


..... MARCH 2007

Redefining Retirement

Employers to Embrace Multicultural Marketing, Improve 'Disconnect' in 401(k) Education

AS THE WORKFORCE becomes more culturally diverse, plan sponsors and employers need to understand how each group perceives retirement and the future in order to increase participation rates among people of color, especially African Americans and Latinos, according to Andres Tapia, chief diversity officer, Hewitt Associates.



In addition, results from the Eighth Annual Transamerica Retirement Survey reveal a major disconnect in how employers and their employees view the importance of retirement benefits. "As more employees count on employer-sponsored plans as their primary source of retirement income, it's crucial that employers and employees communicate when making decisions about their retirement plan," says Catherine Collinson, retirement and market trends expert for Transamerica Center for Retirement Studies.

Collinson notes that many employees now expect a 401(k) plan with an employer-matching contribution to be part of their overall compensation package. "The survey found that employees are more likely to take another job that offers a better retirement benefits package," says Collinson. "Communicating with employees about how to achieve the retirement goals can go a long (Continued on back)

Financing Benefits

'Progressive' Employers Find Better Ways To Finance Employee Benefits in Future

DESPITE CONCERNS about increasing costs, most companies remain committed to offering a competitive benefits package. What's more, a growing number are determined to find ways to finance those benefits beyond cost sharing, according to Prudential Financial's *Study of Employee Benefits: 2006 and Beyond*.



Over the next five years, the study found that benefit programs will stay, but they won't remain the same. "A lot of companies are chasing costs, but sometimes the costs run faster," says Al Hemond, Prudential senior vice president, disability risk management. "What we're seeing is that a growing number of companies are (Continued on back)

Learning from 'The Best'

Benefits Can Improve Business Success

EMPLOYERS REALIZE strong benefits can attract great talent and retain key employees, thus reducing turnover cost. Some, like those recently recognized for successfully balancing employee benefits with corporate performance, even understand that benefits done right can improve the company's bottom line.



Those firms in *The Principal 10 Best Companies for Employee Financial Security – 2006* took innovative approaches to wellness programs, automatic enrollment features, employee stock ownership plans, and defined benefit retirement plans, for

example, by focusing on the three "E"s of employee benefits: (1) **Educate** employees – Give them the information and tools they need to make informed decisions; (2) **Engage** them in the process – Motivate employees to take charge of their benefits and their financial futures; and (3) **Ease-of-use** – Take away the complexity and the fear of making mistakes with simple, do-it-for-me features that allow employees to get the most out of their benefits.

"The commitment of *The Principal 10 Best Companies – 2006* to education, engagement, and ease of use has made a tremendous impact on the value both employers and employees receive from their benefits. As a result, their ability to attract the very best employees, reduce turnover, and boost productivity has made these companies the envy of their competitors," says Renee Schaaf, vice president, Principal Financial Group.

See www.principal.com/theprincipal10best/bestpractices.htm for education best practices, interactive checklists, and benchmark charts. ■

Redefining Retirement

(Continued from front)

way toward improving employees' perception of their retirement plan benefit."



To address the savings issue, Tapia says that, according to cultural studies, Latinos tend to have a shorter time horizon about the

future than Whites and Asians. "When Latinos are asked to define the future, they tend to respond, 'the next three to five years,'" Tapia says. Whites, by comparison, typically will say "the next generation," and Asians, "the next century."

When it comes to culturally sensitive retirement communications, Tapia says that retirement plans should be marketed in a culturally competent way, creating communications that move diverse employees to action. Therefore, a 401(k) education program that does not take into account these general multicultural perspectives about the future is only "scratching the surface."

According to the U.S. Census Bureau, the Latino community is the largest and fastest-growing minority group (42.7 million) in the country. African Americans are the second largest minority group (39.7 million), followed by Asians (14.4 million), American Indians/Alaska natives (4.5 million), and native Hawaiians and other Pacific Islanders (990,000). One in three U.S. residents (33%) belongs to a racial or ethnic minority group, a figure which is expected to reach 40% by 2050. Thus, creating unique materials and messages that all employees can relate to impacts employees' awareness of retirement benefits and helps maximize retirement savings. ■

Financing Benefits . . . *(Continued from front)*

looking at the root causes of costs and taking control of them going forward. We refer to them as 'Progressives.'"



While Progressives offer benefits that are competitive within their industry/size segment, understand employees' greatest financial and lifestyle concerns, and are highly interested in helping employees address their needs (particularly in maintaining a healthy lifestyle, providing access to mental health counseling, retirement planning, and work-life balance programs), these employers look to the future rather than in the rear-view mirror, says Gene Lanzoni, Prudential vice president of Global Marketing Research.

"It's surprising how many employers are not focused on promoting a healthy environment," says Hemond. "Obesity is a huge issue. Smoking carries enormous costs. Mental health counseling is another area companies should focus on. The employers that try to keep employees healthy in both mind and body are the ones who get it."

In addition, Progressive firms are more willing to use targeted benefits communication and personalization "so that the right information is getting to the right people at the right time," says Lanzoni. The survey shows that they are also more in sync with employee financial and lifestyle needs and more responsive to diversity trends. ■

Bulletin Briefs

- ◆ *OSHA Reminds Employers to Post Workplace Injury Summaries*
Employers must post from February 1 to April 30, 2007 a summary (Form 300A) of the total number of job-related injuries and illnesses that occurred in 2006 as logged on OSHA Form 300. Employers with 10 or fewer employees and employers in certain industry groups are exempt from this recordkeeping and posting requirement.
- ◆ *OSHA Releases Pandemic Guidance*
OSHA's *Guidance on Preparing Workplaces for an Influenza Pandemic* divides workplaces into four levels of risk ranging from low to very high based on proximity of workers to infected people. The guidance offers specific recommendations for each risk level as well as some general advice. The guidance is available at www.osha.gov.
- ◆ *FDA Approves First Nonprescription Diet Drug*
The first over-the-counter weight-loss pill, Alli, is a half-dose version of a prescription medicine Xenical. The FDA says Alli should be used by overweight adults, combined with a reduced-calorie, low-fat diet and exercise. GlaxoSmithKline will sell a book about Alli and weight loss before the drug hits the stores this summer. Alli will cost about \$2/day.
- ◆ *DOL Mandates Electronic Filing for Form 5500 in 2008*
Beginning on or after January 1, 2008, the DOL has made e-filing mandatory for the Form 5500 and Short Form 5500. In addition, the DOL has proposed eliminating Schedules E (ESOP Information) and SSA (Annual Registration Statement Identifying Separated Participants with Deferred Vested Benefits) in anticipation of the e-filing mandate. ■



HRinsider® *bulletin* is brought to you each month courtesy of the bagnall company, a UBA® member firm.

WE EXCEL IN THESE AREAS

- Complete employee benefit planning: To ensure that the total benefit package is consistent with organizational goals.
- Benefit design analysis: To match available delivery systems and benefit options with the desired plan performance.
- Analysis of available funding mechanisms: To maximize the effectiveness of assets invested in employee benefit programs, while appropriately managing risk.
- Competitive bidding, comprehensive market analysis, and aggressive negotiation: To obtain the best available coverage at the lowest available price.
- Plan performance analysis and financial reporting: To evaluate current performance and estimate possible future results.
- Employee education, communication and assistance: To facilitate employees' use of benefits and reduce administrative workload.
- Ongoing analysis and research of emerging employee benefit trends and offerings: To evaluate their potential impact.
- Education, information and guidance on insurance regulations, mandates and guidelines: To reduce potential liability for non-compliance.
- Personalized products and services: To meet the needs of executives and key individuals.
- 401(k), pension and retirement planning: To meet current and future needs of the organization and its employees.
- Consulting services for administrators, payers, and providers: To provide realistic insight into the dynamic needs of the employer-sponsored group benefits marketplace.
- Continuous service and support: To add value to your investment in employee benefits.

Contact Information

Address:

1345 E. Chandler Boulevard
Building 1, Suite 103
Phoenix, AZ 85048

Phone:

Phone: 480-893-6510
Toll Free: 800-582-8593
Fax: 480-893-6137

Web Address:

www.thebagnallcompany.com

Contacts:

Mark Bagnall, President
mbagnall@thebagnallcompany.com

Cesar delRosal, Director of Special
Projects & Technology
cdelrosal@thebagnallcompany.com

Theresa Lofgren, Director of Client
Services
tlofgren@thebagnallcompany.com

Lindsey Neisen, Manager-Office
Administration
lneisen@thebagnallcompany.com

Trish Dalgai, Administrative Coordinator
ndalgai@thebagnallcompany.com

Kerrin Taylor, Executive Director of
Service & Administration
ktaylor@thebagnallcompany.com

Cynthia Bagnall, Service & Administration
Consultant
cbagnall@thebagnallcompany.com

Yasmine Asfoor, Administrative Assistant
yasfoor@thebagnallcompany.com


the bagnall company
EMPLOYEE BENEFITS CONSULTING

tbc notes:

We would like to thank the following companies for allowing us to be of service again this year:

Contracted Driver Services, Litchfield Park, AZ
Grants Automotive, Inc. dba Deans Auto Repair, Phoenix, AZ
Mastel Cleaners, Inc., Scottsdale, AZ
Sand Limo, Apache Junction, AZ
Toywest Automotive Inc., Peoria, AZ

We welcome the following new client and thank them for their business:

CKGH Law, Phoenix, AZ

How do you keep and reward your key executives – the ones that “make” your business? There are a variety of employee benefit opportunities that can be specially designed for just those key folks – ask us for more information.

We are pleased to announce that Kerrin Taylor, Executive Director of Service & Administration, has completed a concentrated study on Section 125 plans (Cafeteria Plans) and has attained the designation of “Certified Section 125 Administrator.” Congratulations Kerrin!!

Technology Corner

Want to stay up to date on the latest in HR issues? How about a guide on what you can ask in an interview? Do you need a sample I-9 guide? Need a policy on internet/email usage? All this and more can be found on the HR^{insider}®, a valuable tool provided to all our clients at no charge.

If you need a refresher on how to access this information please contact the bagnall company and any team member would be glad to assist.

Contact us at 480-893-6510 or by sending an email to Kerrin Taylor ktaylor@thebagnallcompany.com or Cynthia Bagnall cbagnall@thebagnallcompany.com