


# Employee Benefit Adviser

June 2017 • [employeebenefitadviser.com](http://employeebenefitadviser.com)



Arista's David Hatter is out to prove he can succeed by putting his people before his firm's sales

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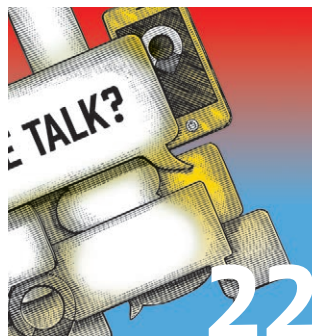
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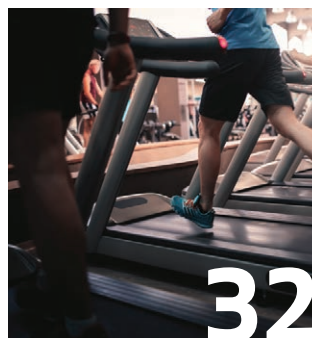
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*Employee Benefit Adviser* (ISSN 1545-3839) Vol 15 No 3 is published 6 times a year; Feb/March, April/May, June, July, Sept and October. \$89.00 in the U.S. and \$119 a year in all other countries by SourceMedia, Inc., One State Street Plaza, 27th Floor, New York, NY 10004, 212-803-8200. Change of Address: Notice should include both old and new address, including ZIP code. Postmaster: Please send all address changes to *Employee Benefit Adviser*/One State Street Plaza, New York, NY 10004. For subscriptions, renewals, address changes and delivery service issues contact our Customer Service department at (212) 803-8500 or email: [help@sourcemedia.com](mailto:help@sourcemedia.com). Periodicals postage paid at New York, NY, and additional mailing offices.  
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# FROM THE EDITOR



## Statement of purpose

ELIZABETH GAENTINE  
EDITOR-IN-CHIEF

Life is full of moments where we have the opportunity to take the easy path, to choose to put in minimal effort in exchange for a quick return. It's so tempting to embrace an excuse, be it flimsy or valid, as a reason for inaction. But, all too often we kick ourselves when those shortcuts reveal a missed opportunity later on.

*EBA's* cover subject, David Hatter, found himself in such a situation when he was preparing to launch his brokerage, Arista. Recently fired, Hatter was at a vulnerable moment in his life. He knew it would be a good idea to craft a mission statement for the company, but there were also many critical things that needed to be done.

While it would have been acceptable, or even practical, of him to tackle those essential tasks first, he had the disci-

pline to take the time to create a mission statement to guide the fledgling business.

Hatter recalls, "It felt at that time really corny. It felt like, why am I doing this? I need to be going out finding customers. I need to be getting this legal documentation done. Why am I sitting down writing a stupid mission? But I felt like if I didn't write it down now that somewhere along the line what we were really trying to accomplish would get lost."

It's been refined over the years, but its defining principle of financial security has remained the same: *We are creating a future in which financial security empowers all working people to discover and serve THEIR calling.*

As seen in the article, "Mission-driven," p. 14, the move made all the difference

for Hatter in times of instability at Arista. When he was struggling to get the business off the ground, he looked to the mission for inspiration. When things got off track after bringing in a new business partner, the mission directed him back to the path toward success.

And it's permeated throughout Arista's staff. As the firm's VP of Business Development Libby Whitaker says, "Not only is [Hatter] committed to helping people, but he has engrained that servant's heart into every employee in the company. And if you don't have that quality or attribute, then you don't really stay at Arista long."

Researcher Joseph Folkman shared in an article for *Forbes* the powerful, measurable impact of what he refers to as a vision statement on a company's employees: Those who find their organization's mission to be meaningful experience 68% engagement in their work, while those who would call it average or poor are at 40% and 16% engagement, respectively.

A strong mission statement, ingrained into the core of a company as Hatter's is, is not simply a bit of fluff to fill a firm's 'about us' page on their website. It's consequential, actionable and, as it's done for Arista, can mean the difference between floundering or flourishing as a company.



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## ADVISORY BOARD



PERRY BRAUN

## A simple message

Unique but plain communication tailored to each client is effective

One constant in the business world is the importance of information in reaching a decision. A second constant: Each client is unique in how it would like its information presented so it can be engaged with its adviser. I think the best advisers are great at the following:

First, simplify the message. Clients are pulled in so many directions that they only have a limited amount of time to allocate to most tasks. Second, make the headline relevant. When sending out a communication piece, the headline must grab their attention and should compel them to read further. Third, it should be actionable.

When reading communications from an adviser, it should take the client through the following emotional steps: 1) Awareness: Why should the client read this, what business issue is the adviser addressing, how does it impact the client; 2) Consideration: What actions should the client consider with its adviser? In some cases, the adviser may want to hold back this information and discuss in a face-to-face meeting; 3) Decision: It should guide the client toward a decision, which may mean the client does nothing at that moment. It's also advisable to walk through a series of "what if" scenarios during this step, including how a decision affects expenses; risk to the business; impact on employees; and any implementation issues.

## BOARD INSIGHTS

## What is the best way for an adviser to truly excel at client communication?

**JERRY KALISH**  
Listen!

**TRISHA ZULIC**  
By truly understanding how the client prefers to accept communications. Many times, an HR executive wants the data one way and the CEO wants it another. If either one does not like how they are receiving this information, it is a communication fail. Ask how [each person] would like to get communications/updates. Sometime 141 characters will suffice, with a link leading them to more.

**GEORGE LANE**  
Above all else, be sure to l-i-s-t-e-n.

**ANDY TORELLI**  
Understand and know your clients — and be a good listener.

# Employee Benefit Adviser

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## NATIONWIDE LEADERS

### SLIDESHOW



#### TOP 5 CARRIERS IN EACH STATE

*Employee Benefit Adviser*, in partnership with business intelligence data analytics firm miEdge, releases a list of the top carriers across the United States.

### SLIDESHOW



#### 5 BROKERAGES MAKING THE MOST IN EACH STATE

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**ELIZABETH GALENTINE**  
EDITOR IN CHIEF

[@EBA\\_Galentine](#)

Is taking on the task of improving clients' company culture the next big thing in advising? <http://bit.ly/2rc1wos>



**CORT OLSEN**  
ASSOCIATE EDITOR

[@EBA\\_OLSEN](#)

Student loan assistance and retirement savings, but who can do both?: <http://bit.ly/2pGIZOj>



**BRIAN KALISH**  
ONLINE MANAGING EDITOR

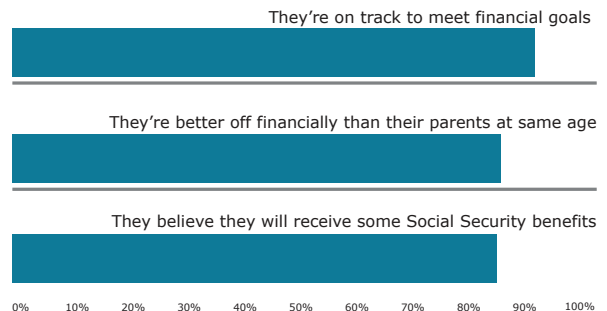
[@Benefit\\_Brian](#)

Looking forward to upcoming July conferences ... @PlanSource Eclipse in Utah and @EBAmagazine Mania in Vegas. Going? Stop me and say hi.

From the article, “Millennials, Gen X struggle with the same financial wellness issues,” available on [employeebenefitadviser.com](http://employeebenefitadviser.com).

### Bright future

Despite not saving in their 401(k)s, most millennials have a positive outlook on their financial future. Percentage who say:



Source: T. Rowe Price



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# WENDY KENEIPP

Through marketing activities, we need to make ourselves so interesting and compelling that readers want to take the next step and commit to having a conversation.



## How to become an effective marketer

MARKETING HAS TAKEN ON a critical new role for every benefit brokerage, and understanding what that role is, how it impacts your business and what you need to do about it is imperative for having a successful business today. It's not a nice-to-have anymore, and it's time to decide that you're either going to commit to it or you're going to become increasingly irrelevant to potential buyers. Your choice.

Agencies have tremendous opportunity to create an effective message and develop marketing activities that work for you rather against you, which we see happening way too often. In fact, when I ask audiences at benefit conferences how many feel they are effectively marketing themselves, at most I've seen five hands raised — and two of those were from carriers and tech providers.

What's the problem? Access to information.

First, our access to information has changed everything. Buyers spend significant time researching options before ever having a face-to-face meeting with a salesperson. As a result, our salespeople have lost significant influence over the selling process and buying decision.

Your marketing program — website and online marketing presence specifically — should be looked at as a “member” of your sales team who is working on your behalf all hours of the day and night. This team member should be talking to and connecting with buyers and providing a compelling reason to meet with your sales team.

If buyers don't like what they see, don't see what they want or just see another version of the agency they already have, they move on, never to return. However, if they are interested in what they see, they read on and perhaps come back several times to learn more about your ideas.

### What's the problem? Ineffective messages

The second problem we see hindering effective marketing is that most insurance advisers don't understand their own businesses well enough to create an effective message that properly influences buyers when they come looking.

Through marketing activities, we need to make ourselves so interesting and compelling that readers want to take the next step and commit to having a conversation.

To be attractive to your readers, you need to be intentional in your approach. Start by writing out the descriptions and answers for each of these ideas:

- Who are your ideal clients? And what do they value?
- What are their biggest challenges and frustrations?
- How do you work and what services do you offer to help them address their challenges?

Then, begin creating content — articles, videos, FAQs, checklists — that acknowledges and answers their challenges and frustrations. Create content regularly and post it to your website and share it on social media, directing readers back to your site. Make your website a valuable destination where buyers can come back looking for ideas.

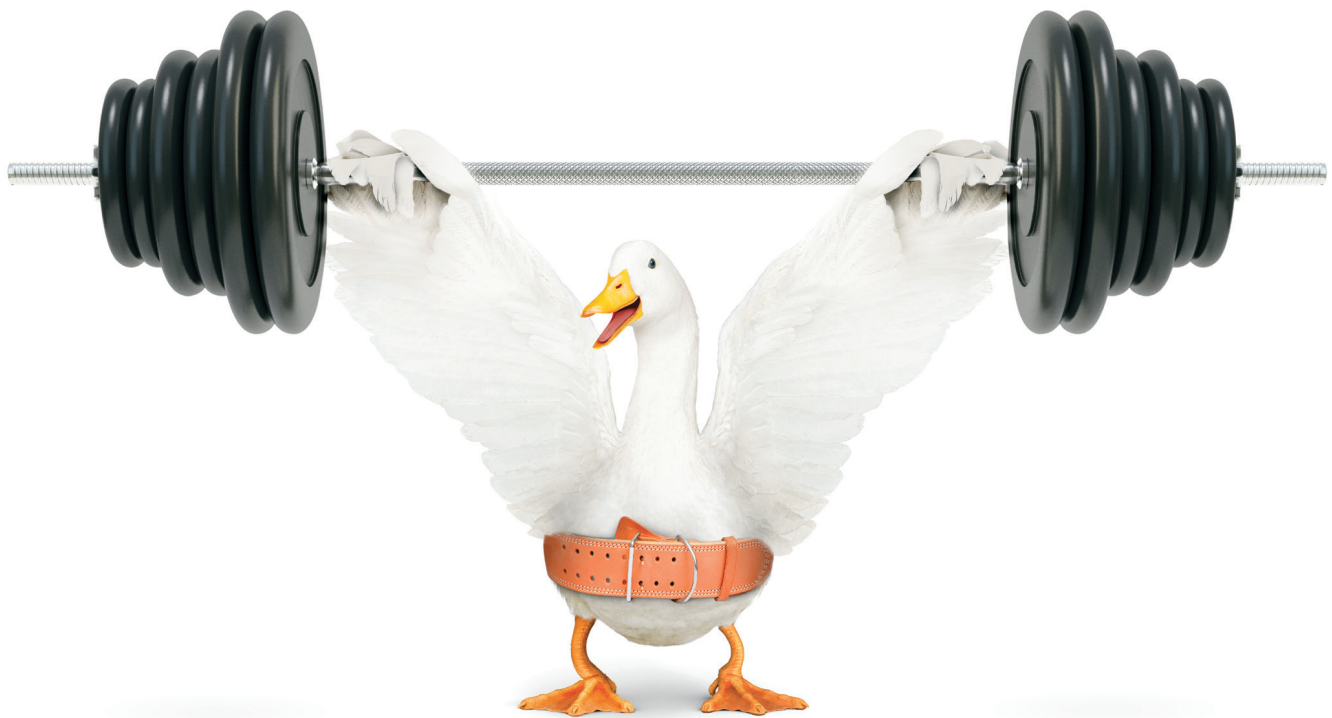
Done right, this online, educational marketing effort could become the most productive prospecting and door-opening producer on your sales team.

And, just like a producer, you need to have a plan for the year, monitoring activity and results and tweaking and adjusting based on short-term performance. You also need to think long-term, expanding on it over time, adding new skills and capabilities to its repertoire.

Bottom line: Make your agency such a valuable source of information that it draws your readers in so they'll set up a meeting with your salespeople. **EBA**

*Keneipp is a partner and coach at Q4intelligence, driving agency transformation. Learn more at q4intel.com. Reach her at wendy@q4intel.com, on LinkedIn, or on Twitter @WendyKeneipp.*





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# JACK KWICIEN

While few firms attempt to address this critical element of business management, forward-thinking executives realize that they need to structure their total rewards program to attract and retain superior talent.



## Align staff compensation, company goals

IN THE LAST FEW YEARS, AN INCREASING number of advisers have approached our firm to figure out how to align their staff compensation with their corporate strategic and financial goals. Doing so can be one of the most important initiatives your business can undertake.

While few firms attempt to address this critical element of business management, forward-thinking executives realize that they need to structure their total rewards program to attract and retain superior talent and to optimize their personal contributions toward the achievement of their corporate objectives.

So how are you compensating your key team members? Are you providing a quarterly or annual bonus for performance? Can staff earn equity in the business? How are they incented to achieve their personal goals this quarter, or this year? Why should your people care whether the business achieves its revenue and profit goals? Is your team so altruistic that they are motivated to make sure you reach your personal income targets? Or do you really think your team members are concerned at night or on the weekends about the valuation of the business?

Answer these questions honestly. Remember, you can manage activities; you cannot manage results. If you incent the right behaviors, you're in a good position to get the results you want. It's human nature to act out of self-interest. So aligning personal interest with the achievement of corporate goals is absolutely essential.

### Achieving goals

A good place to start is by publishing corporate goals and reviewing them with all your team on a regular and systematic basis. The goals should be measurable and quan-

tifiable. And every staff member should know where the business stands in relationship to those goals.

To achieve this alignment, each team member should have personal performance goals that support the enterprise goals. Each team member should also know on a weekly or monthly basis where their performance stands in relationship to their personal goals.

And, aside from financial considerations, you should have a recognition program. At team meetings, recognize outstanding achievements. Consider establishing a formal recognition program for sales, customer service, client retention or any other business goals. If you link rewards and recognition, and you do that artfully, you have exponentially increased the likelihood of your firm's success.

At Daymark, we've helped clients in drafting employment agreements, consulting contracts, incentive plans and employee stock option plans. In several cases, these plans were designed to support the overall business continuation and perpetuation plan we created in conjunction with the proprietors to map out the eventual orderly ownership exit strategy. I am about to help a client create a compensation pool for the top executives and key management personnel to reward them from the proceeds of a sales transaction. It will be comprised of payments from the guaranteed money paid at closing, and from the growth and profit payments to be earned during the three years following closing to provide the team with an incentive to stay with the firm and to optimize the results for everyone's benefit, including the buyers.

Indeed, it is essential to make alignment of personal and corporate goals a win-win for all parties. **EBA**

*Kwicien is managing partner at Baltimore-based consulting and advisory services firm Daymark Advisors. Reach him at jkwicien@daymarkadvisors.com.*



# NELSON L. GRISWOLD

A new mindset based on a commitment to innovation, investment and implementation is the foundation for a benefit firm that can drive sustainable, organic growth.



## Getting in a growth mindset

DURING MY RECENT PRESENTATION to a NAHU Regional Leadership Summit, one of the incoming state presidents asked a compelling question: “How does an employee benefit agency survive and thrive in this post-reform world?”

In my team’s consulting work with independent agency owners and benefit practice leaders, we have helped firms transform into agencies that are well positioned for today’s business environment. I call these companies “NextGeneration Benefit Firms.” And they share similar characteristics when it comes to their agency’s mindset, modeling and mechanics.

All three characteristics are worth exploration, but let me just start by looking at the mindset of these forward-thinking agency leaders.

The right mindset, or the “NextGen Mindset” if you will, is critical to the reinvention process, to making those necessary changes in the practice that will transform an agency into a firm that can remain relevant, profitable, independent and growing. The NextGen Mindset has three key components: innovation, investment and implementation.

**Innovation:** NextGeneration agency leaders are not only open to innovation and new ideas, they actively seek them out. They reach for and embrace new benefit plan designs, alternative funding tactics, the latest technology and employee engagement tools, novel cost-containment strategies and other groundbreaking moves that improve the employer’s plan, its control and its benefit spend.

And these agencies, with these resources behind them, are able to offer current and potential clients a better value proposition than their competitors. NextGen firms are always looking for innovative ideas.

**Investment:** For the past 70 years, benefit agency

leaders rarely had to make an investment that didn’t already pay for itself. For example, a new account manager would be brought on to handle new clients; a larger office would be procured to house the bigger staff needed to handle new business. Agency leaders rarely made a “bet,” an investment that was speculative.

Today, NextGeneration agency leaders are investing heavily in themselves, their team and their capabilities, usually with no guarantee of a positive return. These are well-calculated bets, to be sure. But whether it’s the agency leaders investing in themselves by joining a peer-exchange program, sales training for account managers and producers, a new agency management system or CRM, or a marketing or outsourced lead-generation program, these agency leaders are financing the future success of their firms. NextGen firms are always investing strategically and not reactively.

**Implementation:** This final piece of the NextGeneration Mindset is, in many ways, the most critical. Regardless of the value of an innovative idea or strategy or investment, without implementation there are no positive results.

Implementation requires more than a plan and a fierce commitment to execute that plan. Accountability is key, both internal and external, the latter ideally with a group of industry peers who share and support your goals. Most of us will only hold ourselves accountable for goals that others know about. NextGen firms are always building accountability into their implementation plan.

A new mindset based on a commitment to innovation, investment and implementation is the foundation for a benefit firm that can drive sustainable, organic growth. In upcoming columns, I’ll examine the modeling and mechanics characteristics of NextGeneration Benefit Firms. **EBA**

*Griswold is an agency growth consultant and author of DO or DIE: Reinventing Your Benefits Agency for Post-Reform Success. His Agency Growth Mastermind Network helps agency leaders reform-proof their firm. Reach him at (615) 656-5974, nelson@InsuranceBottomLine.com, or through 21stCenturyAgency.com.*

**David Hatter**  
*President*



**Travis Riker**  
*Principal*



**Libby Whitaker**  
*Vice President of  
Business Development*







# Mission-driven

*Adviser David Hatter turned a desire to improve peoples' financial security into a successful business that puts his employees first so that they can take care of clients.*

Not long after David Hatter was fired for the second time, he sat in his home office with his pug Peanut on his lap, intent on creating a mission statement for a new kind of benefit brokerage he wanted to start.

It was 2005, and the benefit expert's passion for teaching people how to save had become a distraction from his job at CAPTRUST, a wealth management and retirement plan consulting firm. Through his church, Hatter had been spending upward of 40 hours a week working for Crown Financial Ministries, a program that helps people develop practical money management skills.

Doing so much volunteer work clashed with his duties at CAPTRUST as a vice president in charge of selling retirement plans, and his sales were no longer up to par.

"He was let go for lack of performance," says CAPTRUST's CEO Fielding Miller, who says he still has "a lot of respect" for Hatter.

"You could say that I was distracted from

what they wanted me to be doing," Hatter says, referring to his work with people in need of retirement and financial planning. "I didn't want what I was doing to be a distraction anymore. I wanted it to be the purpose."

Hatter knew that if he didn't put his purpose — helping people achieve financial security — at the forefront of his new business plan, it would get pushed aside as the business sought ways to be more profitable.

So he wrote it down and taped it to the cabinet directly in front of him:

*A lack of financial resources is one of life's greatest obstacles. Every person has dreams, desires and goals. For some people, dreams may not come true and goals may always seem out of reach. Our mission is to remove this difficult obstacle through proper financial planning and discipline, so that our clients may freely pursue their life's passions and achieve their goals.*

"Every phone call I was on, every email I sent, I was looking at the mission," he says.

By Elizabeth Galentine | Photography By Ben Rollins



## **‘What we felt was missing was how do we put people first and treat financial security as the No. 1 priority?’**

He made the mission the center of everything that he did, but sticking to his beliefs in the decade-plus that’s followed has taken Hatter down a path he didn’t see coming.

Initially, he thought helping people become more financially secure would naturally lead to putting the client’s needs first. And, indeed, his client base for his new company, Arista, began taking off once he started introducing employers to benefit offerings that made it effortless for their employees to save.

But he had a revelation: The business’ mission of giving clients financial freedom could die when he did. So Hatter decided to reduce his role as the company’s central figure and ensure his mission would live on by making Arista’s employees his top priority. If he focused on them, he realized, they would have both the tools and the motivation needed to do the very best job for Arista’s clients.

### **VISION QUEST**

The result of those efforts is a business that has grown over 300% during the past four years, with more than \$200 million in assets under management with nearly \$1 million in retirement and wealth management revenue, with another \$2.4 million in benefits revenue.

Strong numbers, but the statistic Hatter cares about the most is the more than 100,000 lives that Arista serves.

“Most benefit brokers measure themselves on revenue and commissions, but around here our scorecards are people,” he says. “How we measure ourselves is the number of people we have the ability to influence.”

Hatter’s ability to influence lives began

in the mid- to late-’90s, when he gained experience on the retirement side of benefits as a sales representative at Great-West Life Assurance Company, and then as a broker with benefit firm Schultz Rowson in the Atlanta area.

By 1999, at age 28, he left Shultz Rowson, taking his book of business to another benefit brokerage, Hobbs Group, which had been a client of his and did not have a retirement plan practice at the time.

Hatter became a managing director at Hobbs, but by the spring of 2001 he started to realize he’d made a mistake. He was no longer in charge of his own book of business, and the company asked him to terminate half of his employees. A month or two later, Hatter was fired as well. Hobbs Group was sold, and former employees could not be reached for comment.

The soon-to-be father of three — he and his wife Melissa had 18-month-old Jacob, infant Mackenzie and a third child (Carly) on the way — took a stable job at SunTrust in the summer of 2001 as a vice president selling new retirement plan business for a couple of years before joining CAPTRUST.

In the spring of 2005, in the wake of his CAPTRUST dismissal, Hatter was tempted to take another steady job to support his family when a major insurance company gave him a lucrative offer. It was Melissa, a pharmacist and medical technology consultant, who encouraged him to start Arista. “It’s what you’re supposed to do,” she told him of becoming an entrepreneur and living out his mission to help people find financial security.

The family went all-in. Hatter legally incorporated the company in August 2005, living at the time in a 6,000 square-foot home, with two cars and a boat. Six months later, to fund the fledgling business, he and Melissa moved with their three children to an unfinished room above her parents’ garage, sharing one vehicle between them.

Initially thinking he could achieve his mission best by focusing on personal financial planning, it didn’t take long — only a few months — for Hatter to realize he could have a much greater impact on peoples’ lives through the workplace. “I ran across a statistic that got my attention, and that was that 80% of all Americans do all of their financial planning

at work ... I didn’t want to just help the 20% of people who were disciplined enough to work with a financial adviser,” he says.

By 2007, Arista had enough money in the bank, with 15-20 clients, for Hatter to bring in his first fulltime employee, his brother-in-law Travis Riker, who is now partner in the firm. Riker’s background in employee benefits as an insurance carrier sales rep complimented Hatter’s retirement expertise.

“I think what really connected us was that we both shared the same vision. That we really wanted to put people first,” Riker says, “and what we really felt was missing was how do we put people first and treat financial security as the No. 1 priority?”

With Riker in place and the mission intact, “things started to really go,” Hatter says. “We had stumbled onto a process ... that was generating really good outcomes and it started to grow really fast.”

That process was attracting K-12 school system business through an innovative procedure that moved the educators from a 10-15 vendor, sales-focused retirement plan environment with heavy fees to single vendor arrangements that reduce the cost by as much as 50%. “There’s a handful of people who have [moved clients to a single vendor] three or four times, but our firm has done it ... almost 40 times now,” Hatter says.

Offering a single vendor plan dramatically boosted participation by removing the confusion and cost surrounding multiple vendors and instead emphasizing the value of saving and plan education, he says.

“With most schools, the average participation in a multi-vendor environment is 18% ... but in our plans, we move them to 80-90% participation through our process,” Hatter says, adding that Arista makes subtle plan changes utilizing auto-enrollment, auto-increases and target-date funds, among other techniques.

“We discovered quickly in the retirement plan business and the benefits business that the majority of the employees will take the path of least resistance,” says Hatter. “You can do all the educating that you want, hold all the workshops, provide all the websites and tools and all these things, but an overwhelming majority of employees, they don’t want to become experts on financial planning. So we’ve become



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really focused on designing employee benefit and retirement plans to make it easy for people to fall into the right decisions for them to become financially secure, without them even knowing what was happening.”

Hatter is the “visionary,” Riker says, behind Arista’s three business units: employee benefits, retirement planning and wealth management. To be as efficient as possible, Arista concentrates its efforts on three specific industries where Hatter initially had connections. In addition to K-12 schools, they also signed on design firms (architects, engineers and construction) and private clubs and communities, although a quarter of the company’s clients are across a broad range of other business types as well.

“If we can get really intimate knowledge about the challenges those particular clients are facing, it’s very scalable,” says Riker, who, in combination with Hatter, often speaks as an expert on healthcare reform and benefits at around 15 Arista clients’ industry conferences and events a year.

Arista gained a “significant amount of business” as a recognized expert on industry-

## ‘Everything I was worried about started to melt away when I got refocused on the mission.’

specific plan administration under the Affordable Care Act, Hatter says. The company is the ACA IRS reporting administrator for around 80 employers, including one-third of the state of Georgia’s school districts, he says.

“The ACA created an environment where for the first time everybody was at a disadvantage,” Riker adds. “No one knew what to expect. We really embraced it.”

But, despite the success, Arista’s growth scaled back from 2010 to 2012, as the company struggled to adjust to the acquisition of a new partner’s book of business, along with integrating 4-5 of his employees. Lamar Wright had been the co-owner of a prominent, decades-old benefit firm in Atlanta, The Benefit Company, before joining Arista as a 50/50 partner with Hatter in 2010.

He brought in about \$600,000 in existing revenue, but Wright’s book was shrinking. It

had been closer to \$1.2 million when he and Hatter first talked of partnering a couple of years earlier, and on top of the dwindling book, his staff had trouble meshing with a younger culture at Arista.

In the benefits business since 1970, Wright agrees “business metrics were in a downward trend” at the time he joined Hatter, which happened in the wake of the Great Recession. “We liked each other, that was not a rough spot,” Wright says.

“Putting the staffs together, it was like second marriages when both partners have kids,” Wright, who eventually retired in January 2015, says. “That can be a little bumpy.”

### PERPETUATION PLAN

Consumed by trying to make the acquisition work, Hatter lost track of his driving mission.

He was dreading making the drive into Arista's Alpharetta, Ga., office each day. Then, a friend and fellow adviser died unexpectedly and it changed his perspective.

Steve Albers was a healthy, active man in his early 60s, running a very successful brokerage, Albers & Company, at the time of his death in a biking accident.

At age 41, Hatter decided it was not too soon to get his own perpetuation plan in order.

In fact, he realized it was a necessity if he wanted Arista's founding mission to protect peoples' financial security to live on after him. "All the stuff I was worried about, frustrated about, started to melt away when I got refocused on exactly what the mission was," he says.

A member of United Benefit Advisors, Hatter often heard the topic of successful continuation of an independently owned brokerage discussed throughout meetings and events held by the nationwide organization of autonomous firms. With three options on the table: die and leave the company to heirs; sell to an outside buyer; or raise up leaders within the company, Hatter knew he needed to follow option three.

This meant learning how to extract himself from key business operations to dramatically expand his mission's reach.

Starting to make himself expendable initiated the firms' greatest growth period. In 2012, the company had \$1 million in revenue; by the end of 2016 Arista was at \$3 million in revenue. The benefits business quadrupled from about \$600,000 to \$2.4 million. Overall, the company went from 20 to 97 clients.

But it has not been a quick, easy process. The early days of extracting himself from standard business practices, such as financial and operational elements and office management duties, were relatively straight forward. That led to the harder elements: sales, business development, marketing, culture, hiring, recruiting, firing and performance reviews, says Hatter.

"Those things become so much more complicated," he says. "Because how they're done matters; it sends signals to everybody inside and outside the company about what the company is really about."

About a year ago, the company took its "biggest leap" by putting together an internal leadership team that meets weekly. Hatter picked up advice on how to make that work

from books and lectures, and he personally participated in a program called Vistage, which operates like a CEO roundtable.

He also got involved with the Entrepreneurial Operating System, EOS, a training and support program for company leader-

ship teams which, he says, "allows business owners to extract themselves from the key elements of the business so that the business can run efficiently and effectively without the constant intervention."

EOS promotes the use of scorecards that

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use objective numbers to evaluate what's going on within a business. Hatter uses the scorecards to gauge categories such as the number of lives the company is impacting, year-to-date business growth, forward-looking profitability, and engagement factors like the number of people coming to Arista's website or clicking on emailed items.

Many people will ask him how he finds talent he believes in enough to take over his duties. The answer, he says, is to work on the business enough to make it a place where top professionals want to come.

Hatter is a big part of the reason why people want to join Arista, partner Riker says. "When you say, 'putting people first,' there's a difference when you feel like someone's selling something to you. You feel like they don't really mean it," he says. "There's just a genuine aspect to his personality. He is who he is."

Also, Hatter says, strong sales go hand and hand with having the funds to recruit the right people. "You have to grow the business. You have to have an influx of new business within the company in order to create the margin — even if it's a temporary margin — to be able to afford that talent," he says.

## PUTTING HIS PEOPLE FIRST

Meanwhile, in the process of making himself dispensable, Hatter began to challenge the traditional notion and his own belief that clients always come first. As removing himself from daily tasks freed up more of his time to allow him to work on his business, it became clearer to him that putting his employees first would naturally lead to them taking great care of clients.

"The biggest thing has been being able to free me up to focus on getting the right people into the right seats within our company," he says. "It's also freed me up to provide mentorship to people that I didn't have time to provide before; to invest in other people inside the company. And that's important because the cobbler's kids need shoes, too."

Hatter dedicated his time to making the 19 people who run his business the top priority. "Putting them first allowed me to focus on building a culture within the company that attracts and retains the best people," he says.

## 'Not only is he committed to helping people, but he has engrained that servant's heart into every employee'

"Because we can't grow and become a great company if we don't have great people."

Once his mentality changed, Hatter's focus changed as well. "You're looking inward instead of outward for how you measure your success," he says. Specifically, he started paying attention to different things. For example, becoming one of *Atlanta Business Chronicle's* Best Places to Work — which Arista achieved in 2014 — became a priority over his previous goal of being a fastest-growing firm.

Internal improvement efforts the company implemented included creating recognition awards, such as the Anchorman-inspired "Kind of a Big Deal" award, and training top employees on how to be a great boss to create a better working environment for everyone.

"The boss is the No. 1 reason employees leave jobs. We have really high standards for what we expect people to do as supervisors or bosses around the office. We hold them to a very high standard. We provide them with a lot of tools and resources in terms of how to do their job because we know that in order for more great people to come here we're going to have to have a lot of great bosses."

Hatter also hired a full-time HR person, Vita Koval, whose "primary responsibility is to make this a great place to work," he says.

Hatter estimates the company now spends well over \$100,000 a year investing in training and staff development such as client service, technical and sales training.

Another thing he's done is implement quarterly reviews, rather than follow the traditional annual timeframe. "What guides that whole conversation is whether or not that person is a fit with the organization culturally via the core values of the company and

also whether or not they're in the right type of job," Hatter says. "Whether they really get it, they're a natural at it and that they want to do it. They get energized from the work. And that they have the capacity to do it, the intellectual capacity, the physical capacity, the time capacity to do the job."

Adds Libby Whitaker, Arista's vice president of business development, "They don't hire people based on technical skills. That's part of it, you have to be able to do your job, but Arista hires employees based on what their values are and what their core beliefs are," she says. "If your core beliefs and values match the culture of Arista, then you've made it through the first part of the process of hiring. ... Technical skills come second."

For six years, Whitaker was a client herself as the CFO of a school system, until this January when she became an Arista employee. "That's a testimony to Arista that I could see the authenticity in their programs and services and I actually felt the value of Arista as a client first — and I felt so much of it that I decided I wanted to join the team," Whitaker says.

Reflecting on Hatter's strengths, Whitaker says, "not only is he committed to helping people, but he has engrained that servant's heart into every employee in the company. And if you don't have that quality or attribute, then you don't really stay at Arista long. You have to have that energy."

Back when Hatter founded Arista and moved his family to his in-laws' garage, his three children slept on a mattress in the closet. Those kids are now in high school, but will any of them join the company as time goes on? Hatter hopes that decision won't be up to him.

"I'm committed to building the business in such a way that it's sustainable without me," says Hatter. "And if 10 years from now, one of those kids wants to be a part of the business, they'll probably be talking to somebody other than me about whether there's an opportunity for them there."

One thing that will be there for certain is Arista's mission. It's come down from the cabinet and been streamlined over the years, but the driving force remains the same:

*We are creating a future in which financial security empowers all working people to discover and serve THEIR calling.*





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**CAN WE TALK?**





# Best in benefits communication

As HR professionals struggle to engage employees, they can study best practices from four employers — Fujifilm, BlackRock, Formstack and Aon — that are breaking the communication status quo.

**BY AMANDA EISENBERG**  
**ILLUSTRATION BY STEVEN NOBLE**



**T**rying to successfully communicate with employees has always been one of the biggest challenges for the executives in charge of HR and benefit plans. Getting workers to pay attention to open enrollment messages, in particular, has been a huge obstacle. That's due to an overload of information, endless emails and the fact that the subject matter is often difficult to understand.

In fact, a just-released survey of more than 400 employers by SourceMedia Research (which, like *EBA*, is part of SourceMedia), found the 70% of respondents were struggling to prepare their communications strategies for the open enrollment periods that begin at the end of the year. And this job isn't going to get any easier.

More employees are working from home or remotely, sometimes making it difficult for HR to connect with them. And the influx of cellphone- and social media-addicted millennials — there are 75 million in the workforce today and the number is growing rapidly — means many traditional email and print communication methods are quickly becoming obsolete.

However, employers such as Aon, BlackRock, Formstack and Fujifilm are deploying innovative strategies, often based on the latest technology trends, such as gamification, to break down these employee communication barriers.

What follows is a look at the novel approaches these organizations are using to connect with their staffs.

## COMMUNICATION BY SEGMENTATION

In a technology-driven world, employees can easily dismiss HR communications, especially if the information is simply posted on a website or sent out in an email blast. And if the dispatch doesn't clearly signal that the information directly relates to them, chances are most employees will simply ignore the missive.

But segmentation — targeting employees based on specific demographics — creates specific communications that are personal, even vital, to each staff member, experts say.

Segmentation strategies helped asset manager BlackRock communicate with em-

ployees who weren't maximizing the company's 401(k) match.

A segment of the population was not contributing as much as they could to their 401(k) retirement plans, so BlackRock partnered with its record keeper, Merrill Lynch, to send out targeted communications.

Using Merrill Lynch's records, BlackRock identified employees who were not projected to get the full company match in 2016, according to the company.

BlackRock sent out emails with the subject line "Get the full match" that contained a single sign-on link, which directed participants to a webpage to make contribution changes with just a couple of clicks. It also created a pop-up message to remind targeted employees every time they logged in that they weren't maximizing the com-

**'We are meeting our colleagues where they are and taking into account that individuals want to receive information in different ways.'**

pany match.

After three months, 26% of the targeted group increased their 401(k) savings rate, with a quarter of those participants increasing their deferral rates to 8% or more, which would allow them to get a full match from the company, BlackRock says. The company matches 50% of contributions up to 8% of eligible pay, with an annual cap of \$5,000.

"We were pleasantly surprised that our response rate [and that] many recipients took action, going into their 401(k) accounts and changing their own contribution to maximize the BlackRock match," says Jennifer Lee, global head of benefits at BlackRock.

Aon — a provider of risk management, insurance and reinsurance brokerage, and human resources solutions and outsourcing

services with about 50,000 employees globally — also relies on segmentation, which helps it determine the ideal format for the benefit communication.

"In this high-tech world, you might think paper was going to be dead," says Kate Sanderson, global head of total rewards and HR shared services at Aon. "But we've actually continued with some of the high-impact mailers to people's homes because we realized that the population that we're trying to target is not just the colleagues but also a spouse or a partner."

Although Sanderson communicates with Aon's employees through multiple channels, including mailers, emails, webinars and text messaging, workers are given the choice to opt in to certain channels through indicating their preferences in their online profile.

"Some respond to a quick text reminder, others want a webinar with the chance to ask questions, and others want that same information on demand as they are completing a benefit-related task," Sanderson says.

Likewise, she says, employees choose if they want to attend in-person or web-based info sessions.

Employees who opt into text messaging are likely to receive one or two communications a month compared to less frequent email and physical communications throughout the year. Sanderson says communication ramps up around Q4's open enrollment time when it will be most effective.

"Our multi-channel approach has improved communication because we are meeting our colleagues and their families where they are and taking into account that individuals want to receive information in different ways," she says. "Our approach appears to be working, as post-enrollment surveys indicate a high level of satisfaction with the tools, resources and information provided."

## GETTING PERSONAL

Employees are more likely to participate in benefits communication when they can choose which communication methods work best for them, experts say.

Different tools at data management company Formstack have helped both the

HR department and other employees communicate more efficiently.

One tool is an internal wiki based on the Confluence collaborative content software package from Atlassian. The remote, 82-person staff at Formstack is able to log in to Confluence to submit reimbursement and time cards, request snacks and equipment and submit feedback, says HR Director Miranda Nicholson.

While the wiki helps Formstack employees in countries like Mexico, the Netherlands and Argentina work on projects together, the system also lets Formstack's HR team easily communicate and engage employees, says Nicholson.

"A lot of times my team will pull some feedback from the organization: How did this initiative go? How was this communication received? Is there anything we can do to improve?" she says. "That's really important for us, especially with com-

munication, really fine-tuning it because it does change over time. We need to address the needs of new individuals that come on board and not always think, 'It used to work, so it's going to always work.'"

Nicholson says that before she began involving employees in the process, her communication efforts usually went unnoticed. Messages reminding employees to enroll or waive their benefits during open enrollment often went unread.

"When you need to send 15 emails to get that accomplished, you realize something needs to change," she says.

It also is important to make sure employees are receiving communications at times that are opportune for them, she says.

Since Nicholson took over benefit communications at Formstack in October, she has leveraged technology to help reach employees across the globe.

Personally, Nicholson uses Boomer-

ang, a scheduling app to send out emails to about 80 employees on three continents at the same time, say 10 a.m., regardless of time zone.

The strategy is to standardize when every employee, regardless of location, receives the benefit communication during working hours.

"That includes understanding who else in that organization might need to communicate things and trying to time that in a way that you're not doubling up or your information's not getting lost," says Nicholson.

## TARGET DEMOGRAPHICS

When it comes to communicating benefits, experts stress the importance of understanding employees' varied backgrounds and perspectives.

For Carolyn Gordon, director of benefits at Japanese imaging company Fujif-

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ilm, the new workforce of millennial employees required a different communication strategy.

"We do see with the millennials that we have to have more conversations with them because they're not as familiar with the workforce and the way some of these programs work and what they do," she says. "We get that you probably won't be here forever, but these are good lessons for you to carry with you about saving for when you are older or building up your HSA."

Beyond generational gaps, experts say benefits should be communicated not only by various methods but also in different formats.

Videos and slideshows are popular methods for communicating, and sometimes nothing beats a physical explanation of benefits copy.

At Blackrock, Lee communicates with 13,000 employees in 30 countries over the course of the year through webinars, email communications, the company's Intranet, and in-person orientations and meetings.

When open enrollment occurs in the fourth quarter, BlackRock hosts webinars to guide employees through the process and answer any questions they might have, says Lee.

She found that dropping a physical copy of the company's annual benefits overview on every desk helped employees understand their plans better.

A digital copy of the pamphlet is also available on BlackRock's Intranet for instant access, along with tips and "Did you know?" articles.

"We received rave reviews on the booklet, and many employees praised it for clearly drawing their attention to benefits they weren't previously aware of," Lee says.

Meanwhile, the firm will visually display benefits communication by adding banners across the bottom of more than 200 TVs in common spaces and desktop screen savers featuring calls-to-action around things such as open enrollment, she says.

## GAMING GETS SERIOUS

Most leading HR professionals who use best practices found that technology aids their employees when it comes to benefits enrollment.

'Many employees have praised it for clearly drawing their attention to benefits they weren't previously aware of.'

Embedding benefits information within various communications helps employees navigate their benefits better, experts say. For example, employees need to navigate open enrollment with a working knowledge of acronyms like HSAs and HDHPs and what they mean.

So Nicholson worked with Formstack's insurance management team to create a one-page explainer of benefit terms and their definitions and broke down plan costs, which was distributed to employees prior to an information session.

Nicholson uploaded the explainer to Confluence for employees to access when it came time to waiving or enrolling in their benefits as well.

Additionally, when Aon employees are selecting their benefits, they can hover their mouse over certain terms, such as a PPO or deductible, for an explainer of what those terms mean.

"You could just go, with no reading in advance, through decision support and communication and information that's integrated and embedded in our annual enrollment process," says Sanderson.

"You would still be able to make informed decisions and choices in a short window of time but you wouldn't need to collect information first."

The platform itself can make all the difference to both employees and employers.

One of the biggest technology trends these days is gamification. Not too long ago, Fujifilm brought in HR technology company Airbo's employee communication platform to better engage its employees.

Today, about 80% of employees use the technology each quarter, according to the company.

The system was initially rolled out to a plant location outside of Boston, and Fujifilm reported that right off the bat nearly 70% of employees participated, even those who are less tech-savvy or spoke little-to-no English, according to the company.

And the gaming strategy seems to be a real winner.

For example, during Fujifilm's most recent open enrollment, where the company transitioned its PPO to a high deductible health plan, 99.6% of 5,000 employees selected or waived benefits by the end of the two-week deadline through Airbo, says Gordon.

"We try to use Airbo to link back to whatever kind of communication we're doing so people can engage that way as well," Gordon says. "It's been a great tool because it also embeds all the other broader communications or things that we're trying to do."

Using online gaming strategies, Gordon says she was able to improve company-wide health assessment completion rates from 17% to 54%, which helped the company save more than \$5 million of its \$565 million medical budget.

Gordon improved health assessment rates by leveraging a tiles game in Airbo, created in collaboration with HR consulting firm Willis Towers Watson.

Through a series of pictures with questions, Gordon can program the tiles to inform employees about any topic, such as preventative care or nutrition.

By asking a series of questions — When was your last visit? Do you know you have \$100 in incentives to put toward health costs? — Fujifilm's 5,000 employees can "play" the game to win a prize at the end of the quarter.

"Middle-aged women in their late forties, early fifties actually play the game more than some of the younger people," says Gordon. "We're still trying to figure out the segmenting and what works."

Since Fujifilm changed the way it communicates with employees about their benefits, 91% of workers who responded to a survey said they have a greater appreciation for their benefits, according to the company.

"It's not just about open enrollment," Gordon says. "It's about all the things that lead up to it."



# OPEN ENROLLMENT READINESS BENCHMARK

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## Benefit enrollment preparations at a standstill

Monthly OERB scores for employers with Q1 start dates show little, if any, progress

**E**mployers with benefit enrollments slated for Q1 of 2018 appear to be spinning their wheels.

The composite Open Enrollment Readiness Benchmark score for this group, which accounts for nearly 70% of all employers, has hovered around the 40 mark since January, when *Employee Benefit Adviser* launched the monthly survey. For April, it came in at 39, and the number of

activity-related red flags, which indicate a serious lack of preparedness, rose from 10 the prior month to an all-time high of 12. While the number of green flags signaling a solid state of readiness also rose from two to three, on balance employers don't seem to be making any real progress.

To calculate the OERB benchmark, *EBA* asks employers of all sizes to rate themselves on each of 26 open enrollment activities

grouped into the four phases of open enrollment preparation: benefit plan design, employee preparation, enrollment management and post-enrollment analysis. Scores range from a low of 1 to a high of 100 and reflect the degree to which an employer considers itself prepared for a particular activity. The activity scores are then averaged to determine scores for each of the four phases and an overall readiness score. ■

EMPLOYERS STARTING BENEFITS IN Q1 2018				
Overall Readiness (as of April 2017)				39
PHASE	ACTIVITY	ACTIVITY SCORE	PROGRESS	PHASE SCORE
Phase 1 Benefit Plan Design	Selecting benefit brokers/advisers	71	<div></div>	57
	Selecting health plans	53	<div></div>	
	Selecting voluntary plans	52	<div></div>	
	Selecting pharmacy plans	52	<div></div>	
	Selecting retirement plans	70	<div></div>	
	Selecting wellness plans	45	<div></div>	
Phase 2 Open Enrollment Preparation	Enrollment timing	59	<div></div>	34
	Planning/designing employee communications	17	<div></div>	
	Reviewing compliance/eligibility issues	32	<div></div>	
	Setting goals	32	<div></div>	
	Documenting processes/procedures	29	<div></div>	
Phase 3 Open Enrollment Management	Managing meetings with advisers/brokers	38	<div></div>	29
	Enrolling employees	21	<div></div>	
	Answering employee questions	33	<div></div>	
	Documenting worker feedback	27	<div></div>	
	Measuring enrollment engagement metrics	25	<div></div>	
	Boosting enrollment engagements	28	<div></div>	
Phase 4 Open Enrollment Design Analysis & Follow-up	Reviewing enrollment engagement metrics	34	<div></div>	38
	Reviewing worker feedback	37	<div></div>	
	Soliciting additional feedback	34	<div></div>	
	Reviewing plan design	45	<div></div>	
	Reviewing communications strategy	38	<div></div>	
	Tracking benefit usage	44	<div></div>	
	Reviewing enrollment engagement analytics	33	<div></div>	
	Reviewing/improving the process	38	<div></div>	
	Planning year-round employee engagement	36	<div></div>	

Source: SourceMedia Research, Open Enrollment Readiness Benchmark Survey, April 2017

### ABOUT THE OPEN ENROLLMENT READINESS BENCHMARK

The Open Enrollment Readiness Benchmark is a composite score (out of 100) of employer readiness for open enrollment activities across the four critical stages of the open enrollment process throughout the year: benefit plan design, preparation, process management, and program analysis and updates. The OERB is based on SourceMedia Research's quantitative survey of more than 400 pre-screened HR and benefit executives and decision-makers representing employers with greater than 50 employees from various industry sectors. For more details on the OERB, go to <http://www.employeebenefitadviser.com/>.

# RE:INVENT | RETIREMENT



## Lifetime income boosts savings

BY RICHARD STOLZ

**PRUDENTIAL RETIREMENT, A UNIT OF** Prudential Financial, serves more than 4 million retirement plan participants and annuitants, representing \$375 billion in assets. *EBA* recently spoke to Jamie Kalamarides, leader of Prudential Retirement's Full Service Solutions business, about issues in meeting the needs of plan participants and the role of guaranteed income products. Edited highlights of that conversation follow.

***EBA:* What's foremost on your plan sponsor clients' minds today?**

**Kalamarides:** Employers are trying to make sense of the fiduciary role and their obligations underneath it. They're also thinking about the financial wellness of their employees, and how to help employees achieve it.

***EBA:* Prudential's message to plan sponsors and others is that you are "changing the way Americans save for retirement." What does that mean?**

**Kalamarides:** It begins with the understanding that in order to save for retirement, you need to have control over day-to-day expenses, understand the trade-offs between how you spend money today versus what you'll have tomorrow. It means having the tools you need in order to save and you need to be able to influence your behaviors around saving for tomorrow. So it's the focus on financial wellness that is a key part of what we are trying to do to help people save for retirement.

### HEALTHY RETIREMENT



#### EMPLOYEES FLUNK RETIREMENT QUIZ

Most misidentify the greatest expense after leaving the workforce.

P. 29

### CASE STUDY



#### HOW UNITED TECHNOLOGIES REVAMPED ITS 401(K)

With Prudential, the company created a pension-like savings plan for its employees.

P. 30



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# RE:INVENT | RETIREMENT

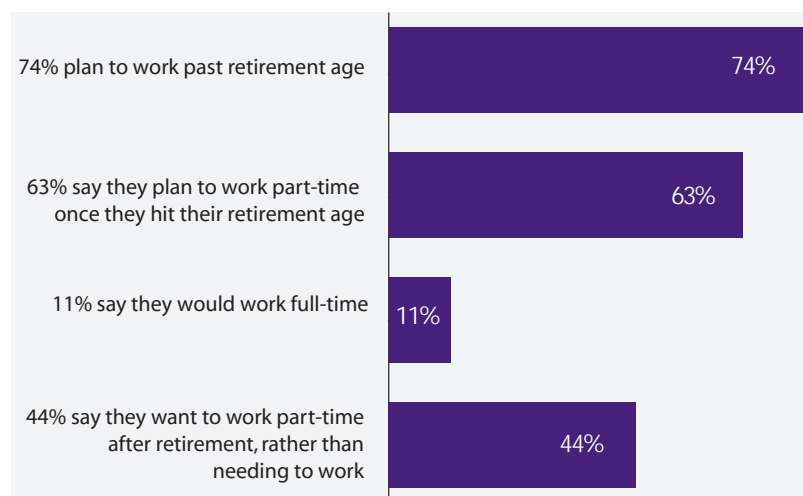
We can help people on the retirement accumulation side, but we're also positioned to help people manage risks around disability and [premature death]. Also, we can help people know their retirement income will last with guaranteed lifetime income products like IncomeFlex.

## **EBA: Can you give an update on the evolution of IncomeFlex?**

**Kalamarides:** When we originally rolled it out in 2007, it was called IncomeFlex Select, and that product is no longer offered for new sales. More recently we have rolled out IncomeFlex Target, a guaranteed lifetime withdrawal benefit, GLWB, around target-date funds. If an employer had that target-date fund as a QDIA, they could simply put this onto the plan as well and it would still remain a QDIA. The most interesting development that's happened since [the rollout] is the ability of a plan sponsor to move the investments to another recordkeeper if it wants to make a change.

## WILLING TO WORK

While most employees plan to continue to work past their retirement age, according to a new survey from Gallup, many say they will do so because of a desire to work, not because of a need to earn money.



Source: Gallup

## **EBA: How do you help employees really grasp the trade-offs involved in retirement savings decisions?**

**Kalamarides:** We help individuals to understand why their brain may be to blame for some of their behaviors, and help reframe issues and problems so that they can overcome the inertia, hindrances or risk aversion that is inside all of us and how to use that to one's advantage.

## **EBA: If plan participants know that ultimately they'll have a lifetime income guarantee at retirement, will they save more aggressively?**

**Kalamarides:** Yes. Across both Aon Hewitt's and our own research, when a lifetime income solution like IncomeFlex is available in the plan, individuals contribute 10.1% of their savings versus 7.3% if it's not available. They're also happier with the plan, and they stay the course on their diversified investments during volatile times. ■

## HEALTHY RETIREMENT



# Workers flunk retirement quiz

BY BRUCE SHUTAN

**WORKING AMERICANS OF ALL** ages are plagued by widespread misconceptions and procrastination that could undermine their retirement readiness — unless they devote enough time to learning basic concepts, Fidelity Investments' first-ever Retirement IQ Survey finds.

Most notably, as many as two-thirds of the respondents underestimated what they will need to save for retirement.

While noting that progress has been made to move the needle on retirement readiness, Ken Hevert, SVP of retirement at Fidelity Investments, says the survey's knowledge gaps point to the need for better education from employers.

"We recognize how important it is for employers to engage with their plan participants as early as possible because it's often in the workplace where people first learn about what they need to do to prepare for retirement," he says.

The survey identified procrastination as a serious concern. More than half of respondents confessed to putting off an important financial decision such as creating a budget, paying bills on time or saving for retirement.

Many people surveyed, including those age 55 and older, gave wrong answers to questions in nearly every category, even though it was a multiple-choice format, according to Hevert. He says the average grade was 30% (the equivalent of an F), no one answered all 14 questions correctly and 1% got all of the questions wrong. Fewer than 0.5% of respondents received a 79% (C+), which was the highest grade.

The question most people got right concerned the age of Medicare eligibility (77%). ■



## CASE STUDY



# How United Technologies tweaked its retirement plan

BY PAULA AVEN GLADYCH

**UNITED TECHNOLOGIES** Corp. was ahead of its time when it came to employee retirement benefits.

The *Fortune* 500 company — the parent to Otis, Pratt & Whitney, UTC Aerospace Systems and UTC Climate, Controls & Security — made a point of offering its employees an in-plan guarantee of retirement income well before the topic of lifetime guarantees in 401(k) plans took center stage in the national discussion.

Five years ago, the company decided to revamp its retirement plan, and worked with Prudential Retirement to offer an in-plan retirement income solution to its employees. Though at the time, Kevin Hanney, United Technologies' senior director, pension investments, says he was happy with the retirement plan the company had, he was interested in ideas that would help develop the "retirement plan of tomorrow."

Prudential came back later that year with an idea that would "take the best elements of the pension plan of the 20th century and combine it with the 401(k) and savings plans that were available at the time to offer the pension for the 21st century," Hanney says. "That's ultimately where we landed. If you think about how

traditional pensions work, it's pretty much on auto-pilot. Virtually everything is done for the employee who is in a traditional pension, apart from coming to work every day."

In the modern-day 401(k) plan, almost every action is on the shoulders of the employee. The Pension Protection Act, which was passed in 2006, allowed companies like UTC to start incorporating some automatic features into its 401(k) plan, like automatic enrollment and automatic escalation, to encourage employees to save more for their retirement without them having to do anything about it.

"They don't have to make a decision about whether they should participate," Hanney says. "We also enroll them at a 6% contribution rate that maximizes the company matching contributions we put into the plan on their behalf as well."

As long as employees don't opt out, the company's automatic escalation provision will increase the contribution rate from 6% to 10% over a four-year period.

"We give the employee every opportunity to opt out of our automatic features," Hanney says, "but we also signal to them that [the plan] makes sense so they don't have to take a lot of actions on their own." ■

## HEALTHY RETIREMENT

# Robust market spurs workers to sell shares

BY PAULA AVEN GLADYCH

**FAVORABLE STOCK** market conditions encouraged 50% of employees who have access to an employee stock purchase program at work to sell all of their shares over a three-year period ending in 2016, according to research by Fidelity Investments.

The number of employees who held all of their shares dropped to 43%.

"Company stock plans are increasingly viewed as a top employee benefit and can play an important role in an employee's overall financial health," says Mark Haggerty, head of stock plan services at Fidelity Investments. "Employees often use these plans as a savings vehicle alongside their 401(k), but money from an ESPP can be used to address short-term expenses and financial needs and help workers avoid the need to tap their 401(k)."

Fidelity analyzed 365,000 workers over a three-year period to see how they managed their stock purchased through an ESPP. It found that those under the age of 40 or who receive a significant discount on their stock purchases are more likely to sell off their shares. Older employees were more likely to hold onto their shares, but Fidelity noticed an upward trend of those between the ages of 50 and 60 who sold all their stock during that three-year time frame.

What are employees using that money for? According to Fidelity, 34% of them were using it to pay down debt; 17% were using it to make home improvements or purchase real estate; and 11% used it to establish an emergency fund. Nearly 20% of those surveyed reinvested their proceeds from the ESPP into a mutual fund or their retirement savings account. ■

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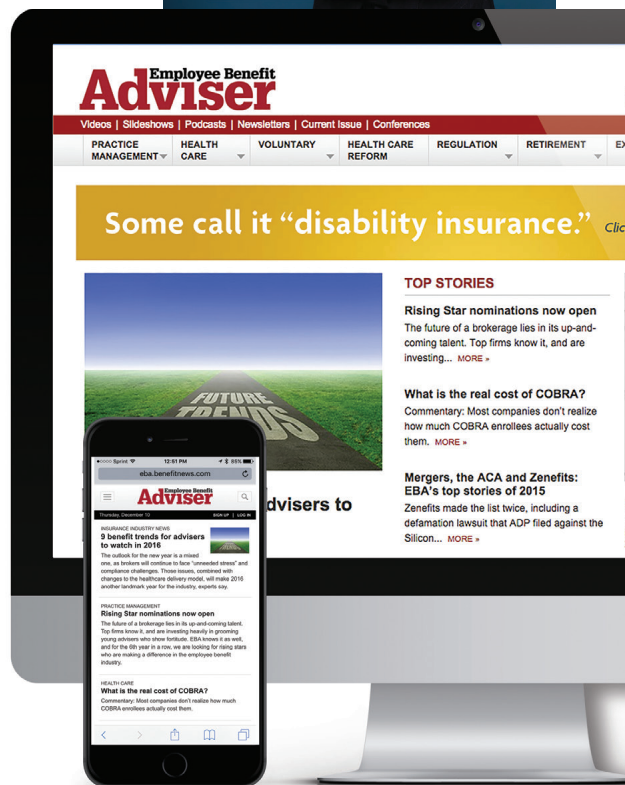
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## Fiscal fitness for workers

Options are limited when crafting a digital financial wellness platform to suit all employees.

BY CORT OLSEN

**W**ith many employers taking advantage of wearable wellness devices such as Fitbits and Apple Watches, advisers and consultants say they would like to see a similar platform that will efficiently monitor a person's financial wellbeing.

"For physical wellness, there are health assessments like biometric screenings to gather information, and then there is the wearable data that tells people where they need to be to stay on track with their health goals," says Craig Schmidt, senior wellness consultant for EPIC Insurance Brokers & Consultants. "The difference with the financial piece is that there isn't a way to track users' spending habits or monitor their retirement funding to make their financial status more budget friendly."

While Schmidt says he has not been

able to find a platform that monitors financial status at such a personal level, John Tabb, chief product officer of Questis, has put together a platform that manages to gather data and make suggestions on where employees should be focusing their investments, such as paying off student loan debt or investing in their Roth IRA.

Tabb estimates there are roughly 30 companies that call themselves financial wellness firms, but says none of them are "holistic." "Not to say that they are not good, but there are only a handful of companies that can allow advisers at financial institutions to utilize their platform as a tool," he says.

### **Saving vs. paying off student debt**

Shane Bartling, retirement consultant for Willis Towers Watson, says the firm has developed a program with its clients that addresses gaps in the market and increases

the value of the overall lineup of financial well-being services offered by employers, generally around retirement readiness.

"As a result of requests from clients and the needs we have identified with our consulting work, we have built out a technology solution to compliment the lineup of other resources that clients have available," Bartling says. "We wanted to find the indicators of poor financial well-being in the workforce, how to measure it, and then ask, how do we engage the parts of our workforce that are going to see the highest value from the resources we are providing?"

The Willis program offers clients an initial assessment from an adviser to determine where employees are struggling the most with their finances. "There is a way to look at behaviors employees are signaling when they are in a poor financial situation," Bartling says. "They begin to do things like using loans and taking hardship withdrawals. Then ultimately you see issues like wage garnishment and [employees] opting out of their 401(k)."

SoFi has expanded its business focus from student loan refinancing firms into the workspace by helping employers offer a student loan repayment benefit.

"Looking at the employee benefits space, student loans are a pretty big hole in most employers' benefit offerings," says Catesby Perrin, vice president of business development at SoFi. "The mainstays of employee benefit offerings are healthcare and 401(k), which we all know are essential, but in many respects don't address the most pressing financial concerns of the largest demographic in the workforce, which is millennials."

Perrin adds that 401(k) and other forms of retirement saving are imperative for everyone in the workforce; however, re-



IMAGE: ADOBE STOCK



tirement is not a top priority for millennials due to other financial stressors that are taking place in their day-to-day lives.

“As great as a 401(k) is and how important it is intrinsically, if you have \$500 or \$800 a month due in student loan payments, the 401(k) is a total luxury,” Perrin says. “Most employers are not doing much about the student loan problem, so we are offering two primary benefits for employers — a student loan refinancing benefit, and a benefit set for employers to help pay down the principal balance of an employee’s loan.”

### Alternative tech gaining traction

One option is the increasing popularity of mobile push notifications. Ayana Collins, wellness consultant out of EPIC’s Atlanta office, says she is seeing a greater response from users who utilize these alerts on their smartphones to view wellness tips and

strategies that they may not read if they are delivered in the form of an email.

“Employees receive thousands and thousands of emails, and one more email coming from HR or from a wellness company may not be opened,” Collins says. “If they receive a push notification from their mobile phone, they are more likely to check out what financial wellness tips we are sending to them.”

### Privacy invasion?

Meanwhile, new legislation determining how wellness plans are regulated has sparked a renewed interest in finding a streamlined financial well-being platform.

Shan Fowler, senior director of employer portfolio and product strategy at Benefitfocus, says legislation such as the Employer Participation in Repayment Act and the Preserving Employee Wellness Pro-

grams Act will help fuel the creation of a financial well-being platform.

“Financial regulation is very similar to healthcare regulation,” Fowler says, “due to so many branches that are contingent with legislative support. Seeing bipartisan support for this national epidemic [has me feeling] very optimistic.”

However, employees may not be as enthusiastic. Many workers are concerned about the level of data employers could have access to, seeing it as an invasion of privacy, Fowler adds.

“I think you need to put yourself into the shoes of the employee and ask if I want my company to have access to my personal information,” he says. “That speaks to that very fine line employers have to walk of having their employees’ best interests in mind, but not going too far into a ‘big brother’ mentality.” **EBA**

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## Products race heats up

Advisers need to stay up to date on trending benefits or risk being irrelevant to millennials.

BY BRIAN M. KALISH

Some of the most popular non-insurance voluntary products in the market today are identity theft protection and college loan repayment assistance. While these programs have been around for a long time, they are continuing to evolve to meet the needs of the changing workforce.

Nearly one in three employees report that issues with financial wellness have been a distraction at work, according to PricewaterhouseCoopers' 2017 employee financial wellness survey.

Student loan repayment and identity theft protection are "hot" products, explains Joe Ellis, employee benefit consultant at brokerage CBIZ.

The products are rising in popularity and usage for different reasons. "Identity theft protection has risen because it is so

prevalent in the news," he says. "Student loans are one of the most fundamental issues affecting younger people."

While identity theft protection plans have been around for more than a decade, today "it is on people's minds a lot more with the advent of the Internet growing," says Rob Shestack, chairman and CEO of the Voluntary Benefits Association, a national non-profit trade association focused on voluntary benefits for employer groups. "It is becoming a concern of consumers and one of the hottest conversations of the benefit side," he adds.

Another way to meet the needs of millennials is to adapt traditional products.

Identity theft companies are discussing plans to provide help with employees' social media accounts as well as posts on sites, such as Facebook or Twitter, that an employee may have regretted posting later in life.

"New features attract new generations," says Doug Kreszl, vice president of business development at National Benefits Partners, a Devon, Pa.-based independent marketing organization for voluntary employee benefit and worksite insurance programs. "The younger generation doesn't care if their credit card is stolen."

"From that perspective, a large array of voluntary and increased demand from a millennial workforce allows an employer to link into that to provide choice and allow the rest of an organization to customize what is timely and relevant to them and their families," he says. "It is not so much about product but more about helping to link the need to that product offering."

### Making the connection

Advisers need to pay attention to trends in non-insurance voluntary because they "need to know everything that is going on in the industry," according to Shestack, who is also president of health and productivity at consultancy Global Healthcare Resources.

If advisers don't, they risk losing their accounts, Ellis says.

"If I go into an employer who is using another adviser who hasn't paid attention to this and I bring up all these strategies of attracting, retaining and rewarding employees, the other adviser is going to be on their heels to compete."

In fact, employers are increasingly looking for this information.

A recent MetLife study found that 62% of employers are looking to their broker to provide insights on benefit trends, up nearly 10% year-over-year. **EBA**







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