



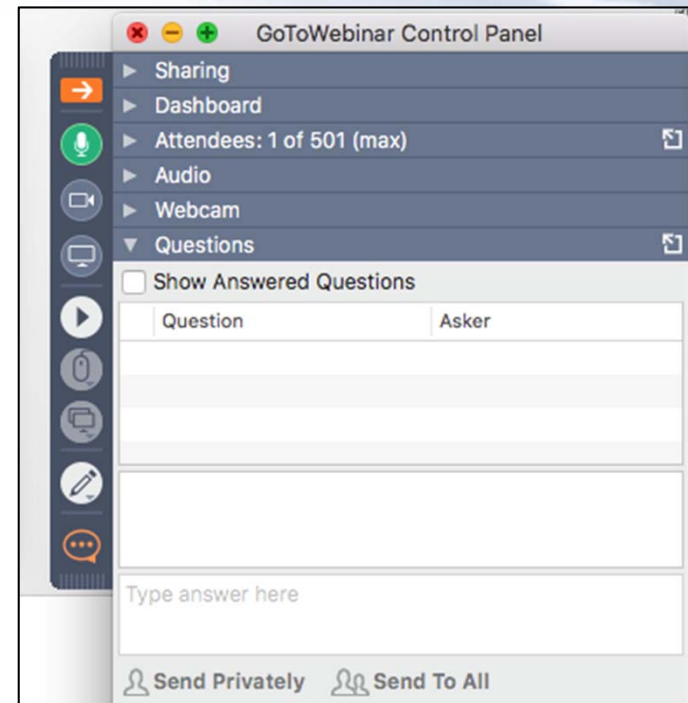
Nudging Deferral Rates Within Public Sector Supplemental Retirement Plans

Center for State and Local Government Excellence

May 7, 2019

SLGE Webinar Logistics

- Attendees are in listen only mode during the webinar, but we encourage your questions.
- During the presentation, please type any questions using your control panel. We will answer questions via a twitter chat following this webinar @4GovtExcellence, please include “#SRPautoenroll”.
- We are recording this webinar. A replay and this PowerPoint will be posted at slge.org.
- Please share the report and webinar on social media. Find us on Twitter at [@4GovtExcellence](https://twitter.com/4GovtExcellence) and on LinkedIn at <http://bit.ly/2Mkelod>
- If you have technical or audio issues during webinar, please call GoToWebinar at 1-800-263-6317.



Webinar Presenters



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Center for State and Local Government Excellence

Promote excellence in local and state governments so they can attract and retain talented public servants.





Center for State and Local Government Excellence

- Public sector retirement benefits
- Health and wellness benefits
- Workforce demographics and development

ICMA-RC AND SLGE

- ▶ ICMA-RC is an independent, non-profit financial services corporation providing retirement plans and related services for more than 1.3 million local and state government participant accounts and more than 9,300 retirement plans.
- ▶ ICMA-RC's mission is to help public employees build retirement security.
- ▶ We are dedicated every day to our mission and serving those who serve our communities.
- ▶ In December 2006, ICMA-RC partnered with ICMA to found the Center for State and Local Government Excellence ("SLGE") to provide research and thought leadership regarding important issues facing local and state governments and their employees
- ▶ ICMA-RC continues to support SLGE in this regard and values our longstanding relationship



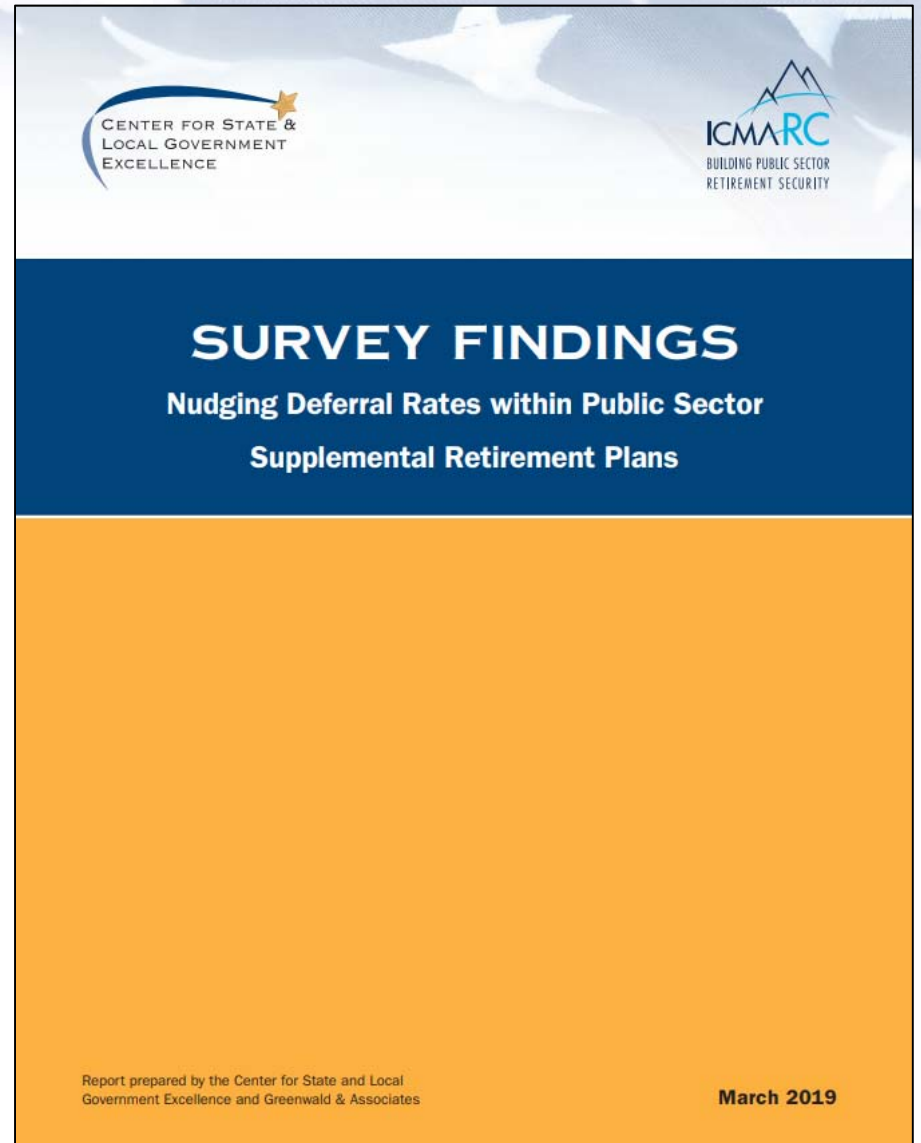
AUTO-ENROLLMENT/ESCALATION

- ▶ Automatic enrollment and escalation has been available for private sector ERISA plans since 2006.
 - Significantly increased plan participation and contribution
- ▶ Largely unavailable in the public sector
 - Roughly 30 states have wage-deduction laws requiring affirmative written consent
 - Only 6 states clearly permit auto-enrollment/escalation
 - Unlike ERISA plans, public sector plans do not have the benefit of ERISA preemption.
- ▶ As an organization dedicated to helping public employees build retirement security, ICMA-RC believes that automatic enrollment and escalation are valuable tools that can help public employees achieve that goal.



Survey Topics

- Perceptions of auto-enrollment into SRPs
- Attitudes about employer plans
- Attitudes about current savings and outlook





KEY SURVEY FINDINGS ON AUTO-ENROLLMENT

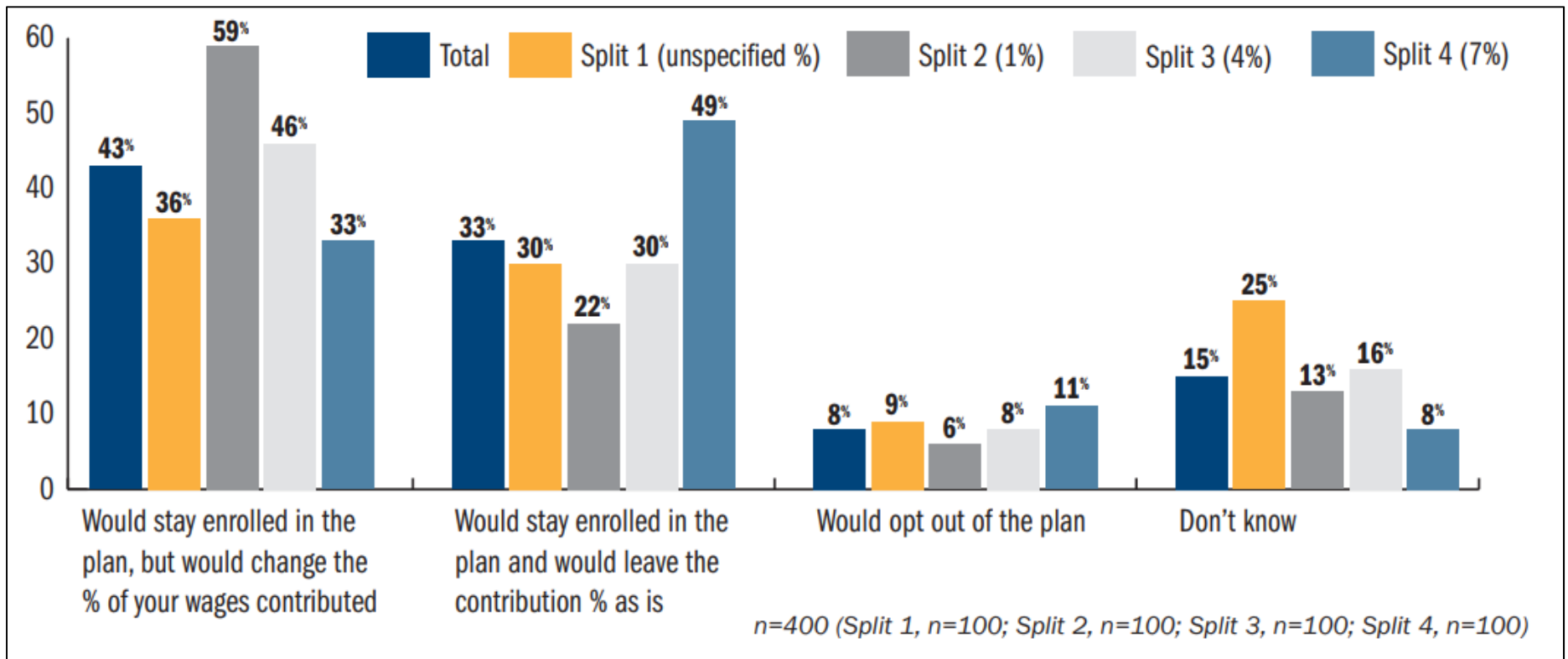


Split Sample Design

“Some employers automatically enroll new employees (or current employees who have not voluntarily enrolled) in the supplemental retirement plan. Employees may opt out of participating, but otherwise they remain in the plan and...

Split	Description
Split 1: unspecified percentage	“...a set percentage (or dollar amount) of the employee’s wages is contributed to the plan going forward. The employee may also elect to increase or decrease the deferral amount contributed to the plan.”
Split 2: default deferral rate of 1%	“...1% of the employee’s wages is contributed to the plan going forward. The employee may also elect to increase or decrease the deferral amount contributed to the plan.”
Split 3: default deferral rate of 4%	“...4% of the employee’s wages is contributed to the plan going forward. The employee may also elect to increase or decrease the deferral amount contributed to the plan.”
Split 4: default deferral rate of 7%	“...7% of the employee’s wages is contributed to the plan going forward. The employee may also elect to increase or decrease the deferral amount contributed to the plan.”

Action Would Take Upon Auto-Enrollment



Top Reasons for Staying in Plan and Changing Deferral Rate

Reason	Percent (%)
Need to save more than set %/set % is too low	45
General positive/affirmative	11
Want control of finances/investments/savings %	10
Planning for future/need a more secure retirement	9
Depends on my financial situation at the time	8
Can't afford set %/would lower contribution/can't afford to save more	8

Top Reasons for Staying in Plan but Leaving Default Deferral Rate As Is

Reason	Percent (%)
Set % is fair/reasonable/good	15
General positive/affirmative	13
Set % will increase my savings	13
Set % is easy/convenient	11
Currently do this/am currently in a plan like this	11
Already contribute to retirement plan/this is supplemental	8
Would revisit set % later to change	7
Trust plan/employer to determine set %	6

n=131

Top Reasons for Opting Out of Plan

Reason	Percent (%)
I am already saving enough/do not need supplemental plan	33
Want control of finances/investments/savings %	20
Can't afford set %/would lower contribution/can't afford to save more	12
Currently do this/am currently in a plan like this	9
Could get better results saving on my own	9
Need more info	6

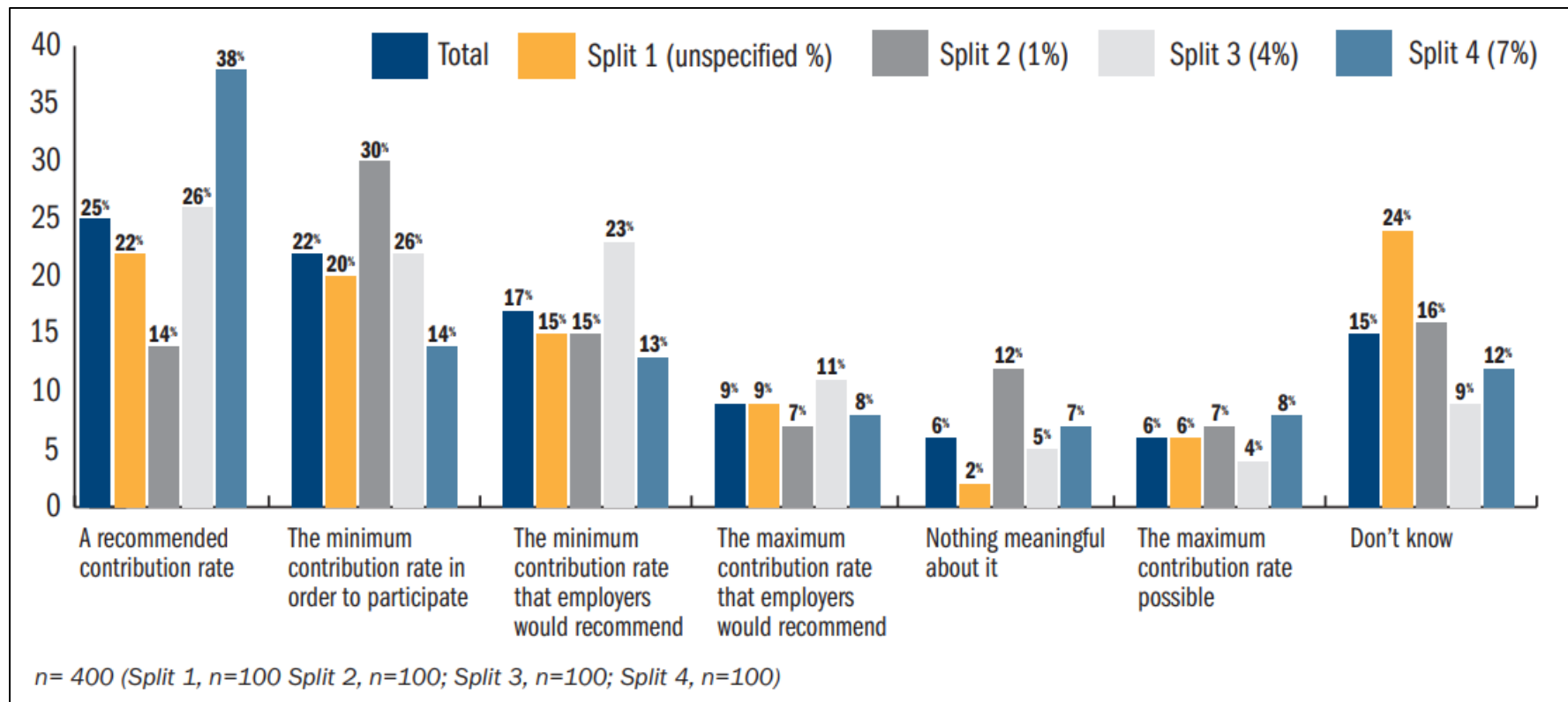
n=33

Average Deferral Rates Employees Would Select

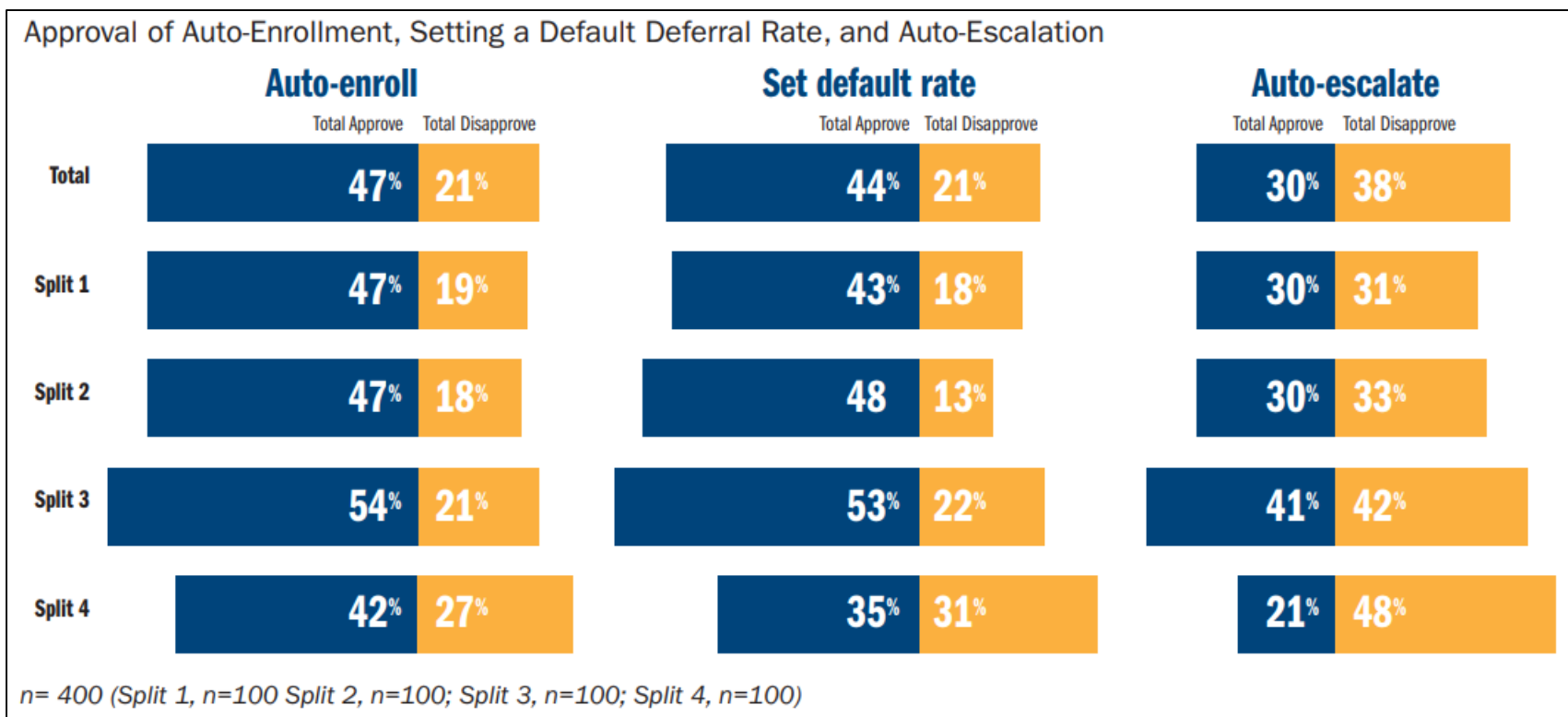
Split	Mean (%)	Median (%)
Split 1 (unspecified percent)	9.0	8.0
Split 2 (1%)	5.4	4.0
Split 3 (4%)	6.6	4.0
Split 4 (7%)	7.6	7.0
Total	7.0	7.0

n=307 (Split 1, n=68; Split 2, n=81; Split 3, n=77; Split 4, n=81)

Perception of What Default Deferral Rate Represents



Approval of Auto-Enrollment, Setting a Default Deferral Rate, and Auto-Escalation



Reasons for Approval of Auto-Enrollment

Reason	Percent (%)
Encourages employees to save for retirement	24
People do not prepare enough for retirement	14
Employees wouldn't enroll on their own	13
Done with the best interest of the employee	13
Other	12
General positive/good/affirmative	10
Employees will rely less on Social Security/government programs	7
Easy/automatic/convenient	6
Forces people to save	5

n=191

Reasons for Disapproval of Auto-Enrollment

Reason	Percent (%)
Should be workers choice/not employers choice	69
Supplemental plans should be optional	14
Employees can't afford to save	12
Other	7
Unnecessary	4
Don't know	1

n=84

Save the Date!

#Workforce2030 Summit

- **Public Sector Workforce 2030:** Planning for the Next Generation of State and Local Government Employees
- Sept. 27th, 2019; Fort Lauderdale, FL
- Registration and conference details at www.slge.org/event/workforce2030





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*Twitter chat: please include
"#SRPautoenroll"*

