## 2014 NAGDCA Conference

**September 14-17, San Antonio, TX**

By Jenny Weigand

The NAGDCA Conference contained many sessions regarding outreach and education. Along with the opening and closing session, I attended the following sessions:

Camera Ready – Providing Participants with a Clearer Picture of their Retirement Benefits
Redecorating Project- New Concepts for Investment Portfolio Design
Measuring Up – Benchmarking Retirement Readiness in Public DC Plans
Why Won't You Listen to Me? Competing for Participant Attention in the Age of Information Overload
Breakout Session for plans with $500 million - $999 million in assets

I brought back several takeaways from these sessions.

Targeting Education to Different Generations

Many of the presentations focused on the need to provide targeted education. We have members of three to four generations in the workforce and each generation has different values and focuses. Plans may need to send the same message several different ways to grab the attention of each generation.

Sharing Information with Third Party Administrators

There were several discussions about the need to share information with our Third Party Administrators (TPA). Governmental representatives expressed the difficulty we have sharing the information. It was suggested that the sharing of the information is not as difficult as we may believe because it is usually written in the contracts with TPAs that they are not allowed to share participant information and information can only be used for the benefit of our plan. Discussions focused on how TPAs can help provide more focused educational materials when they are provided information about the members.

Defining What Retirement Looks Like

Another educational goal that was stressed was clearly defining what the goal of retirement looks like. This is important on an agency-wide perspective, but also for legislators. Once the goal is defined, then creating education that combines all areas of wellness including health and financial wellness. Helping members to focus on Retirement Readiness that includes their defined benefit, social security, and outside savings such as 457 and discuss the costs they may see in retirement including health care.

Understanding Deferred Compensation Plans are No Longer Optional

Several presenters stated that 457 plans are truly no longer optional. With the need to replace 80% or greater of your pre-retirement income, the combination of defined benefit pension and social security will not be enough for someone to retire on. Many people will be faced with having to work longer or lower their standard of living in retirement.

The discussions focused quite a bit on how much greater participation is in plans that have auto enrollment. Because governmental plans struggle with auto enrollment due to garnishment laws, one suggestion made was active choice—that is, getting employers to have their employees make an active choice to either participate or not participate in the 457. More participation in the 457 plans has been seen when people have to make an upfront election. It also provides an opportunity to talk with the members about the benefits and help them fill out paperwork if they want to participate.

Implementing Auto Enrollment

During the breakout session, attendees from Wyoming were talking about how they have implemented auto enrollment.  They began talking with their Board and legislative committee early stressing how 457 plans are necessary to help their employees prepare for retirement.  They recently implemented the auto enrollment as required for all new state employees and allowed other employers to choose auto enrollment for their employees, as long as they would information share.  With the implementation of auto enrollment Wyoming included a 30 day opt out period.  A new employee is hired and has 30 days to opt out before their first contribution is withheld from their paycheck.  No contributions are withheld during that 30 day timeframe.  Once they begin withholding contributions, the default is into their stable value fund. They then allow another 90 day period (for a total of 120 days) where the employee can withdraw their contributions without penalty if for some reason it took them time to notice that contributions were being withheld and they wanted to opt out.  If they employee remains in the plan and has not moved their contributions from the stable value fund, the contributions are moved to the appropriate Target Date Fund based on their age.  Wyoming stated they were able to successfully "sell" this idea because there is always an opt-out choice.  Another plan mentioned that they could not do auto enrollment, but have implemented auto escalation.  They stated that auto escalation is not considered a garnishment because the member has chosen to participate in the plan.  They require their participants to choose a percentage rather than a flat dollar amount.  This also allows for a natural escalation of contributions as their member's salaries increase.

Showing Members the Whole Retirement Package

The last takeaway from all of the presentations is the need to show our members the "whole package". This means we need to show our participants (1) what their entire financial situation—defined benefit, social security, supplemental savings such as the 457, etc.—may be at retirement, and (2) how much money they  will have compared to how much they will need, and (3) where their gap is and helping them find ways to address it.

The discussions focused on reaching members right after they are hired to help them begin planning for retirement.  As plan sponsors, it's difficult to reach the new employees who potentially have large school loans or have or will be starting families and how to help them make retirement saving part of their budget.  There was a lot of stress on the cost of waiting for investing.  Helping participants recognize that contributing even small amounts add up the longer they have the money invested.  The presentations also focused on how we present this information to our members (for example, what information should be on the annual statement and what the members see in their online accounts).

From this conference I took away many ideas specifically for the development of our member portal for the new computer system, how we can refocus our education, and possible changes we can make for our annual statements to show a more complete retirement picture.

Thank you for giving me the opportunity to attend the conference.