

The Anchorage School District 403(b) and 457 Plans: Enrollment Campaign and Plan Enhancements Participant Education and Communication Leadership Award Category

Project Summary

Plan Profile

Anchorage School District 403(b) and 457(b) Defined Contribution Plans

403(b): 2,215 participants as of 4/8/2021, \$160mm in plan assets

457(b): 252 participants as of 4/8/2021, \$16mm in plan assets

Industry partners: Empower Retirement, NFP Retirement

Background information

Anchorage School District (ASD) offers both a 403(b) and 457(b) plan to its employees. Over the years, ASD took steps to increase access and visibility of the plans and streamline the offerings to make it easier for employees to understand the benefits of participating, including the transition to a sole provider for the 403(b) plan.

Despite its prior steps, both plans continued to have lower than average participation rates, more notably in the 457(b) plan. Challenges to improving participation included the requirement of a paper form as the sole method of enrolling in either plan. In addition, the 457(b) plan had enrollment limitations based on union membership and other qualifications.

Goals

Heading into 2020, ASD renewed its focus on increasing participation in both plans. To help reach this goal, it implemented a detailed strategy for the year that included four key tactics:

- Introducing online enrollment to make it easier to start participating.
- Beginning a formalized program to introduce and promote the plans during the new hire onboarding process, featuring both ASD benefits staff and Empower Plan Advisors.
- Using National Retirement Security Month to continue the momentum towards the end of the year to promote the benefits of the plans to existing employees.
- Updating the provisions of the 457(b) plan to mirror the eligibility and loan provisions of the 403(b) and allow all employees to enroll in either or both of the plans.

“The health and wellness of our employee population is critically important to us. This includes financial wellness. Saving for retirement is a large part of that, so we constantly strive to make sure our plans are cost-effective and that our employees understand how participating in the plans has a positive impact on their retirement success. Our continued plan enhancements and retirement education put us at the forefront compared to similar providers, and our 2021 results bear that out.” – *Matthew Teaford, Chief Human Resources Officer, Anchorage School District*

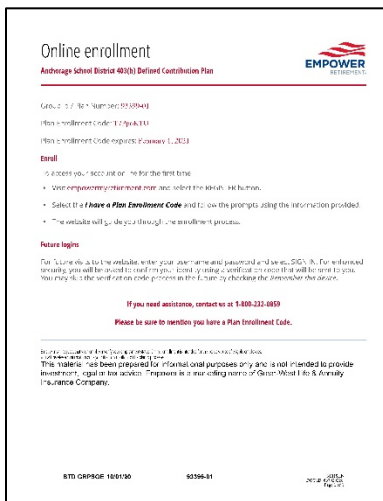
The Anchorage School District 403(b) and 457 Plans: Enrollment Campaign and Plan Enhancements Participant Education and Communication Leadership Award Category

Project description

The Anchorage School District (ASD) is committed to setting the standard for a low cost, high quality retirement plan, which has long included a 403(b) and a 457(b) option. Having a great program is only one piece of the equation; having employees recognize the benefits and join one or both of the plans is paramount in helping them be retirement ready.

Despite efforts in prior years, participation in both plans remained low. As a result, in 2020, ASD increased its focus on improving participation with its most far-reaching steps to date: 1) it added a new enrollment feature to their plans, enabling employees to easily sign up online; 2) it used new materials and features to promote the plans during employee onboarding reaching employees at the same time they are signing up for other employee benefits; 3) it used National Retirement Security Month to continue to promote this new enrollment method during the latter part of the year (with impressive results); and 4) it enacted a series of plan enhancements on the 457(b) plan to align it with the 403(b) plan in terms of its eligibility, flexibility, and appeal.

ASD implemented these four tactics over the course of 2020 in a logical and methodical sequence, with the overarching goal of increasing plan engagement and overall participants.



Step 1: Turning on a Plan Enrollment Code (PEC) feature to enable employees to enroll online. For a few different reasons, ASD had decided against a file feed process of providing new hires and eligible employees to Empower. Initially this meant that only paper enrollments would be available for participants, but ASD collaborated with Empower to look for alternative options. The best option for Anchorage School District was to utilize a plan enrollment code (PEC) to allow for a more flexible online option. With the PEC, employees are provided a numeric code for each plan, so they can choose one or both and create their account online. Empower then sends that information back to ASD to confirm, and the account is established. From there, employees have full access to their account(s) online and can take advantage of all plan features and services.

Step 2: Having employees enrolled in the plan(s) early in their employment is critical, so promoting the plans when employees are first hired is an important step in raising employee awareness. In conjunction with turning on the PEC functionality, the plan created a structured education program as part of their new hire onboarding process designed to promote the benefits of both plans. ASD invited Empower Retirement Plan Advisors to provide educational material – such as the attached plan comparison brochure – to explain the plans, answer any questions, and assist with enrollments.

The PEC functionality was turned on for ASD in late June along with the new hire education program, and the Plan started seeing results soon thereafter. August and September of 2020 saw strong increases from the previous months, with monthly highs for both plans in September.

Step 3: Emboldened by this success, the plan embarked on phase two of the process: executing a full National Retirement Security Month campaign, with a special focus on enrollment. The campaign's theme was created by Empower, with a "Ret's Retirement Adventure" safari theme. ASD and Empower worked on a custom version of both a postcard and mass email communication using the safari theme with instructions on how to enroll via PEC and links to a custom version of the flyer with the enrollment codes. Empower field staff also hosted plan overview and website demonstration webinars for employees to learn more, and ASD continued to demonstrate the plans' features and benefits in new hire onboarding meetings.

Step 4: ASD made the choice to add the following features to the 457(b) plan, bringing it more in line with the 403(b):

- In-Service Distributions allowed at age 59½
- A loan option
- Activating the three-year special catch-up option

Most importantly, they opened up the eligibility on the plan. Previously 457(b) plan enrollment was limited based on union membership. After the change, all employees, including part-time, temporary

ARE YOU RETIREMENT READY?

Check out what's new for 2020! For 403(b), see www.asd.org

ASD 457 and 403(b) empowermyretirement.com

14 Hour Video: empowermyretirement.com

Live Webinars: empowermyretirement.com

Live Financial Planning: empowermyretirement.com

400 plan - \$500 plan. All Time

Aurora Division of Retirement and Benefits
C. Roberts, Director, Contact

ANCHORAGE SCHOOL DISTRICT

State of Alaska 457(b) Plan II (Default) Defined Contribution Plan	AnchorAge School District 403(b) Defined Contribution Plan	AnchorAge School District 457(b) Defined Contribution Plan
Participants: All employees	Participants: All employees	Participants: All employees
Employee Contributions: 0% to 6.5%	Employee Contributions: 1% to 7.5% or 8% for 501(c)(3) employees. Employees may elect contributions of their own funds or a combination of the two.	Employee Contributions: 1% to 7.5% or 8% for 501(c)(3) employees. Employees may elect contributions of their own funds or a combination of the two.
Employer Contributions: 10% to 15% for 501(c)(3) employees. 2% to 5% for 501(c)(4) employees.	Employer Contributions: 10% to 15% for 501(c)(3) employees. 2% to 5% for 501(c)(4) employees.	Employer Contributions: 10% to 15% for 501(c)(3) employees. 2% to 5% for 501(c)(4) employees.
Investment Choices: 5 investment choices for 457(b) plan and 5 investment choices for 403(b) plan.	Investment Choices: 5 investment choices made by employee.	Investment Choices: 5 investment choices made by employee.
Loans: Not available	Loans: Yes. Loan amounts that do not exceed the lesser of \$50,000 or 50% of your total account balance. The maximum amount is \$200,000 and you may get up to two years to repay your loan (up to 15% of the amount available to you) with a grace period of 30 days.	Loans: Not available
Rolling Over: Approved. Employees may roll 403(b) 401(k), 408(a), and 408(b) accounts into the 457(b) plan.	Rolling Over: Approved. Employees may roll 403(b) 401(k), 408(a), and 408(b) accounts into the 403(b) plan.	Rolling Over: Approved. Employees may roll 403(b) 401(k), 408(a), and 408(b) accounts into the 457(b) plan.
Withdrawals: Approved. Employees may withdraw up to 50% of the account balance at age 59½ or 50% of the account balance at age 55 if they are a contributing member. There are no restrictions on how the money can be used.	Withdrawals: Approved. Employees may withdraw up to 50% of the account balance at age 59½ or 50% of the account balance at age 55 if they are a contributing member. There are no restrictions on how the money can be used.	Withdrawals: Approved. Employees may withdraw up to 50% of the account balance at age 59½ or 50% of the account balance at age 55 if they are a contributing member. There are no restrictions on how the money can be used.
Other Features: None	Other Features: None	Other Features: None

State of Alaska 457(b) Plan II is 501(c)(3) Plan II. Please contact State of Alaska, Human Resources at (907) 463-2211 for your 457(b) defined benefit information.

National Retirement Security Month
October 2020

AnchorAge School District
1400 W. 4th Avenue, Suite 100
Denver, CO 80202-3764

P.O. Box 173764
Denver, CO 80217-3764

Prepared: Standards
U.S. POSTAGE PAID
GWUSA

Anchorage School District (ASD) and Empower Retirement are your guides for a Retirement Adventure! Our goal is to get you enrolled and saving for your future in the ASD 403(b) and 457(b) Plans.

It's easy to enroll online! Simply go to empowermyretirement.com and follow these instructions:

- Click on the "REGISTER" button.
- Choose the "I have a plan enrollment code" tab.
- Enter Group ID and Plan Enrollment Code:
 - 403(b) Plan: **93399-01** / Code: **T7PpoKTU** (expires 2/1/2021)
 - 457(b) Plan: **93399-02** / Code: **g8HsYCHj** (expires 2/1/2021)

Questions on enrolling? Contact your dedicated Retirement Plan Advisors at **907-276-1500**. They can help you determine which plan may be best for you.

Once you're enrolled, your Advisor can further assist you in your retirement journey, with a comprehensive one-on-one Retirement Readiness Review! This review will focus on your specific financial goals, to help ensure you're prepared for your retirement journey.

Securities offered and/or distributed by FINRA SIPC member, Member FINRA/SIPC, Member FINRA/SIPC, Member FINRA/SIPC. This material is not intended to constitute an offer of insurance, annuities, or other financial products. This material is not intended to constitute an offer of insurance, annuities, or other financial products. This material is not intended to constitute an offer of insurance, annuities, or other financial products.

Most importantly, they opened up the eligibility on the plan. Previously 457(b) plan enrollment was limited based on union membership. After the change, all employees, including part-time, temporary

workers, and substitute teachers, were immediately eligible. After the change, all employees were able to enroll in the plan they felt most appropriate for their situation, or choose to enroll in both to maximize their retirement contributions. To that end, ASD and Empower partnered to provide education to its union leaders on the plans on how participation in them would benefit their members.

The significance of these steps was that each represented an actionable item for employees that made it easier for them to understand the benefits of the plans and enroll. It also represents a significant commitment by ASD to continually strive for better retirement outcomes for its employees.

Results

ASD's strategic focus on increasing enrollment proved hugely successful with results achieved during 2020 exceeding their expectations.

After the activation of the PEC and the introduction of the education program, ASD started seeing upticks in enrollment for both plans in August and September. September showed enrollment highs for the year in both plans, with 14% and 20% of total annual plan enrollments in the 403(b) and 457(b) plans, respectively.

The National Retirement Security Month (NRSM) enrollment push, rolled out in mid-October, continued to show impressive results, with the November numbers beating out the September enrollment numbers to set new monthly highs for the year:

- In the 403(b) plan, just over **40%** of total annual enrollments occurred in the last 3 months of the year, with the highest numbers in November, the month immediately following the NRSM campaign.
- In the 457 plan, **52%** of total annual enrollments occurred in the last three months of the year, also with the highest numbers in November.

Both plans continued to see excellent enrollment results on into January: comparing 2020 to 2021, there were **six times** as many enrollments when compared to the previous year. Beyond January, ASD has continued to see enrollments outpace the previous year. ASD looks forward to building on these results in 2021 and beyond. Specifically, it plans to leverage additional technology in the form of a comprehensive benefits administration system to further increase participant engagement with the two voluntary retirement plans.

Feasibility of use by other government plan sponsors

Any one of these campaign components should be executable for similarly-sized government plan sponsors that are looking to boost their participation numbers.

The Plan Enrollment Code feature is hugely beneficial for employers that cannot provide a data feed to their recordkeeper, common with school plans that offer multiple plan providers or work with a third-party recordkeeper. The PEC option eliminates the roadblock of paper forms, enabling immediate

enrollment for new hires and the ability for the plan or local counselors to assist with the enrollment in a one-on-one environment.

For those school-based plan sponsors that offer a 457(b) plan in addition to the usual 403(b) plan, the benefits to employees of having a choice of plans are clear: the opportunity to contribute more and the ability to choose a plan based on features and functionality. For employers, it can be beneficial as well – greater plan choice can lead to improved recruiting efforts as well as greater negotiating power with plan providers in terms of fees and other services. However, with multiple plans, clear communication is critically important to avoid confusion and the likelihood of participant inaction. In addition, with a multiple plan situation, bringing plan parity especially in terms of eligibility makes decision-making easier for employees.

Looking at ASD's path to improved participation as a best practice in these multiple-plan situations could benefit similarly situated government entities that have previously struggled with low participant engagement.

Conclusion

Anchorage School District is committed to providing the best retirement options for its employees and as such is deserving of an award for its unique approach and outstanding results.