

Automatic Increase Holiday Savings Campaign

NAGDCA Leadership Recognition Award

Category: Participant Education & Communication



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Summary

Plan Profile

The State of Missouri Deferred Compensation Plan is a voluntary 457(b) plan serving more than 78,000 active, retired, and prospective participants.

Background

Teaming up with the plan's recordkeeper, MissionSquare Retirement (formerly ICMA-RC), the State of Missouri Deferred Compensation Plan created a holiday-themed savings campaign targeting state participants in the 457(b) plan. While the primary goal of the campaign was to increase savings within the MO Deferred Comp Plan through use and awareness of the automatic increase tool, the campaign also helped drive online engagement and self-service account management. Communications educated participants on the benefits of auto-increases, including the potential boost to account balances over time. As a result, 1.4% of targeted 457 participants chose to use the auto-increase tool and improved their retirement outlook, .6% of participants returned the postcard tear-off mailers, and 2.4% of participants logged in to their online account and selected to save with the automatic increase tool. 49.18% of the participants that took action, chose an auto-increase amount of \$20 or 1%. This was a 287% increase in effectiveness versus the prior auto-increase campaign.*

Brief Background Perspective for the Change

The MO Deferred Comp Plan communicates with actively participating employees through various means, including quarterly newsletters, emails, videos, account and statement messaging through educational videos, seminars, and one-on-one consultations. MO Deferred Comp and MissionSquare Retirement (formerly ICMA-RC), identified an additional opportunity to spur awareness and use of the automatic increase tool by engaging a targeted group of active employees using an eye-catching theme and multichannel communication touchpoints. Most importantly, we made it easy for participants to act and implement auto-increase using their preferred communication method. Adding a seldom used direct mail postcard campaign helped enhance our marketing efforts by offering engaging, creative, relevant content and compelled the audience to take action.

In Their Own Words

One of the most difficult aspects of this campaign was providing relevant, compelling examples in an easily digestible format. While there were a lot of thoughts and details that went into the campaign, we are really proud at how simple we were able to make the content and how effective it was despite all the distractions facing our participants in 2020.

Written Justification

The campaign targeted employees actively participating and contributing in the plan, but not utilizing the automatic increase tool, to promote an easy way to improve retirement outlook. We targeted participants that would most benefit from the feature, those between the ages of 25 to 45, contributing at a rate of 5% or \$125 or less, and with an employment tenure of 10 years or less.

Our multi-channel campaign included a range of online and print touchpoints, including a postcard, account splash screen, emails, and website banner, designed to effectively engage the recipient's attention, educate them with impactful visuals and messaging, and provide quick and easy ways to take action.

Engaging and Relevant

The campaign featured fun holiday messaging in the style and format of a greeting card with seasonal imagery and festive colors. The theme sparked celebratory spirit and sentiment while wishing participants a happy holiday

* Compared to 1Q 2020 auto-increase campaign results.

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Retirement Savings, Simplified

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season and prosperous new year and promoting the benefits and ease of the automatic increase tool. This relevant and timely theme made the campaign materials stand out, conveyed the importance of giving yourself the gift of retirement savings in a new and engaging way, and held the reader's attention.

Educational Impact

The campaign materials were designed to provide targeted participants with the necessary information to make educated decisions about increasing their retirement contributions using the automatic increase tool—an easy,



Season's greetings from MO DEFERRED COMP!

The deferred comp team would like to wish you Happy Holidays and a very Happy New Year.

To help you focus on the more important things in life, we've developed the **Automatic Increase Tool**. This tool automatically increases your retirement savings contributions each year by an amount of your choice. It allows you to build a better retirement savings balance without the hassle and stress of constantly reevaluating your savings strategy. This holiday season, give yourself something beyond material goods, give yourself the gift of retirement savings. Complete and submit the attached form, log in to **Account Access** via the ESS Portal or www.modedeferredcomp.org or call 800-392-0925 to begin using the auto increase tool.

Wishing you a happy holiday season,

The effect of annual FLAT DOLLAR AUTO INCREASES AFTER 25 YEARS¹

| Annual Auto Increase Amount | Balance at Retirement |
|-----------------------------|-----------------------|
| \$0 | \$34,650 |
| \$10 | \$97,007 |
| \$15 | \$128,185 |
| \$25 | \$190,542 |

What is AUTOMATIC INCREASE?

The Automatic Increase Tool automatically increases your retirement savings contributions each year. Your paycheck contributions will gradually increase by the amount you choose in the same month each year with no additional action required from you. Your auto increase amount can be as low as **0.1% or \$5**. To start saving with auto increase, complete the attached form or visit www.modedeferredcomp.org

The effect of annual 0.5% AUTO INCREASES AFTER 25 YEARS²

| Career Starting Salary | 1% Initial Contribution + 0.5% Annual Auto Increase | 1% Initial Contribution + NO Annual Auto Increase | Balance at Retirement |
|------------------------|---|---|-----------------------|
| \$30,000 | \$19,913 | \$116,589 | \$194,315 |
| \$40,000 | \$26,551 | \$155,452 | |
| \$50,000 | \$33,188 | | |

START SAVING WITH AUTOMATIC INCREASE

To begin using the Automatic Increase Tool, complete this form, tear at the perforation, fold, seal, and drop it in the mail. To speed things up, quickly scan the QR code and log in to www.modedeferredcomp.org to request your increase. Saving for retirement has never been so easy!

- ☐ **YES, sign me up for Automatic Increase!** I want to automatically increase my contributions each year, so I can slowly work toward meeting my financial needs in retirement.
- Choose your annual automatic increase amount.** I want to increase my per paycheck contributions each year by:
☐ \$20 or 1% ☐ \$15 or 0.75% ☐ \$10 or 0.5%
- Sign, date, seal, and mail!**

By signing below, I have chosen to use the State of Missouri Deferred Compensation Plan's Automatic Increase Tool. I understand that my first automatic increase will occur the month following deferred comp's receipt of my completed form, or as soon as administratively possible, and on this month each year going forward. If I do not select an auto increase amount in Step 2, I understand my per paycheck contributions will be automatically increased by 8.0% or 0.5% per year. I know that I can change my contribution rate, auto increase selection, or investment options, update beneficiaries, or stop and restart contributions by calling 800-392-0925 or by visiting www.modedeferredcomp.org

SIGNATURE: _____ DATE: _____

NAME (PLEASE PRINT): _____

¹ Assumes a starting savings balance of zero, starting contribution of \$50 a month and 6% annual return while employed. Monthly compounding.

² Assumes a starting savings balance of zero, a 1% semi-monthly starting contribution, 6% annual return and 15% average annual salary increases while employed. Monthly compounding.

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Retirement Savings, Simplified

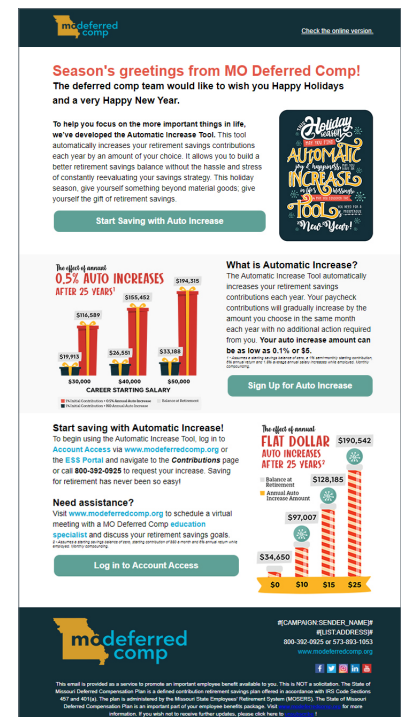
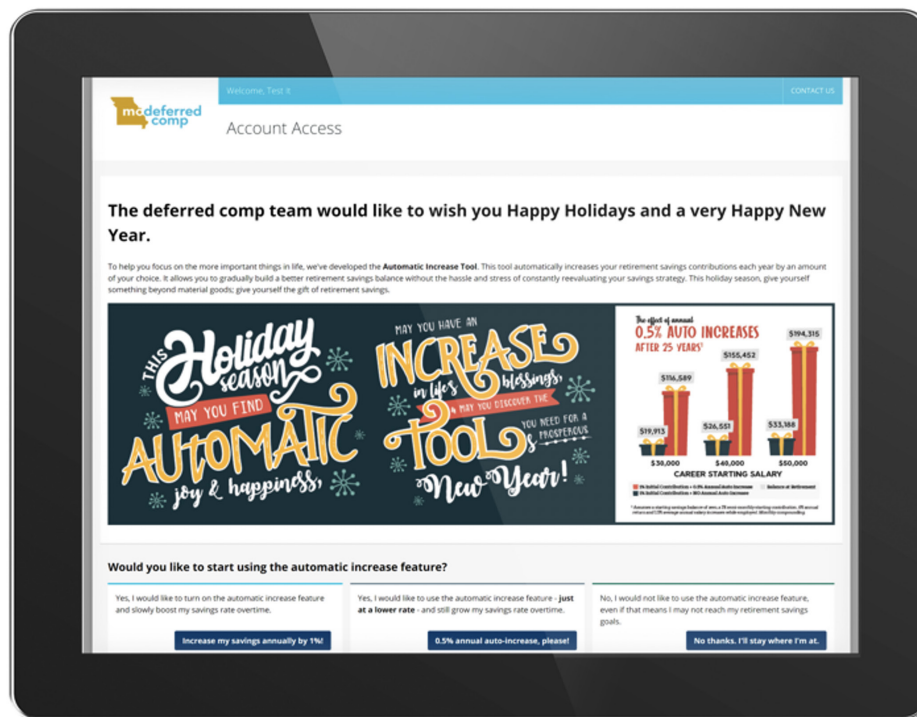
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stress free solution—to gradually increase their retirement savings and improve their outlook.

POSTCARD

Our direct mail postcard included three folded panels to maximize the message:

- Greeting card: front
- MO Deferred Comp holiday message, introducing the automatic increase tool and visual graphic showcasing the effect of annual flat dollar increases after 25 years: inside left panel
- Overview of auto-increase and visual graphic showcasing the effect of annual 0.5% auto-increases after 25 years: inside center panel
- Tear-off auto-increase return mailer with checkboxes to sign up for auto-increase, choose an auto-increase amount, and instructions for mail drop off: inside right panel
- Business reply address to drop tear-off postcard in the mail: back of inside right panel
- Participant mailing address panel promoting assistance and virtual meetings with MO Deferred Comp education specialists: back



<https://www.modeferredcomp.org/pdfs/HolidayCard2020.pdf>

ENHANCED ACTIVE CHOICE SPLASH SCREEN

We developed and implemented an interactive experience to achieve positive participant behaviors. The interactive splash screen utilized enhanced active choice, a behavioral methodology to help improve outcomes. Our postcard, emails, and website banner prompted targeted participants to log in to Account Access where they were provided with choices and detailed messaging highlighting clear benefits of choosing auto-increase, along with a non-preferred

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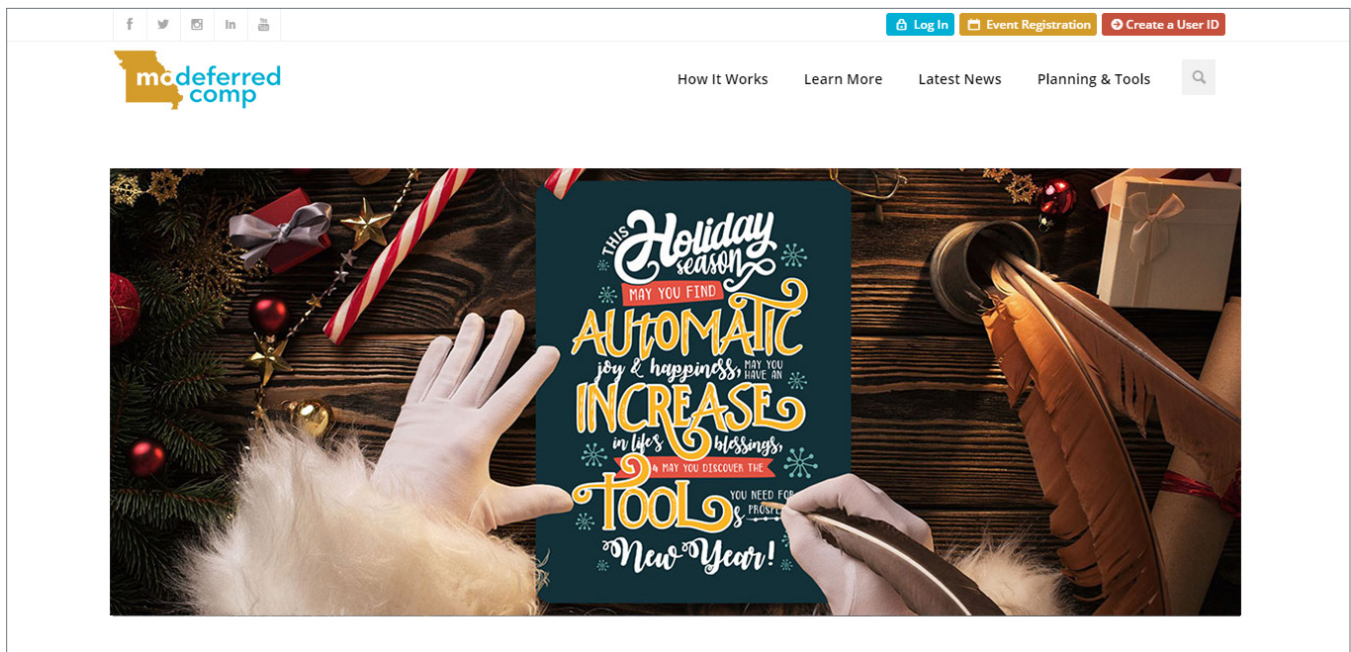


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alternative with the potential missed opportunity of making no change. This increased the likelihood the participant would make the right decision and choose the button to increase their savings annually by 1% or 0.5%.

EMAILS

Our email campaign included a MO Deferred Comp holiday message, introducing the automatic increase tool and visual graphics showcasing the effect of annual auto-increases after 25 years. The email prompted the targeted audience to log in to Account Access to choose their auto-increase amount. The initial email was sent and followed by a reminder email to anyone who did not open or click a link within the first email blast. A total of 14,144 emails were sent to the targeted group. The first email received 650 unique opens and had a 3.69% click-through rate. The second email blast was opened 486 unique times and a 7.61% click-through rate.



<https://www.modeferredcomp.org/agencyEmails/2020/AutoIncrease-HolidayEmail-2020.html>

WEBSITE BANNER

A corresponding banner was placed on the MO Deferred Comp website, www.modeferredcomp.org, with the holiday message and linked to Account Access. The banner drove 56 users to the dedicated campaign webpage. The average time spent on this webpage was 1 minute and 52 seconds.

<https://www.modeferredcomp.org/news/2020-HolidayAutoIncrease.html>

Easy, Automatic, Stress-Free Savings Solutions

Ease of implementing the auto-increase was key to the success of the campaign. Participants were able to quickly log in and view the splash screen or complete the tear-off return mailer to implement their annual auto-increase. Auto-increase options were arranged greatest to least, as research shows participants typically choose the first or middle options.

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The postcard made it easy for participants to quickly choose auto-increase and select from one of the following annual auto-increase options:

- \$20 or 1%
- \$15 or 0.75%
- \$10 or 0.5% (default choice, if no option selected on returned postcard)

The online splash screen automatically appeared at login for our targeted participants, allowing them to quickly select from one of the following annual auto-increase options:

- 1%
- 0.5%
- No thanks. I'll stay where I am at. (if participant did not wish to make a change)

Length of Time in Operation & When Project was First Implemented

The State of Missouri Deferred Compensation Plan's campaign kicked off on December 4, 2020 and ran through January 31, 2021. Although the participant campaign was only a 60-day period, preparation started in Fall of 2020. The project consisted of content creation and design by in-house staff; querying and assessment of participant data; coordinating audiences, programming, and timing; preparing return barcodes; and priming MissionSquare Retirement's (formerly ICMA-RC's) call center and mailroom staff. The most time was spent constructing the campaign messaging and tweaking the design to fit within the postcard parameters.

Significance of the Improvement to the Operation of the Plan

The holiday auto-increase campaign targeted participants that would most benefit from the feature, those between the ages of 25 to 45, contributing at a rate of 5% or \$125 or less, and with an employment tenure of 10 years or less. The creative holiday theme captured participants' attention and the relevant messaging showcased the benefits and ease of the automatic increase tool. This timely campaign helped convey the importance and urgency of giving yourself the gift of retirement savings, but in a new and engaging way, which compelled the audience to act even during these unprecedented times. The increased contribution levels in the plan now and into the future will have lasting benefits for plan participants and to the overall health and growth of the plan.

Measurable Benefits and Results Realized

The campaign targeted 10,156 participants with auto-increase messages over the 60-day period, December 4, 2020 through January 31, 2021. As a result, 1.6% of targeted 457(b) plan participants chose auto-increase and improved their retirement outlook, for a total of 139 participants, 61 that returned the postcard tear-off mailers and 78 that engaged with the automatic increase tool.

.6% of postcards were returned with an auto-increase amount, for a total of 61 of the 10,156 mailed. Of those who returned the postcard, 49.18% chose \$20 or 1%, 11.48% chose \$15 or 0.75% and 39.34% chose \$10 or 0.5% (the default option). The direct mailer response rate of .6% was within the expected benchmark range of .5% to 3%.

2.4% of the targeted participants that viewed the splash screen chose an auto-increase amount, which was 78 of 3,235 participants. This was a 287% increase from the prior online splash screen campaign in 1Q 2020. During the prior 90-day campaign, .6% of targeted participants that viewed the splash screen chose an auto-increase amount, which was 65 of 10,732 participants.

Feasibility of Use by Other Governments of a Similar Size

It's highly feasible that governments of a similar size to the MO Deferred Comp Plan, in conjunction with their recordkeeper, could develop a similar auto-increase campaign to target employees. The plan used current staff and software to develop the campaign and worked very closely with MissionSquare Retirement (formerly ICMA-RC) to assess data, disseminate information, and collect responses.