchmarks**

Knowing which aspects of your retirement plan you can realistically improve is often a matter of knowing the industry norms or benchmarks. The following results from the Profit Sharing/401k Council of America survey on retirement plan participation can be useful for benchmarking your current retirement plan participation against industry averages.

Rate of employee participation by retirement plan size³

Retirement Plan Size (number of employees)	Participation Rate
1 – 49	85.0%
50 – 199	85.0%
200 – 999	78.8%
1,000 – 4,999	72.6%
5,000 +	77.3%
All Plans	78.9%

³Profit Sharing/401k Council of America ("PSCA"), 50th Annual Survey of Profit Sharing and 401(k) Plans reflecting 2006 plan experience, October 2007.



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Know the **Benchmarks** *(continued)*

Rate of employee participation by industry³

Industry	Participation Rate
Durable Goods Manufacturing	82.9%
Non-Durable Goods Manufacturing	83.6%
Wholesale and Retail Trade	64.2%
Financial, Insurance, and Real Estate	86.1%
Services	79.3%
Other	73.3%

Average percentage of pre-tax salary deferral for actual deferral percentage (ADP) and actual contribution percentage (ACP) test results³

Retirement Plan Size (number of employees)	Highly Compensated	Non-Highly Compensated
1 – 49	7.3%	6.1%
50 – 199	7.1%	5.9%
200 – 999	6.7%	5.1%
1,000 – 4,999	6.7%	5.1%
5,000 +	6.6%	5.0%
All Plans	6.9%	5.4%

Participant retirement plan loan usage 2006³

Loan Demographics	2006
Percentage of participants who have loans	23.7%
Average loan amount	\$8,595
Percentage of retirement plan assets on loan	2.2%

³ Profit Sharing/401k Council of America ("PSCA"), 50th Annual Survey of Profit Sharing and 401(k) Plans reflecting 2006 plan experience, October 2007.



3

Establishing **retirement plan goals** for the year

The primary objective for your retirement plan can develop from either a specific need or situation. Working with your Transamerica representative, identify possible retirement plan goals for your communication plan. Transamerica has identified the following suggested retirement plan goals to help get you started:

- Raise retirement plan participation
- Increase average employee deferral
- Encourage diversification
- Enhance employee satisfaction
- Improve employees' understanding of investing
- Promote specific retirement plan services/features
- Correct specific behaviors, such as excessive loans/hardship withdrawals or changes in investment choices

Although you may have selected some or all of these goals, it is important to narrow your focus to one or two goals for the year. Designing retirement plan goals that are specific, measurable, and realistic increases the likelihood of a successful outcome.

Primary Retirement Plan Goal:

Secondary Retirement Plan Goal:



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Transamerica communication solutions

Transamerica provides a number of employee communication materials designed to help you create awareness, generate interest, and improve employees' financial literacy.

Now that you have established your retirement plan goals, select from the corresponding solutions below.

Solutions

*Available in Spanish

	Raise Participation	Increase Deferrals	Improve Investment Knowledge	Promote Usage of Tools and Resources	Your Selections
Enrollment Kit					
* Your Simple Solutions Workbook [®] , provides a simple, five-step enrollment process including risk tolerance questionnaire, savings tables, and sample asset allocations.	✓	✓			
* Your Simple Solutions Guide SM , offers a summary of retirement plan provisions, tools, and account access.			✓	✓	
* Investment Choices Made Simple , summarizes investment choices by asset class and lists performance.			✓		
Videos					
* Retirement. A journey made simple [®] (Enrollment Video), presents basic investment information and guides employees through the enrollment kit (online, VHS, DVD, CD-ROM).	✓	✓			
Investing Made Simple , introduces employees to three key areas of investing, including asset classes, asset allocation, and diversification (online).			✓		
Market Review Made Simple , provides employees with an overview of the previous quarter's economic and market activity and offers an outlook for the upcoming quarter.			✓		

Solutions

*Available in Spanish

	Raise Participation	Increase Deferrals	Improve Investment Knowledge	Promote Usage of Tools and Resources	Your Selections
Payroll Notices (e-mail versions also available)					
* The Importance of Starting Early , illustrates how \$30 per week in contributions can add up.	✓				
* Dream the Future , promotes the benefits of attending an enrollment workshop.	✓	✓			
* The 1% Difference , illustrates the benefits of increasing contributions.		✓			
* It's Never Too Late to Save for Retirement , explains the benefits of "catch-up" contributions for participants age 50 plus.	✓	✓			
* The 401(k) Tax Credit , introduces the benefits of the IRS Saver's credit.	✓	✓			
* The Smarter Way to Save , illustrates the advantages of tax-deferred savings.	✓	✓			
* 401(k) Day , promotes the benefits of your retirement plan with a new theme each year.	✓	✓			
Posters (e-mail versions also available)					
* Enrollment Workshop , announces your upcoming retirement plan enrollment or re-enrollment meeting with a customizable area to enter meeting date, time, and location.	✓	✓			
* 401(k) Made Simple , promotes your upcoming 401(k) plan seminar with a customizable area to enter meeting date, time, and location.	✓				
* Economy Made Simple , announces your upcoming seminar on understanding basic economic principles and their effects on the financial markets with a customizable area to enter meeting date, time, and location.			✓		
* Investing Made Simple , publicizes your upcoming investing seminar with a customizable area to enter meeting date, time, and location.			✓		
* Preretirement Planning Made Simple , invites your employees to the upcoming retirement planning seminar with customizable area to enter meeting date, time, and location.		✓		✓	

Solutions

*Available in Spanish

	Raise Participation	Increase Deferrals	Improve Investment Knowledge	Promote Usage of Tools and Resources	Your Selections
* Roth 401(k) Made Simple , announces your upcoming seminar on your retirement plan's Roth 401(k) feature with a customizable area to enter meeting date, time, and location.	✓	✓			
* Tools and Resources Made Simple , promotes your upcoming seminar on educational retirement plan tools and materials with a customizable area to enter meeting date, time, and location.				✓	
* Women and Investing , advertises your upcoming seminar on financial planning with a customizable area to enter meeting date, time, and location.		✓	✓		
* The Benefits of Investing in a 401(k) , promotes and explains the advantage of tax-deferred 401(k) investing.	✓	✓			
* The 401(k) Tax Credit , introduces the benefits of the IRS Saver's credit.	✓	✓			
* www.TA-Retirement.com , introduces employees to the Web site's interactive features.				✓	
* How to Respond to Market Volatility , explains how to respond to dramatic swings in the stock market.			✓		
Brochures					
* 401(k) Made Simple , explains retirement plan features and benefits and how to start planning now for retirement.	✓				
* Economy Made Simple , helps employees understand basic economic principles and their effects on the financial markets.			✓		
* Investing Made Simple , introduces employees to three key areas of investing, including asset classes, asset allocation, and diversification.			✓		
* Preretirement Planning Made Simple , presents employees with an overview of key issues to consider before retiring, like how much have you saved, how much will you need, how to manage risks, and how to implement strategies for life in retirement.		✓		✓	
* Roth 401(k) Made Simple , introduces the key features and benefits of the after-tax Roth 401(k) option.	✓	✓			
* Women and Investing , empowers women with investment and financial planning strategies.			✓		

Solutions

*Available in Spanish

	Raise Participation	Increase Deferrals	Improve Investment Knowledge	Promote Usage of Tools and Resources	Your Selections
AdviceSolutions , promotes the use of this simple and easy-to-use online investment guidance tool.		✓	✓	✓	
* A Guide to Understanding Market Volatility , explains the concept of market volatility and offers investment strategies based on time horizon.			✓		
* Loans: Advantages and Disadvantages , discusses the pros and cons of taking a retirement plan account loan.				✓	
Flyers					
* 401(k) Day , promotes the benefits of your retirement plan with a new theme each year.	✓	✓			
* Separate Accounts 101 , explains what a separate account is, how it differs from a mutual fund and how its value is calculated.			✓		
* TransDirect® Mailer , promotes account access and service through our interactive voice response system, certified retirement specialists, and www.TA-Retirement.com .				✓	
* It's Never Too Late to Save for Retirement , explains the benefits of "catch-up" contributions for participants age 50 plus.	✓	✓			
* The 401(k) Tax Credit , introduces the benefits of the IRS Saver's credit.	✓	✓			
* Roth 401(k) Made Simple , introduces the key features and benefits of the after-tax Roth 401(k) option.	✓	✓			
Seminars (available on-site, Webcast, and conference call)					
Retirement. A journey made simple® Enrollment Workshop , explains your retirement plan in detail, answers employee questions, and assists them in the enrollment process.	✓	✓	✓	✓	
* 401(k) Made Simple , explains retirement plan features and benefits and how to start planning now for retirement.	✓				
* Economy Made Simple , helps employees understand basic economic principles and their effects on the financial markets.			✓		

Solutions

*Available in Spanish

	Raise Participation	Increase Deferrals	Improve Investment Knowledge	Promote Usage of Tools and Resources	Your Selections
* Investing Made Simple , introduces employees to three key areas of investing, including asset classes, asset allocation, and diversification.			✓		
* Preretirement Planning Made Simple , presents employees with an overview of key issues to consider before retiring, like how much have you saved, how much will you need, how to manage risks, and how to implement strategies for life in retirement.		✓		✓	
* Roth 401(k) Made Simple , introduces the key features and benefits of the after-tax Roth 401(k) option.	✓	✓			
* Tools and Resources Made Simple , introduces employees to the various resources for managing their accounts online and over the phone, reviews features of their account statements, and introduces various educational tools.				✓	
* Women and Investing , empowers women with investment and financial planning strategies.			✓		
Other Resources					
* e-Tips Online Video Presentations , educates your employees on the benefits of retirement planning with brief online video clips:					
<i>The Benefits of Attending an Enrollment Workshop</i>	✓				
<i>The Benefits of Investing in a Retirement Savings Plan</i>	✓	✓			
<i>The Benefits of Rebalancing</i>			✓		
<i>The Tax Benefits of Investing in a Retirement Savings Plan</i>	✓				
* Retirement Planning Assessment (Impact Statement) , shows employees a customized view of their retirement savings goal with gap analysis.	✓	✓			

Solutions

*Available in Spanish

	Raise Participation	Increase Deferrals	Improve Investment Knowledge	Promote Usage of Tools and Resources	Your Selections
* Worth A Look Newsletters , provides quarterly education on the markets, economy, and investing.			✓		
Train-the-Trainer , offers plan sponsors and their human resources staff a customized seminar covering plan features, benefits, resources, and tools.	✓	✓	✓	✓	

We continue to add new content throughout the year. You can view our updated solutions list and order materials online at www.TA-Retirement.com through eKits.

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Your **communication plan**

Now that you have determined your retirement plan goals and identified your communication solutions, the timing of your communications needs careful consideration.

To be most effective, it is important to make sure that other corporate messages and events are not competing with your retirement plan communications.

The final step in developing your communication plan is to schedule your communications. Please use the action plan on the following page to schedule your communication plan strategy for the year.



Communication Action Plan

Event, Product, or Service	Targeted Audience <small>(i.e., New hires, Non Participating, Participating)</small>	Delivery Method	Date	Materials and Quantity Required	Responsible Party


Note:
Perforated
line does
not print

Congratulations on developing your communication plan for the year!

Communication Action Plan

Event, Product, or Service	Targeted Audience <small>(i.e., New hires, Non Participating, Participating)</small>	Delivery Method	Date	Materials and Quantity Required	Responsible Party

Congratulations on developing your communication plan for the year!

Note:
Perforated
line does
not print 

Note:
Perforated
line does
not print

Employee Survey

Employee Name (optional): _____ Date: _____

PLEASE INDICATE WHETHER YOU AGREE OR DISAGREE

	Strongly Agree				Strongly Disagree			
I understand the benefits and features of the company sponsored retirement savings plan.	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	
I know how much I need to save for a comfortable retirement.	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	
I visit www.TA-Retirement.com to access educational materials and tools.	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	
I need more information on retirement plan investment choices.	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1	

OVERALL SATISFACTION	Excellent		Good		Needs Improvement		
Overall, how would you rate the retirement plan communications and resources including educational materials, seminars, and online tools?	<input type="checkbox"/> 7	<input type="checkbox"/> 6	<input type="checkbox"/> 5	<input type="checkbox"/> 4	<input type="checkbox"/> 3	<input type="checkbox"/> 2	<input type="checkbox"/> 1
Your age.	<input type="checkbox"/> 18-35		<input type="checkbox"/> 36-50		<input type="checkbox"/> 50+		
Are you participating in the company sponsored retirement savings plan?	<input type="checkbox"/> Yes		<input type="checkbox"/> No				

Additional comments or suggestions on how we can improve or expand our communications to better meet your needs:

Thank you for your participation.

Customizable employee survey sample available for download at
www.TA-Retirement.com.