



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

Participant website messaging at cosb.beready2retire.com

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Enrollment Confirm Supplement Notice

Fund Number	Fund Name	Date of Birth
470	Vanguard Institutional Target Retirement Income Fund - Intl	10/15/62 and earlier
4712	Vanguard Institutional Target Retirement 2010 Fund - Intl	10/15/62 through 12/31/61
4713	Vanguard Institutional Target Retirement 2015 Fund - Intl	10/15/62 through 12/31/62
4714	Vanguard Institutional Target Retirement 2020 Fund - Intl	10/15/62 through 12/31/67
4715	Vanguard Institutional Target Retirement 2025 Fund - Intl	10/15/62 through 12/31/72
4716	Vanguard Institutional Target Retirement 2030 Fund - Intl	10/15/62 through 12/31/77
4717	Vanguard Institutional Target Retirement 2035 Fund - Intl	10/15/62 through 12/31/82
4718	Vanguard Institutional Target Retirement 2040 Fund - Intl	10/15/62 through 12/31/87
4719	Vanguard Institutional Target Retirement 2045 Fund - Intl	10/15/62 through 12/31/92
4720	Vanguard Institutional Target Retirement 2050 Fund - Intl	10/15/62 through 12/31/97
5985	Vanguard Institutional Target Retirement 2045 Fund - Intl	10/15/62 and earlier