



Virginia Retirement System

## VIRGINIA RETIREMENT SYSTEM

### Hybrid 457 Deferred Compensation Plan Voluntary Contribution Savings Initiatives

Leadership Awards Category: Technology & Social Media

In 2018, the Virginia Retirement System (VRS) successfully promoted the importance of saving more for retirement to Hybrid Retirement Plan members, which resulted in an increased voluntary contribution savings rate in the Hybrid 457 Plan. VRS partnered with ICMA-RC, the third-party record keeper, to develop a marketing campaign to inform participants about plan features that make it easier to start saving more for retirement.

VRS' goal was to motivate hybrid plan members to contribute beyond mandatory saving requirements by making voluntary contributions to provide additional retirement income to help meet their future goals.

Hybrid plan members were encouraged to save up to the maximum of 4 percent in voluntary contributions to receive their 2.5 percent employer match.

### Project Summary and Justification

The marketing campaign consisted of the following four initiatives:

#### GoHybrid

The GoHybrid feature is designed to allow newly hired hybrid plan members to preset their Hybrid 457 voluntary contribution amount before their employer enrolls them with VRS. The feature gives new members a head start on saving, allowing them to take action during their onboarding process.

GoHybrid member and employer communications included:

- Hybrid plan member website page ([www.varetire.org/gohybrid](http://www.varetire.org/gohybrid)) with overview and sign-up information
- Hybrid plan member **Get in the Game** handout and presentation slides for new-hire meetings
- Employer newsletter articles, email announcements, and FAQ flyer

#### Outcomes:

**45% INCREASE**  
in Members Contributing the Maximum

*(Max contributing is 4 percent to receive the full 2.5 percent employer match)*

**139** GoHybrid Early Contributors

*(87.5% Maxed out at 4 percent)*

**96.53% INCREASED**  
Voluntary Contributions from the Splash Screen

*(63% maxed out at 4 percent)*

**821** SmartStep Savers

*(average annual increase of 1.09%)*

**94% INCREASE**  
in Paycheck Calculator Views

**14% INCREASE** in Website Views

*\* Results compare 2017 to 2018.*

#### Enhanced Active Choice Splash Screen

VRS continued to encourage positive savings behaviors for hybrid plan members with an enhanced active choice splash screen. After members log in to their accounts, they see an eye-catching **Save for a Sunny Day** message pop up to urge those not yet maximizing Hybrid 457 voluntary contributions to take action.

Hybrid plan members who saw the message could choose whether to save 4 percent now, choose an amount to save, or wait to save. Members could also use the paycheck calculator to see the impact of pre-tax savings on their paycheck.

The communications sent out to encourage members included:

- Account Access contribution page with paycheck calculator link, and enhanced action choices
- Members-only **Save for a Sunny Day** email
- Members-only newsletter articles, website, and statement messaging
- Employer email announcement with a quarterly contribution deadline reminder email

#### SmartStep

SmartStep makes it easier for hybrid plan members to opt-in to increase their voluntary contributions to the Hybrid 457 Plan on an annual basis at an amount they choose. For members who are unable to save the maximum 4 percent now, they have the option to begin with a contribution percentage that works for them, and then gradually increase their contributions so that they can eventually receive the full employer match.

To encourage members to sign up, and to invite employers to spread the word, the following communications were developed and sent:

- Member newsletter articles, account messages, and statement messages
- Employer **SmartStep is Here** emails
- VRS Facebook messages

#### Paycheck Calculator

The paycheck calculator helps employees visualize the impact making contributions to their retirement account can have on their paycheck. It is available online and integrated into the member account experience.

When members are faced with savings decisions, the paycheck calculator helps alleviate the delay in taking action. The calculator has proven effective when used with our savings initiatives:

- New hires visualize deductions from their paycheck before choosing their voluntary contribution amount through GoHybrid.
- Hybrid plan members can imagine the tax savings of contributing the full 4 percent in pre-tax voluntary contributions before they choose “save 4 percent now” on the enhanced active choice splash screen.
- Members model different contribution scenarios before choosing an annual automatic increase amount through SmartStep.
- Communications designed to announce and promote the calculator have included:
  - Account Access contribution page paycheck calculator link
  - Newsletter articles, account messages, and statement messages
  - Participant website slider and calculator page updates
  - Employer newsletter articles

## Outcome

As a result, hybrid plan members contributing the maximum of 4 percent to the Hybrid 457 Plan to receive the full 2.5 percent employer match increased by 45 percent in 2018; from 13,794 members in 2017, to 20,090 members in 2018.

Our marketing plan highlighted innovative plan features and also made a measurable difference.

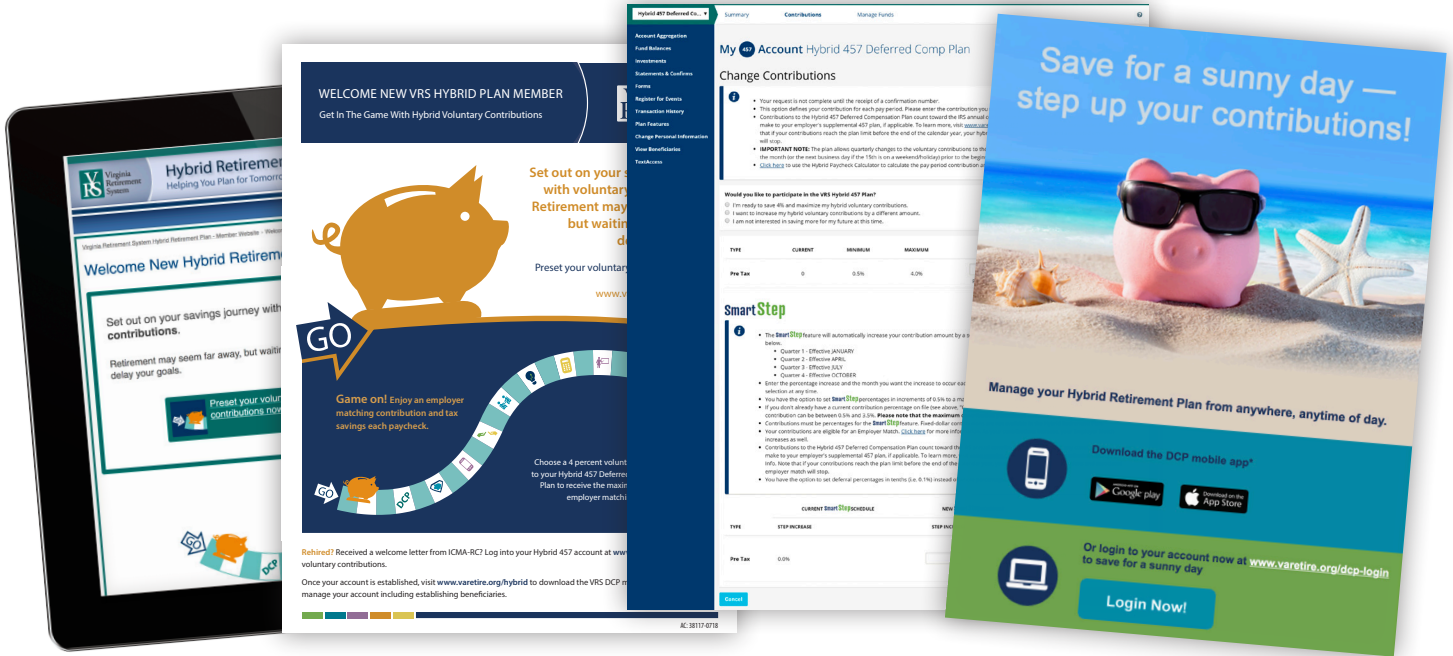
The new GoHybrid feature was utilized by 139 hybrid plan members to start their contributions sooner than prior new hires (87.5 percent of them maxed out at 4 percent).

The enhanced active choice splash screen had a positive effect on 96.53 percent of hybrid plan members who increased their voluntary contributions after they saw the splash screen (63 percent maxed out at 4 percent).

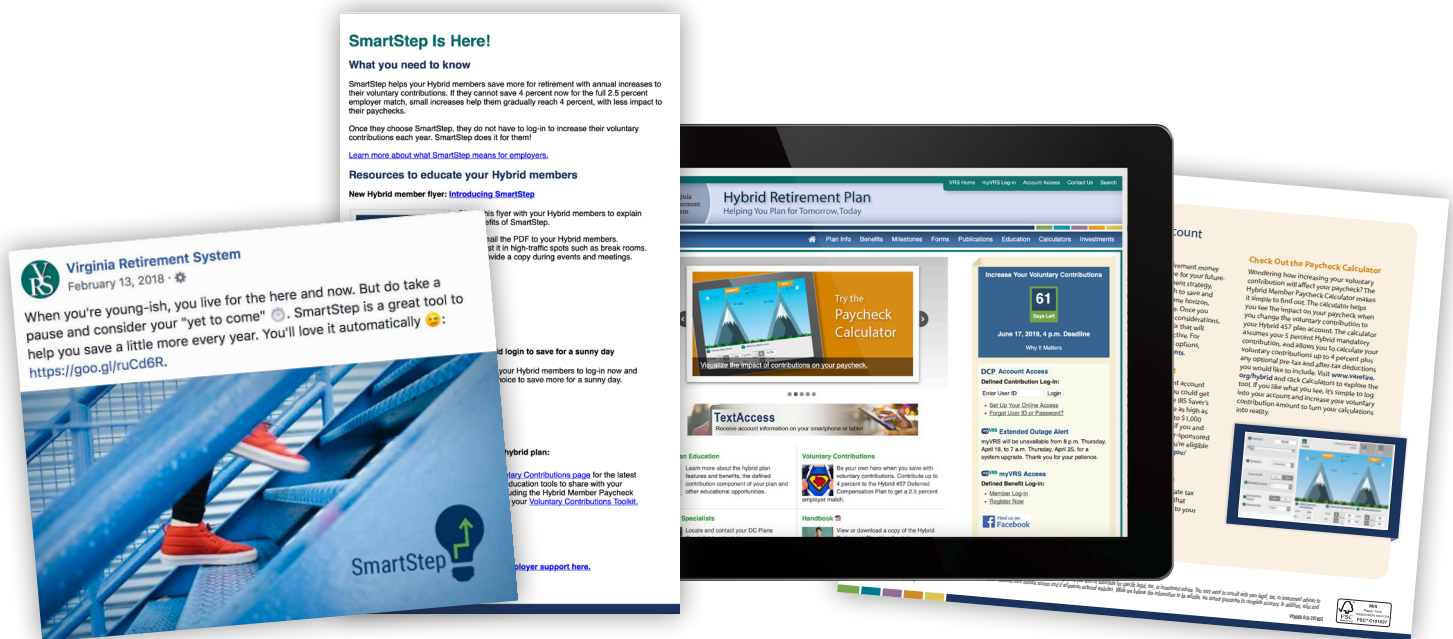
821 hybrid plan members opted in to SmartStep with an average annual increase election of 1.09 percent.

Paycheck calculator usage increased by 94 percent from 2,812 in 2017 to 5,467 in 2018 as members visualized the impact saving could have on their paycheck.

Hybrid plan member website and employer website activity also increased in 2018. Website views increased 14 percent from 260,420 in 2017, to 295,848 in 2018. Unique website page views increased 12 percent from 202,513 in 2017, to 227,764 in 2018.



GoHybrid member website page, member Get in the Game handout, Enhanced Active Choice Splash Screen Account Access contribution page & member Save for a Sunny Day email



SmartStep VRS Facebook message, employer SmartStep is Here email, Paycheck Calculator participant website slide & newsletter article