



NAGDCA Leadership Recognition Award Submission

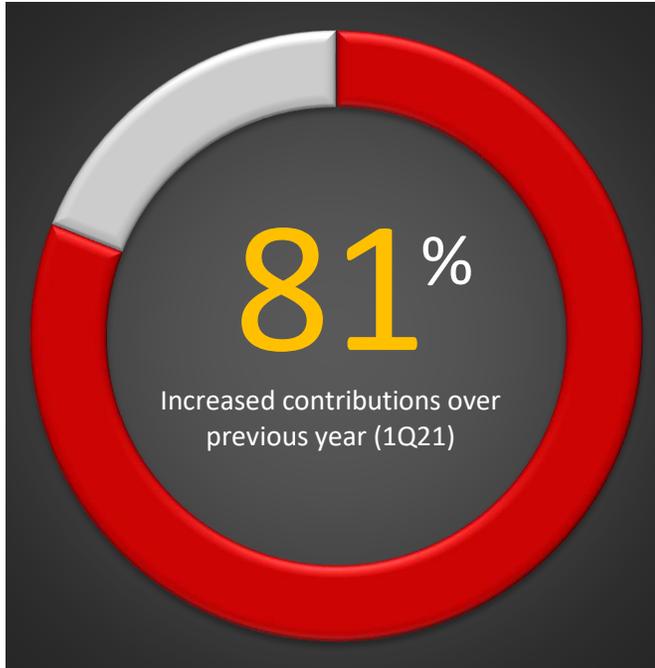
Maryland Teachers and State Employees Supplemental Retirement Plans (MSRP)

CATEGORY: Participant Education & Communication

PROGRAM: How much? How Long? Increase Campaign

PLAN PROFILE: Maryland Supplemental Retirement Plans provides 457(b), 401(k), 403(b) and 401(a) with the 457(b) and 401(k) plans offering both tax-deferred and Roth contribution options for employees of the State of Maryland. As of 1/1/2021 the Plans have 69,103 participants with Plan assets of over \$4.9 billion.

How much? How long? Campaign



“A member shared with me that our ‘Tortoise & Hare’ video inspired her to delay her home purchase by five years in order to reach her \$100k milestone first.”

—Mary Campbell
Team MSRP Retirement Specialist

The Challenge

Plan members need specific information at key points during their career. Timing is a critical component of financial planning and knowing the “whens” and “how much” should be more specific than “whatever you can, all the time.” Compounding begins to have the potential to outpace contributions somewhere around the \$100k milestone. It’s important to balance prioritizing saving without making financial security seem out of reach.

Goals

- Younger members will increase their contributions to reach the \$100k milestone around 10 years
- Older members who need to will increase or maximize their contributions
- Savers of all ages will use the My Interactive Retirement Planner Tool

Strategy

Find ways to get relevant messaging to members during their windows of opportunity. Use QR codes on any print materials to make it fast and easy to schedule online appointments.

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- **Eligible employees** who are not yet saving will understand not only the importance of joining the plan, but also the importance of contribution amounts.
- **Younger members** who can realistically accumulate quickly to have compounding outpace contributions are those under age 30 with account balances of at least \$20k. Why? 1) They have 10 years to work towards a target goal and at least 20 years for compounding, and 2) A \$20k account balance tells us that they have sufficient income and understand the importance of saving.
- **Mid-career members** between the ages of 30 and 55, who are actively working, with balances under \$200k, could have the opportunity to strengthen their financial position by considering household income when making savings decisions.
- **Late-career members** have an opportunity for a last-minute push to help build maximum momentum before compounding takes over to carry them through retirement.

Tactics

- **Tortoise & Hare** Compounding pieces. Illustrates how saving quickly to reach the \$100k milestone within 10 years of a 30-year career and then stopping contributions altogether for the next 20 years has the potential to outperform a lower, steady contribution over the entire 30-year period. This helps savers with longer time horizons understand that after they hit their milestone, they can focus their resources on other financial goals like buying a house or college. Formats include video, 4-page brochure, and emails.
 - Outreach to members under age 30 with an account balance of at least \$20k via email from the Retirement Reps with a link to the video.
 - Article in our MSRP magazine with a link to the video, which was sent to all employees.
 - New website landing page with visuals, education, and video.
- **Boston College *How much to save*** piece. A broad communication used for all members and eligible employees. Focuses on household income translating to retirement income.
- **My Interactive Retirement Planner** piece. A broad communication used for all members. Research shows that people who use this tool save more.
- **Savings Gap** piece. This flier was useful for in-person situations where online tools or calculators are not available.
- **Rocketship** compounding piece. A simple and effective piece used for all audiences, but specifically for late-career, high-balance savers. This piece illustrates the effect of account balances growing exponentially, often doubling due to compounding. As returns are being reinvested, compounding keeps going without any further contributions, so fuel it while you can. Includes catch-up, rollover, and MIRP messages.
- **Webinars** - Financial webinars were conducted monthly focusing on key topics for early, mid, and late-career employees. For employees of all career stages, the “Rethink, Review, and Reset Your Finances” series was presented to set the framework for good money habits, establishing an emergency savings account, and investing for the future. We also began offering a “Building Blocks Series”. This series covers essential topics for financial success: “The Basics of MSRP” targeted new employees, as well as early to mid-career employees, and focuses on the features and benefits of enrolling early and increasing annually to maximize the benefits of compounding. “Build Your Investment Knowledge”, is designed to appeal to all career stages. This webinar highlights dollar cost averaging through systematic investing, asset allocation to outpace inflation, and the benefits of investing early and increasing contributions often to take advantage of the “magic” of compounding. “Ready, Set, Retire!” is geared towards late career employees who are nearing

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retirement. This webinar focuses on the importance of increasing contributions to take advantage of maximum catch-up provisions, appropriate asset allocation, sustainable withdrawal rates, and taxation during the distribution phase.

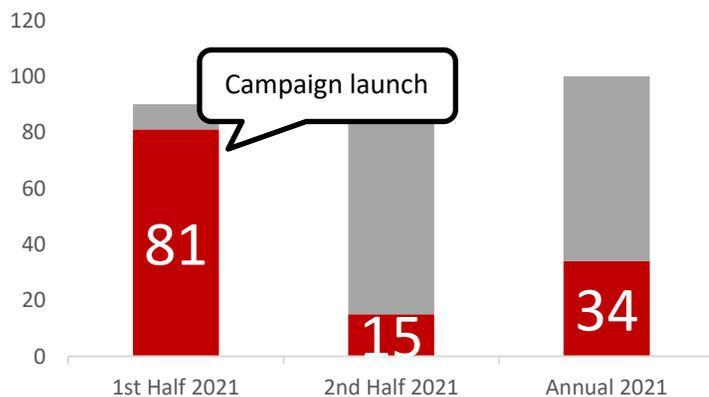
Written Justification

Sometimes, one-size-fits-all messaging for increasing contributions is overly generalized. Plan providers are naturally sensitive about appearing greedy or more focused on profit than members. While this sensitivity is appropriate, providers also need to strive to make sure that our members are not underserved. It's important to beware of broad assumptions about members. These assumptions could have negative impacts. For example, if we assume that young members don't have much money to save, they may miss out maximizing the extra time they have for compounding. If we assume that older members are already saving as much as they can, they may have unrealistic expectations or miss out on catch-up opportunities. And finally, members in low pay bands may live in high earning households which could benefit through increased saving in the plan(s).

Measurement

- \$20,094,428 total increases in 2021
 - 81% increase (\$12,362,827) 1st half of 2021 compared to prior quarter
 - 15% increase (\$7,761,601) in 2nd half of 2021 compared to prior quarter
 - 34% overall annual increase compared to 2020
- Conducted 195 webinars in 2021 with 13,436 in attendance (a 100% increase compared to pre-covid)

% 2021 increases over 2020



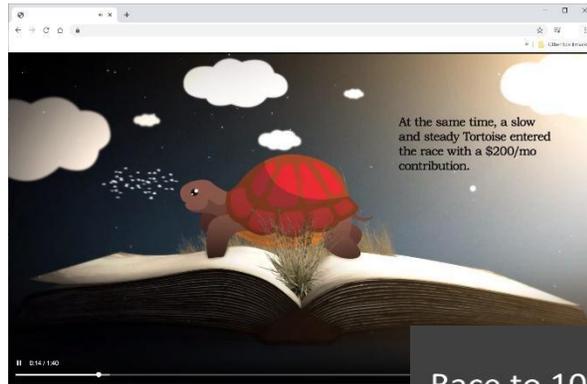
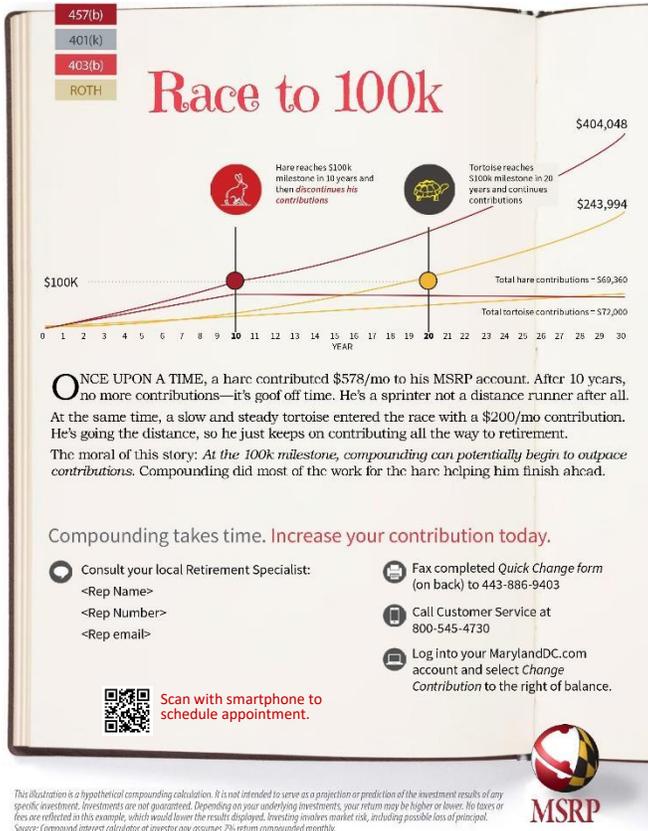
100%

increase in webinar attendance

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Visuals



Fliers, video, email for younger savers with most opportunity for compounding.

Race to 100k

The Tortoise & the Hare *rematch*

WATCH VIDEO

10 years / contributions
20 years / *leading off*

30 years / contributions

MSRP

Website banner and landing page



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Range of retirement income needed from savings^{1,2}

- 1/2 High income
- 1/3 Medium income
- 1/4 Low income

How much should people save?

457(b) Roth 457(b) 401(k) Roth 401(k) 403(b)

Roughly 50% of American households are saving enough to achieve a 70% income replacement in retirement.²

- Starting early and retiring later dramatically reduces how much people need to save.
- Most people need to save about 15% of current earnings.

How much should people save based on when they start saving?²

- 10% Age 25
- 15% Age 35
- 27% Age 45

Want to do more? Increase your contribution today.

- Consult your local Retirement Specialist:
 - <Rep Name>
 - <Rep Number>
 - <Rep email>
- Fax completed *Easy Increase* form (on back) to 443-886-9403
- Call Customer Service at 800-545-4730
- Log into your MarylandDC.com account and select *Change Contribution* to the right of balance.

Scan with smartphone to schedule appointment.

¹ Assumes a 70% income replacement at retirement.
² Source: "How much should people save?" Center for Retirement Research at Boston College, 2014.

Fliers for mid-career savers with family income considerations.

Account summary (as of 1/26/2018)

Total balance: **\$1,059**

Retirement readiness: **\$9,251**

Retirement readiness bar chart shows:

- Current: \$677 (10%)
- Target: \$9,251 (100%)

People who use this tool are more likely to be more retirement ready than those who don't.¹

Most people need to save about 15% for retirement.² People using *My Interactive Retirement Planner* on MarylandDC.com can:

- Pull pension and Social Security estimates, based on employer, automatically.
- Include spouse's income/assets.
- See how changing contribution amounts might affect savings over time.
- Get an action plan

MSRP

457(b)
401(k)
403(b)
ROTH

People who use this tool are more likely to be more retirement ready than those who don't.*

Account summary (as of 1/26/2018)

Total balance: **\$1,053**

Retirement readiness: **\$7,977**

Retirement readiness bar chart shows:

- Current: \$677 (10%)
- Target: \$7,977 (100%)

VISIT MarylandDC.com

*Nationwide Research, 2018

Increase your contribution today.

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Fliers/email for all members who haven't used planning tool.

Saving for retirement is like building a snowman

Nothing is more satisfying than the crunch of a snow beneath a massive snowball rolling towards the perfect spot to build a snowman. You can start a snowman from any size snowball, but you probably wouldn't start with a ping-pong ball or a tiny snowman. Why? Because the smaller the ball, the more difficult it is to roll. The same is true with retirement. It's easier to start with a small snowball and roll it up as you go than to start with a large snowball and roll it up as you go. Starting with a small snowball without any plans to build it up as you go or possibly to roll it around a ping-pong snowball. Contributions are responsible for the lion's share of account growth until they're "big" to spin the ball into its proper place. Growth results more from compounding contributions than from contributions. At this point, investors can start rolling all together and the compounding gets its things in a hypothetical compounding calculation, an investor begins contributing \$100 per week with compounding kicking in at a traditional 7% per month. After 15 years, the account balance is over \$100,000 with compounding responsible for a whopping 40% of the total account value. This example is not intended to serve as a projection or predictor of investment results of any specific investment. Investments are not guaranteed. Depending on underlying investments, your return may be higher or lower. Tax rules and fees are not shown. For example, you should consider the results displayed. Investing involves a fair risk, including possible loss of principal.

Build your future on a strong foundation. Together, we can help you reach your retirement goals. To view MSRP account on MarylandDC.com and click the "Change Contribution" link located to the right of your account balance to give yourself a little boost.

Compounding magazine article

Gap analysis

Rocky Gap State Park Maryland

Will I have enough money in retirement?

Planning and saving for your retirement is an important responsibility. To make sure you are saving enough money today, it's key to understand how much insurance you may need when you retire. It's not a simple task to figure out how much you may need to live on in retirement based on your current savings and how much of a gap you may need to fill up with additional savings.

Knowing is better

Visit the page to get started with our online tool and paper OR Check out My Interactive Retirement Planner on MarylandDC.com

Printed gap analysis piece for eligibles in environments without tech. (NEO, lobbies, benefit fairs, etc.)