Using Targeted Communications to Increase Engagement

Moderator:
Marina Edwards, Senior Consultant, Towers Watson

Speakers:
Donn Hess, Managing Director, Head of Product Development, Empower Retirement
Scott A. Coopersmith, Vice President, Participant Communication, Transamerica Retirement Solutions
Tina L. Stamato, Senior Manager, Pfizer Savings Plans, Pfizer Inc.
Michelle Toney, Director of Benefits, Southern Wine & Spirits
Using targeted communications to increase engagement

Most DC plan executives struggle with plans suffering from poor participation, inappropriate asset allocation and a host of other problems. How can we:

• Data mine to segment employees in different life cycles (i.e., new hire, changing jobs, close to retirement, etc.)?
• Develop personalized messages to create more awareness or spur participants to action (i.e., enrollment, increase deferral, change asset allocation, explain distribution options)?
• Create new delivery vehicles, whether traditional media (seminars, direct mail) or new media (video, email, webinars)
Donn Hess, Managing Director
Head of Product Development, Empower Retirement
Volatility Adjusted Returns

BENCHMARKING VOLATILITY ADJUSTED RETURNS¹: FIVE YEAR RESULTS BY STRATEGY

Standardized² Five Year Returns:
Highs, Lows & Averages by Investment Strategy

<table>
<thead>
<tr>
<th>Rate of Return</th>
<th>Target Date Fund Users</th>
<th>Managed Accounts Users</th>
<th>Do It Yourself-ers</th>
<th>Brokerage Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>25%</td>
<td>13.6%</td>
<td>13.8%</td>
<td>18.9%</td>
<td>19.1%</td>
</tr>
<tr>
<td>20%</td>
<td>10.2%</td>
<td>10.1%</td>
<td>10.3%</td>
<td>7.6%</td>
</tr>
<tr>
<td>15%</td>
<td>7.0%</td>
<td>6.4%</td>
<td>1.4%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>10%</td>
<td>10.2%</td>
<td>10.1%</td>
<td>1.4%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>5%</td>
<td>7.0%</td>
<td>6.4%</td>
<td>1.4%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>0%</td>
<td>7.0%</td>
<td>6.4%</td>
<td>1.4%</td>
<td>-2.9%</td>
</tr>
<tr>
<td>-5%</td>
<td>7.0%</td>
<td>6.4%</td>
<td>1.4%</td>
<td>-2.9%</td>
</tr>
<tr>
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<td>7.0%</td>
<td>6.4%</td>
<td>1.4%</td>
<td>-2.9%</td>
</tr>
</tbody>
</table>

Five Year Volatility Adjusted Returns

<table>
<thead>
<tr>
<th>Rate of Return</th>
<th>Target Date Fund Users</th>
<th>Managed Accounts Users</th>
<th>Do It Yourself-ers</th>
<th>Brokerage Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>7.5%</td>
<td>5.3%</td>
<td>2.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>5%</td>
<td>7.5%</td>
<td>5.3%</td>
<td>2.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>0%</td>
<td>7.5%</td>
<td>5.3%</td>
<td>2.0%</td>
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<tr>
<td>-5%</td>
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<td>5.3%</td>
<td>2.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>-10%</td>
<td>7.5%</td>
<td>5.3%</td>
<td>2.0%</td>
<td>1.2%</td>
</tr>
</tbody>
</table>

For 480,785 Empower Retirement™ participants with at least five years of rate of return

¹ Source: Empower Retirement proprietary research, 2015. All data as of December 31, 2014. Analysis measurement period is December 31, 2009, through December 31, 2014. ² Results are standardized using the interquartile methodology. The above data represents a sampling of participant data. It does not represent the returns of any individual product or portfolio. Excessive reliance on the above is not advised. This information is not intended as a recommendation to invest in any particular manner. Please see the Important Disclosures about Volatility Adjusted Returns page to follow.
Averages can be compelling for benchmarking

Source: Empower Retirement data, December, 2014
But averages may hide problem groups

Source: Empower Retirement data, December, 2014
How Employee Education works

**PLAN-SPECIFIC DATA**
- Plan features
- Program eligibility
- Investments
- QDIA
- Vanity URLs/Phone

**PARTICIPANT BEHAVIOR**
- Eligibility
- Participant groups
- Behavior identification
- Engagement status
- Persona clustering
- Delivery preference

**PARTICIPANT-SPECIFIC DATA**
- On Track to Receive
- Personal Rate of Return
- Match calculation
- DB plan eligibility

**DIAGNOSIS**

**Individual**
**Next Step**
Focus on Income in Retirement

- A home page focused on monthly income in retirement
- Plan participants can easily model different savings scenarios
- Offers employees potential next steps to help boost their retirement income
- Allows participants to dynamically see the impact of their near-term decisions on long-term goals
- Offers one-click solutions to implement changes immediately
- Provides a total retirement view
Personalization to Drive Action

- Systematic communications personalized by:
  - Targeting specific behaviors
  - Delivering a person-based experience
  - Highlighting relevant value and benefits

- Simple access with 1-click action
The results Audience of One® can get

**THE ON-LINE EXPERIENCE (LIAT)**

- **35%** of participants change their deferral rate
- **25%** is the average deferral rate increase

**KEY FEATURES MOTIVATE EVEN HIGHER SAVINGS RATES**

- **Health Cost Estimator**
  - Before: 7.7%
  - After: 9.9%

- **“How do I compare?”**
  - Before: 7.5%
  - After: 9.6%

**THE PROACTIVE OUTREACH (S&I)**

- **PARTICIPANTS TAKING ACTION**
  - 5+%

- **ANNUALIZED INCREASE**
  - $2,331 per participant
Scott Coopersmith, Vice President, Participant Communication, Transamerica Retirement Solutions
### Example targeted campaign logic

<table>
<thead>
<tr>
<th>Campaign</th>
<th>Audience</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>JOIN THE PLAN</strong></td>
<td></td>
</tr>
<tr>
<td>Super Saver and Did You Know?</td>
<td>Employees who have been eligible to contribute to their plan for 6 months+ (and not more than 5 years) AND are under age 59.</td>
</tr>
<tr>
<td><strong>KNOW YOUR OUTLOOK&lt;sup&gt;SM&lt;/sup&gt;</strong></td>
<td></td>
</tr>
<tr>
<td>Super Saver and Did You Know?</td>
<td>All participants who have not used the OnTrack online tool.</td>
</tr>
<tr>
<td>OnTrack&lt;sup&gt;®&lt;/sup&gt; Online</td>
<td>All participants based on their OnTrack online status.</td>
</tr>
<tr>
<td>Personal Event - New Year Resolution</td>
<td>All participants.</td>
</tr>
<tr>
<td>Personal Event - Birthday</td>
<td>All participants with a birthday that month (sent monthly).</td>
</tr>
<tr>
<td>Personal Event - Welcome to the Plan</td>
<td>New participants.</td>
</tr>
<tr>
<td>Personal Event - Plan Anniversary Audience</td>
<td>Participants in plan 1+ year who joined the plan that quarter any year (sent quarterly).</td>
</tr>
<tr>
<td>OnTrack&lt;sup&gt;®&lt;/sup&gt; Report Mailing</td>
<td>All participants who are enrolled in your defined contribution plan.</td>
</tr>
<tr>
<td><strong>SAVE MORE</strong></td>
<td></td>
</tr>
<tr>
<td>Super Saver and Did You Know?</td>
<td>Participating in plan at least 1+ year AND who are contributing less than 10% OR are not maxing out employer match AND is under 59.</td>
</tr>
</tbody>
</table>
**Participant Scorecard**

**ABC Organization**

**Report Date:** Thursday, May 2, 2013
**For Quarter Ended 12/31/2012**

<table>
<thead>
<tr>
<th>Measure</th>
<th>Actual</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation Rate</td>
<td>84.2%</td>
<td>80.0%</td>
</tr>
<tr>
<td>— % of eligible employees contributing to the plan as of quarter end</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Savings Decisions</td>
<td>86.2%</td>
<td>80.0%</td>
</tr>
<tr>
<td>— % of participants saving at the maximum matching rate of 3% or more as of quarter end</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Super Savers</td>
<td>89.9%</td>
<td>60.0%</td>
</tr>
<tr>
<td>— % of participants saving at the rate of 10% or more as of quarter end</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Diversification of Active Participants</td>
<td>90.8%</td>
<td>60.0%</td>
</tr>
<tr>
<td>— % of active participants with a balance in a diversified mix of funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive Retirement Outlook</td>
<td>29.4%</td>
<td>30.0%</td>
</tr>
<tr>
<td>— % of participants with partly sunny or sunny outlook as of quarter end</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Time Period Legend**
- as of 12/31/2011
- as of 12/31/2012

**Plan Forecast Legend**
- Below Target
- Above Target

*Information based on participants who have Retirement Outlook (2,964 out of 6,192 eligible for prior quarter; 3,120 out of 6,184 eligible for current quarter)*

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**Measure behavior change at the plan level:**

**Goals targeted for key behaviors**

**Report available on-demand to measure actual results against target**
Targeted service delivery

Distribution Counseling Service
- For participants who are separating from employer
- **Objective**: to help people understand their options and the importance of keeping their retirement savings working for them

Retirement Transition Service
- For participants who are approaching retirement
- **Objective**: to help people plan for and successfully transition to retirement

Retirement advisor team
- Objective and experienced, all CRPC® and/or CFP® designated
- Centrally located phone-based team trained to deliver consistent, quality service to all types of participants
- **Product neutral**
  - Reinforces the option of staying in the plan
  - No load, open architecture IRA solutions also available

Should I cash out my retirement plan savings?

Can I afford to retire? If not now, when?

*Retirement advisors are paid a salary to provide clients with guidance, advice, and other services. They are not compensated for transactions generated by clients, nor do they receive a percentage of commissions or fees.

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Targeting drives action

Took action after receiving
3.5% of total recipients

Average deferral increase (print communication) +3.3% more than current deferral

Average deferral increase (email communication) +4.5% more than current deferral

2012 CommunicationTrack℠ results of 800 plans and ~200,000 participants, some reached multiple times
Targeting drives engagement

Participants with Your Retirement OutlookSM

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2013</td>
<td>39.5%</td>
</tr>
<tr>
<td>Q1 2011</td>
<td>18.0%</td>
</tr>
</tbody>
</table>

Positive Your Retirement OutlookSM

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2013</td>
<td>57.0%</td>
</tr>
<tr>
<td>Q1 2011</td>
<td>35.6%</td>
</tr>
</tbody>
</table>
Tina Stamato, Senior Manager
Pfizer Savings Plans
Pfizer Inc.
Pfizer Life Stages Program — Summary

- Pfizer launched the Life Stages Financial Guidance program on January 1, 2012, in partnership with Fidelity.
- Life Stages is a multi-media, staged communication campaign that is delivered throughout the year to reinforce Pfizer’s commitment to providing the tools, resources and support needed to help colleagues meet their retirement savings goals and maximize their benefits.
- Pfizer’s emphasis is on targeted communications to meet the colleague where they are today, and suggest the “next best step”. Program incorporates several touches aimed at allowing the colleague to use the information the way they feel most comfortable—
  - online tools
  - workshops
  - 1:1 in-person on-site meetings
  - guidance via phone or in-person at Fidelity Investor Centers.
# Impact of Life Stages on Savings Plan Utilization

<table>
<thead>
<tr>
<th></th>
<th>1/1/2012</th>
<th>1/1/2013</th>
<th>1/1/2014</th>
<th>1/1/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participation Rate</td>
<td>95%</td>
<td>95%</td>
<td>96%</td>
<td>96%</td>
</tr>
<tr>
<td>Average PSP Contribution Rate</td>
<td>9.2%</td>
<td>9.6%</td>
<td>9.9%</td>
<td>9.9%</td>
</tr>
<tr>
<td>% Maximizing Match</td>
<td>84%</td>
<td>87%</td>
<td>88%</td>
<td>88%</td>
</tr>
<tr>
<td>% Making Roth Contributions</td>
<td>7%</td>
<td>8%</td>
<td>10%</td>
<td>11%</td>
</tr>
<tr>
<td># Increasing Contribution</td>
<td>N/A</td>
<td>5,244</td>
<td>3,453</td>
<td>3,139</td>
</tr>
<tr>
<td>Catch-up Participation Rate</td>
<td>27%</td>
<td>33%</td>
<td>35%</td>
<td>37%</td>
</tr>
<tr>
<td>Average CU Contribution</td>
<td>$4,990</td>
<td>$5,033</td>
<td>$5,086</td>
<td>$5,135</td>
</tr>
<tr>
<td># Initiating CU Contributions</td>
<td>N/A</td>
<td>614</td>
<td>471</td>
<td>540</td>
</tr>
<tr>
<td># Increasing CU Contributions</td>
<td>N/A</td>
<td>281</td>
<td>198</td>
<td>604</td>
</tr>
<tr>
<td>% Utilizing Spillover</td>
<td>N/A</td>
<td>57%</td>
<td>54%</td>
<td>55%</td>
</tr>
<tr>
<td># Starting Spillover</td>
<td>N/A</td>
<td>104</td>
<td>199</td>
<td>312</td>
</tr>
<tr>
<td>PSSP Participation</td>
<td>N/A</td>
<td>56%</td>
<td>63%</td>
<td>67%</td>
</tr>
<tr>
<td>% Maximizing Match</td>
<td>N/A</td>
<td>50%</td>
<td>57%</td>
<td>61%</td>
</tr>
</tbody>
</table>
Evolution of Life Stages

• 2012
  – Introduced Program
  – Custom Modeling Tool
  – Savings Plan Scorecards

• 2013
  – Two custom workshops introduced, including workshop to explain and support non-qualified savings plan annual election period

• 2014
  – 1:1 financial planning at multiple sites
  – “Designing Your Financial Roadmap” workshop introduced
  – Life Stages supports redesign of H&I benefits

• Where we’re headed in 2015
  – Continue to expand on-site support through new seminars and 1-1 days
  – Reinforce seminars with webinars and online learning modules
  – Support strategic business initiatives
  – Develop personalized rewards statement
## Workplace Guidance Offerings 2012-2014

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over-the-phone Consultations</td>
<td>4,700</td>
<td>5,600</td>
<td>7,500</td>
</tr>
<tr>
<td>On-site Seminars</td>
<td>0</td>
<td>17</td>
<td>33</td>
</tr>
<tr>
<td>Webinars</td>
<td>6</td>
<td>14</td>
<td>30</td>
</tr>
<tr>
<td>1-1 Support Days</td>
<td>20</td>
<td>80</td>
<td>130+</td>
</tr>
</tbody>
</table>

- A total of 50 Seminar days at 8 locations, plus 50 Webinars, reaching approximately 10,000 colleagues
- Over 250 days of on-site 1-1 support provided by Financial Guidance Representatives
- Almost 18,000 over-the-phone financial guidance consultations (includes active & inactive colleagues)
- Continued high participation and engagement in the 401(k), with ongoing increases in core metrics:
  - 96% Participation, with 88% maximizing match
  - Catch-up contribution increasing from 27% to 37% over 3-year span
  - Roth contributions increasing from 7% to 11% over 3-year span
- Multi-year PSSP Annual Enrollment campaign increased plan participation from 56% to 67%
- Health & Insurance Annual Enrollment campaign supported colleagues in adapting to new plans and plan transitions
2014 Life Stages Summary

January / February
Understanding Your Pfizer Retirement Plans Webinars
Colleagues Touched (U.S. & PR): 500

February
Retirement Savings Contribution Reminder
Colleagues Touched (all plans): 2,500

June
DCP Onboarding Campaign
Colleagues Touched (U.S.): 500

July / August
Designing Your Financial Roadmap Webinars & Seminars
Colleagues Touched: 1,500

December
PSSP AE Support, including
Helping You Understand Pfizer’s Supplemental Savings and Pension Plans
Colleagues Touched (U.S.): 1,800 (Seminars – 500)

Quarterly Match Reminder
(26,000)

September / October
2015 AE Support, including
2015 Annual Enrollment: Understanding the Changes and Your Choices Seminar
Colleagues Touched: 26,000 (Seminars – 5,000)

December
PSP Matching Contribution Changes
Colleagues Touched (U.S.): 26,000

130+ On-site one-on-one days performed across core Pfizer locations
Onboarding Materials, Targeted Communications, Email / HrSource Newsletter Communications reinforcing Life Stages topics
Southern Wine & Spirits – Case Study

• US alcohol beverage distributor
• Headquartered in Miami, FL
• Privately-held, family owned
• 14,500 employees in 35 states
• 10,500 active 401(k)-eligible participants
• No pension plan
• Implementation of automatic enrollment too costly
• Company match not safe harbor
• In 2012, our NHCE 401(k) participation was 47%
Michelle Toney, Director of Benefits
Southern Wine & Spirits
Communications / Promotional Campaign

HR Focus Group to Determine Barriers to Communication

Designed New Communications Materials
• HR ToolKit
• Animated Video
• Voice-Over PowerPoint Presentation
• Employee Enrollment Brochure
• Targeted Home Mailers

Company-Wide Promotional Campaign
• New Hire Orientation
• HR Divisional Contest
• In-person educational meetings
HR ToolKit

401(k) Plan Tool Kit for HR
The Southern Wine & Spirits
401(k) Retirement Plan
Empowering each of us to Save Responsibly

Start this PowerPoint Show and
Know How the Plan Works

Watch this animated video and
Learn with the Savologist

HR ToolKit
Animated 401(k) Video

Meet the Savologist
Targeted 401(k) Home Mailer Campaign

Southern Wine & Spirits
401(k) Retirement Plan Enrollment Form

- Yes I choose to put and not save money on the table
- No, I choose not to put any money on the table

I authorize the company to process the before-tax contribution indicated above and invest it in my 401(k) account in Plan’s default fund.

Your Signature

Save Responsibly with Southern Wine & Spirits 401(k) Retirement Plan

You’re Leaving Money on the Table.

EXTRA MONEY FOR YOUR FUTURE IS WAITING FOR YOU!

Here are 3 reasons to start saving today:

1. You’re leaving money on the table. Southern Wine & Spirits offers a Retirement Plan for all employees. By not contributing, you’re missing out on the power of compound interest.

2. You’re giving up on your future. With a 401(k), you can save for retirement, and the money grows tax-deferred.

3. You’re missing out on potential tax benefits. Contributions to a 401(k) are tax-deductible, and the earnings grow tax-free.

THINK OF IT LIKE A TWO-FOR-ONE HAPPY HOUR SPECIAL.

If you stop contributing to your 401(k) today, you’ll be missing out on the extra money your company will contribute.:

- $1,000 contribution
- $500 match

- $5,000 contribution
- $2,500 match

Before-tax savings makes it easy to save for your future. For every dollar you put into your 401(k) account, the impact is multiplied by the power of compound interest. If your annual income is lower or you pay higher taxes, the before-tax savings is even greater.

FIND OUT HOW TO FILM YOUR GLASS WITH HELP FROM SOUTHERN WINE & SPIRITS.

Pension Investments
East Coast Defined Contribution Conference
March 1-3, 2015 | Trump National Doral | Miami
Communications / Promotional Campaign Results

• 401(k) participation rate as a result of rollout of new materials and animated video
  ➢ 840 new enrollments; 401(k) participation increased from 47% to 55% (May 2012 – May 2013)

• 401(k) participation rate as a result of the HR Contest
  ➢ 1,260 new enrollments; 401(k) participation increased from 55% to 67% (May 2013 – Dec. 2014)

• 40 group in-person educational meetings held in 20 divisions

• Over 600 new enrollments in Auto-Escalation

• Over 450 new enrollments in Auto Rebalance

• Targeted mailers sent to 3,000 employees in April 2013
  ➢ Resulted in 300 additional enrollments (10% response rate)
  ➢ Overall 401(k) participation increased by 2%

• Targeted mailers sent to 2,655 employees in May 2014
  ➢ Resulted in 200 additional enrollments (7% response rate)
  ➢ Overall 401(k) participation increased by 2%