TAPEMARK

2011 Small Corporate PLAN SPONSOR OF THE YEAR

The Tapemark Company

When it became clear from employee surveys that The Tapemark Company Cash or Deferred Profit Sharing Plan needed some updating, executives brought three employees onto its plan committee to help decide the program's future course.

After many committee deliberations along with the panel's four managers, in late 2009, the St. Paul, Minnesota-based specialty manufacturer instituted a raft of changes, including dumping its prior broker and going with registered investment adviser Steele Capital Management, which advised on plan investments and provided participant education for the 214 participants. The company also moved its trustee relationship to Schwab Trust and brought in risk-based portfolios. "People connected [to them] a lot better," says CFO Dave O'Brien. "They understand them a lot better."

A little more than a year later, O'Brien is a bit surprised why anyone finds it notable that Tapemark would have given employees a direct voice in helping to mold plan design changes.

"We have a diverse plan committee so you're getting not only the management side, but you're getting the needs from the employee side," O'Brien says. "So you get a diverse set of feedback when you're talking about plan issues."

O'Brien and Pat Mork, Vice President of Human Resources, said the company made the group and one-on-one advice sessions mandatory to signal its backing for the program. "It wasn't just OK to be silent in the background," O'Brien says. "We forced people to be involved in their retirement."

Tapemark even temporarily took down manufacturing lines so the employees could attend education sessions, which were scheduled starting at 6 a.m. to reach workers from all shifts. "It was important enough to Tapemark and important enough to employees to make sure the employees had the time with the advisers," Mork adds.

The Tapemark executives' advice for other sponsors: Don't ever forget the importance of frequent participant education, and in particular, don't fear insisting that workers show up for in-office events.

"Don't be afraid to make those meetings mandatory," says Mork. "I think that's where we had a huge impact on employees. If we had not insisted people meet with an adviser one on one, we wouldn't have had the results or the response that we had."

O'Brien adds, about Tapemark's view of its fiduciary responsibility: "It's not just how we cover our rear end and do what we have to do. We believe it's our responsibility to have meetings be mandatory."

The company says that after the new education program was rolled out, all but one employee increased their deferral rate, and asset allocations moved from three funds per participant to nine funds per participant. Seventy-five percent of participants are in model portfolios; 107 participants are auto-rebalancing.

According to Tapemark, the participation rate was 95.3% to 100% in the 25-35 age group in 2010 (vs. 91% in 2009). The average deferral was 6.87% in 2010 (vs. 6.53% in 2009), and the average account balance was $106,907 in 2010, down a bit from the prior year. The plan now includes a discretionary match of 50% up to the first 6%, changed from 100% up to 3% in 2010, as well as a discretionary profit-sharing contribution.

PHOTOGRAPHY BY AMY ECKERT

Clockwise from top left: Dave O'Brien, Cody Yetter, Julie Karlson, Pat Mork, and Mary Melzarek of The Tapemark Company

Finally, the Tapemark executives credit the support for the retirement plan from the top of the company. "You know if you present something [to top executives] that makes sense and has value that you will get that support," O'Brien says. "You don't have to go over the top to prove something." —*Fred Schneyer*