

Sent: Sat, 08 Feb 2014 20:20:04 -0500
From: DMCOS <dmcos@who.eop.gov>
To: "Pfeiffer, Dan" <dan_pfeiffer@who.eop.gov>
Subject: Re: WaPo: AOL chief reverses changes to 401(k) policy after a week of bad publicity

P6/b(6)

Solid.

----- Original Message -----

From: Pfeiffer, Dan
Sent: Saturday, February 08, 2014 08:04 PM
To: DMCOS
Subject: Fw: WaPo: AOL chief reverses changes to 401(k) policy after a week of bad publicity

Sir,

I thought you would enjoy this article on aol

Dan

----- Original Message -----

From: Lee, Jesse C.
Sent: Saturday, February 08, 2014 07:57 PM
To: DL-WHO-Healthcare; DL-WHO-Press
Subject: WaPo: AOL chief reverses changes to 401(k) policy after a week of bad publicity

http://m.washingtonpost.com/business/aol-chief-reverses-changes-to-401k-policy-after-a-week-of-bad-publicity/2014/02/08/0aec4056-911f-11e3-b227-12a45d109e03_story.html

AOL chief reverses changes to 401(k) policy after a week of bad publicity

By Jia Lynn Yang, Published: SATURDAY, FEBRUARY 08, 7:29 PM ET

AOL chief executive Tim Armstrong e-mailed employees Saturday evening that he was reversing the company's 401(k) policy and apologized for his controversial comments last week.

"The leadership team and I listened to your feedback over the last week," wrote Armstrong in his e-mail to the company. "We heard you on this topic. And as we discussed the matter over several days, with management and employees, we have decided to change the policy back to a per-pay-period matching contribution."

The decision came after days of pressure on the company, after many employees were angered by a report by The Washington Post that retirement benefits were being cut.

The policy change would have switched 401k matching contributions to an annual lump sum, rather than being distributed throughout the year with every paycheck. The switch would have punished employees who quit or were fired mid-year. And it would also have cost employees who stayed since they would not see the benefits of compounding in their retirement accounts.

Armstrong tried to explain the changes Thursday but instead stirred up more bad publicity when he blamed the new federal health-care law and medical expenses associated with two "distressed babies."

In the note on Saturday, Armstrong apologized for his comments.

"On a personal note, I made a mistake and I apologize for my comments last week at the town hall when I mentioned specific health-care examples in trying to explain our decision making process

around our employee benefit programs,” he said.

AOL is the first known major company to have adopted the controversial 401(k) policy change and then reversed it. Other companies, including IBM and Deutsche Bank, have cut pay and stuck to their policies thus far.

In the note, Armstrong said that the decision to change the matching 401(k) policy was the result of “benefit costs increasing.” The memo also said that the decision was communicated to employees “through multiple channels to every AOL office in the U.S.”