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Employee Communication "To Do" in 2010

Wow! 2009 was a heckava year! The stock market's plunge decimated the value of most retirement plans, but a lot of that lost value – although not all – was regained after the market hit bottom in early March. Inflation and increased utilization continued to put pressure on medical plans, forcing many organizations to increase employee cost-sharing and continue benefit cut-backs. Add to this a historic recession and the debates over health care reform, it's no wonder employees' concerns about job security and their employer-provided benefits have reached new highs.

With all that's happened, creating or continuing an effective employee communication plan in 2010 makes more sense than ever. To help with your planning, we've come up with five areas you might consider including in your 2010 communications efforts:

• Employee Engagement

To help employees regain and maintain their focus, ongoing employee communication is vital. Numerous studies have shown that companies with effective communication programs do more to strengthen employee morale and engagement than companies without effective communication programs. In fact, surveys by Watson Wyatt confirm that effective, ongoing internal communication is also a leading indicator of an organization's financial performance. Newsletters, employee meetings, blogs and other devices, either in print or online, go a long way toward keeping employees and their families informed of company developments, values, challenges and opportunities.

• Retirement Account Rebalancing

Assuming employees have an effective investment strategy in place, 2009's stock market gyrations make the need for rebalancing portfolios a "must do" to keep those strategies on track. Although many employees are somewhat relieved that their retirement accounts may have recouped some of their early losses, they also need to be reminded that asset allocations should be revisited for their financial goals to have any chance of being met. Our May 2009 [newsletter](#) discussed the importance of employee financial education.

See next page for more.



Areas to enhance communication efforts in 2010, continued...

• **Health and Welfare Plan Communication**

This past year many employers were forced again to modify their medical, dental, disability or life insurance benefits. Many plans increased copays, deductibles or eliminated or reduced some benefits outright. Nevertheless, the total **value** of many of those plans **increased**, so employees should be reminded of just how much those plans are still worth. To do this, benefit statements are an excellent tool to illustrate the total value of employees' rewards package. Benefit statements can be produced in-house or by using an outside vendor. Click [here](#) for more information.

• **Update Documents**

Plan changes require delivery of a Summary of Material Modification (SMM) or updated Summary Plan Description (SPD) reflecting those changes. As noted in a [previous newsletter](#), SMMs need to be distributed no later than 210 days following the end of the plan year a change occurs. On the other hand, updated SPDs need to be created every five years if changes have been made to a plan, and no later than every 10 years if no changes have been made.

• **Health Care Reform**

Some members of Congress and the press believe passage of a Health Care Reform bill will take place this year, although there's currently no consensus as to what form final legislation will take. Needless to say, employees and their families are confused and concerned about what impact any final bill will have on them.

Not all aspects of reform will affect employer-sponsored plans, yet many plans may be subject to minimum coverage requirements, penalties, new taxes, and changes to retiree benefits and wellness programs. Many provisions are currently planned to take place shortly after passage while others will be phased in over time.

When – or if – a bill is signed into law, we'd recommend that employees be notified as soon as possible of the legislation's effect on their benefits. At best, delaying communication will only add to employees' anxiety and result in a surge of phone calls, e-mails or visits to benefits departments from employees seeking answers. At worst, rumors, misinformation and speculation will fill any void in information you don't provide. Therefore, if it appears that passage of a bill is imminent, we'd suggest that employees be given a "heads up" that you will provide them with a summary of how the changes will (or will not) affect their benefits once the signed legislation has been analyzed by management.

BeneCom has over 17 years of experience helping employers communicate with their employees. Let us help you develop a strategy and tactics that will help you successfully communicate with your employees in a way that educates, increases satisfaction and engages employees in a cost-effective fashion. **BeneCom Associates offers effective benefit communication strategies for every budget.**

To learn more about us call **860.674.2626** or visit us [online](#).