Ten years ago, many of the tradespeople who worked for M. A. Mortenson Company weren’t participating in the general contractor’s 401(k) plan. Some said their retirement plans were to work as long as they could and then move in with their children.

“It was driving me crazy when I would talk to them,” said Annette Grabow, CEBS, the company’s manager of retirement benefits. “Their reason (for not saving) was always, ‘I can’t afford to.’ Along with that, they would justify it: ‘I have to be able to pay my rent, and I’ve got my car loan, and I’ve got this loan, and I’m overdrawn on my credit cards . . . ’ I kept thinking, ‘If you’d just manage your finances properly, you could afford to do this.’

“So many people don’t know how to live off a budget or even make one. Or they think they have one in their head, but they don’t know how to track spending. And then you have these new-hire engineers that come in right out of school. All of a sudden they’re making a decent wage and they’re in debt before you know it. Nobody taught these kids about money.”

The company matches contributions to its two 401(k) plans dollar for dollar up to 4% of pay. Salaried workers also have a profit-sharing plan. Since 2008, the company has been automatically enrolling every new employee, and the contribution levels for salaried employees are automatically escalated.

Although Grabow wanted to tell employees they couldn’t afford not to put money into their 401(k) plan, “You can’t say that to someone in debt up to their ears—because they can’t hear you. They’re stressed out. And that was the other thing: They’re spending half the day on the phone because of personal financial problems. And they’re sick all the time. There are just so many reasons” to provide financial education to employees.

Grabow began small, finding free resources and tapping the 401(k) plan provider’s educational tools, which then focused on retirement rather than economics—although that has been changing. About half of Mortenson’s tradespeople in states such as Colorado, Texas and Arizona are Hispanic, which can complicate education aimed at boosting plan participation. Many originally are from Mexico, and Grabow said they have a deep distrust of banks and government programs.

Through hard work and trial and error, Grabow hit on strategies she has found effective for both hourly tradespeople at jobsites and for a salaried workforce in regional offices throughout the United States and in Canada.

In Mortenson’s Denver, Colorado office, tradespeople from local construction jobs—crews that fluctuate between 300 and 900—are required and paid to attend a Fiesta Breakfast from 5:30 to about 10:00 a.m. on a weekday each fall. A big reason for the breakfasts’ success has been the financial educator Grabow hires through the 401(k) recordkeeper.

“He’s Hispanic and he translates,” Grabow said. “He has come a number of years, so they’ve gotten to know him and they like him. He’s very down-to-earth and makes it very understandable for them.”

She said that Mortenson has worked hard to be aware of cultural differences between Hispanic workers at jobsites throughout the country. “In the translations we’ve done, we’ve made sure they’re the correct form. In Florida, it might be one kind of Spanish, but in Colorado it’s another and even in Texas it’s different.” Although the workers understand each other, they may use different words and idioms depending on location. “They perk up and listen when they see that you understand that. They really appreciate it.”

First, the financial educator talks about basic financial wellness, perhaps focusing on an aspect like the damage taking a hardship loan or withdrawing money from a 401(k) plan can cause. To give people a break and keep them
alert and engaged, the morning is interrupted with a raffle of practical items—nice jackets, fishing gear, good winter work gloves. Grabow makes sure everyone gets prizes like T-shirts, cool hats, multitools and “goofy” things she has found.

The second half of each session is devoted to information about health and welfare benefits and filling out the easy enrollment forms for the retirement plan and the health insurance forms on paper.

“We have what we call advocates—people who we know, who have worked for us a long time and who are Hispanic or can speak Spanish—work the room with us. My educator, my benefits guy and I will be working the room, as well. We’ll have these advocates at different tables, and they’ll sign up whole tables.”

Grabow noted that the Colorado breakfast last fall drew about 350 tradespeople. She has found that with such a large group, trying to use laptop computers for online enrollment doesn’t work because lines become too long. She may experiment with bringing iPads to help with enrollment for smaller groups.

“When we’re done, almost everybody has enrolled,” Grabow said. She looks at participation rates each quarter and finds the companywide average participation is around 76%. The workforce has a lot of turnover that skews the numbers.

She said a past frustration was that although hourly workers would enroll in the plan at a breakfast or lunch session, they would drop out of the plan when their employment ended over the winter. When they were rehired in spring, they tended to wait until the next fall’s breakfast to reenroll. So Mortenson began enrolling new employees, including rehired workers, automatically.

A high percentage of employees—60% to 80%—are properly diversified in investments, which Grabow credits to the financial education they receive. Besides 11 individual funds participants can invest in, “we have four premixed risk-based allocation strategies, and those are what we put on the easy enrollment form. We don’t tell them how to invest, but we make sure they understand how the strategies work. They tend to go with the conservative or moderate risk strategies, although some of the younger ones are starting to choose more appropriately aggressive ones.”

Office-based employees also receive financial education, although their meetings are not mandatory. Workshops for smaller groups are held at 20-30 other regional offices and worksites from September through November each year. That group has become increasingly sophisticated about budgeting, credit, saving and investing. “I’m not getting as many people in the basic classes,” Grabow said. “They want intermediate and advanced investing. And I feel that if they’re asking for more, they’re ready for more.”

Grabow said she keeps up the grueling fall educational schedule because “I have a passion for people being ready for retirement and not being dependent on the government. But the bottom line for the company is it’s very competitive to find well-trained team members. Other construction companies are all looking for these men and women if they have good skills. You want to have strong plans available to them.

“On the office side, not only do you have fierce competition for these people who are engineers and are very skilled, but you have workplace stress caused by finances, you have absenteeism, you have lack of productivity. It really addresses a lot of these types of issues if you can educate your team members properly about finances in general.

“Leadership wanted us to focus on fees in 2012, so we had a workshop that I did everywhere that was all about fees and making sure people understood them. Last year, it was all about adding a Roth 401(k) to our plan, and I did a workshop on Roth 401(k)s.”

Several years ago Grabow conducted a request for proposals for financial educators and hired a firm that it has used for all types of financial workshops for many years. In the past two years, the firm has been used only for new hires. “All new hires have to attend a webinar workshop to get them off on the right foot,” she said.

Grabow said she remains concerned that the company’s tradespeople too often withdraw money from their 401(k) plans to meet expenses when they aren’t working. That’s something she’s trying to educate people about. But if she asks them what their plans for retirement are and whether they still plan to move in with their children eventually, “they’re offended. They say that no, they are saving for retirement and plan to stay independent.”

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