

UMC Health System

From Fragmented to Participant-Centered: UMC Health System's Retirement Program Transformation

Submitted for the NAGDCA Art Caple President's Award
Standard Plan Category, Under \$500 Million in Assets

Executive Summary: What UMC Accomplished

UMC Health System began its retirement program modernization with a single finding: the program had become too fragmented to serve employees and administrators as well as it should.

The organization's governing board saw that plan design needed updating, participation was lower than UMC wanted, administrative processes were too manual, and the program was spread across multiple providers. UMC's 2024 Request for Qualifications showed the scope of the issue. The 403(b) plan had assets with four vendors, excluding grandfathered vendors, and those accounts were individual annuities. The organization also sponsored a governmental 457(b) plan for public employees.

UMC did not treat the issue as a simple vendor search. In the RFQ, the organization set out clear objectives: select a single custodian for the 403(b) and 457(b) plans, integrate with Workday for employee deferral elections, provide open architecture, recommend low-cost investment options, offer annual investment review, make advisory services available to employees at a fixed rate, and reduce administrative burdens on human resources, benefits and payroll staff.

The project unfolded over multiple years. UMC identified the need in 2023, issued the RFQ in 2024, selected a new provider in 2024, moved the 403(b) plan live in January 2025, and moved the 457(b) plan live in February 2025. The transition was supported with employee communications, virtual meetings, on-site education, enrollment support, one-on-one consultations and access to retirement plan advice.

UMC also strengthened the retirement program's governance. Kim Wilkerson, Associate Legal Counsel, led the initiative with UMC's Chief Financial Officer and HR and benefits team. As part of the process, UMC established a formal investment committee that meets quarterly and hired an independent 3(38) investment fiduciary to serve both plans.

The results show that the project moved beyond administration and into participant behavior. Over a 15-month measurement period ending March 31, 2026, participants with balances increased from 1,757 to 2,810. Active deferrals increased from 1,807 to 2,750. Participant accounts increased from 1,820 to 3,121. Roth utilization increased from 114 to 837 participants. The program added 1,053 participants with balances, 943 active deferrals and 723 Roth savers.

Those results were tied to a more sustainable structure. UMC had offered a 5% employer match, but before the modernization, the match applied only to pre-tax deferrals. UMC expanded the

match to include both pre-tax and Roth contributions across the 403(b) and 457(b) plans, giving employees more flexibility in how they save.

UMC's accomplishment was not a single plan feature. The organization rebuilt the retirement program's operating structure, improved the participant experience, and put stronger oversight in place for the future.

Plan Profile

Plan sponsor: UMC Health System

Legal entity: Lubbock County Hospital District doing business as University Medical Center

Public sector status: Political subdivision created pursuant to the Texas Constitution

Plan type: Public sector defined contribution retirement program

Plans included: 403(b) plan and governmental 457(b) plan

Award category: Standard plan, under \$500 million in assets

Industry: Public healthcare

Employees: Approximately 5,000 eligible employees

Project period: 2023 through March 31, 2026

Primary project leader: Kim Wilkerson, Associate Legal Counsel

Other UMC leaders: Chief Financial Officer, HR and benefits team

Recordkeeping and engagement partner: Empower

Payroll platform: Workday

Advice support: RPA Mark Ledson

Governance enhancement: Formal investment committee meeting quarterly, independent 3(38) investment fiduciary serving both plans

UMC Health System operates in a public healthcare environment, where employees serve patients and the community across a range of roles, schedules and work settings. Retirement education in that environment cannot depend only on static materials or a single meeting. It has to be available in more than one format and at more than one time.

The retirement program also had to become easier for UMC's own staff to administer. The RFQ made clear that reducing administrative burden was an explicit objective, along with improving investment structure, pricing transparency, Workday integration, education, communication and participant access to advice.

The Need UMC Identified

UMC's governing board identified a retirement program that was more complicated than it needed to be.

The old structure included multiple providers, individual annuity contracts and manual processes. The 403(b) plan had approximately \$160 million in assets with four vendors, not including grandfathered vendors. The 457(b) plan had approximately \$9.5 million at one vendor.

That structure created challenges for employees and for the teams responsible for administering the plans. For employees, fragmentation can make a retirement program harder to understand and harder to use. For administrators, multiple providers, individual contracts and manual processes can make it harder to manage data, monitor participation, support accurate payroll activity and deliver consistent communication.

The provider structure also made fees harder for employees to understand. Legacy providers generally used investment options with revenue-sharing arrangements and higher embedded fund expenses. UMC wanted a cleaner, more transparent structure that would make it easier for employees to compare their options, understand the cost of participating and make informed decisions about whether to consolidate legacy accounts.

UMC reviewed information from the existing providers and saw that the retirement program needed more than a routine update. The organization wanted a plan structure that could support transparent pricing, better reporting, more consistent education, stronger oversight and simpler day-to-day administration.

The RFQ also showed that UMC was thinking beyond recordkeeping. The organization asked respondents to address employee access to plan information, investment information, representative contact information and customer service support. It also requested employer-level reports showing participation, average contribution, loans, distributions, expense charges and other plan activity.

UMC's leadership understood that the plan's future depended on fixing the foundation.

The New Path UMC Chose

UMC's response began with a formal review.

In 2023, the organization decided to modernize the retirement program. In 2024, it issued an RFQ for 403(b) and 457 advisory, recordkeeping and custodial services. The document was specific. UMC sought recordkeeping, communications, education, technology and investment platform services with transparent pricing for both plans. It also required a provider that could integrate with Workday, the payroll software UMC used for employee deferral elections.

Kim Wilkerson, Associate Legal Counsel, led the initiative with UMC's CFO and HR and benefits team. UMC selected Empower in 2024 after evaluating how the organization could modernize plan

design, consolidate providers, simplify administration, support employee education and improve the participant experience.

The process also led UMC to strengthen its ongoing oversight. UMC established a formal investment committee that meets quarterly and hired an independent 3(38) investment fiduciary to serve both plans.

This governance change was an important part of the project. UMC did not stop at implementation. It put a more durable oversight structure around the retirement program.

The Strategy UMC Built

UMC's strategy was designed to solve several problems at once.

The organization moved away from a fragmented provider structure and toward a more consolidated retirement program. It also modernized a plan design feature that directly affected employee savings behavior. UMC offered a 5% employer match, but before the change, the match applied only to pre-tax deferrals. UMC expanded the match so employees could receive matching contributions on both pre-tax and Roth contributions across the 403(b) and 457(b) plans.

That change gave employees more flexibility in how they save. It also made Roth participation a more practical option for employees who wanted to use it. The results show that employees responded. Roth utilization across both plans increased from 114 participants to 837 participants during the measurement period.

UMC also implemented a full Workday payroll integration. The RFQ had identified Workday integration as a requirement for employee deferral elections, and the case study materials show that the integration helped automate processes, improve accuracy and create a smoother experience for participants and administrators.

The investment structure was also part of the modernization. In the RFQ, UMC asked for open architecture, low-cost investment options, an emphasis on quality over quantity, broad diversification opportunities and continued evaluation of each investment option based on performance, expenses, risk, manager experience and other considerations.

Fee transparency became a core part of the strategy. UMC prioritized a clean investment menu with no fund revenue sharing and fewer embedded costs. The goal was not only to reduce complexity, but to give employees a clearer view of what they were paying and why it mattered.

Employee support was built into the strategy from the start. The RFQ asked for help developing an effective communication campaign, financial literacy and educational opportunities that would lead to greater employee engagement, and translation services for non-English-speaking participants.

UMC's approach was practical. The organization simplified the structure, improved the operating system behind the plans, gave employees more savings flexibility and supported the transition with communication and education.

From	UPGRADE	To
Multiple providers	→	Consolidated administration
Five different 403(b) plans	→	Updated 403(b) and 457(b) structure
Individual contracts	→	Independent 3(38) fiduciary support
Manual processes	→	Full Workday payroll integration
Outdated design	→	Expanded Roth match
Low participation	→	On-site education and advice

How UMC Put the Plan in Motion

UMC implemented the project in stages.

The RFQ was issued in 2024, with responses due May 3, 2024. UMC intended to make contributions to the newly selected firm effective January 1, 2025. The 403(b) plan went live on January 2, 2025. The 457(b) plan went live in February 2025.

The 457(b) transition guide gave employees specific dates and instructions. It told participants that the UMC 457(b) plan would move to Empower effective February 6, 2025. It identified January 28, 2025, as the deadline for account changes with Nationwide and the beginning of the blackout period. It stated that the blackout period was expected to end during the week of February 14, 2025.

The guide also explained that the transfer would happen automatically and that participants did not need to act unless they wanted to make changes before the transfer. It highlighted features employees would have after the transition, including Roth after-tax contributions, matching contributions, investment advice and access through the Empower app.

That level of communication helped make the transition understandable. Employees were told what would happen, when it would happen, what they could do before the blackout period and what would be available afterward.

Excerpt from the custom transition guide:



You're all set

The transfer to Empower will happen automatically. You don't need to do anything right now unless you want to make changes to your account prior to the transfer to Empower.

Important dates

January 28, 2025 — Deadline for account changes with Nationwide

Last day to request account transactions. Contact Nationwide.

January 28, 2025— Blackout period begins

You will have limited access to your UMC 457(b) Plan account at Nationwide and limited access to your account at Empower. This "blackout period" will give us time to transfer your plan's

administrative records to Empower (see the Important notice section of this document for details).

Week of February 14, 2025 — Blackout period is expected to end

Once the blackout period has ended, you will have full access to your Empower account online and by phone.

The Guidance UMC Gave Employees

UMC supported the transition with repeated education opportunities.

Before go-live, employees were invited to virtual meetings over three days, with multiple time slots each day. The retirement plan advisor covered the transition, looking into the future, getting to know Empower, plan benefits, available investment choices and how to enroll.

UMC delivered 32 on-site seminars before and after implementation, along with enrollment meetings and educational sessions across multiple locations, one-on-one consultations and follow-up campus visits.

The "Top reasons to enroll" campaign explained starting early, pretax savings, matching contributions, automatic payroll deductions, investment choices and representative support. It

also told employees that the employer manages and monitors the plan and had selected investment options and a service provider to work directly with employees.

Education also included help understanding fees. When employees were considering whether to consolidate accounts from legacy providers, the team helped them compare fee structures and, when needed, contact prior providers to ask the questions required to make an informed decision. That support made the modernization practical for employees. It made fees easier for employees to understand and easier to use when deciding what to do with their legacy accounts.

This communication effort helped connect the technical work of conversion to the everyday decisions employees had to make. Employees were not only told that the plan was changing. They were given meeting options, transition dates, enrollment education and access to one-on-one support.

Custom communications examples:



Your Empower Retirement Plan Advisor will cover the key topics below and answer questions you may have about the transition. The same content will be shared during each presentation.

Key topics

- ✓ Looking into your future
- ✓ Getting to know Empower
- ✓ Benefits of the plan
- ✓ Investing choices available
- ✓ How to enroll

Click below at the specified times to attend a virtual meeting

- Monday November 11th: 8 a.m. CT
- Monday November 11th: 10 a.m. CT
- Monday November 11th: 12 p.m. CT
- Monday November 11th: 3 p.m. CT

Top reasons to enroll in your plan

It's easier than you think to start saving for the future you want. Here are 11 reasons to start saving:

1. Starting early can make a big difference

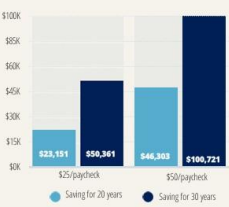
Starting early and making small increases in the amount you contribute could make a real difference when you retire.

2. You can reduce your taxable income

With traditional pretax savings, your contributions are deducted from your pay before income taxes. So, whatever amount you decide to contribute may affect your take-home pay less than you think while also reducing your taxable income.

The sooner you start saving, the better

Any earnings are reinvested over time, building your savings, and it doesn't take a lot to start. Just \$25 or \$50 can add up to a lot.



Contribution	Saving for 20 years	Saving for 30 years
\$25/paycheck	\$28,151	\$50,361
\$50/paycheck	\$46,883	\$100,721

FOR ILLUSTRATIVE PURPOSES ONLY: This hypothetical illustration is not intended as a projection or prediction of future investment results, nor is it intended as financial planning or investment.

Tax breaks

Pretax contributions reduce your taxable income, so you'll save for tomorrow and also save today.

Here's an example based on \$75,000 income:

	Saving	Not saving
Your contribution	4%	0%
Saved annually for retirement	\$3,000	\$0
Saved on taxes	\$660	\$0

FOR ILLUSTRATIVE PURPOSES ONLY: This is a hypothetical illustration that assumes a 22% federal tax rate. State and local tax not included. Your salary, contribution rate and tax bracket may vary.

The Results UMC Achieved

UMC's results show measurable improvement in participant behavior.

Over the 15-month measurement period ending March 31, 2026:

- Participants with balances increased **60%** (1,757 to 2,810)
- Active deferrals increased **52%** (1,807 to 2,750)
- Participant accounts increased **71%** (1,820 to 3,121)
- Roth utilization increased **634%** (114 to 837 participants)

Using approximately 5,000 eligible employees as the denominator, active deferral participation increased from roughly 36% to 55% during the measurement period. The share of eligible employees with plan balances increased from roughly 35% to 56%.

The results were visible across both plans. The 403(b) plan increased Roth participation from 94 participants to 702 participants. The 457(b) plan increased Roth participation from 20 participants to 135 participants. The 403(b) plan added more than 1,000 participants with balances, while the 457(b) plan more than tripled participants with balances and more than doubled active contributors.

The Roth results are especially important because they connect directly to UMC's design change. UMC expanded the employer match to Roth contributions, supported employees with communication and education, and saw Roth utilization increase by 723 participants.

The participation and deferral results also show that employees acted. More employees had balances. More employees were actively deferring. More employees were using the plans.

Metric	Before	After	Change
Participants with balances	1,757	2,810	+1,053
Active deferrals	1,807	2,750	+943
Participant accounts	1,820	3,121	+71%
Roth users	114	837	+723
Combined plan assets	\$9.8M	\$87M	+\$77M

Why the Initiative Was Effective

UMC's project worked because the organization addressed the retirement program as a whole.

The plan overhaul addressed structure, pricing, Workday integration, investments, advice, education and administrative burden. The implementation addressed provider consolidation, plan design, payroll processes and participant support. The governance changes addressed oversight after implementation.

A smaller project could have changed one feature. UMC's project changed the system around the participant.

The organization also stayed involved throughout 2025. The benefits team worked through implementation, education and follow-up rather than treating the go-live date as the finish line. UMC continued monitoring participation after the transition, which helped the organization understand whether the work was changing employee behavior, not only whether the conversion had been completed.

The project also gave UMC better tools for ongoing management. The benefits team now receives employer-level reports that show participation, average contribution, loans, terminated participant balances, distributions and expense charges. The formal investment committee and 3(38) fiduciary give UMC a stronger process for evaluating the program after the transition.

Why the Program is Better Positioned for the Future

UMC's modernization created a platform for continued oversight.

The formal investment committee now meets quarterly. The independent 3(38) investment fiduciary serves both plans. The consolidated structure, Workday integration and reporting capabilities give UMC a clearer view of plan activity and a better foundation for future decisions.

The initiative also gives UMC a stronger communication base. After the transition, UMC can continue to focus education on enrollment, deferral levels, Roth use, investment support and retirement readiness.

The work started with a fragmented plan structure, but it ended with a stronger operating model. UMC now has a more consistent participant experience, a less manual administrative process and a formal governance structure to keep improving the program.

Why the Change Mattered for Employees

The project's central impact is that more UMC employees are now using the retirement program.

UMC added 1,053 participants with balances, 943 active deferrals and 723 Roth users. More employees have money in the plans, more are saving from current pay, and more are using the expanded savings flexibility UMC added.

The modernization made the retirement program easier to use and easier to oversee. Employees had a clearer path into the plans, UMC gained a cleaner structure and stronger governance process, and the results showed broader use, more active savings and greater Roth adoption.

Conclusion

UMC Health System's retirement program transformation began with a board-level recognition that the existing structure was not serving employees or administrators as well as it could.

The organization acted through a disciplined RFQ process, selected a provider aligned with its modernization objectives, consolidated administration, updated plan design, integrated payroll through Workday, expanded matching contributions to include Roth deferrals, delivered employee education and created stronger long-term governance.

Most importantly, the results show a measurable positive impact for UMC employees.

UMC's project reflects the purpose of the Art Caple President's Award. It shows public sector plan leadership using governance, data, communication and execution to improve a defined contribution program for the employees who rely on it.

