

**SUMMARY OF PROJECT – NAGDCA 2019 LEADERSHIP RECOGNITION AWARD  
CATEGORY: PLAN DESIGN AND ADMINISTRATION**

**THE ANCHORAGE SCHOOL DISTRICT 403(b) PLAN  
CONTINUING ON A MISSION OF CONTINUAL IMPROVEMENT**

**Project Summary**

The Anchorage School District has been committed to setting the standard for a low cost, high quality 403(b) plan since 2009 when the 403(b) plan regulations changed. In early 2018, the District negotiated a contract renewal with its service provider that enabled the District to reduce administrative fees so that more of each participant's dollars would go toward future retirement income. Anchorage School District 403(b) plan's average total investment and administrative fees are approximately 5 times lower than the national average school district 403(b) plan. The Plan core investments include 14 active and passive mutual funds plus index based Lifestyle and Target Date options. At the same time, the District negotiated several enhancements that made the 403(b) plan an even richer retirement planning resource.

Enhancements included a 100% increase in the vendor provider advisor service days and the transition of beneficiary recordkeeping from the District to our recordkeeper. As a result, our participants now have more opportunity for personalized support from the provider advisor team with a more holistic view of their Plan benefits. Results include a very balanced total plan asset allocation and an incredibly low allocation to the fixed guaranteed account of only 9.8%. Our District's personnel have more time for other value-added responsibilities since they have delegated additional Plan administrative tasks to our provider.

**An ongoing commitment to improvement**

The enhancements made in 2018 validated the District's decision a decade ago to consolidate its multi-vendor approach under a single provider in stark contrast to the multiple vendor plus Compliance TPA approach taken by a vast majority of school districts. The District's vision at that time was that an ongoing collaboration with a single partner would ultimately lead to a better Plan, and that vision continues to be realized.

**Building participant retirement readiness**

These administrative improvements have contributed to the improved retirement readiness of employees, as evidenced by a steady increase in enrollment which is now 21% higher than it was in 2017. More importantly is the impact on average contribution levels which is a key factor in determining retirement readiness. Through the District's efforts in 2018, we have seen a 30% increase in average contributions. And, an impressive 35% of participants are now saving in excess of 10% of salary.

**WRITTEN JUSTIFICATION – NAGDCA 2019 LEADERSHIP RECOGNITION AWARD**  
**CATEGORY: PLAN DESIGN AND ADMINISTRATION**

**THE ANCHORAGE SCHOOL DISTRICT 403(b) PLAN**  
**CONTINUING ON A MISSION OF CONTINUAL IMPROVEMENT**

**Project description**

The **Anchorage School District (ASD)** is the 97th largest school district in the United States, serving nearly 50,000 students at over 90 schools. In 2018, the Anchorage School District renegotiated and renewed the contract with our retirement service provider for our 403(b) plan. This seemingly routine act of business represents a significant milestone in a decade-long success story of helping participants build retirement readiness and providing one of the lowest cost, highest quality defined contribution plans of any school district not only in Alaska, but the entire country.

Sometimes in order to make measurable improvement, you need to recognize the need to make what might seem like a drastic change and then be patient because results don't happen overnight. That is just what the Anchorage School District did 10 years ago when we decided to consolidate our more than 40 vendors to a single provider. The move bucked the conventional wisdom that assumed providing participants a broad choice of companies for their 403(b) account was always better. However, the District found that a multi-vendor environment was confusing for participants and an ongoing administrative challenge for the District. Employees had the complicated task of weighing the relative strengths of different providers, while the District faced significant costs and complexity in managing administrative issues.

We have found that the District's foresight has steadily continued to reap benefits 10 years later. During 2018, the District has been able to continue to simplify administration, lower participant costs and expand the services available to plan participants. In many ways, the multi-provider environment was a barrier to providing straightforward, consistent messaging to participants on the need to save for their future retirement. Potential enrollees could get bogged down in the process of weighing the differences between providers. Our District had to address countless questions on differences between plans rather than focusing on educating participants on core topics such as saving more, asset allocation/risk management, account management, and distribution options. That barrier no longer exists and our ability to negotiate larger pricing concessions and superior education/communication tools was the result of going through the political pain of moving to single provider. The single provider option also allowed us to focus more of our efforts on encouraging behaviors that improve retirement readiness.

**Measurable benefits**

The 2018 renewal was proof that the District's decision to consolidate Plans actually enabled our negotiating leverage. Some of the upgrades that came with the new contract include:

- A reduction in administrative fees

- The addition of beneficiary recordkeeper services, freeing the District from maintaining beneficiary data and providing participants with online access to view and update beneficiary choices
- A 100% increase in service days available from our provider's local Retirement Plan Advisors. These administrative enhancements have contributed to the improved retirement readiness of our employees, as evidenced by a steady increase in enrollments which is now 21% higher than it was in 2017. More importantly is the impact on average contribution levels which is a key factor in determining retirement readiness. Through the District's efforts in 2018, we have seen a 30% increase in average contributions. And, an impressive 35% of participants are saving in excess of 10%. These statistics represent compelling evidence that a strong relationship with a single provider can help participants better prepare for retirement. Total Plan assets now exceed \$110 million with approximately 1,450 participants.

An additional benefit is the seamless collaboration between the Anchorage School District, Empower and NFP Retirement (consultant). The District has been able to receive ongoing improvements without having to rely only on a formal RFP process to negotiate these enhancements saving more dollars for our participants and greatly reducing plan design expense.

#### **Feasibility of use by governments of similar size**

Our experience is a case study in the benefits of consolidation of a multi-vendor 403(b) environment to a single-vendor approach and the continual enhancements of plan features in the best interest of participants. We are proud of our achievements on behalf of our participant and feel our results may be a model for other districts that want to keep administrative and investment costs low without compromising plan features and benefits. A similar consolidation project is highly feasible for other school districts, assuming a close collaboration with a single vendor and strong negotiating tactics to keep fees in check and secure ongoing improvements in plan features.