

By Sarah Stewart M.A.  
*December 2012*

Much of the work we do involves process review and improvement. We frequently discover that front line HR staff members are spending significant amounts of time and energy providing unnecessarily high levels of customer service to individuals on specific topics. One area particularly vulnerable to this is Retirement. While the intent of the front line staff is good, the effect of 'handholding' employees through the retirement process (and beyond) can result in a culture of dependency, diverting resources away from other areas and creating a strain on overstretched HR staff. We also see employee frustration where inaccurate or incomplete information has been given, which can have a devastating impact on an employee's retirement planning. Often, management aren't aware of the call volume and resources being diverted to responding to employee inquiries on retirement until a process review or job analysis of the frontline HR position(s) is conducted.

The trend in retirement benefits is toward increased complexity, with a variety of options available to employees both at work and independently. This complexity and emphasis on tailoring retirement benefits to fit the individual brings both a requirement to change the way employers approach retirement benefits, and a requirement that the employee take a more active role in their retirement planning.

The following best practices can help the Human Resources Department deliver a high level of customer service while encouraging employees to take a more active role in their retirement planning. Implementing such changes will help HR use available resources more effectively, ensure employees receive the right information at the right time, and empower employees to take control of their own retirement planning.

- 1 **Communicate** the value of your organization's investment in retirement benefits. Communication about employee retirement benefits should ensure that employees value and appreciate the retirement benefits available. Be strategic in your communications and show how the organization offers benefits that allow employees to create and manage their wealth. In addition to the core retirement benefits, be sure to highlight various risk benefits such as critical illness insurance and life assurance. Without a good communication plan, employer contributions and costs of retirement benefits are a business cost rather than an investment in the organization.
- **Establish a robust pre-retirement program.** This will not only help employees prepare and plan for their retirement, but will also help your organization make these benefits more visible to employees. There's also the added benefit of providing more opportunity and increased time for succession planning and transfer of knowledge. The most effective pre-retirement programs include the following elements:
  - Regular in-depth information sessions for new employees (quarterly or semi-annually) that include demonstrations on how to use relevant on-line tools and encourage employees to take an active role in their retirement planning (be careful not to give financial or tax advice here!)
  - Full utilization of on-line tools including 24/7 access to information for employees. Most

providers of supplementary plans such as 401(k) and 457(b) plans allow employees to make beneficiary changes and investment changes directly with the provider.

- Early communications to employees approaching retirement age. Consider targeting employees up to 5 years before they are eligible for retirement.
- Regular retirement planning seminars for employees thinking about retiring. (e.g. semi-annual).
- Communications that encourage action on the part of the employee (rather than just information).

#### • **Inclusion of Spouses**

For married individuals, it is increasingly important that the spouse understands the benefits available at retirement and what, if any benefits the spouse is eligible to receive should the retired employee die. This information will have a direct impact on their own retirement planning, and most married couples and financial planners would want to take a whole picture approach to retirement planning. A structured pre-retirement program can allow for information sessions and meetings to be open to spouses, should they wish to attend.

#### • **Automatic Enrollment**

Many organizations in the private sector now opt for automatic enrollment, where all eligible employees are enrolled in the available defined contribution retirement plan unless they opt out. Many programs also include an automatic increase in contributions up to a certain percentage of salary (typically around 6%). We are starting to see more public sector organizations take this approach but it is still only a small percentage of the sector. While there are costs involved, particularly where there is an employer matching contribution, having an automatic enrollment approach to supplemental retirement benefits sends a clear message to employees that there are options available. It is important to understand that automatic enrollment in itself won't usually increase an employee's likelihood to take pro-active steps in planning their retirement, but coupled with a solid communication strategy, it can change the way employees view retirement planning and result in more action on the part of your employees.

So whether you discover a hidden drain on your staff's time and resources, or just want to take a more strategic approach to retirement benefits and improve your organization's return on its investment, why not make 2013 the time invest in your employees retirement planning?