

Increasing Plan Participation and Individual Contributions

Education Case Study

When Arnett wanted to increase plan participation and deferral rates, they partnered with Schwab to develop a customized education campaign that produced results that not only met, but exceeded their expectations. “Take the 401(k) Challenge” was just what the doctor ordered to help Arnett employees shape up their retirement savings.

The Company

Arnett HealthSystem is one of the largest multi-specialty medical clinics in Indiana, offering quality health care services to patients in a 14-county area. Its 1,350 employees work in 26 locations. The Arnett 401(k) Savings and Profit Sharing Plan provides a company contribution of 3% of pay and a 2% profit-sharing contribution. Employees do not have to contribute to the plan to receive these contributions.

The Challenge

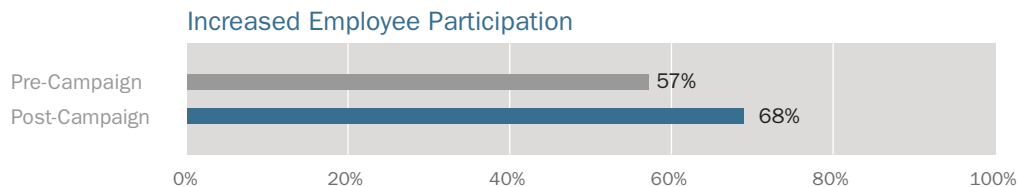
Arnett wanted to encourage employees to save more for retirement, as those who relied solely on company contributions of 5% may not have enough to retire. They wanted to increase plan participation from 57% and also increase the deferral rate from 4.24%. Because Arnett was so concerned about helping employees to and through retirement, they targeted those of greatest concern—employees deferring less than 4% and those who weren’t contributing at all.

The Solution

- Arnett placed messages on its benefits intranet site, which was branded with the campaign theme, “Take the 401(k) Challenge.” The site provided plan information and emphasized the importance of saving for retirement.
- Arnett included statement stuffers in payroll checks in the weeks leading up to the Challenge. They also placed reminder notes on the checks before and after one-on-one consultations were held.
- Posters at each location announced the Challenge and promoted one-on-one consultations, which were deemed vital through the client consultant assessment process.
- All of the targeted employees, those who were saving less than 4% or who weren’t contributing at all, received postcards personally inviting them to one-on-one consultations.
- Appealing incentives increased excitement and further branded the campaign. Badge holders announcing “I took the 401(k) Challenge” were distributed at consultations, increasing attendance a great deal. A raffle for prizes was conducted among the participants who began saving or increased their deferral rates.
- Several days of onsite consultations were conducted, providing valuable one-on-one interactions between Arnett employees and Schwab representatives.

The Results

- Overall plan participation increased 19%, from 57% to 68%



- Deferral rates increased 25% for low contributors, from 2.52% to 3.15%, on average
- 25% of non-contributors began saving at 3.35% deferral rates, on average
- While the challenge focused on low and non-contributors, it reached all employees. 22% of eligible employees began saving, increased deferral percentages or began making catch-up contributions

Consult with US

To learn how customized education campaigns could benefit your retirement plan, contact your Schwab representative, call **1-877-456-0777** or visit us at **scrs.schwab.com**.

The campaign results reflect participant changes made from July 1 – August 31, 2003.

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