Employers of Hennepin Healthcare have multiple choices when it comes to saving for retirement. But more choices can lead to confusion, which can lead to inaction.

The Minneapolis, Minnesota-based health care system wanted to boost participation in its retirement plans and increase the amount of money employees were saving and has found success through a customized communications campaign.

Hennepin Healthcare is a public benefit corporation created by statute and is a subsidiary of Hennepin County. Employees who are not health care providers (physicians or advance practice providers such as physician assistants) and not in leadership roles are eligible to participate in a 401(a) retirement plan through the Public Employees Retirement Association (PERA) of Minnesota. Employees, including clerical staff, nurses and those who work in information technology, human resources, finance and other departments, make a fixed contribution of 6.5% of their pay to the plan, while employers contribute 7.5% of pay. About 65% of Hennepin Healthcare employees are eligible for the PERA plan.

The remaining employees who are not eligible for the PERA plan participate in a separate 401(a) retirement plan offered by the health care system. Employees cannot contribute to the plan. All employees are eligible to participate in voluntary defined contribution 403(b) and Section 457(b) plans.

In addition to the variety of plans, the 7,000-employee population also has a wide range of needs. “We’re a health care system, so we have a variety of entry-level folks to physicians, and the income level varies significantly, as does the retirement plan,” said Susan Roeser, CEBS, director of human resources for Hennepin Healthcare.

Challenges

“The participants in PERA were very hard to reach. They work different shifts throughout the week,” Roeser said. Participants may not understand whether the PERA benefit will generate sufficient retirement income for their lifestyle and may not have looked at whether they should be contributing to other plans.

Physicians and nonphysician leaders were two other groups the health care system wanted to target with communication.

Physicians also are hard to reach and have limited time, Roeser said. Most work with financial planners but, because of the multiple options, they aren’t necessarily taking advantage of all of the plans, she said. “They can contribute the maximum amount to the 403(b) allowed by the IRS and also to the 457, really increasing their deferral options, and they weren’t all doing that,” Roeser explained.

When the system looked at the deferral rates of nonphysician leaders, it found they weren’t contributing at a rate that would generate enough savings to reach the goal of 80% of their preretirement income, a goal the system encourages all participants to reach.

The Campaign: Health Care With an Edge

Over the years, the system has conducted a series of communications campaigns to boost plan participation and savings. Hennepin Healthcare collaborates with its recordkeeper and custodian, Wells Fargo, to create the campaigns. They cus-
tomize the message to their audience with a health care theme that Roeser describes as a “little edgy.”

For example, the most recent 2017 “Naked Truth” campaign included a mailer that said “Time for your sponge bath,” reminding participants that retirement is coming and using the concept of the vulnerability of receiving a sponge bath to urge them to examine any vulnerability related to their future. Past campaigns featured an x-ray of a broken arm with the title “Is Your Retirement Broken?” and an image of a patient in a waiting room with the title “What Are You Waiting For?”

“You’re just trying to get them to take some action,” Roeser noted, and that could include enrolling, simply logging into their account to check their retirement account balance or increasing their deferral rate.

Mailings are targeted, so a participant who is already contributing to a retirement account receives a different message than someone who is not contributing. “Because of the wide variety of plans and income levels of participants, we need to figure out how to customize the communication and make it appropriate and applicable to them,” she said.

In 2017, eligible participants who weren’t contributing to the 403(b) and 457 plans received specific information about how contributing a certain amount of money would affect their paycheck using estimated tax rates. If participants sent back an attached postcard, they would be enrolled and start contributing. Those who signed up for electronic notifications received e-mails that allowed them to take the same actions. In the course of a year, a participant might receive two or three messages between electronic notifications and physical mail.

The system has discovered that customization and simplicity are keys to convincing participants to enroll or increase deferral rates. The messages are personalized with the participant’s first name, which makes the participant more likely to read rather than recycle right away, Roeser said. For example, the cover of the waiting room mailer said, “John, What Are You Waiting For?” Names also are already filled out on the postcard that participants send back, reducing participant effort.

Following the 2017 campaign, overall participation in the 403(b) plan increased from 10.79% to 13.6%, and the average deferral rate increased from 15.95% to 17%. Between 2015 and 2017, participation in the 403(b) plan increased by 29%, and the average deferral rate has increased by 20%. The participation rate in the 457 plan increased by 4% over that time period, although the average deferral rate declined slightly.

Hennepin Healthcare uses a health care theme in its communications material to urge employees to start contributing or contribute more to their retirement plans.
what’s working

Additional Channels for Education

Hennepin Healthcare supplements the print campaign with other educational efforts.

The system held a benefits fair in 2017 that featured a carnival-style duck game to tie in with the duck sponge theme.

The benefits manager also conducts quarterly retirement readiness sessions providing employees with a checklist of activities to complete before retirement. Employees who are nearing retirement are invited to the sessions, which are consistently well-attended. The sessions are advertised in the employee newsletter and are open to everyone.

Hennepin Healthcare also offers a limited number of one-on-one meetings with a benefit counselor for participants who are nearing retirement. Participants can bring their spouses to the meetings and review their income statements.

The system offered four financial health lunch-and-learn meetings for all participants in 2017 and early 2018, covering topics like budgeting, saving for their children’s college education and paying off student loans. Participation was not as strong as hoped, so the system is reconsidering whether it will offer the sessions again in the future.

With multiple channels to disseminate information, Hennepin Healthcare hopes its efforts are “timed to catch people at the right time when they’re ready to take action,” Roeser said.

Hennepin Healthcare has received recognition for its efforts. The 2017 education campaign earned a first-place 2018 Pension & Investments Eddy Award in the special projects category of not-for-profit institutions with more than 5,000 employees. The system also received a 2017 Signature Award from the Plan Sponsor Council of America, earning first place among large companies in the category of increasing plan participation and savings rates.

The Future

The system is in the planning phases of its next long-term communication strategy, but Roeser predicts increased use of electronic information such as social media and mobile apps. “We’ve used a lot of mail in the past,” she said. “Is that still going to be effective, or how are we going to layer in all the other methods of communication that people are now more accustomed to?”