



Board Report 23-36

Date: November 6, 2023

To: Board of Deferred Compensation Administration

From: Staff

Subject: 2023 NAGDCA Conference Learnings

Board of Deferred Compensation Administration
Thomas Moutes <i>Chair</i>
Neil Guglielmo <i>Vice-Chair</i>
Robert Schoonover <i>First Provisional Chair</i>
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Discussion:

The National Association of Government Defined Contribution Administrators (NAGDCA) hosted its Annual Conference on October 8-11, 2023 in Seattle, Washington. Attendees included Board members Thomas Moutes, Jeremy Wolfson, and Matthew Benham and staff members Esther Chang, Eric Lan, and Mindy Lam.

The Annual Conference is focused on issues affecting state and local government administrators of primarily Section 457 defined contribution plans. This year, breakout sessions included topics surrounding communication best practices, RFP best practices, and fee structures. The following report includes summaries and takeaways from notable sessions for the benefit of the Board.

A. Plan Communication Best Practices

A breakout session regarding communication practices provided helpful principles and practical examples of how plans can best communicate to their audiences. The major themes behind communication best practices were simplicity and audience-driven design. Plan sponsors were encouraged to consider organizing information to target specific participants, using data to create the messaging. Tools such as infographics help make complicated information more digestible for the average participant. Simple marketing slogans such as “3 Ways to Invest” help narrow the full investment lineup to an easy pathway that is accessible to all types of participants. It was noted that overall financial literacy is typically built over time using repetition across different mediums and messages. The panel also encouraged plan sponsors to focus on participant needs instead of plan features in determining its communication strategy. For example, instead of listing all the plan features regarding investment options, design the

communication campaign around a participant's possible concern over inflation, whereby they can learn about various investment options, or speak with a Voya Local Counselor.

The DCP has been utilizing many of these best practices, as evidenced by the popular "[Is the DCP Right for You?](#)" survey that launched in January. The continued growth of the Money Matters series also shows that the DCP participants have an appetite for information and education. Staff's application of the panel discussion was to develop the following list of action items:

- Work cohesively with other retirement pension systems to share communication with key stakeholders to help advertise and inform.
- Investigate if there are further analytical resources to understand which population groups are most unreached by our current communications strategy.
- Continue to simplify language, using infographics, charts, and graphs.
- Develop a regular communications campaign to encourage participants to register their accounts. In future years, staff will plan to coordinate this communication with the Information Technology Agency's Cyber-Security Month campaign, held concurrently with National Retirement Security Month.
- Research the possibility of a participant website enhancement to feature the participant's most recent transactions immediately following logging into an account so that participants can quickly monitor and assess their account security.
- Review relevant contracts with vendors who have access to sensitive participant information. In Voya's most recent contract renewal, performance guarantees and liabilities are included to protect the City from internet crime. Additionally, Voya's contract also includes protections for Schwab's Self-Directed Brokerage Accounts.

Staff will continue to implement these best practices as it reviews and develops future iterations of the DCP's Participant Goals and Outcomes.

B. NAGDCA Fees Task Force Findings

The NAGDCA Fees Task Force was assembled in 2022 to help public plan sponsors transparently understand different fee structures, revenue drivers, and costs associated with services. Key findings from the task force include:

- A glossary of key terms often used when discussing recordkeeping fee and structure types, asset management fee and structure types, and consulting models, services, and fees.
- An analysis of key cost drivers and options.

The Fees Guide is available online at <https://www.nagdca.org/download/fees-guide/> and will be a useful reference tool for the DCP in reviewing its ongoing fee structure.

C. Other Notable Sessions

- **RFP Best Practices** – Since the technical landscape of recordkeepers continues to expand, the panel encouraged Plan Sponsors to consider the importance of RFPs in being able to generate solutions to practical participants' needs, potentially lower

fees, and learn from other recordkeepers. They also encouraged site visits and the integration of IT professionals on the RFP review committee in order to better investigate and validate the recordkeeper's cybersecurity practices.

- **Washington Update** – Panelists indicated that a SECURE Act 3.0 might be on the horizon, with language that would mostly provide technical corrections to SECURE Act 2.0.
- **Solutions to Fiduciary Challenges** - This session reviewed how plans must act solely in the best interest of plan participants and beneficiaries (duty of loyalty) and establish a prudent process for selecting and monitoring fees and investments (duty of prudence), in order to fulfill its fiduciary duty and avoid potential litigation.

D. NAGDCA 2023 Annual Conference

Staff and Board member attendance during the 2023 Annual Conference was greatly beneficial and stimulated further discussion on improving the DCP and is recommended for future conferences. NAGDCA's 2024 Annual Conference will be held September 15-18, 2024 in Phoenix, Arizona; additional details will be provided as it approaches.

Submitted by: Eric Lan, Benefits Analyst
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