



DC Pensions

Members' Retirement Security At Risk

Attention Please!!

By: Graydon Watters & Marilyn Lurz

Graydon Watters and Marilyn Lurz, of Financial Knowledge Inc., explain how you can get and keep your employees' attention when it comes to Capital Accumulation Plan investment information and decision-making tools.

In the two years since the introduction of the CAP Guidelines, plan sponsors have been paying a lot of attention to Section 3 which says "the CAP sponsor should provide investment information and decision-making tools to assist CAP members in making investment decisions in the plan."

Having provided the information and tools, plan sponsors, not surprisingly, now want their plan members to use the information to acquire knowledge and then to use that knowledge to increase their chances of success with their financial and retirement planning goals.

There's been some industry 'buzz' lately about the fact that members do not want to take the time to make decisions about their CAP assets, or even to participate in the plan in the first place. There's no arguing that this is true and that paying attention to default options, both in the type of investment default offered and the level of automatic contribution, is important.

But it's equally important to remember that it's the members' assets and their retirement security and well-being that are at risk here. The ones who own the assets and the choices – the ones who own the risk – are without question the best ones to make the decisions. This fact, combined with the CAP Guidelines requirements to offer information and tools, is leading many plan sponsors on a quest to engage their members in the process.

Words Of Wisdom

Jane Vella, author of many books on adult learning, believes that effective adult learning is characterized by the following considerations:

- **Political** – it has to do with power and distribution of power, both in the process and in the content selected
- **Problem-posing** – it is a dialogue around adult themes using adult materials evoking affective, psychomotor, and cognitive responses
- ◆ **Part of a whole** – it must have follow-up and continuity and not be a single event, raising and then dashing hopes
- ◆ **Participative** – everyone involved must have time to speak, to listen, to be actively engaged in the learning
- ◆ **Person-centered** – its purpose is the development of all the people involved, not merely the covering of content
- ◆ **Prepared** – from the initial needs assessment through the planning stage, through the design of materials, the learning is designed for this particular group of learners.

When it comes to CAP offerings, plan sponsors need to fold these considerations into an integrated communications plan that will stand the test of time.

Mechanisms With Teeth

One of the keys to success is to ensure that the communications plan incorporates at least some 'mechanisms with teeth' – in

other words, things that will help employees to 'sit up and pay attention'.

Here, in no particular order, are some ideas for doing just that.

How many employees are actually aware that the CAP Guidelines contain the following statement: "CAP members are responsible for making investment decisions within the plan and for using the information and decision-making tools made available to assist them in making those decisions."

Based on this statement, the onus to comply with the CAP Guidelines cannot be placed exclusively on the shoulders of the plan sponsor. CAP members need to be made aware of this responsibility. This could be captured in a simple 'Did you know?' posted on the corporate intranet and/or on a bulletin board.

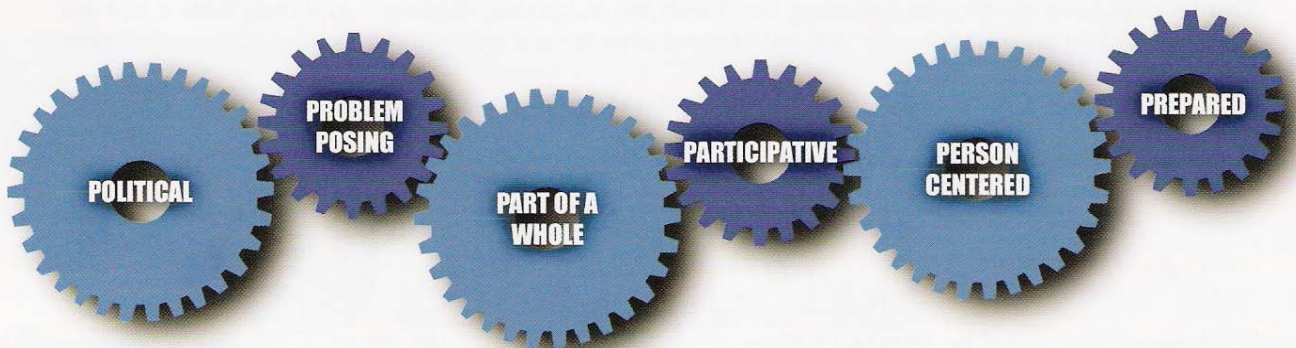
As with any component of a good communications strategy, the point needs to be made and then reinforced regularly.

Information 'Teasers'

For a host of different reasons, people seem to have ever-shorter attention spans. So getting their attention quickly in a few words is essential. But it's next to impossible to explain anything about a CAP, investment theory, or retirement planning without going into some detail. The trick, then, is to come up with interesting snippets of information that will pique employees' interest and make them want to read/learn more.

Here's a three-step approach, using the corporate intranet:

- ◆ Step 1 – Ask a question or state a fact, and provide a 'reveal' button, which takes the person to Step 2. (Obviously, the question or fact needs to be thought-provoking and/or elicit curiosity in the user.)
- ◆ Step 2 – Provide a basic response to the question or fact in Step 1 – two or three sentences maximum. Add another related 'teaser' question to start the knowledge-building process.



◆ Step 3 – If the user wants to learn more, he/she is taken to a section of the full web-based information package that provides more comprehensive information on the selected topic.

Assuming the web-based information is structured in modules, try offering various incentives provided an employee completes a number of learning modules. Some sites provide testing. This would be one way of ensuring that the employee has actually completed the modules.

Incentives could include a free book or CD on specialized topics related to financial, retirement, or life planning issues, or even on unrelated, but popular, topics. Or have a monthly draw for prizes. The more times a person visits the information website, the more entries he/she will have for the draw.

Incorporate A Certification Process

Plan sponsor: “We’re so serious about wanting you to take an active role in managing your tax-sheltered assets that we’ve set up a certification process. You’ll achieve your certificate of proficiency when you have completed all of the web-based learning modules.”

Or take it a step further, “Completing the program and achieving certification is part of your performance plan this year. This is something we want everyone to complete this year and we’re setting aside ‘x’ hours of your work time over the next year for you to take yourself through the learning process.”

Or simply tell people that attending a comprehensive seminar/workshop and/or getting certified at the web learning site is mandatory.

As ‘part of a whole,’ where’s the follow-up in your plan? How do you know if the plan is working? Make sure you try all sorts of ways to get employee feedback – on the web, through focus groups. If it’s working, fine. If not, try something else.

What are your measures of success? Are they being tested regularly? Are they the right measures? Have you shared the success measures with the employees? There are many questions and the right answers are different for each organization.

It’s important to create an integrated communications plan – be careful not to throw all sorts of sessions/lunch ‘n learns at people, with various different presenters. This may come across to your employees in a very disjointed way. You run the risk of employees saying, “Oh here we go, yet another session on investments/retirement planning.”

But that’s not to say that some variety is not a good thing. Sometimes people need to hear things said a different way in order for it to sink in. The point is to take all of

this into consideration when creating your plan, making sure you find the right balance between sufficient information and variety.

Make It Fun!

If we were to add another ‘p’ word to Vella’s list, it would be ‘pleasurable.’ The word will spread when there are materials, workshops, and/or websites where there’s some fun involved. Believe it or not, the subjects of investment strategy, pensions, and retirement planning are not perceived to be pleasing by everyone! So it’s important that people who are learning are having some fun while they’re doing it.

Your learning website should include some ‘fun’ items like a ‘Wellness Word Search’ or ‘Financial Phrases Folklore’ – short and snappy items that can lighten up the learning experience. In terms of seminars/workshops, you could start a one-day session off with an inspirational or ‘just for fun’ speaker, even on a topic unrelated to financial/retirement planning.

Almost every organization is ‘selling’ something, whether it’s a product or a service, and they have marketing experts to figure out how to optimize sales. Use those people to help optimize the ‘sell’ on attending the workshops or using the website tools. The more you can make your program look interesting – especially using

your own images, marketing style – the more you’ll be able to get employees interested and that’s the name of the game.

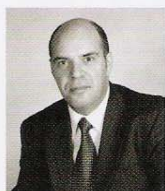
A Word On Objectivity And Independence

Remember that employees can ‘smell’ when there is the slightest element of being ‘sold to,’ even if there is nothing overt in the presentation or materials. Make sure that at least part of your communications strategy incorporates information and tools that are both objective and independent.

We believe that using a few of the ‘toothy’ ideas above will help to get more employees engaged in the CAP decision-making process.

Finding the right ‘mix’ to create an effective communications strategy can be a daunting challenge and is unique to each organization. Incorporating Vella’s wisdom and a few ‘mechanisms with teeth’ will inevitably increase your chances of successful employee engagement. ■

Graydon Watters (ggw@financialknowledgeinc.com) is president and Marilyn Lurz (lynmar01@sympatico.ca) is a pension consultant and facilitator for Financial Knowledge Inc. (FKI).



Appointment Notice

Nicola Iarocci, MBA, CFA
Regional Sales Director
Group Savings and Retirement
Eastern Region
The Standard Life Assurance Company of Canada

Ken Kukkonen, Vice-President – Sales, Group Savings and Retirement, The Standard Life Assurance Company of Canada, is pleased to announce the appointment of Nicola (Nick) Iarocci, to the position of Regional Sales Director, Group Savings and Retirement, Eastern Region.

In his new role, Nick is responsible for the group savings and group payout development business activities in Eastern Canada as well as supervision of the Halifax, Quebec City, Montreal, and Ottawa Sales teams. Based in Montreal, he is instrumental in helping us meet our regional business plan in our line of business.

Nick brings to the organization over 20 years of experience in financial services, notably in the investment management and banking areas. Most recently, he worked for a well-known Portfolio Manager in Montreal. From his background in marketing, sales, and sales management, Nick has an excellent understanding of investment services for institutional clients.

The Standard Life Assurance Company of Canada and its affiliated companies in Canada have \$40.5 billion in assets under management as of December 31, 2005 and offer a wide range of financial products and services to over 1.28 million individuals, including group insurance and pension plan members. Total premium income and deposits reached \$5.2 billion in 2005. (www.standardlife.ca)

