

# The TBO Superhighway

Drive home the message that employers and TBO providers are there for employees to turn to when making critical decisions about their retirement choices.

By Jeff Miller

**W**hat should employers expect of their total benefits outsourcing (TBO) partners? Clearly, there's the expectation of lowered costs, heightened efficiency, streamlined operations, and leading-edge technology for managing and delivering benefits. But the TBO relationship is much more than the one-way offloading of transactions to an outsourcing partner.

Indeed, the best TBO relationship is a superhighway of sorts—from employer to outsourcing partner and back to employees, who should expect timely and well-targeted communications that help them understand and make the most of their benefit choices. The ultimate result is a more motivated, more engaged workforce that views its benefits package as a measure of employer commitment and a hope for the future. And that's especially vital as more companies freeze their pension plans in favor of 401(k) retirement programs that require greater personal responsibility on the part of employees.

Nothing underscores the importance of this dynamic TBO model more than the results of the most recent *Mercer Workplace Survey*, which sampled a national cross-section of 1,729 active 401(k) plan participants who are also currently enrolled in their employer's health plan. To these employees, the importance of workplace benefits is demonstrated by the fact that nearly three-quarters of them agree with the statement, "my benefits are one of the reasons I work where I do."

But there's a difference between employers providing benefits and employees using them correctly, and here is where the partnership between employer, employee, and outsourcing partner becomes critical. According to the survey, employees are still challenged when it comes to understanding and using their benefits, especially for retirement. In fact, two out of three respondents acknowledged they are not saving enough for retirement. Just under half are confident they will be financially ready for retirement, and only 52 percent say they know how to calculate how much money they will need when the time comes.

Fortunately, participants know they need help and are increasingly reliant on the retirement-planning and investing resources provided by employers and service providers managing their 401(k) plan. Other sources declined significantly in importance, including friends

and family, employees' own research, and newspapers, magazines, or television.

This is an opportunity for companies to make the most of their TBO relationships and demand the best from their TBO partners—especially companies in the mid-market segment ranging from 2,500 to 25,000 employees. Typically, these organizations have handed off only pieces of their benefits management to out-sourcers, but increasingly they are examining the TBO model and realizing that the right provider will create greater efficiency, consistency, and cost savings. More importantly, it can deliver customized, high-quality communication and education programs that will not only guide employees in their benefits choices, but also provide tools to help them fulfill their retirement goals.

But there are tools and there are *tools*. Calculators that provide an estimate of how much a retiree will require only go so far. Today's employees need more than a quick-fix approach to planning for their future. TBO providers should be expected to provide in-depth resources for employee self-service and decision-making. Integrated programs delivered in print, online, and on-site can help employers mount educational campaigns that may be reinforced on a daily basis with regular suggestions for everything from healthy living to setting retirement goals and measuring progress.

A truly dynamic partnering of employers, employees, and TBO providers is a very real part of the solution, and it need not be viewed as overly complicated. It requires a consistent, proactive approach to participant education, with simple, actionable steps that will motivate people to make positive decisions across the benefits spectrum, such as taking advantage of healthcare options, spending less and saving more, diversifying their 401(k) plan portfolio, and regularly reassessing all their benefit choices.

If anything, the survey tells us that employees are listening to their employers. Service providers must jointly take advantage of that receptivity to better communicate the complexities and essentials of their benefits. Like the first superhighways that helped facilitate a new era of commerce and prosperity, or the information superhighway that made global business a roaring reality, the TBO superhighway—leveraging the vast resources of the leading outsourcers—is where the rubber of an engaged, enlightened workforce will meet the road ahead. **HRO**



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