

FREEZING RETIREMENT BENEFITS & KEEPING EMPLOYEE CONFIDENCE

Issue or Challenge:

A Hospital needed to communicate a pension plan “freeze” while meeting Section 204(h) Notice requirements and providing assurance to its employees about their—and the Hospital’s—financial security. This was a first-time-ever “bad news” communication to Hospital employees. New government regulations and a need for stable pension costs—not financial difficulties—led the Hospital to freeze the plan.

Sibson Consulting’s Approach:

Sibson and the Hospital worked together to:

- Develop a cascading communication strategy: started with hospital leaders and moved down through the organization
- Test key messages with hospital leadership committees to engage leaders
- Discuss possible employee questions, before communicating to a broader audience
- Develop presentation scripts for leaders and managers to ensure delivery of a consistent message at all levels of the organization
- Design, write and produce communications that met Notice requirements; deliver a CEO message explaining what was happening and why; tell employees what to expect before and after their benefits were to be frozen; introduce an enhanced retirement savings vehicle under a tax deferred annuity
- Explain how the frozen retirement benefit and tax deferred annuity plan work together
- Provide answers to employees questions
- Develop a Benefits-At-A-Glance brochure to reinforce with employees all the benefits they receive as a Hospital employee: health care, income protection, financial security and work/life

Results:

- Met the legal notice requirements under ERISA Section 204(h)
- Educated leaders, staff and employees about why the retirement plan was being frozen, what impact it would have on retirement benefits and how to continue saving for retirement under the tax deferred annuity plan
- Kept employee questions, feedback and comments to a minimum following the announcement
- Promoted the tax deferred annuity plan
- Reminded employees about the value of their total benefits package
- Reinforced HR’s brand promise: commitment to employees and support for the community



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