



Board Report 24-05

Date: January 16, 2024

To: Board of Deferred Compensation Administration

From: Staff

Subject: 2023 Participant Outcome Goals Final Update and 2024 Participant Outcome Goals and Strategies

Board of Deferred Compensation Administration
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Recommendation:

That the Board adopt the 2024 Communications Calendar described in Attachment A and the new strategic approach for participant outcome goals and strategies.

Discussion:

The Board approved the DCP's 2023 Participant Outcome Goals and Strategies at its meeting on September 29, 2022. The objectives approved by the Board were provided in [Board Report 22-51](#). Baseline data was reported in [Board Report 23-11](#) and mid-year results were provided in [Board Report 23-30](#). This report provides a final year-end update to the Board and the proposed goals for 2024.

A. 2023 Baseline Data and Objectives Table

Participation	Increase the participation rate among full-time employees hired in 2022.	
Baseline Metric:	Participation rate for employees hired in 2022 as of January 1, 2023.	29%
Mid-Year Metric:	Participation rate for employees hired in 2022 as of July 1, 2023.	37% (+8%)
Year-End Metric	Participation rate for employees hired in 2022 as of December 31, 2023.	42% (+13%)
Measuring Success:	Objective will be to bring the participation for employees hired in 2022 to 55%.	55%

The DCP used targeted enrollment campaigns and the National Retirement Security Month campaign to drive employee participation. Staff identified that participation rates from the point of hire slowly increase from 30% to 40% to 55% year over year. The goal of 55% was established to jump-start participation rates for those hired in 2022 more quickly than the normal perceived rate. While the DCP did not meet the ambitious goal of 55%, significant progress was made to increase overall participation, even exceeding the expected 40% participation rate seen by the second year.

Contribution	Increase the number of flat-dollar to percent-of-pay contributions.	
Baseline Metric:	Percentage of active participants as of January 1, 2023 contributing via dollar amount versus percent-of-pay.	14%
Mid-Year Metric:	Percentage of active participants as of July 1, 2023 contributing via dollar amount versus percent-of-pay.	16% (+2%)
Year-End Metric	Percentage of active participants as of December 31, 2023 contributing via dollar amount versus percent-of-pay.	17%(+3%)
Measuring Success:	Increase percentage by 3% compared to the baseline. Measure results as of December 31, 2023.	17%

The DCP conducted specific percent-of-pay contribution campaigns, thus accomplishing the goal of 17% of participants using percent-of-pay. One reason adoption is not even higher could be that in order to meet the IRS maximum limits, participants must contribute a specific dollar amount. There were 945 participants who used the DCP's recommended per-paycheck contribution amount to reach the maximum limit. Since the new HRP payroll system will allow participants to reach the maximum limit with percent-of-pay contributions, DCP staff anticipates even greater usage in the future.

Asset Retention	Reduce the rate of separated participants (separated during 2023) initiating an outgoing rollover.	
Baseline Metric:	The number of rollovers of separated participants in 2022, 2021, and 2020 as of January 1, 2023 to identify an average rate of rollovers for those at or near retirement.	4.7%
Mid-Year Metric:	The number of rollovers of separated participants in 2023 as of July 1, 2023.	3.2%
Year-End Metric	The number of rollovers of separated participants in 2023 as of December 31, 2023.	3.9%
Measuring Success:	Rollover rate as of December 31, 2023. Goal will be to have the 2023 rollover rate be lower than the average rate of 2020-2022.	< 4.7%

There were a total of 103 rollovers from 2,663 participants who separated from service in 2023. The "Stay in the DCP" campaign was accomplished in June of 2023 and is continually a point of emphasis in Money Matters Retirement Readiness sessions and other DCP communications items.

Distribution	Increase the rate of separated participants taking installment distributions.	
Baseline Metric:	The rate of separated participants taking installment distributions in 2022.	9%
Mid-Year Metric:	The rate of separated participants taking installment distributions in 2023 as of July 1, 2023.	9% (+0%)
Year-End Metric	The rate of separated participants taking installment distributions in 2023 as of December 31, 2023.	8% (-1%)
Measuring Success:	The rate of separated participants taking installment distributions in 2023. Goal will be to have the 2023 rate of separated participants taking installment distributions be 3% higher than the same population in 2022.	12%

While staff encouraged the use of installment distributions, its usage did not increase. One major factor is that installment distributions do not cater to the needs of all participants. Since participants have a defined benefit from the City, not all participants may choose to take distributions from their accounts regularly. Staff will be conducting surveys in 2024 to learn more about how participants view their accounts. This information will provide valuable insight into how to better encourage healthy participant behavior. Another limitation is that the current Voya platform does not allow for Required Minimum Distributions (RMDs) to be taken in installment distributions. Many participants who would use installment distributions are unable to due to the limitation. Voya has implemented a platform upgrade for 2024 that will enable this feature, thus potentially increasing the usage of installment distributions.

B. 2024 Communications Calendar

In 2024, staff is proposing a quarterly communications calendar that focuses on larger projects that emphasize positive participant behavioral change. The main areas of focus in 2024 will be a website refresh initiative that connects participants pertinent resources quickly, quarterly campaigns customized towards population segments with a retiree emphasis, City pension-specific content, and participant surveys that will help gauge participant needs. **Attachment A** provides an overview of the proposed calendar and projects. A quarterly schedule of projects will allow staff and Voya to aim for greater depth and engagement from participants.

C. 2024 Participant Outcome Goals and Strategies

Staff believes the work done on the communications campaigns in 2023 were impactful for driving participant actions and demonstrated significant progress towards the goals. Furthermore, the ambitious 2023 communications plan that included a minimum of 12 strategic communications campaigns throughout the year was exceeded. These efforts resulted in generating more touchpoints with participants via emails, postcards, and social media posts than in any previous year. However, while the 2023 goals and strategies were effective and executed as planned, staff worked with Voya’s Strategic Director to review and evaluate areas of improvement. The review process revealed that the prior communications goals and strategies may have been too broad to encompass the diversity of how participants utilize the plan to achieve their specific goals. For example, while it is generally good to encourage participants to use installment distributions instead of lump sum distributions, the benefit is

determined by what the participant hopes to achieve through their DCP account. Since participants also have a pension benefit, they may not be looking for a regular distribution from their DCP account to supplement their income in retirement. The review process done by staff and Voya led to a new emphasis on behavior change and developing a communications strategy that drives productive participant action.

The data that was previously reported is still significant and will be recorded by the DCP as they reveal general plan health. Staff is proposing new goals and metrics that will allow the plan to explore new methods of how to positively influence participant behaviors by streamlining access to plan information and connecting participants with decision-making resources that can improve retirement security and broader financial well-being. A participant engagement dashboard will be utilized to evaluate the effectiveness of the 2024 communications strategy and better identify any behavioral trends. Staff is exploring data points such as:

- Number of enrollments
- Unique participant logins by website and app
- Average number of times a participant checks their account
- Total number of registered accounts
- Number of accounts with a listed beneficiary
- Number of contribution changes
- Savings rates by digital engagement type
- Investment actions taken by participants
- Quantity and types of distributions and rollovers
- Completions of Financial Wellness Tool
- Use of the Retirement Calculator
- Call center touchpoints
- LA457.com Website traffic

Staff will present a baseline report at the next meeting as well as a mid-year report in July to provide an update to the Board.

Submitted by: Eric Lan, Benefits Analyst

Approved by: Esther Chang, Defined Contribution Plan Manager



2024

Participant Communications Strategy Planning

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A year of delivering valuable content

Broadly speaking, 2023 was a year of delivering a large volume of communications campaigns, that each focused on driving results in the areas of Participation, Contributions, Asset Retention, and Distributions. While results varied, engagement with the various campaigns was impressive throughout the year.

2023 Strategy Review



Strategy Review

Highlights

Best-Performing Content

- Interactive, personalized experiences (Is the DCP Right for Me?).
- Rewards-based campaigns (NRSM).
- Targeted communications to LAFPP, DWP, and LACERS.

Low-Converting Content

- Generic, or esoteric topics (installment distributions).
- Vague calls-to-action.

Things to consider

- Avoid niche topics and focus on driving behavior through education, story-telling, personalization.





2024 Themes



Website Refresh Initiative

Create a more user-friendly, tailored, and actionable web experience on LA457.com.

Quarterly Campaigns

Incorporate personalized LAFPP, DWP, and LACERS communications that drive productive behavior.

Retiree Focus

Include retirees/terminated participants in each quarterly campaign effort.



Scope project with VisionMix (Q1)

Determine project scope, cost, feasibility, and identify cybersecurity considerations with City staff. Establish priorities and inventory content.



Develop new experience in sandbox (Q2-Q3)

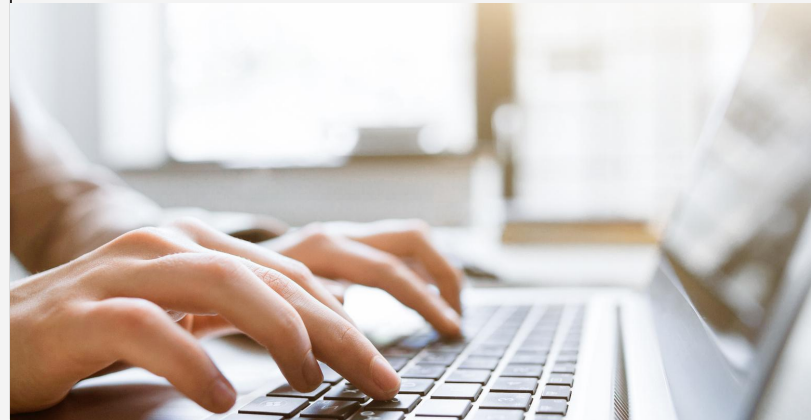
Partner with VisionMix and CoLA stakeholders to develop new navigation and user experience. Obtain feedback from participants via focus groups.



Launch new web experience (Q4 - 2025 Q1)

Launch new website citywide via a broad, multi-channel marketing campaign.

Website Refresh





Q1 Communications Campaign

Create Your Best Retirement (Active)

Promote new DCP video

Drive web views and traffic to LA457.com by promoting the new DCP video that highlights the benefits of the plan using participant vignettes.

Email Campaign

Develop email campaign with three distinct communications for LACERS, LAFPP, and DWP. Utilize custom imagery and language for each cohort.

Postcard Campaign

Create a companion postcard campaign to the targeted groups to help promote the video.

Primary Call-to-Action & Success Metrics

- The primary CTA will be to view the video on the DCP homepage, YouTube page, and/or blog post (TBD).
- Success will be measured by email open rates, click-through rates, and video view counts.



Q1 Communications Campaign

Live your Best Retirement (Terminated)

Focus on Cybersecurity

The aging population tends to be target of malicious cybersecurity activity - let's inform, educate, and prevent that with an interactive Cybersecurity "health-check" tool.

Email Campaign

Focus on educating the terminated population with a cybersecurity guide on account registration, account monitoring, and tips on avoiding fraudulent activity.

Postcard Campaign

Create a companion postcard campaign to those who have elected paper-delivery or do not have accounts registered online.

Primary Call-to-Action & Success Metrics

- The primary CTA will be to interact with the Cybersecurity "health-check" tool.
- Success will be measured by email open rates, click-through rates, and usage/user counts of the "health-check" tool.



Q2 Communications Campaign

Create Your Best Retirement (Active)

Develop DCP Participant Questionnaire

Identify questions, goals, and metrics for a participant questionnaire that will be key in obtaining information about participant satisfaction, participant habits, behavior, and needs/wants.

Email and Postcard Campaign

Develop the SurveyMonkey questionnaire, email, and postcard campaign to drive engagement and responses. Explore opportunities to incentivize survey participation.

Gather, measure, share

Compile questionnaire results, identify trends, and draft a summary document that will help socialize findings and recommendations among key DCP stakeholders.

Primary Call-to-Action & Success Metrics

- The primary CTA will be to complete the questionnaire.
- Success will be measured the quantity and quality of the survey responses.





Q2 Communications Campaign

Live your Best Retirement (Terminated)

Develop a “Nearing Retirement” checklist tool

Develop and launch a personalized “nearing retirement” tool with SurveyMonkey that will create an automated, custom “retirement checklist”.

Email Campaign

Develop email campaign to share the tool and promote usage with participants who are nearing retirement.

Postcard Campaign

Create a companion postcard campaign to promote the “nearing retirement” tool.

Primary Call-to-Action & Success Metrics

- The primary CTA will be to interact with the “Nearing Retirement” Checklist Tool.
- Success will be measured by email open rates, click-through rates, and usage/user counts of the “health-check” tool.





Q3 Communications Campaign

Create Your Best Retirement (Active)

Promote personal success stories

Solicit feedback from real DCP participants within LAFPP, DWP, and LACERS to gather real success stories about how they use the DCP.

Email Campaign

Develop email campaign with three distinct communications for LACERS, LAFPP, and DWP. Utilize custom imagery and language for each cohort. Include the selected success stories for each cohort.

Postcard Campaign

Create a companion postcard campaign to the targeted groups to help promote the success stories from each cohort.

Primary Call-to-Action & Success Metrics

- The primary CTA will be to view the blog post on LA457.com that will include the success stories. Depending on the topic of the success story, we can drive users to more information on that particular topic/tool/resource.
- Success will be measured by email open rates, click-through rates, and blog page views.



Q3 Communications Campaign

Live your Best Retirement (Terminated)

Promote personal success stories

Solicit feedback from real retired participants to gather real success stories about how they use/used the DCP to live their best retirement.

Email Campaign

Develop email campaign to share the success stories with the entire population of terminated participants.

Postcard Campaign

Create a companion postcard campaign to the terminated population to promote the success stories.

Primary Call-to-Action & Success Metrics

- The primary CTA will be to view the blog post on LA457.com that will include the success stories. Depending on the topic of the success story, we can drive users to more information on that particular topic/tool/resource.
- Success will be measured by email open rates, click-through rates, and blog page views.



Q4 Communications Campaign

National Retirement Security Month (NRSM)

Ideate and execute on an engaging theme

Staff and Voya will allocate the second half of 2024 to develop and begin executing a brand-new NRSM campaign utilizing a fresh and engaging theme.

Deliver impactful educational content

Learn from previous low and high-converting content and ensure 2024 content is useful, impactful, and well-positioned to drive productive behavior.

Execute creative communications

Develop an exciting and thematic communications strategy to help drive overall campaign engagement.

Primary Call-to-Action & Success Metrics

- The primary CTA has been and continues to be to interact with the NRSM homepage on LA457.com.
- Success will be measured similarly to how previous NRSM campaigns are measured: interaction with activities, interaction with educational content, email views, click-through rates, and video views (as applicable).



New Website for the New Year

Launching the enhanced experience.

01

Prepare the new website launch

Create promotional, email, and mail content and potentially a video to introduce the new website.

02

Launch Q4 or 2025 Q1

Introduce the new web experience via a comprehensive communications campaign.

03

Adjust, improve, solicit feedback

Integrate tools to gather feedback about the site through pop-ups and other information gathering methods.

Appendix

Additional Communications

Quarterly newsletter and fund performance

Continue to deliver unique and important content via the quarterly newsletter and accurate fund performance data.

BDCA election and fund changes

Execute time-sensitive election communications and fund change notices that are anticipated for 2024.

Ad-hoc communications

Meet the need of any additional ad-hoc communications related to plan changes, SECURE 2.0 Act, HRP, and other crucial topics.

