communicating across the generations

by connie woodmansee, manager of esop services, swerdlin & company
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October is Employee Ownership Month and many ESOP companies take this time to reach out to their employees to build and strengthen the ownership culture. Companies attending the Annual Conference in D.C. each year gather wonderful ideas ranging from music videos to quarterly newsletters. The Annual Conference and the presentation of AACE Awards provide an avenue for companies of all sizes across the country to highlight their efforts and successes. These companies, like most, face obstacles, but they continue striving for better communication and ownership culture.

Today, the average workforce has at least four generations working side by side. In a competitive workplace, these generations can collide. It is, therefore, important for leaders to bring them together while working for a common goal. Managing, motivating, and communicating with each generation differently can be challenging. They each come with their own set of values and attitudes, which flow into the workplace. Looking closely at the generations who make up the workforce can
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   - Supplemental Executive Retirement Programs (SERPs)
   - Actuarial Expert Witness
   - Medicare Part D Actuarial Attestation
   - Post-retirement medical calculations: ASC 715-60
   - Actuarial studies for Health and Welfare Plans
   - Compliance testing for self-funded plans.

2. ESOP administration, including:
   - Publicly traded
   - Privately held
   - Leveraged
   - Non-leveraged
   - KSOPs
   - Repurchase Liability Studies

3. Other Defined Contribution Plans, including:
   - 401(k)
   - TPA & Recordkeeping Services
   - Cross-tested and age-weighted
   - 403(b), 401(a), 457

4. Cafeteria (Section 125) Plan Administration, including:
   - FSAs
   - POPs
   - HRAs
   - QTPs

5. Other consulting services, including:
   - Comprehensive Employee Benefit Statements
   - Plan Design
   - Employee Communication
   - Regulatory Compliance
   - Special Studies

Each retirement plan must retain an outside broker or investment advisor. We are not investment advisors. Give us a call at 770-396-6601 or 800-507-9373. www.swerdlin.net

**Service Spotlight:**

Remember Diversification

Employee Stock Ownership Plans (ESOPs) must allow eligible participants to liquidate or invest a portion of their company stock account in other assets. These requirements are generally not in effect until the ESOP is ten years old. Diversification requirements can easily be overlooked. As your ESOP ages, keep this requirement in mind and monitor your ESOP population each year. Failing to comply with these requirements can result in a breach of fiduciary duty and jeopardize the ESOP’s tax-qualified status.

**Eligible Participant**

An Eligible Participant is a current or former participant who is at least 55 years old and has completed 10 years of participation in the ESOP. The Eligible Participant must be given the right to diversify within 90 days after the end of the plan year in which he is eligible. If elected, the diversification must occur within 90 days of the election period.

**Amount Eligible for Diversification**

Each Eligible Participant must be provided the opportunity to diversify during a six-year window. During the first five years, the participant may diversify up to 25% of his company stock. In the sixth year, the participant may diversify up to 50% of his account. The amount eligible for diversification is calculated cumulatively. Generally, diversifications must be accomplished within 180 days after the end of the plan year. Most privately-held companies do not have a current valuation completed in time to meet this requirement. Therefore, the diversification election form must provide the number of shares available based on the prior stock value. Once the current value is available, the diversification amount will be adjusted.

**Diversification Options**

An ESOP may satisfy the diversification requirements in any of the following ways:

1. Offer at least three investment alternatives within the ESOP, and allow the Eligible Participant to transfer his diversification amount to one or more of these funds;
2. Offer the option to transfer the diversification amount to another qualified plan or IRA; or
3. Distribute the amount available to the Eligible Participant.

As your ESOP matures, let us help you determine the funding requirements for upcoming diversifications. We at Swerdlin & Company perform repurchase obligation studies to help you prepare for the future and the impact of diversifications on your ESOP. Contact your Client Manager for more information.
Communicating Across the Generations (continued from page 1)

provide valuable insight, leading to better communication and motivation and ultimately a stronger ownership culture.

The older workforce includes the generation referred to as Traditionalist (1922-1945). While many from this era are retired or retiring soon, we see more and more remaining in the workforce. They are recognized for their strong work ethic built on commitment, conformity, and responsibility. A leader’s word carries great value and therefore verbal, face-to-face communication, and formal written communication are well received by this group.

One of the largest generations of our population is the Baby Boomers (1946-1964). Although some are reaching retirement age, they still make up the vast portion of the workforce and are very representative of today’s leadership. Baby Boomers are hard working and competitive in spite of being dubbed the “all about me” generation. They are also optimistic and idealistic. Instead of being told what to do, this generation likes to receive the intel and be part of the decision making process. They respond well to face-to-face communication, but many are internet savvy and open to email, text, and even instant messaging.

Generation X (1965-1980) is referred to as the best educated generation. They grew up during a time when businesses were closing their doors and downsizing. For many, the idea of permanence at a workplace doesn’t exist and there are no guarantees. They put faith in themselves as individuals and are extremely resourceful and independent. Sometimes criticized as “slackers,” Gen Xers prefer a challenging work environment offering growth and development which keeps them motivated. Technology oriented, communication can be much less formal. Email, texting, and instant messaging are all the rage in this age group. Their attention span seems to be shorter and therefore the tagline “less is more” comes to mind. Make it quick and to the point, but say it often.

The youngest generation in the workforce today is Generation Y (1981-1994), also known as the Millennials. They are creative, educated, and technologically advanced. While some generations are still learning to use a smartphone, this generation can’t imagine life without one. With this group, the work environment is constantly changing. For them there are no boundaries, the sky is the limit. This generation needs to be challenged. If there is a better or faster way to do something, they will figure it out. Encourage them to think outside of the box and ask for feedback often. Visual communication works well to motivate and keep them focused. Use humor to keep it light. Social media is more likely than not a must have for this generation.

No set date determines the generations. Characteristics are developed through own personal experiences and influences. The ever-changing work environment means managers must continually change their communication styles to meet the needs and desires of each generation.

ESOP companies face the same challenges as other companies with one significant difference: “ownership.” The bottom line is more than just the financial bottom line, it’s the future. The benefits of an ESOP and ownership culture mean different things to different generations. Finding the right avenue to communicate is important and keep in mind, it is never just one avenue. The Annual Conference provides great opportunities to learn from other ESOP companies; what they have tried, what worked well, and what could have worked better. It is inspirational to see the dedication and success of ESOP companies and how they continue to strive in building and developing the ownership culture.

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<td>Social Security Wage Base</td>
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For more information, please see IRS.gov.
Season’s Greetings and Happy New Year!

Elvis and the Swerdlinaires perform at the 2012 Christmas Party!

David Brown, Mary Butina and Patti Williams pose for the Christmas 2012 photo booth.

Graeme Hefner and wife Holly open presents at their wedding shower.

Laura O’Connor shares her Retirement Cake with the rest of us!

Donna Martin celebrates her 20th Swerdlin Anniversary!

Lee Swerdlin and Glenda Devechio pose for the photographer.

Kelsey Backus, Kristin Hamilton and Kim Hall enjoy a beautiful afternoon.

Adrian Farnon and Kristin Hamilton ham it up at the WEB Braves’ baseball game.

A Christmas Photo Booth shot of Ana Marenco, Tianna Barran, Tina Gilbert, Ribe Hallesassie, Shenita Spivery, and Adrienne Judd.
From all of us at Swerdlin & Company
Anniversaries we celebrate this quarter: Cynthia N. Clark and Lee Swerdlin, 15 years; Adrian Farnon and Ricky Cox, 11 years; Eric Myers and Marjorie Cade, 7 years; Janet Wadlington, 6 years; Catie Smith, 4 years; David Brown, Kenneth Knapke and Nick Wilson, 2 years.

We welcome Dustin Waller, a Business Development Consultant, to our Marketing & Sales Team, and Kelsey Backus who joined our Cafeteria Department.

October 2-4, Connie Woodmansee, David Benoit and Joanne Swerdlin attended the 2013 New England Chapter Annual ESOP Conference in Brewster, MA. David was one of the speakers in a pre-conference workshop on Healthcare and Wellness on Thursday morning and Connie presented on Coordinating ESOP and Corporate Strategies later that day. The venue for the conference was beautiful and the chapter planning committee did a wonderful job putting everything together. It was a very successful conference.

On October 16th, Swerdlin had an after-hours cocktail party to celebrate the important Form 5500 filing deadline of October 15th.

On October 18, Lee Swerdlin and Karen Burroughs appeared on Radio X broadcast to discuss the acquisition of QPA, growth of the firm, and developments in the benefits industry.

To listen, please visit the following website http://growthmatters.businessradiox.com/2013/10/18/swerdlin-company/ or scan here:

Adrian Farnon and Nick Wilson attended Conveyors and Drives Annual Family and Friends “Pig Out” Barbeque on Friday, October 18.

David Brown and Scott Foreman also attended the White Electrical Annual Family and Friends Barbeque on Friday, October 18.

Swerdlin held their quarterly Client Workshop on October 23. We presented a preview of our new website, demonstrated some newly available web features, and discussed 3(16) Fiduciary Services.

October 27-30, Julie Isom, Karen Burroughs and Kim Hall attended the Annual ASPPA Conference “Rally for Retirement” in Washington, DC. The conference covered a number of different topics relating to retirement benefits.

Swerdlin celebrated Halloween by dressing up in costumes. The first prize went to our Actuarial Team who dressed as the Despicable Me cast.

Dorn, Joanne and Lee Swerdlin, along with Connie Woodmansee, Melissa Spencer, and Susan Petrirena attended The ESOP Association 2013 Conference and Trade Show in Las Vegas, NV, November 6-8. This is the ESOP Association’s largest conference of the year. They added a track for internal trustees this year and the feedback leads us to believe this may become an addition to the conference in future years. As always, Swerdlin had a booth at the trade show which provided us a great opportunity to talk with ESOP clients, as well as other companies and service providers in the industry. We discussed new features to our Swerdlin website and the availability of our Call Center for ESOP participant questions.

The Atlanta Actuarial Club held its Fall Speaker Session & Luncheon Event at Maggiano’s on November 14. Dorn Swerdlin was the Introductory Speaker for this luncheon. Also in attendance were Alicia Turner, Beverly Bailey, Christine Fu, Jeffrey Groves, Lisbet O’Connell, Ricky Cox, and Mike Raker, Vice President of the Club.

On November 14th, Joanne Swerdlin and Julie Isom visited our client, Georgia Ports Authority to attend their Benefits Fair.

Adrian Farnon, Karen Burroughs, Kathy Latour, Lee Swerdlin, Lorene Pierre and Rita Teague attended the November 14 WEB/ABC Joint Meeting at Maggiano’s where legislative updates were discussed.
Makeover for Swerdlin.net

We are excited to announce that www.swerdlin.net, along with our logo, is receiving a makeover! In an effort to better serve our clients, we are consolidating our client and participant websites. DayPak.net and FlexPak.net will be going away and all clients and participants will login to www.swerdlin.net.

Let our enhanced website be your resource for benefit news and information. The participant’s site menu will be more intuitive and easier to navigate. We are also embedding tutorials throughout the site to assist participants with transactions. For those of you with Spanish speaking employees, we now offer a Spanish version of our site as well.

Additionally, if you have more than one type of plan with us, you will be able to switch quickly between plans on the site by using hot links. This will make it easier to check on all your benefits administered by Swerdlin at once.

For our ESOPs, we are expanding our website capabilities. We are adding more robust reporting and will store important information including forms, plan document, SPD, etc. on the website for easy access.

For mobile users, we are making the website mobile-user friendly. All of the screens will display on the Smartphone used to access our site.

Our new site will be available in early 2014. If you have any questions or comments, please let us know. We always appreciate your feedback!

DB or Not DB

The Pension Benefit Guaranty Corporation (PBGC) insures about 38,000 defined benefit plans (DB plans) today compared to a high of about 114,000 in 1985. This decline is due primarily to terminating plans with 100 or fewer participants.

Still, a defined benefit plan may be an option to consider for a retirement plan. Why?

- Employers can generally contribute and deduct more in a DB plan than to other types of plans.
- Substantial benefits can be provided – even at early retirement.
- Vesting can be immediate or spread over a seven-year period.
- Benefits are not dependent on asset returns.

If you establish a defined benefit plan, you:

- can be a business of any size;
- can have other retirement plans;
- need an Enrolled Actuary to determine the funding levels;
- can not retroactively decrease benefits.

Pros:

- Significant benefits possible in a relatively short period of time;
- Employers can contribute (and deduct) more than under other retirement plans;
- Plan provides a predictable benefit;
- Plan can be used to promote certain business strategies by offering subsidized early retirement benefits.

Cons:

- Minimum annual funding contribution required;
- Can be administratively complex;
- An excise tax applies if the minimum contribution requirement is not satisfied.

Who Contributes: Usually only the employer contributes to the plan. Sometimes, however, employee contributions are either required or voluntary.

Filing Requirements: Annual filing of Form 5500 is required. An Enrolled Actuary (not an enrolled agent) needs to sign the Schedule SB of Form 5500.

In-Service Withdrawals: Not permitted prior to Age 62.
Dorn’s Corner
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So, what is a commitment? Dictionary.com defines commitment as “to bind or obligate, as by pledge or assurance; pledge: to commit oneself to a promise; to be committed to a course of action.” Dr. Simon describes it like this: “Commitment is one-pointed intention toward fulfillment of your deepest desires.”

Let’s start with the first Commandment and compare it to Dr. Simon’s first commitment. The first Commandment is:

“I am the Lord, thy God, who brought you out of the house of slavery.”

The first Commitment is:

“I commit to FREEDOM.”

Freedom means being free from internal and external limitations and beliefs—freedom from bondage. Even an inmate in a prison or a slave can experience freedom. The best example of this is Viktor Frankl who was a prisoner in a concentration camp during World War II. While being exposed to the most horrific environment, Frankl remained free in his mind by thinking about and actually talking to his wife. His wife was in the same concentration camp and he didn’t know if she was alive or dead. However, in Frankl’s mind she was alive and he heard her talking to him in conversations in his head. While having these thoughts, Frankl was experiencing freedom while barely surviving in a death camp.

The lyrics from the song Me and Bobby McGee goes, “Freedom’s just another word for nothin’ left to lose.” When Viktor Frankl was forced to give up all of his belongings and even his clothes, he certainly had nothing left to lose except his meaning and purpose for his life.

So how do we commit to freedom? We must first realize that we have the power internally to be free no matter what comes our way from the outside. It may be difficult to feel free in a prison, but we know it can be done and has been done. If we can focus on a meaningful and positive future for ourselves, we will be free. Frankl preferred talking with his wife in his head, rather than taking on a victim mentality. He also had a clear purpose for living once he was released from camp. If he could be free and not feel like a victim of the Holocaust, then maybe others, like you and me, could also do it. I can’t think of a situation worse than being in a death camp, so it should be a lot easier for us!

I’ll discuss other Commandments and Commitments in future articles. Commit to having a Healthy and Happy Holiday Season. See you next year.