



Board Report 20-41

Date: October 20, 2020

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan (DCP) FY 2020-21
Participation Goals and Strategies by Years of Service

Board of Deferred Compensation Administration

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Recommendation:

That the Board adopt staff's recommended FY 2020-21 participation goals by years of service as follows:

- (1) Increase participation of employees with less than one year of City service by 1%, from 40% to 41%; and
- (2) Increase participation of employees with less than three years of City service by 1%, from 52% to 53%.

Background:

At its September 15, 2020 meeting, the Board adopted staff's recommended goals related to participation for the lowest participating departments and labor organizations, contributions, distributions, and asset retention for FY 2020-21. At that meeting, staff indicated a further review of participation goals and metrics by years of service was needed, and that an update would be provided at the Board's October meeting. Staff has completed its review and recommends the following updated participation goals by years of service for FY 2020-21.

A. UPDATED FINAL RESULTS FOR FY 2019-20 DCP PARTICIPANT GOALS AND OUTCOMES

(1) Participation

- **Participation Goal – New Enrollments**

Results: For FY 2019-20, the Board adopted a goal of increasing participation of employees with less than one year of service by 3%, from 40% to 43%. Initially it was reported that the DCP exceeded this goal. However, following refinement of the methodology used to generate the data, the DCP did not meet this goal, ending the fiscal year at 40% enrollment for employees with less than one year of service. Although the

methodology refinement led to the goal not being met, it will result in more precise measurement going forward. The final FY 2019-20 results by quarter are as follows:

- 1) Quarter 1 (July to September 2019) – 41%
- 2) Quarter 2 (October to December 2019) – 39%
- 3) Quarter 3 (January to March 2020) – 43%
- 4) Quarter 4 (April to June 2020) – 40%

B. FY 2020-21 DCP Participation Goals and Strategies

- **Participation by Years of City Service**

Given the City’s budgetary challenges and a hard hiring freeze currently in effect until further notice, the number of new employees with less than one year of service will decline sharply. Although this is an important data point and one which should continue to be monitored, staff proposes that an additional goal be established for employees having less than three years of City service. As these employees have worked for a longer period of time and have some level of income consistency to allow for a focus on saving for retirement, setting a goal to target this group of employees early in their career to join the plan is a reasonable evolution of the DCP’s participation goals and strategies.

Proposed Participation Goals by Years of City Service

1. Increase participation of employees with less than **one year** of City service by 1%, from 40% to 41%.
2. Increase participation of employees with less than **three years** of City service by 1%, from 52% to 53%.

- **Participation Strategies**

As previously reported to the Board at its September 15, 2020 meeting, the following participation strategies will be utilized to achieve these goals:

- 1) **Targeted Biannual Mailing Campaign** – Due to social distancing guidelines required by the COVID-19 pandemic, the majority of the City’s workforce is telecommuting. It is unknown when and to what degree large portions of the City’s workforce will return to working onsite. As a result, in-person engagement may continue to be severely limited in FY 2020-21. According to the DCP’s consultant, Segal, connecting and engaging with employees via physical mail is effective. The DCP has some experience with targeted mailing campaigns. In FY 2019-20, staff and Voya developed a custom postcard that was mailed to eligible employees hired in the last year to register with the DCP. The campaign resulted in an enrollment rate of 3%. Using this as a baseline, staff will conduct two targeted mailing campaigns in FY 2020-21 and anticipates a conversion of new enrollments in the range of 1% to 3%.
- 2) **Targeted Email Campaign** – As in-person communication is severely limited, staff and the local retirement counselors continue to rely heavily on email to communicate and engage with participants. In addition to issuing Citywide DCP emails, staff will

also implement an email campaign targeted to employees with fewer than three years of City service. With ITA's assistance, staff will be able to generate a comprehensive email list of employees falling into this category. Staff will utilize this email list to develop and send specific targeted emails. Staff proposes to send up to three targeted emails to this group of employees and is currently researching using tools like Google Analytics to evaluate key metrics such as open and click rates.

- 3) Local Retirement Counselor Outreach – As all in-person appointments and front counter services are presently suspended, staff researched other methods in which the local retirement counselors could continue to actively engage with participants to enroll in the DCP. Utilizing demographic data such as age, years of City service, and job classification, staff will generate a randomized list of employees for the local retirement counselors to contact. This new strategy of targeting employees in certain job classifications and age ranges who may not necessarily have an email address or be responsive to mail with a phone call is an additional tool that can be utilized to measure the effectiveness of direct person-to-person outreach.
- 4) Virtual DCP "Office Hours" – Staff will also launch virtual DCP office hours for employees to interact with the local retirement counselors via Zoom. During these sessions, the local retirement counselors will be available to provide education on various DCP topics and also discuss step-by-step instructions on how to enroll in the DCP. Staff has developed a schedule and topics for the virtual DCP office hours which will occur monthly on the third Wednesday of the month. Staff will monitor attendance and participant feedback and make refinements as necessary.
- 5) Other Non-Enrolled Employees – Targeting certain segments of the City's workforce does not mean other segments will be ignored. Citywide campaigns such as National Retirement Security Month, New Year contribution increases, and financial wellness surveys all help to raise awareness and include subtle or explicit invitations to eligible but not enrolled employees to join the DCP.

Submitted by:



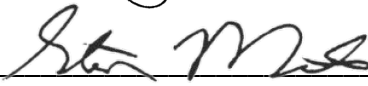
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