



Participant Education & Engagement

A PLAN-SPONSOR'S GUIDE
PARTICIPANT EDUCATION & ENGAGEMENT



Welcome Message

Dear Plan-Sponsor,

At Cognis Retirement Group, we recognize the dedication and sacrifices healthcare professionals make to care for others. Our mission is to provide the same level of care and attention to your employees' financial well-being.

This guide is designed to help you and your investment committee build a strong fiduciary governance foundation for your retirement plan, manage your plan assets with confidence, and create a legacy for your employees that reflects your values. Whether you are setting up a new plan or improving an existing plan, we are here to walk alongside you every step of the way.

We hope that this 6th guide, in our *Best Practices* series, serves as both a resource and a roadmap — enabling you to make informed decisions, stay compliant, and empower your employees to achieve lasting financial security.

With gratitude and commitment,



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Item 1

Introduction

A well-functioning 401(k) plan is a cornerstone of financial security for many employees. **Employee engagement and education in 401(k) plans lead to better saving habits and decision-making.** When participants are informed and actively involved, they tend to save at higher rates and make choices that improve their financial futures. Learning how to communicate and design educational programs effectively can significantly impact engagement levels.

Providing diversified and personalized education can help meet the different needs of your participants. Focus on clear communication, avoiding technical finance terms that can be confusing. Implementing various forms of media and presentations can make the information more accessible and engaging. Utilize technology to reach participants at their convenience and ensure the inclusion of all employees in financial education initiatives.

The measurement of program success is also important. Regular reviews and feedback collection will help you adapt the content and delivery of your educational efforts. By focusing on these best practices, you can empower your employees to make informed decisions that benefit their retirement savings.

Key Takeaways

- Offer personalized education to boost engagement.
- Use technology to improve participation rates.
- Regular feedback helps refine education strategies.

Item 2

Understanding 401(K) Plans

A **401(k) plan** is a retirement savings tool that allows you to save money with tax advantages. Employers sponsor these plans, and they help you build a nest egg for retirement. You can contribute a portion of your salary, which may grow over time due to investments.

There are two main types of contributions: **traditional** and **Roth**. Traditional contributions are made with pre-tax dollars, reducing your taxable income. Roth contributions, meanwhile, are made with after-tax dollars, allowing for tax-free withdrawals in retirement.



Key Features:

- **Employer Match:** Some employers match a portion of your contributions. This is essentially free money and boosts your savings.
- **Contribution Limits:** For 2025, you can contribute up to \$22,500, with an additional \$7,500 if you're over 50.
- **Investment Options:** You typically have several options, such as stocks, bonds, or mutual funds.

Being engaged with your 401(k) plan means regularly checking on your investments and making adjustments as needed. A [study](#) shows that engaged participants tend to save more effectively.

Regular Education: To fully benefit, it's essential to understand your plan's details. Resources like [401\(k\) and 403\(b\) education](#) provide valuable information to help you maximize your benefits.

Item 3 Strategic Communication Planning

When designing a strategic communication plan for 401(k) participants, focus on clarity and engagement. You need to ensure that participants easily understand their options and the benefits.

Identify Your Audience: Break down your audience into different segments based on factors such as age, investment preferences, and financial goals. Tailor your messages to each group for maximum impact.

Use multiple channels like emails, webinars, and in-person meetings to reach participants effectively. This [multi-channel approach](#) can cater to different learning styles and preferences.

Personalize Communication: Personalization makes the information more relevant. For example, use age-specific advice, such as offering more aggressive investment options to younger employees. For more ways to personalize communication, consider this [resource](#).

Set Clear Goals: Outline what you want to achieve with your communication strategy. Whether it's increasing enrollment or encouraging higher contribution rates, having clear goals can guide your messaging.

Evaluate and Adjust: Continuously assess the effectiveness of your communications. Use feedback and participation metrics to adjust your approach if needed. Learn more about these methods from the [Department of Labor guide](#).



Item 4

Effective Engagement Techniques

To boost engagement in a 401(k) plan, your company can use a variety of effective techniques.

Regular **communication** is key. Using emails, educational sessions, and online tools helps reinforce the importance of saving for retirement. Frequent updates keep your employees informed and motivated about their investments.

Consider **automatic enrollment** for your employees. This makes it easier for them to join the plan without extra steps. Automatically enrolling them can significantly increase participation rates, making savings a hassle-free process.

Offering a **matching contribution** is another powerful incentive. When you match contributions, employees are encouraged to contribute more. This move not only boosts savings but also enhances employee satisfaction.

Surveys and focus groups help you understand what your team needs. By asking for feedback, you can tailor your educational efforts to address specific financial concerns. This customization makes your communication more relevant and engaging.

Implementing **interactive tools** is also effective. Use apps or software that let employees track their progress. This real-time data can inspire them to keep contributing regularly and make informed decisions about their savings.

By using these techniques, you'll create a supportive environment for your employees. This can lead to higher participation and satisfaction in your retirement plan. These efforts show you're committed to their financial future.

Item 5

Designing an Education Curriculum

Creating an effective education curriculum for 401(k) participants is key to improving engagement. Start by **identifying the knowledge gaps**. Consider conducting a survey to understand what employees need to learn about retirement planning.

Use clear and simple language when explaining concepts. Avoid complex terms and focus on practicality. It's important to include topics like **investment options, retirement benefits, and financial planning basics**.

Incorporate a variety of teaching methods such as workshops, webinars, and online modules. This can cater to different learning styles and enhance comprehension. Interactive sessions can make learning more engaging.



Consider offering **frequent review sessions** to reinforce important information and answer any questions that arise. Employees will appreciate regular access to resources that help clarify doubts.

You might find that breaking up lessons into **short, digestible units** can increase learning retention. Brief quizzes and feedback sessions can also be helpful to gauge understanding and progress.

Encourage participation by providing incentives, such as certifications of completion or small rewards. This can motivate employees to engage fully with the curriculum.

For more insights, explore [best practices for improving 401\(k\) education](#). Additionally, these [strategies for employee education](#) offer useful guidance for creating an impactful program.

Item 6

Utilizing Technology for Plan Participation

Technology plays a crucial role in helping you engage with your 401(k) plan. Interactive tools and platforms provide a clearer understanding of your financial future. These tools often use personalized, age-based approaches to assist you. It's important to explore the technology available to maximize your retirement savings efficiently.

Features You Might Encounter:

- **Behavioral Nudges:** These reminders help you stay on track with your plan by suggesting actions, like increasing contributions. They serve as helpful prompts to keep you active and engaged with your retirement goals.
- **Interactive Calculators:** Many platforms offer calculators allowing you to see how different contributions affect your future savings. These tools help you make informed decisions based on your financial goals.

Access to [easy-to-use platforms](#) is essential. They not only provide information but also encourage education. Online resources offer guidance on plan details, contribution limits, and investment options.

Benefits for Participants:

- **Personalized Advice:** Some platforms offer personalized advice that considers your financial situation and goals. This can be especially useful for making informed decisions.
- **Plan Engagement:** Leveraging technology can significantly improve your understanding of the 401(k) plan. This ensures you remain engaged, making the most of your investment.



By using these advanced solutions, you can bridge the knowledge gap, enabling a more proactive approach toward your retirement planning. Seeking platforms with these features can enhance your experience and boost your confidence in managing your financial future.

Item 7

Behavioral Finance Principles in Education

In the context of 401(k) plans, understanding behavioral finance can help increase participant engagement. It combines psychology and economics to explain how people make financial decisions, often affected by biases. By applying these principles, you can design education programs that resonate better with participants.

One key approach is **auto-enrollment**. Automatically signing up employees for 401(k) plans can significantly boost participation rates. Employees are more likely to stick with a plan if they are enrolled by default, as inertia often prevents them from opting out.

Limiting fund options is another effective strategy. Too many choices can overwhelm participants, leading to decision paralysis. By offering a curated selection of funds, you help participants make quicker and more confident investment decisions.

Auto-escalation is a timely tool that gradually increases contribution rates. This method encourages participants to save more without requiring explicit decisions each time. It aligns with their natural tendency to avoid frequent financial adjustments.

Implementing **targeted communication** based on demographic data can make your educational efforts more effective. Tailor information to different age groups and financial literacy levels to ensure that each participant understands their retirement benefits clearly.

These strategies reflect the role of behavioral finance in shaping your education efforts. For further insights on boosting participation, you can explore methods from [Wilmington Trust](#) and learn about financial wellness through [Psico Smart](#).

Regular Plan Reviews and Feedback

You need to carry out regular reviews of your 401(k) plan. This helps in identifying areas that might need changes or improvements. Regular evaluations ensure that your plan remains competitive and effective in meeting the needs of participants.

Getting feedback from participants is crucial. It allows you to understand their experiences and any challenges they may face. You can use surveys or feedback forms to gather valuable insights.



It's important to involve both employees and plan administrators in these reviews. This ensures a comprehensive understanding of any issues. Collaborating with experts can also provide [valuable perspectives](#).

Here is a simple checklist to guide you:

1. **Collect Participant Feedback:** Use surveys to gather opinions.
2. **Review Plan Performance:** Analyze participation rates and investment outcomes.
3. **Discuss with Stakeholders:** Engage with HR, plan advisors, and participants.
4. **Set Actionable Goals:** Create strategies based on feedback.

Benefits of Regular Reviews:

- **Improved Satisfaction:** Participants feel valued and heard.
- **Enhanced Plan Performance:** Identifying trends can improve offerings.
- **Increased Participation:** Better plans engage more employees.

Make it a routine to assess your 401(k) plan often and use the findings to foster a more engaging and beneficial plan for everyone involved.

Item 8

Inclusivity in Financial Education

Creating an inclusive financial education program means making sure all employees, regardless of their background, have access to important financial knowledge. This includes addressing differences in age, income levels, language, and cultural backgrounds. By doing so, you improve equity and ensure everyone can successfully plan for their financial future.

One way to promote inclusivity is by using language that is simple and clear. Avoid jargon and technical terms that may confuse participants. Offer educational materials in multiple languages if needed, so everyone can understand the content.

Consider using **different formats** like workshops, online seminars, and printed guides. Some participants may learn better through visual aids, while others might prefer written materials. Offering various formats ensures you reach a wider audience.

Another key aspect is to incorporate [financial inclusion](#) into your DEI initiatives. This can build an environment where open discussions about financial well-being are encouraged. Such conversations can help break down barriers and create a more supportive workplace.

Providing personalized education based on individual needs can also boost engagement. This can involve offering targeted resources or using technology to



provide tailored advice and information. When employees see that the information is relevant to their personal goals, they are more likely to engage with it.

In strengthening inclusivity, you allow all employees to feel valued and empowered to make the best financial decisions, contributing to a more equitable workplace environment.

Item 9

Measuring Participant Outcomes

Measuring participant outcomes in a 401(k) plan is crucial for understanding its effectiveness. To begin, track the **participation rate** of employees. This shows how many employees are actively contributing to their retirement plans. A higher participation rate suggests more engagement.

Next, evaluate the **average deferral rate**. This is the percentage of an employee's income placed into their 401(k). A target for this metric can be set by comparing it with similar companies' outcomes. Understanding how much employees are contributing helps assess overall savings behavior.

You should also consider the **rate of investment diversification**. Participants should be encouraged to think about their time horizon and investment goals as part of their broader financial picture. Evaluating if employees are diversifying their assets effectively provides insight into their retirement readiness.

Another key measure is the **retirement readiness score**. This score reflects how prepared participants are based on their current savings and future projections. Surveys can help reveal what participants want from educational programs and which help improve decision-making.

By regularly tracking and analyzing these metrics, you can pinpoint areas where participants might need additional support or education. This helps in enhancing the overall effectiveness of your 401(k) plan. For more detailed ideas on improving outcomes, consider exploring resources like those from [Participant Education Guidance for Defined Contribution Plans - GFOA](#) and [JDA 2005 401-K Benchmark Report](#)



Item 10

Frequently Asked Questions

Understanding how to increase 401(k) enrollment, improve financial literacy, and successfully communicate the benefits of participation is crucial. Effective education programs and company contributions, like employer matching, play an important role in boosting participation.

How can employers effectively increase 401(k) enrollment among employees?

Employers can offer automatic enrollment options to ensure more employees participate in 401(k) plans. Additionally, providing matching contributions can motivate employees to join and contribute regularly.

What strategies can improve financial literacy related to retirement planning?

Workshops and seminars that focus on basic financial concepts, investment options, and retirement benefits can improve financial literacy. Providing access to online courses and resources can also be beneficial.

What communication tactics are most successful in raising awareness about 401(k) advantages?

Clear, simple communication through multiple channels—such as email newsletters, webinars, and one-on-one meetings—can effectively raise awareness. Tailoring messages to the needs and concerns of different employee groups makes information more relevant.

What are the key elements of a successful 401(k) employee education program?

A successful program includes interactive sessions, personalized advice, and easy access to resources. Engaging materials and tools like calculators to project retirement savings can make learning more impactful.

How often should companies provide educational workshops on retirement planning?

Providing workshops at least twice a year can keep employees informed and engaged in their retirement planning. Additional sessions during specific life events, like promotions or nearing retirement, can be helpful.

What role does employer matching contribute to 401(k) participation rates?

Employer matching plays a significant role in increasing participation rates. When employees see immediate returns on their contributions, they are more likely to participate and contribute consistently.