



NAGDCA 2020 LEADERSHIP RECOGNITION AWARD

County of San Bernardino 457(b) Deferred Compensation Plan

Automatic Enrollment Campaign

Project Summary

In January of 2019, the County of San Bernardino (the County) began strategic discussions with the County's record-keeper, Voya Financial, to partner and roll out a pivotal automatic enrollment plan enhancement. When the procedures and project were set, the County instituted 457(b) Deferred Compensation Plan automatic enrollment for current employees and new hires in eligible bargaining units in July of 2019. If an employee took no action, they would be automatically enrolled at a 1% pre-tax contribution rate, invested in the stable value fund option for 90 days, and then redirected into an age appropriate target date fund.

The initial stable value fund option direction was strategically chosen to safeguard against market losses should a participant elect to opt-out and request a full contribution refund. If a participant elected to opt-out on the 91st day or thereafter, normal qualifying 457(b) distribution rules applied. Again, any participant that does not opt out within 90 days then has their contributions redirected to an age appropriate target date fund.

Since the State of California has anti-wage garnishment laws that would otherwise prevent a governmental employer from implementing automatic enrollment, the County began collectively bargaining an automatic enrollment feature for our voluntary 457(b) Deferred Compensation Plan into various Memorandums of Understanding (MOU's). When unions signed an MOU, the new auto enrollment feature becomes effective 90 days after the MOU effective date.

We worked closely with Voya Financial to develop a strategy and implement a roll out of this new auto enrollment feature.

Program Objectives and Approach

At the County, our main goal in implementing the auto enrollment feature was to help our employees close the gap between their current savings and their retirement income goals of the future.

The County created an intensive multi-channel auto enrollment marketing campaign to educate eligible employees about how and when they would be automatically enrolled into the 457(b) plan. The intent of the initiative was two-fold:

- 1. Enroll current employees in the eligible bargaining unit that were not participating. This was a ground-breaking opportunity to help this employee subset save in the 457(b) plan.**
- 2. Enroll employees newly hired or transferred into the eligible bargaining unit.**

The outreach needed to be timely, clear and simple. The auto enrollment campaign included the following components:

- 1) Notification Email** – Pre-notification email from Voya about the new automatic enrollment process
- 2) Notification Mailer** – Automatic enrollment notice from Voya outlining enrollment details
- 3) Enrollment Video** – Video housed on the County's intranet and referenced throughout the communications to provide employees the process of enrollment and opting out via a 2-minute how to video
- 4) Enrollment Confirmation Supplement Letter** – Included with enrollment confirmation notice stating auto enrollment is to begin unless an election change is made



Project Justification and Results

Since the campaign started in January of 2019, we were able to generate a significant number of new enrollments and additional assets being contributed to the Plan. Results included:

Automatic Enrollment Results
<p>5,420 new 457(b) plan enrollments* <i>*87% were from the current employee subset population</i></p>
<p>Plan participation rate increased from 55.4% to an 80% participation rate, a 24.6% rise</p>
<p>3,849 new participants eligible to receive a County match resulting in an estimated annual increase of \$917,756.58 to the 401(a) Defined Contribution Plan.** <i>**The County's matching contribution, based on 457 (b) Deferred Compensation participation is deposited into a 401(a) plan so as not to encroach on the amount an individual participant may contribute to the 457(b) plan.</i></p>
<p>\$619 million starting assets in the 457(b) Plan grew to \$719 million in plan assets since automatic enrollment roll out</p>
<p>832 participants increased their contribution</p>
<p>22% average email open rate</p>
<p>Video engagement: 623 player impressions 383 plays 554.1 minutes viewed 70.5% average completion rate</p>

These figures are representative of the San Bernardino County Probation Officers Association, San Bernardino County Professional Firefighters IAFF Local 935, Teamsters Local 1932 and San Bernardino County Public Attorneys Association signing MOU's.

The County is very pleased by the results we have seen so far. Outreach continues for the auto enrollment with several more unions to help participants achieve better retirement outcomes. The County will continue to see the plan grow in 2020.

Testimonial

“Our Defined Contribution Committee is comprised of a group of forward-thinking and enlightened County and Labor leaders who aren’t afraid of tackling difficult issues for the betterment of plan participants. Establishing an automatic enrollment feature in our collective bargaining agreements for not only newly-hired employees, but current employees as well, was a groundbreaking achievement that will ensure the retirement security and prosperity of our employees. This new feature added thousands of new participants to our deferred compensation plans and resulted in a dramatic increase in our plan assets.”

Bob Windle
County Labor Relations Chief
Alternate Chair of the County of San Bernardino Defined Contribution Committee

Feasibility of Use by Other Governments



Each state has its own regulations surrounding the topic and legality of automatic enrollment type features. For California, and specifically the County of San Bernardino, collectively bargaining the automatic enrollment feature into the Memorandum of Understanding (MOU) was key for each of the County’s various bargaining units. Having both the employer and the unions agree that this provided better retirement outcomes for employees, the County of San Bernardino was able to successfully roll out the automatic enrollment feature into several of its MOUs.

County of San Bernardino Plan Design and Administration

22% average email open rate

Sample email sent to all eligible

We're Making It Easy to Save for the Future!

Automatic Enrollment: Invest in Your Future

GET STARTED

San Bernardino 457(b) Deferred Compensation Plan

It's easy to get started

The County of San Bernardino and San Bernardino County Public Attorneys Association understand how important it is to prepare for retirement. We are making it easy for you to save in the County of San Bernardino 457(b) Deferred Compensation Plan through a special automatic enrollment starting on your pay period 8 paycheck (dated on April 8, 2020). If you do not wish to participate in this enrollment, you can decline by following the steps below before March 27, 2020.

Go online today to review your choices and make the elections that work best for you. [Click here](#) to watch a 2 minute video to learn how!

- 1 Go to enroll.voya.com
- 2 Enter plan number 666785
- 3 Enter verification number 162619
- 4 Follow the screens


Reasons to start today

- Save automatically
- Help lower your current taxable income
- Invest your way

How Automatic Enrollment Works
If you are not currently contributing to the 457(b) Plan, you will be automatically enrolled in the 457(b) Plan effective April 8, 2020, **unless you tell us that you wish to decline to participate.** You will be mailed an Automatic Enrollment Confirmation Notice. This confirmation will inform you that you have 90 days to make an enrollment choice otherwise you will be automatically enrolled in the 457(b) Plan as outlined below.

- 1% of your base pay will be automatically contributed from your pay to the 457(b) Plan each pay period, beginning April 8, 2020.
- Your contributions will be invested in the San Bernardino Stable Value Option for the first 90 days.
- After 90 days from the first contribution, your balance and all future contributions will be redirected into the Target Date Fund determined by your date of birth.
- You can decline enrollment at any time during the first 90 days and request a permissible withdrawal.
- Should you decline enrollment on the 91st day or thereafter, normal qualifying 457(b) distribution rules will apply.


Have a question? Let's talk.
At any point if you need assistance, Call Voya Financial® for assistance at (809) 748-6468 or toll-free at (800) 584-6001.



Because of this project and campaign, the County's plan participation rate rose **24.6%** to an **80%** participation rate


623 player impressions
383 plays
554.1 minutes viewed
70.5% average completion rate

Sample mailer sent to all eligible



Automatic Enrollment: Invest in Your Future

San Bernardino 457(b) Deferred Compensation Plan



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You should consider the investment objectives, risks, charges and expenses of the investment options offered through a retirement plan carefully before investing. The fund prospectus and information booklet containing this and other information can be obtained by contacting your local Voya representative. Please read this information carefully before investing. Certain restrictions are intended as long-term investments designed for retirement purposes. Many values from the plan will be based on ordinary income in the year the money is distributed. Account values fluctuate and their contribution, and other investment they provide may be worth more or less than its original amount invested. An investor does not provide any additional tax deferral benefit, an asset deferral as provided by this plan. Assets may be subject to additional fees and expenses in which other tax qualified funds/vehicles may be subject. However, an investor does provide other features and benefits, such as future income payments and death benefits. Insurance products, annuities and retirement plan funding issued by third party administration services may also be provided by Voya Retirement Insurance and Annuity Company (VIRAC), Woodbury, CT. VIRAC is a wholly owned subsidiary of the same financial institution and contractual obligations. The administration services provided by VIRAC in this plan are provided by Voya Financial Services LLC (VFS). VFS does not engage in the sale or substitution of securities. All companies are members of the "Voya" family of companies. Securities disclosed by Voya Financial Services LLC (Member SIPC), their partners and which is not a selling agreement. All products and services may not be available in all states.

Video ([click to watch](#))

VOYA
Hi Sarah, your employer has chosen to automatically enroll you in your plan:

Employer's Savings Plan

If you confirm your automatic enrollment you will be enrolled at a savings rate of 3 percent.

Please select one of the following options:

- I want to personalize my enrollment
- I want to confirm my scheduled automatic
- I don't want to save

Buttons: SELECT, CONFIRM, SKIP

VOYA FINANCIAL

County of San Bernardino Plan Design and Administration

Participant website messaging at cosb.beready2retire.com

This campaign resulted in **5,420** new 457(b) plan enrollments. **87%** were from the current employee subset population.

Enrollment Confirm Supplement Notice

Fund Number	Fund Name	Date of Birth
470	Vanguard Institutional Target Retirement Income Fund - Intl	10/15/92 and earlier
4712	Vanguard Institutional Target Retirement 2010 Fund - Intl	10/15/92 through 12/31/93
4713	Vanguard Institutional Target Retirement 2015 Fund - Intl	10/15/92 through 12/31/93
4714	Vanguard Institutional Target Retirement 2020 Fund - Intl	10/15/92 through 12/31/93
4715	Vanguard Institutional Target Retirement 2025 Fund - Intl	10/15/92 through 12/31/93
4716	Vanguard Institutional Target Retirement 2030 Fund - Intl	10/15/92 through 12/31/93
4717	Vanguard Institutional Target Retirement 2035 Fund - Intl	10/15/92 through 12/31/93
4718	Vanguard Institutional Target Retirement 2040 Fund - Intl	10/15/92 through 12/31/93
4719	Vanguard Institutional Target Retirement 2045 Fund - Intl	10/15/92 through 12/31/93
4720	Vanguard Institutional Target Retirement 2050 Fund - Intl	10/15/92 through 12/31/93
5985	Vanguard Institutional Target Retirement 2045 Fund - Intl	10/15/92 and earlier