

City and County of Denver 457 Deferred Compensation Plan’s “Active Choice” Implementation

Project Summary

City and County of Denver 457 Deferred Compensation Plan Committee was looking for a way to boost the Plan’s participation rate that had been stagnant for 3 consecutive years. During Committee meetings, we debated the merits of implementing auto enrollment for the Plan, but we understood the potential backlash from employees and could never come to a consensus. Even if we did come to a consensus and decided to get serious about implementing an auto enroll provision, the Committee would have to face the almost insurmountable challenge of changing current City statutes that prohibits additional garnishment from wages.

In January of 2017, the City implemented a new HR system from the software provider Workday. One of our Committee members was an HR employee with a strong familiarity with the Workday system and had informed us that with Workday we had much more flexibility over the content and experience when an employee was enrolling in Denver’s employee benefits, including the 457 Plan.

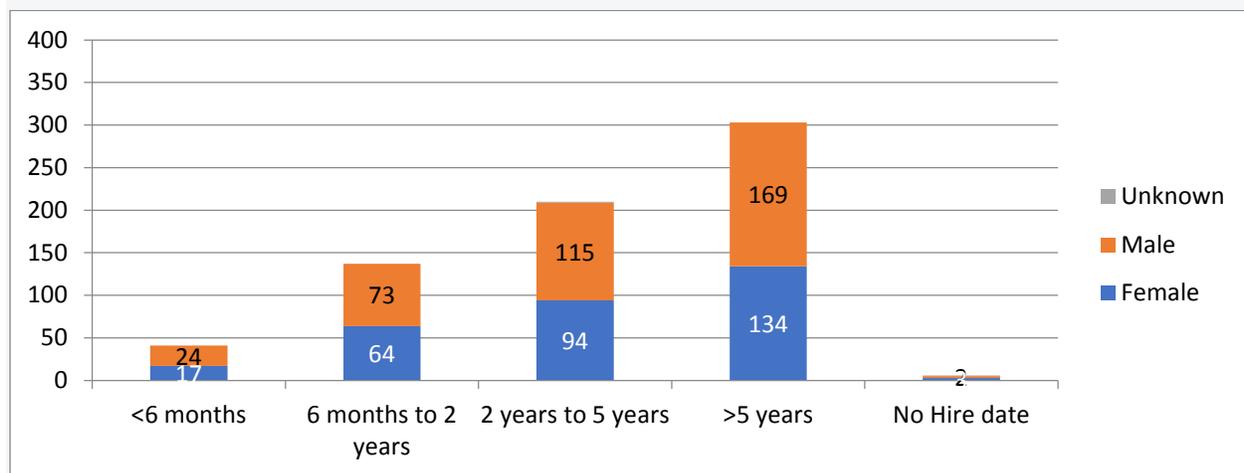
After discussion, the Committee elected to make the following changes to the benefits enrollment process for Denver employees:

- Contributing to the 457 Plan would be checked by default. This meant someone would have to make an “active choice” to ***not*** contribute to the Plan. The default contribution rate would be set for 3%.
- Verbiage on the 457 Plan election page would be edited to sound more aspirational and positive with, “Choose now to start saving for a comfortable lifestyle for the rest of your life by electing to contribute to the 457 retirement plan.”
- The 457 Plan would now be part of the complete benefits enrollment process for new employees. Employees would make their healthcare, vision, etc. elections as well as see the opportunity to contribute to the 457 Plan.
- The 457 Plan election was also included in the Open Enrollment process for the first time in 2017. This meant that ***all*** active Denver employees would see the 457 Plan election and need to make the active choice to not participate in it.

Justification for Award

By implementing Active Choice we realized an immediate boost to new employees joining the Plan. The average monthly enrollment from 2014 – 2016 was 48 new enrollments per month. During 2017, the average new enrollments increased to 75 per month! This represents a 56% increase in our average monthly enrollments.

While the Committee felt very positive about the change we saw for new employees, the inclusion of Active Choice in to the Open Enrollment simply astounding. We had 696 new enrollments in the Plan during our 2017 Open Enrollment process in November. To put this in to perspective, there were 8,198 *non*-participating employees during this time, which means that **8.5%** of these employees elected to begin contributions after Open Enrollment. Of this population, 303 employees who had been with the City for over 5 years started contributing.



Active Choice has undoubtedly helped to boost the Plan's overall participation rate that had been stagnant at 37% from 2014 – 2016, to 41% in 2017 and now to 43% as of March 31, 2018.

	2014	2015	2016	2017	2018
Eligible employees	13,190	13,472	14,080	13,880	13,756
Contributors	4,950	5,138	5,217	5,682	6,088
Participation Rate	37%	38%	37%	41%	43%
Participates Enrolled	637	540	545	901	829*

* Please note that 696 of these new enrollments were *effective* in January 2018, but are directly attributable to the November 2017 Open Enrollment process.

By implementing Active Choice, the Committee was able to boost our participation rate in short order, while keeping the employees in complete control of their contributions, and all without the need to take on City statutes. This simple, but effective, tweak to the Plan design will help ensure that retirement planning is on the forefront of employee's minds for years to come.