

Connect with Your Employees During Uncertain Economic Times

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As the economy continues to remain volatile, your employees may be in a state of panic. They may be worried about whether their retirement money is safe, if they should make changes to their retirement allocations, if they should stop making contributions to their plans and whether you will continue to provide a company match. These are on top of the worries about their own job security. The reality of the situation is that this economic crisis is not disappearing in the immediate future and is affecting every industry around the globe. Yet, these uncertain times provide a great opportunity for you to talk to your employees about preparing for retirement and to educate them on the importance of saving, managing their accounts and not neglecting their future financial needs.

Why Concern Yourself with Your Employees' Retirement Worries?

You may question why the trials and tribulations of your employees are any of your concern, but the reality of the situation is that troubled employees are not as productive, engaged or committed when they are worried about their futures. Stress also affects job satisfaction and engagement in one's career. Therefore, it makes wise business sense to take a proactive role in engaging with your employees to calm their fears about their financial futures to get them focused and back on track.

Here are some recommendations to consider when addressing employee concerns:

- Do not leave responses about the economy to your retirement account vendors, or simply not say anything and avoid the problem completely. Not discussing it does not make it go away.
- Messages about the company's financial future and retirement should come from your business leaders and in their own words. If your CEO delivers a message that is clearly a script, it will not be as effective.
- Highlight the tools that employees have to assist them in managing their accounts successfully. However, refrain from giving any financial advice.
- Acknowledge your employees' concerns and showcase what the company is doing to move forward. For instance, if you need to decrease the company match to your 401(k) plan, identify the action steps that the organization is taking to recover.

In addition to addressing employee concerns, you should communicate the following messages loud and clear:

- Employee 401(k) plans are separate from the company completely. Therefore, the success or downfall of the organization will not affect how each individual's retirement account fares.

- Avoid making rash decisions, as you have some control over your 401(k).
- Consider other retirement income sources.
- Re-evaluate your risk tolerance during this economic struggle. If you cannot take the turmoil, place your money in stocks or bonds that are less risky.
- Consider using Defined Benefit Plans that are defined by a formula, not investment returns. These plans can work together with your 401(k).

Beyond these messages, educate your employees on how the company governs your retirement plan. Your employees should know the governance process, how the board assesses whether you are charged fair fees, whether the plan is competitive, how you benchmark investment management and fund success, etc. If they are in the know, they will be less likely to panic and pull money out of their retirement accounts when it can only benefit them in the future.

This article is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel for legal advice.