

NAGDCA LEADERSHIP AWARD NOMINATION CalPERS 457 PLAN PLAN DESIGN & ADMINISTRATION



Summary

Plan Profile

For more than 80 years, CalPERS has been a not-for-profit public entity in service to those who serve California. This includes a CalPERS 457 Plan for more than 850 participating California public agency and school employers, and over 36,000 participant accounts totaling \$2.64 billion in assets under management as of December 31, 2024. As a voluntary retirement savings vehicle for public agencies of all sizes who may not have the resources or interest to cost-effectively manage an employer sponsored retirement plan of their own, the CalPERS 457 Plan offers state-of-the-art services at a low cost to participants and no cost to employers.

Background Information

In 2019, the CalPERS 457 Plan added a Roth contribution source as an optional feature for agencies that had adopted the Plan. In 2024 because of the SECURE 2.0 Act of 2022, CalPERS added the Roth contribution option for all agencies to help benefit current and future participants in the Plan. As part of its ongoing commitment to public employers and their employees, CalPERS further evolved its 457 Plan offering by adding online enrollment capabilities in late 2024 to make it even easier for employees to join the Plan and start saving to achieve their retirement goals.

Goals

CalPERS and the 457 Plan's recordkeeper, Voya®, partnered to develop a Roth and online enrollment rollout plan that would help educate all agencies about accepting and processing Roth contributions and online enrollments from their employees. For existing participants in the CalPERS 457 Plan, a series of Roth-related materials were also deployed throughout 2024 to increase awareness to their new retirement saving option. The goal of these rollout plans was to increase Roth awareness and savings from participants and simplify the enrollment process for those who were interested in saving for retirement to the CalPERS 457 Plan.

Commentary

We at CalPERS wanted to give our contracted agencies the ability to implement legislation from the SECURE 2.0 Act as early as possible. Rolling out Roth contributions for all participants was an important first step. In adding online enrollment as a feature for eligible non-participating employees to join the CalPERS 457 Plan, we closed 2024 with another plan design enhancement that positions the Plan for greater participation among and improved retirement outcomes for public employees throughout the State in the years to come.

- Melody Benavides, Chief, CalPERS Pension Contracts and Prefunding Division

Written Justification

Detailed description of the project

Planning to add the Roth contribution feature for all agencies began in spring 2023. With the Roth addition effective January 1, 2024, a series of communications helped prepare agencies to process Roth contributions from their payroll now in anticipation of the SECURE 2.0 Act requirements in 2026. For participants, education was developed to help them understand the similarities and differences between saving on a pre-tax and Roth after-tax basis. Education also explored rolling in pre-tax or Roth assets from former employers to the CalPERS 457 Plan and converting existing pre-tax money to Roth through a conversion. Communications for agencies and participants consistently addressed Roth saving and education throughout 2024.

Before implementing online enrollment, an eligible employee could only enroll in the CalPERS 457 Plan by completing a paper enrollment form and submitting it to their Personnel / Payroll Department for processing. In partnership with CalPERS leadership and Voya, online enrollment was approved as a plan enhancement in early 2024 and a project to add online enrollment functionality for the CalPERS 457 Plan was completed effective October 1. Much like with the Roth option rollout from earlier in the year, the online enrollment rollout would require significant agency education and support to help them implement this feature with their staff and existing payroll processes. Therefore, a “soft launch” of online enrollment took place in Q4 2024 with a small number of participating agencies. As 2024 ended, though, an opportunity to offer online enrollment to all employees of an agency that was adding the CalPERS 457 Plan in the new year afforded CalPERS the opportunity to see the potential impact that online enrollment would have once it was launched to all agencies in early 2025.

“Employer Cents” Agency Newsletter



The CalPERS newsletter, *Employer Cents*, is emailed to key contacts and posted online each quarter for agencies that have adopted the CalPERS 457 Plan. *Employer Cents* articles focus on timely topics to help agencies administer the CalPERS 457 Plan and promote participation in the Plan with their eligible employee base. Roth contribution and online enrollment-related articles were featured throughout the 2024 editions. To view these examples, please visit:

- <http://calpers-sip.com/Q4-23/index.html>
- <http://calpers-sip.com/Q3-24/index.html>
- <http://calpers-sip.com/Q4-24/index.html>



Roth and Online Enrollment Announcement Emails

With all agencies informed about the SECURE 2.0 Act by CalPERS in 2023, an announcement email was deployed in early 2024 to the agencies who previously did not offer the Roth option to employees. The email communicated that all employees could now save for retirement with Roth after-tax contributions and provided key resources for agencies as they process enrollments or Roth contribution changes from employees in the future. A similar approach was repeated in announcing the rollout of online enrollment, providing agencies with information to help them offer CalPERS 457 Plan enrollment online to employees.


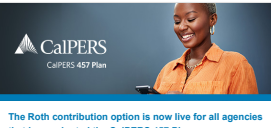
Introducing online enrollment for the CalPERS 457 Plan

All eligible employees from agencies that have adopted the CalPERS 457 Plan can now enroll online to save on a pre-tax basis.

Plan materials at calpers457.com have been updated to reflect the new online enrollment process. This includes a new, easy-to-follow "How to Enroll Online" flyer to help employees navigate the enrollment experience at calpers457.com.

Online enrollment information will automatically feed into myCalPERS, eliminating the need to fax enrollment forms and reducing some of your responsibilities when processing new enrollments. Materials have also been created to help you access enrollment information in myCalPERS and answer [Frequently Asked Questions](#).

PLEASE NOTE: — The enrollment process for employees saving on a Roth after-tax basis remains unchanged. They will still need to complete the forms included in the [Participant Enrollment Kit](#). Functionality to enroll online for saving on a Roth

The Roth contribution option is now live for all agencies that have adopted the CalPERS 457 Plan.

We want to make sure you are ready to allow employees to save for retirement with Roth after-tax contributions. Here are some key things you should know now that the Roth contribution option is available.

If you enter payroll in myCalPERS

You will see an additional line item in myCalPERS called After-Tax Member Paid Roth Contributions. This will not be visible until the earned period following January 1, 2024. If you have a monthly payroll, for example, you will see this line item effective on the February payroll.

Before submitting Roth 457 contributions through myCalPERS, please review the [Adding Roth to a Payroll Report Guide](#) for easy-to-follow steps.


If you handle enrollments

For employees enrolled in the CalPERS 457 Plan who want to make Roth after-tax contributions, they will need to complete a [Participant Change Authorization Form](#), and submit it for processing. Please refer your non-participating employees to the [Participant Enrollment Kit](#) or the [Roth Option Brochure](#) for more information about the Roth after-tax and pre-tax contribution options to help determine which is right for them.

On-demand Educational Videos

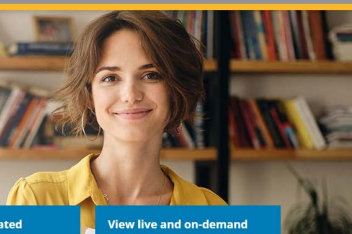
In addition to Roth and online enrollment announcements at the agency level, a series of participant-facing communications were developed and made available throughout 2024. For many current participants, this would be the first time that they had the opportunity to save for retirement with Roth after-tax money. CalPERS and Voya created a comprehensive series of educational materials to help participants determine which savings option was right for them. An on-demand video of the CalPERS 457 Plan presentation *Exploring the Roth Contribution Option* was recorded and posted online for on-demand viewing. The video can be viewed at brainshark.com/voya/exploring_roth.

For eligible non-participating employees, calpers457.com serves as the online hub of information and education to help them understand the retirement saving and planning resources available through Plan participation. Throughout 2024, the site was updated with new materials focused on Roth education and guidance through the enrollment process. A series of on-demand videos focused on enrollment and participation can be found at voyamarketingzone.dmplocal.com/sites/4187/cp457_webinars.html.



[COMPARING THE CALPERS 457 PLAN](#)
[WHAT KIND OF INVESTOR ARE YOU?](#)
[GET TO KNOW YOUR PLAN](#)
[WATCH NOW](#)
[RESOURCES & TOOLS](#)
[CONTACT US](#)

[Log In](#)
[Enroll Now](#)



LOWER FEES!

Learn more about how the costs associated with investing in the Plan's investment options have gone down.

Learn more about the CalPERS 457 Plan

The low cost, easy-to-use CalPERS 457 Plan can help you hit your target beyond what you will receive from your CalPERS pension and Social Security.

[Watch Now](#)

Meet your dedicated Account Manager


Take advantage of this unique service, at no additional cost, to help you stay on track. ~~Schedule a one-on-one~~ personal phone appointment with a dedicated Account Manager or call toll-free at 888-713-8244.

[View Account Managers](#)

View live and on-demand sessions

Want to learn more about saving and planning for retirement? Register for a live CalPERS 457 Plan webinar or watch one of our on-demand videos.

[Register or Watch Now](#)



How to Enroll in the CalPERS 457 Plan Online

Join us as we review the steps to enroll in the CalPERS 457 Plan online to save for retirement on a pre-tax basis. You'll learn more about the information you'll have to provide, the savings amount and investment decisions you'll need to make, how to designate a beneficiary, and more. In just a few minutes, you'll see how easy and convenient online enrollment is to join the Plan and get on track for retirement.

- [How to Enroll in the CalPERS 457 Plan Online presentation slides](#)
- [Online Enrollment Guide](#)

[Video-on-demand](#)


Exploring the Roth Option

Join us as we review the CalPERS 457 Plan and the benefits of participating. Learn more about making Roth after-tax contributions to the Plan and comparing the benefits of making pre-tax or Roth after-tax contributions to help achieve your retirement goals. Which contribution option is right for you? We'll provide examples with factors to consider as you make retirement saving decisions based on your unique situation. Roth after-tax contributions can change how your income is taxed in retirement, so join us to learn more even if you have not yet enrolled in the CalPERS 457 Plan.

Handouts [+](#)

[Register now](#)

[Video-on-demand](#)



"Making Cents" Participant Newsletter and Plan Education

Similar to how *Employer Cents* provides news and education to agencies, *Making Cents* is the quarterly newsletter resource for participants in the CalPERS 457 Plan. Roth saving education was featured in the newsletter throughout the year, helping participants determine if pre-tax or Roth saving was best for them and providing access to additional resources for participants to apply to their unique situation.

Roth saving and enrollment education was also incorporated into CalPERS 457 Plan materials during 2024, providing a wealth of resources for all employees regardless of their life stage, career stage, or retirement planning progress to date. Materials included comparing contribution sources, discussing how Roth savings to a 457 Plan is different than to a Roth IRA, treating Roth contributions and withdrawals from a tax perspective, and more. To support online enrollment, a series of materials were created for participants to walk them through the experience. That includes a helpful step-by-step "how to" guide and a short on-demand video that can help prepare employees before they begin the enrollment process.



Results

The Roth and online enrollment-related emails sent throughout 2024 and in Q1 2025 have exceeded expectations from an open rate and click-through rate perspective. Recipients remained highly engaged with the resources and education provided through the rollout of Roth and online enrollment functionality.

Near the end of 2024, an agency adopting the CalPERS 457 Plan effective January 1, 2025 became the first onboarding example for open enrollment. Their eligible employee base was emailed in December 2024 with a call-to-action to enroll online to ensure the first payroll period of 2025 included a contribution to the new CalPERS 457 Plan. With an audience of over 700 employees, this direct messaging and access to convenient online enrollment enrolled employees before the first payroll of 2025 was processed.

In total, **530** online enrollments have been received and processed as of March 31, 2025.

Agency Email Results	Delivered	Opened	Click Through
The Roth contribution option in the CalPERS 457 Plan is now available (January 2024)	1,141	59.4% (678)	59.3% of opened (405)
A new edition of CalPERS Employer Cents is now available (February 2024)	1,432	43.6% (625)	34.4% of opened (215)
A new edition of CalPERS Employer Cents is now available (April 2024)	1,429	59.8% (855)	61.6% of opened (527)
A new edition of CalPERS Employer Cents is now available (July 2024)	1,419	40.4% (573)	38.9% of opened (223)
A new edition of CalPERS Employer Cents is now available (October 2024)	2,082	38.0% (792)	42.7% of opened (338)
A new edition of CalPERS Employer Cents is now available (January 2025)	2,106	40.9% (861)	38.7% of opened (333)
Online enrollment for the CalPERS 457 Plan is now available (February 2025)	2,103	43.4% (913)	44.5% of opened (406)

Participant Email Results	Delivered	Opened	Click Through
The latest CalPERS Making Cents is now available (February 2024)	13,715	63.0% (8,634)	10.4% of opened (900)
The latest CalPERS Making Cents is now available (May 2024)	13,696	60.6% (8,294)	8.9% of opened (740)
The latest CalPERS Making Cents is now available (August 2024)	13,667	58.9% (8,049)	6.6% of opened (527)
A new edition of CalPERS Making Cents is now available (November 2024)	13,624	62.4% (8,498)	7.4% of opened (629)
Enroll in the CalPERS 457 Plan to continue your journey to retirement (Targeted; December 2024)	716	59.4% (425)	74.1% of opened (315)
A new edition of CalPERS Making Cents is now available (February 2025)	13,598	61.7% (8,393)	4.9% of opened (412)

Roth adoption among participants has been overwhelmingly positive and continues to grow each quarter. Once Roth was available to all participants, Q1 2024 total Roth contributions increased by nearly **\$700,000** compared to Q4 2023 and then increased by another **\$425,000** for Q2 2024. In total, participants from **308 agencies** contributed nearly **\$12.8 million** in Roth after-tax money in 2024. As a result, Roth contributions, Roth roll-ins to the Plan, and in-plan Roth conversions and their earnings have grown to more than **\$43 million** as of December 31, 2024. Through continued education about and awareness to Roth saving, we expect the Roth contribution totals to continue growing each year.

Feasibility of use

Government plan sponsors were faced with certain Roth considerations once the SECURE 2.0 Act was passed. With Roth saving as an optional provision for agency adoption already in place, it was an easy decision to proactively add it as a contribution source for all participants in the CalPERS 457 Plan. Whether it's to comply with the Act or not, we encourage all plan sponsors who do not offer a Roth after-tax contribution option to consider doing so. Adding Roth could lead to new enrollments and increased contributions from participants who benefit more from Roth than pre-tax saving. Allowing non-participating employees to enroll in their retirement saving vehicle online is also a key feature that all government plan sponsors should implement if possible. Though it may require work to implement, the long-term value it adds in creating more enrollment opportunities among employees will be greater than the short-term challenges to administer the Plan. We encourage you to work with your plan recordkeeper to understand their capabilities and apply it to the needs of your plan and employees. Implementing these changes helped ensure that CalPERS continues offering a best-in-class retirement saving vehicle for current and former public employees throughout the State.