

► Bundled Solution Ties Footwear Company's Retirement Plans to Employee Recruiting-and-Retention Strategy

Organization: The U.S. division of a large footwear manufacturer and retailer

Asset Size: \$50 million in defined benefit and 401(k) plans

SEI Solution: Wide breadth of bundled services including investment management, advisory, actuarial and administrative services

Key Benefits:

- Expert manager selection and monitoring to ensure style purity and consistent performance
- A co-fiduciary partner for reduced risk and greater fiduciary comfort
- A single provider for DB and DC plans to support recruiting and retention efforts
- Time and cost savings that contributed to six consecutive years of profit growth

At a time when defined benefit (DB) plans are being frozen at an increasing rate or supplanted altogether by defined contribution (DC) plans, a company who offers both DB and DC to their workforce is offering an attractive and competitive benefits package.

The lure of attractive retirement benefits, however, is not enough. What makes this footwear company's commitment to DB and DC unique is the way it has applied it to the organization's overall strategy for growth. By building awareness with existing employees and marketing to prospective ones, the dual DB-DC offer has helped create a stable and robust workforce that has kept this 175-year-old footwear company growing profits in each of last six years.

In 1997, concerned with how to manage fiduciary responsibility and looking for a higher comfort level in overseeing the DB program, the footwear maker's pension committee started a search for a partner who could proactively manage its DB plan with expertise. The search ended with SEI Investments' disciplined investment process and cost-effective solution that assumed the manager selection burden as well as shared ERISA-regulated fiduciary responsibilities with the company.

The relationship has blossomed over time as SEI streamlined the pension plan's investment management process. Additionally, SEI shouldered the lion's share of administrative duties, resulting in significant time savings for busy executives and allowing them greater focus on the core business.

After realizing the benefits of outsourcing, the footwear maker also hired SEI for the plan's actuarial services. The footwear company reported that outsourcing actuarial enabled them to provide employees with much-needed education about their pension benefits and at the same time reduce costs.

401(K) CONCERNS

In the fall of 2001, the company had concerns about their 401(k) provider. Specifically, the footwear company had misgivings about the employees' level of participation in the plan and the educational offerings.

The search for a new 401(k) provider further illustrated that the footwear company is truly focused on its employees. Once the decision was made to change providers, the company assembled a focus group of 35 employees from their diverse workforce to evaluate multiple 401(k) providers.

After a rigorous RFP and evaluation process, the footwear company chose SEI to manage both their pension and 401(k) plans. What stood out was SEI's ability to educate the committee on how employees view these retirement benefits.

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SEI's flexible 401(k) solution allowed a minority of participants, already comfortable making investing decisions and allocating assets, the ability to do so, while at the same time provide help and education for a majority of participants that needed guidance making decisions faster and with greater expertise.

It was also important for the footwear company to have the ability to easily track the funds' adherence to their investment style and objectives. SEI's rigorous Manager-of-Managers investment process, where style-specific managers are selected and monitored continuously to guard against style drift, answered the company's need.

THE BENEFITS OF BUNDLING

The choice of a single provider has ultimately enhanced the company's retirement program so it could be used as a more effective recruiting-and-retention tool.

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The company has found that working with one retirement-service provider also complements their organizations' goals and objectives. While the expert advice, reduced costs, and shared risk add great value to the relationship, perhaps the biggest value-add is the footwear company's newfound ability to focus on growing its core business.

Now that's a bottom-line benefit!