



## Using Demographics, Psychographics, and Synchrographics to Get Your Message to Participants

Build your employees' awareness of the tax advantages of saving in a defined contribution plan.

By Bob Benish

In the Chinese New Year, February 3, 2011 begins the year of the Rabbit, which is supposed to be lucky, prosperous, and mellow. Certainly, as witnessed by historic stock market levels in January, for some us 2011 began as though we were shot out of a cannon, or “quick like a bunny.” Who knows what factors truly influence us and our participants?

One thing we do know for sure is that we are in tax season. And, as Ben Franklin said, the two things you can't escape are death and taxes. But did you also realize this is a great time to get your participants to focus on their retirement savings? One of the best benefits of saving in your defined contribution plan is the status of saving on a tax-deferred basis. Being able to defer your taxes or a percentage of your gross salary until a later date — theoretically until you retire, when you may be in a lower tax bracket — is a benefit that all of your employees can take advantage of wherever they happen to be in the working life.

In creating effective communications about tax-deferred advantages, you need to consider three factors: demographics, psychographics, and synchrographics.

### Demographics

Many of us are most familiar with demographics, which is the study of the characteristics of populations and

factors like growth, density, and distribution. As a plan sponsor and an employer, you probably already know the demographics of your employees and your participants. More than likely, in discussions with your plan provider, you have seen the print outs and have implemented communication strategies that are most likely to be used by the majority of your employees. For example, if your employee population is mostly under the age of 25, I am sure that you are using social media, e-mail, and online communications to reach your audience. Unfortunately, as we know, most companies have a mix of employees from 21 to 70 and are therefore embracing the “one size does not fit all” philosophy by using printed brochures and other more traditional materials to communicate details and developments about your plan.

In telling the tax story, you are reminding your participants of one of the best benefits of your defined contribution plan — the benefits of tax-deferred savings. Ask your provider for some examples based upon the average salaries in your company or dig out your own examples of the impact of tax-deferred savings. This is a powerful story to tell all your employees — pay less in taxes *and* save for retirement. It works for people starting out as well as those of us that have been working for decades. Illustrations can also show your employees that their take home

pay will not be dollar-for-dollar less because of their contributions. There are so many excellent examples of the true lifetime impact of tax-deferred savings — and it's a benefit that we can be all proud to have fought hard to maintain.

### Psychographics

Demographics are important, but your communications will not be as effective unless you take into account at least some psychographics. Psychographics is the science of the attitudes and the psychology of different segments of your employees. I have written about the differences in communicating with Baby Boomers vs. Millennials in prior issues of *Defined Contribution Insights*. These different communication strategies all come from better understanding behaviors and the psychographics of different groups.

Understanding “what makes your employees tick” is extremely important in conveying any information. This is particularly helpful in discussing the benefits and features of your retirement plan, often a topic that many of your employees spend very little energy focusing on in their spare time. For example, as we age, we become more aware of the reality of retirement, and your Baby Boomer population is very interested in hearing what you have to tell them. Provide them with as much information as they need in order to

make the best decisions about their retirement. Baby Boomers like checklists, printed materials, and will attend group meetings. Older Baby Boomers may attend the meetings, but will never ask questions; younger boomers are more vocal. By and large, Baby Boomers look to you, as the employer, to provide them with information about their retirement plan.

Millennials, for the most part, want their information electronically. They don't fully trust their employer and may be more likely to find information

of increasing the deferral percentage of their take-home pay, and let them discover for themselves the benefits of tax-deferred savings. The tax story is a wonderful bridge between generations if you tell the story correctly.

## Synchrographics


The final element you want to take into account when you are telling your tax-deferred story is synchrographics. Believe it or not, you are influenced by synchrographics every single day. How?

(Of course, that explains a lot of things, doesn't it?)

The media has mastered synchrographics, and even as I write this article in late January, there are commercials on TV for H&R Block, Jackson Hewitt, and others "reminding" me to get my taxes ready for April 15. No doubt with the last paycheck in January you distributed the W2 forms, so all of your employees are building awareness of how much they paid in taxes over the past year. Therefore, this is the perfect time of the year to tell all of your employees about the importance of saving tax-deferred in their retirement plan.

In communications, you can uncover other dates, times, and events that will help build your employees' awareness of the important benefits of saving for retirement. There are excellent books written that further detail choice architecture, and other behavioral science techniques that you can use to help people make better decisions about saving for retirement.

## Conclusion

Hopefully, now you are all "psyched" to create your own communications about how your employees can enjoy the benefits of tax-deferred savings by actively participating in your retirement plan. Understanding that communications as both an art and a science is critical in getting the most out of your efforts and effectively reaching the right people with the right message. Fortunately, you do not have to do it all yourself. There are great examples that you can find from your provider or other sources. If anyone is interested in more examples of the benefits of tax-deferred savings, please contact me at [bob.benish@psca.org](mailto:bob.benish@psca.org) and I would be happy to share some from examples from my files. 

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online or through their social networks. Sadly, (in my opinion) they are more likely to get or seek information from someone they never met online than from the HR department. Of course, these are generalizations and may not accurately represent your firm.

Knowing the psychographics of your employee population can help your tax-deferred advantage story. Have calculators on your intranet/internet to help Millennials see the impact

I will prove it. I will mention one date of the year, and you tell me what you are thinking. Ready? April 15. If you didn't think about taxes, then you should immediately call your accountant! Synchrographics is the pseudo-science of conditioning responses to key dates and times. Think of the significance of certain days, times, and dates in your life. For me, Friday night is synonymous with pizza and beer.