

State of Michigan 401(k) and 457 Plans Women & Retirement Campaign

Summary of Project

Plan Profile

The Michigan Office of Retirement Services (ORS) administers retirement programs for Michigan's state employees, public school employees, judges, state police, and National Guard members. ORS serves more than 598,000 active and retired customers representing about one out of every eight Michigan households. Within these systems, ORS administers multiple retirement plans ranging from full Defined Benefit pension to full Defined Contribution, as well as three hybrid plans. ORS is responsible for the 21st largest public pension system in the U.S. and the 49th largest pension system in the world, with combined net assets of \$108.8 billion. ORS is a division of Michigan's Department of Technology, Management and Budget and works with Voya Financial® to administer and record keep the State of Michigan 401(k) and 457 Plans (the Plans).

Background Information

ORS and Voya Financial worked together on a yearlong focus on women and retirement. After months of planning, reviewing Plan data, gathering statistics, and studying trends, the joint team identified information, tips, and strategies to encourage women in the State Employees' Retirement System and the Michigan Public School Employees' Retirement System to actively prepare and save for retirement. Although the content targeted women, the campaign included both female and male participants to broaden the reach.

Goals

Conducted from November 2021 through October 2022, the Women & Retirement campaign highlighted the importance of women actively engaging in planning and saving for their retirement. The goals of the campaign were to increase account engagement and to increase interaction with Voya through live webinar and one-on-one account review attendance.

We accomplished these goals using a combination of emails, social media posts, simple registration for education that incorporated one-on-one account reviews and webinars, and supplemental media including an organized web page containing all content for easy reference, checklists, flyers and a loan module.

Why the Women & Retirement Campaign Deserves this Award

The State of Michigan and Voya are dedicated to providing the tools and guidance that help Plan participants improve their retirement outcomes. "Plan data and industry research continues to prove that women must approach saving and identifying their needs for retirement differently than men. The Women & Retirement campaign addresses those needs and provides details on to achieve the necessary savings throughout their careers no matter what stage they are in. The campaign provided a wealth of information in easy-to-understand pieces and the comprehensive webpage consolidating all information continues to be available for reference," said Allison Wardlaw, Director of Plan Development and Compliance.

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Written Justification

Project Description

The Women & Retirement campaign targeted women taking part in the State of Michigan 401(k) and 457 Plans (the Plans) and was sent to all participants to broaden the reach. The Michigan Office of Retirement Services (ORS) worked closely with Voya Financial to create and distribute informative and impactful campaign materials. ORS' partnership with Voya is more than external and public facing. They work together internally within the ORS processes of Benefit Plan Design, Customer Service, Process Support, and Customer Education. In addition, ORS and Voya worked extensively with the Michigan Department of Technology, Management and Budget within the State of Michigan and the Social Security Administration in Michigan to bolster and further promote the campaign.

The campaign's efforts included publications and design, social media, a webpage on the ORS website, emails, an education module, surveys, and Voya webinars and one-on-one appointments. This extensive campaign followed the timeline below. Each month followed a similar track, with at least one email to kick off the topical theme, flyers or brochures containing relevant information, and social media posts to reinforce the message.

- November 2021: **Deciding your retirement age** — Three publications, two emails, and five social media posts.
- December 2021: **Retirement catch-up** — Three publications, two emails, and six social media posts.
- January 2022: **Saver's tax credit** — One publication, one email, and four social media posts.
- February 2022: **Retirement planning for women** — Two publications, one email, and five social media posts.
- March 2022: **Invest in yourself** — Three publications, one email, and seven social media posts.
- April 2022: **Save wisely** — One email and four social media posts.
- May 2022: **Caregiving and employment breaks** — Three publications, one email, and seven social media posts.
- June 2022: **Taking loans** — One publication, one email, one eLearning module, and five social media posts.
- July 2022: **Start where you are** — Three publications, one email, and four social media posts.
- August 2022: **Social Security** — Five publications, one email, and seven social media posts.
- September 2022: **Discuss your financial options** — one email, five social media posts.
- October 2022: **Wrap-Up** — one email, five social media posts.

While all the themes were identified as of key importance, understanding the June topic "Taking Loans" is critical to a successful retirement savings strategy. ORS has long supported not taking loans from Plan accounts unless necessary. In 2014, the decision was made to decrease the number of loans available in the Plans from seven to one in a step-down process. Loans decreased for all new hires from seven to two in 2015, then to one in 2016. Participants with more than one loan were required to pay off all loans before being eligible to take another one. This step, along with the implementation of the Small Steps auto-increase campaign in 2017 has helped improve participant savings outcomes over time.

The materials created for the June 2022's Taking Loans topic consisted of:

- An **email** detailing alternatives to taking a loan from the Plans to pay for large expenses. The email was sent to 129, 496 recipients on June 14, 2022, with a 56% open rate after 99% delivery. There were 2,354 clicks and 1,983 (2%) unique clicks on the 16 links to informative and impactful information and resources embedded in the email. For the clicks, most went to ORS' Women & Retirement landing page and a YouTube video explaining sinking funds.
- A **loan module** created specifically for the Women & Retirement campaign. "Journey to Retirement: Loans from your 401(k)" illustrates the impact taking a loan or not has on retirement savings. It follows three women: Pat, Jill, and Brenda and the choices they make throughout their careers. They were hired at the same time, same salary, took full advantage of the employer match and increased their contributions by 1% with each promotion and by taking advantage of the annual Small Steps auto-increase program.

Each woman faced a challenge in her personal life from medical bills to paying for a child's wedding to managing caregiving for a parent and home repairs. The choices each made greatly impacted their retirement savings. The module breaks down each scenario and clearly lists each outcome showing the comparison of not taking a loan, taking a loan and paying it back in five years, and taking loan and defaulting which derailed retirement saving altogether. The three women who began their careers at the same point ended up with significantly different retirement savings scenarios.

- A **flyer** describing the drawbacks and benefits of taking a loan from a retirement account.
- Five **social media posts** used throughout the month to further support the theme.

Results

The campaign was conducted over a 12-month period from November 2021 to October 2022, with new materials created and shared monthly to keep the information fresh, engaging, relevant, and impactful for participants.

Campaign materials by the numbers

- Emails: 14
- Flyers/Brochures: 25
- Education module: 1
- Social media posts: 64

Emails

- 14 topical emails.
- Total delivered email recipients: 1,603,699.
- Average open rate (unique opens) for campaign emails: 53.7%.

Comprehensive Women & Retirement landing page

- 6,334 unique pageviews and 8,933 total pageviews.
- Visitors spent about 3 ½ minutes per visit on the page.
- It was the ORS website's second longest-viewed page, behind only the miAccount Message Board page for defined benefits pension recipients; and was the 20th most viewed overall out of 2,465 pages.

Participant website engagement

- In terms of monthly averages, the Plans website saw increased traffic during the campaign
 - Website unique users increased 12.5%.
 - Website logins increased 8.4%.
 - Mobile app users increased 6% and logins increased 6.6%.

Webinars and one-on-one appointments

- During the campaign period, Voya had 4,499 webinar attendees and 1,156 one-on-one appointments, increases of 48% and 31%, respectively. This increase is clear when reviewing data from the same timeframe the previous year: Voya had 3,041 webinar attendees and conducted 885 one-on-one appointments.

Loan guidance

- “Journey to Retirement: Loans from your 401(k)” was introduced with a June 14, 2022, email.
- As of Oct. 31, 2022, it was viewed 3,007 times.
- On the participant website, loan guidance was used 1,530 times and 444 (29%) did not take a loan. Compared with the same time period the previous year, loan guidance was used 290 times and 75 (26%) did not take a loan.

Most popular theme

- “Invest in yourself” was the theme for March 2022 and resonated the most with participants.
- The email had the highest open rate with the subject line “Are you prepared to embrace retirement?” There were 129,838 delivered emails and a 57.5% open rate.
- Voya reported its highest monthly webinar participation for the year, with 499 attendees compared with 379 in March 2021, a 43% increase. In March 2022, 100 one-on-one appointments were conducted compared with 79 during March 2021, a 26% increase.
- The Women’s Resource Group, a group of Michigan Department of Natural Resources’ female employees, contacted Voya after seeing the March campaign content and Voya conducted an “Investing for Women” webinar for that group.

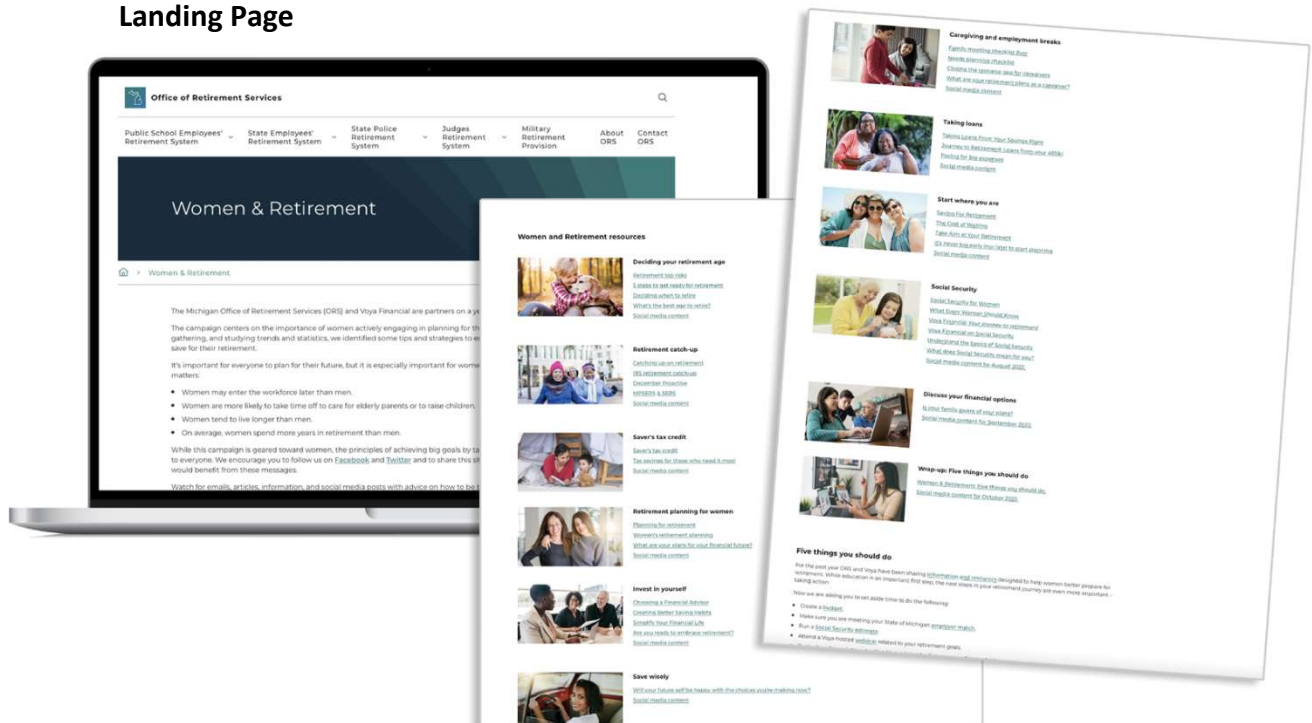
Feasibility of Use by Other Governments of a Similar Size

For any plan sponsor that is committed to providing clear and concise education and tools to its participant population, the State of Michigan with its Women & Retirement campaign is a model to replicate.

Specifically, plan sponsors may want to consider:

- Thoughtful, detailed information a topic.
- Multiple communications in different formats to vary the message.
- Providing a simple, yet consistent message in all supporting communication materials.
- Continuously reinforcing the message that interacting with retirement plan accounts is beneficial in the short- and long-term.

Landing Page



Loan Education Module

Email

Paying for big expenses
Michigan Office of Retirement Services sent this bulletin on 06/14/2022 05:05 PM EDT

Life happens and you can find yourself faced with big, unexpected expenses. An expensive car repair, a medical emergency, or travel expenses to a funeral can challenge even the best-planned budget. Other large expenses can be anticipated: a new roof for your 30-year-old home, a used car for your teenager, an age milestone vacation, a 25th wedding anniversary party, or a child's wedding.

When faced with a large expense, employees with a 401(k) or 457 plan may consider taking a loan from their retirement savings to fill the gap.

Check out the new ORS eLearning module Journey to Retirement: Loans from your 401(k) to explore the decisions that three friends made when faced with large expenses.

Consider all your options when faced with a big expense.

Save in advance

- Sinking fund.** Create a sinking fund to save for expected expenses: vacations, graduation parties, anniversary celebrations, weddings, and home remodeling.
- Emergency fund.** An emergency fund keeps you from going into debt when an unexpected expense comes up. An emergency fund can cover expenses that you don't budget for like car repairs, medical emergencies, job loss, home repairs, and family emergencies.

Loans

- Loan from your retirement savings.** Taking a loan from your retirement account can create financial bumps in your road to retirement. If you are considering taking a loan from your retirement account, log in to your Voya account at Voya.com to learn how a loan will impact your retirement income.
- Home equity or secured personal loan.** A home equity loan allows you to use the equity in your home to secure a low cost loan. A secured personal loan is backed by your collateral, such as a car or a home.
- Other types of loans:** Consider other types of loans: personal loans, home loans, and car loans.

Share the expense

- Rather than pay for a child's wedding by yourself, work with the engaged couple to establish a budget and set clear expectations

Flyer

Advantages of taking a loan

- You pay yourself back with interest that may be lower than the rates charged by banks or credit unions.
- No credit checks.

Steps to reduce the impact of taking a loan:

- Maintain your contribution rate at least to the level that will provide you the maximum employer match.
- Make increasing loan payments if your loan longer.
- Make a lump-sum to pay off the full balance as before the payoff date.

Taking Loans From Your Savings Plans
Consider the risks of loans on your retirement.

What you need to know before you take a loan

The State of Michigan 401(k) and 457 Plans' (the Plans) loan provision can be a lifeline when you're facing a financial crisis or are hit with a large, unexpected expense. However, a loan should be used only as a last resort for unique, non-recurring emergency situations.

The Plans are designed to be long-term savings vehicles to help you prepare for retirement. Depending on the size and frequency of loans, borrowing from your retirement savings can seriously undermine your future retirement security.

Drawbacks of taking a loan

- A loan removes money from your investment funds, which may significantly impact your retirement security.
- The annual loan management fee of \$35 (\$8.75 per quarter) and loan origination fee of \$75 increase the overall cost of the loan.
- Loan payments are made with after-tax dollars.
- If you can't make the loan payments, the loan will default and continue to accrue interest charges until paid off in full.
- If you default on a loan, the remaining balance becomes a taxable withdrawal and may be subject to early withdrawal penalties.

Reasons it may be unwise to take a loan:

- You can obtain money or help from other sources.
- You expect to leave your job within the next few years.
- You're nearing retirement.
- You can't make payments within the necessary time frame.
- You don't have sufficient income to make the biweekly payment.
- You want the money to purchase a luxury item or to pay for a vacation.