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Language Barriers

Benefits explanation can hit barriers

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Anyone brought up in the United States would probably agree that investing for retirement, whatever the vehicle -- an employer-sponsored 401(k), a SEP, an IRA -- is an extremely wise idea. Many would even say that such plans are an absolute necessity for ensuring a comfortable old age. Regardless of which side of the fence one is on in the debate over privatization of Social Security, no one expects it to be able to meet the financial needs of most Americans in their later years. Most people depend on retirement plans to provide income after retirement and to increase an estate.

Why is it then that Spanish speakers, an enormous -- and growing -- segment of our work force, are so resistant to retirement plans, which most of us see as such a valuable benefit? The language barrier is only part of the problem. Even if employers and plan providers are energetic and conscientious about translating the explanation of the plan and enrollment forms, they can still get disappointing results when the time comes for employees to sign up.

Few realize that many Spanish-speaking employees have strong negative and erroneous beliefs about the U.S. financial system. In order to change their thinking and persuade them that retirement plans are, in fact, in their best interest, these beliefs must be addressed and clarified. Some misconceptions include:

- Money taken out of an employee's paycheck goes directly into the pocket of the salesperson or plan representative.
- If an employee decides to return to his or her country of origin, the money invested will be lost.
- The only safe way to save money is in cash.
- Only very wealthy people can invest in the stock market.
- Retirement plans, as well as other benefits, are designed to meet the needs only of U.S. citizens and really won't do immigrant workers much good.

Needless to say, all of this couldn't be further from the truth, but few plan providers or employers are directly addressing these points and communicating effectively about these issues with Spanish-speaking employees.

This is unfortunate for many reasons. Plan providers are missing out on valuable business by failing to reach these potential investors. Business owners aren't getting the maximum tax deduction they should qualify for by providing the plan in the first place. Upper-level managers are unable to make the maximum contribution to their own plans because of low employee enrollment (in the worst of cases, accountants advise that the financial institution actually send back management's contributions when the company hasn't achieved a certain level of employee participation).

And finally, but perhaps most importantly, the economy of our country is lacking the investment of an entire segment of the population -- all because of a failure to communicate.

Fortunately, these problems can be solved. Here are some strategies that forward-thinking employers and

plan providers can use to increase participation among Spanish-speaking employees:

- Hire a professional translator for written material. Trying to cut costs by using a computer program or an employee who may be bilingual but who doesn't have a translator's credentials sends the wrong message. Any reader will assume that if the company didn't make the effort to have the translation done well, the topic can't be terribly important.
- Allow sufficient time for the meeting. Some employers expect employees to sign up for a retirement plan after being rushed through a PowerPoint presentation on their lunch break. This again creates the impression that this topic can't be important, plus it makes employees feel pressured.
- Use paper enrollment forms, rather than online or over-the-phone registrations. People simply tend to forget about these issues after the presentation is over, and the wait time gives them the opportunity to talk to other family members who are still laboring under the misconceptions mentioned above. Furthermore, having paper enrollment forms creates positive peer-pressure. Employees see that co-workers they respect are participating, and the ones who caught on to the material quickly help the others make their asset allocation decisions, etc.
- Be careful about the credentials of your presenter. Too often companies rely on a bilingual foreman to make presentations in Spanish.

Such employees often aren't comfortable with public speaking, and, even if their language abilities are good, they may not be familiar with financial terminology. Furthermore, other employees may have issues with this foreman that influence how receptive they will be to the presentation.

And, most importantly, the presenter himself may not buy into the importance of the plan and may, deliberately or not, convey his own doubts. Employers and plan providers have no control whatsoever over what he's saying.

For an enrollment meeting to be successful, your presenter must have the following credentials:

- An understanding of the mindset of typical Spanish-speaking employees and the reasons they are reluctant to invest.
- An understanding of the reasons they came to this country and compassion for their circumstances.
- Thorough knowledge of 401(k) plans and how they function, and a working knowledge of the basics of investing.
- Fluent command of both Spanish and English, including financial terminology.
- Experience in public speaking and presenting in Spanish.
- The ability to elicit questions and feedback from an audience that's reluctant to provide such responses.
- Commitment not only to providing an accurate translation of the plan but also to increasing participation in it.

Many well-informed Spanish-speaking immigrants are optimistic that their community will begin to see the wisdom in investing in retirement plans and will gain the confidence to do so. However, this will happen much faster and more fruitfully if employers and plan providers present their 401(k)s in as inviting and informative a manner as possible.

At first, this will require a bit more of an investment on their part, but, like the 401(k) itself, this investment almost certainly will provide ample returns.

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