



Participant Engagement Committee (Committee) Report 19-01

Date: April 4, 2019
To: Committee
From: Staff
Subject: Communications and Outreach Strategies

Committee Members

Wendy G. Macy
Chairperson
Joshua Geller
Hovhannes Gendjian
Neil Guglielmo

Recommendation:

That the Committee (a) receive and file report regarding DCP communications and outreach strategies; and (b) recommend to the Board to co-host and co-fund a financial wellness seminar in concert with LACERS.

Discussion:

On December 18, 2018, the Board of Deferred Compensation Administration (Board) modified its bylaws to establish this Committee for the purpose of providing oversight and guidance for the DCP's communications and outreach initiatives. This report will provide a review of ongoing and proposed initiatives for the Committee's review and feedback as well as several recommended actions for the Committee.

A. Communications Updates

(1) Communications Plan

At its November 20, 2018 meeting, the Board approved a general communications plan for 2019. The communications plan provides for introducing new resources each month regarding financial wellness topics such as debt management, budgeting, and emergency savings. These topics are interwoven with other information specifically related to increasing participant engagement and supporting retirement readiness, such as the annual National Retirement Security Week campaign, promoting the DCP's new percent-of-pay contribution option, and encouraging an annual DCP account checkup.

An overview of the 2019 communications plan is included as follows:

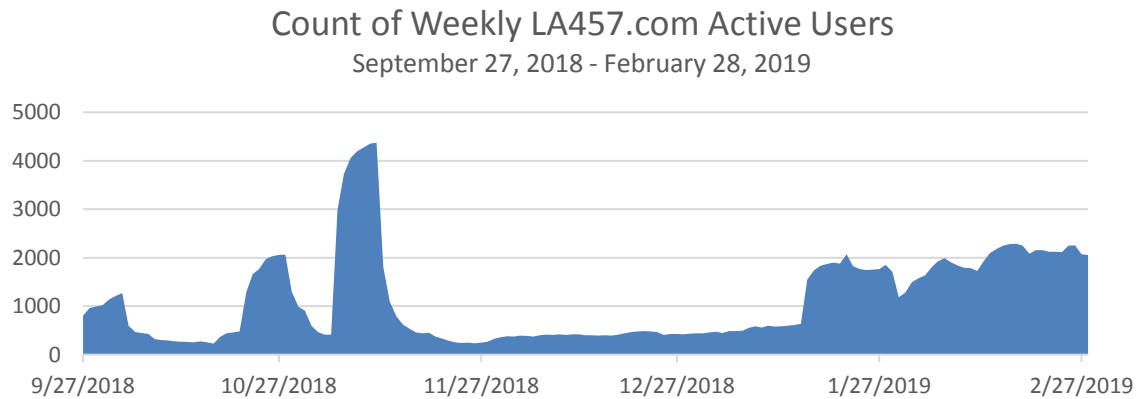
Month	Topics	Description
<i>January</i>	Account Checkup	Account maintenance reminders tailored for each population to include reviewing contribution amounts, investment elections, beneficiary designations, and so on.
<i>February</i>	Investor Knowledge	Education about the stock market, market volatility, and the DCP's risk-based portfolio funds.
<i>March</i>	Savings Goals	Information regarding how to achieve savings goals for large expenses like a car, home, or college education.
<i>April</i>	Budgeting	Information regarding developing and maintaining a household budget.
<i>May</i>	Emergency Savings	Information regarding the importance of having financial resources set aside for emergencies.
<i>June</i>	Debt Management	Information regarding managing and reducing personal debt and understanding the importance and effect of credit scores.
<i>July</i>	After You Retire	Information regarding the benefits of staying in the DCP after retirement.
<i>August</i>	Estate Planning	Information regarding preparing an estate for one's heirs.
<i>September</i>	Protection	Information regarding using insurance to protect assets and income.
<i>October</i>	National Retirement Security Week	A national campaign that focuses on the importance of retirement security with content for non-participating eligible employees, participating active employees, and retirees.
<i>November</i>	Preparing for Retirement	Information regarding savings options including accrued leave, Catch-Up, and age-50 contribution limits; and considerations for making the adjustment to retirement.
<i>December</i>	2020 Contribution Limits	Annual contribution limits announced by the Internal Revenue Service (including but not limited to opportunities to increase deferrals).

(2) Utilization of LA457.com

The primary venue for locating DCP news and educational materials is the DCP website at LA457.com. New materials are prominently featured on the homepage just prior to participants logging in to their DCP account. The materials can be further disseminated via emails to DCP participants, the DCP Facebook account, and physical mailers when appropriate. As staff and the DCP Third-Party Administrator (TPA), Voya, develop content, the intention is for them to be used in a variety of formats and reused as relevant over time.

The February implementation of the DCP's new Resource Center as the landing page for LA457.com has been a tremendous success with high engagement and a smooth rollout that resulted in no participant complaints. Traffic to the Resource Center since its rollout on September 27, 2018, is indicated in the following chart. The chart shows a significant increase in traffic when the Resource Center was announced and during National Retirement Security

Week (NRSW). After NRSW, traffic decreased but picked up again in January when the LA457.com change was announced and subsequently implemented in February.



(3) Video Production

In 2018, the DCP began producing short videos related to enrolling in the DCP, selecting investments, deciding how much to save, and understanding the difference between pre-tax and after-tax (Roth) contributions. While many videos can be produced in-house by City staff, videos involving more complex design and presentation features would benefit from professional assistance. A complex video is one that features a significant amount of animation and infographics.

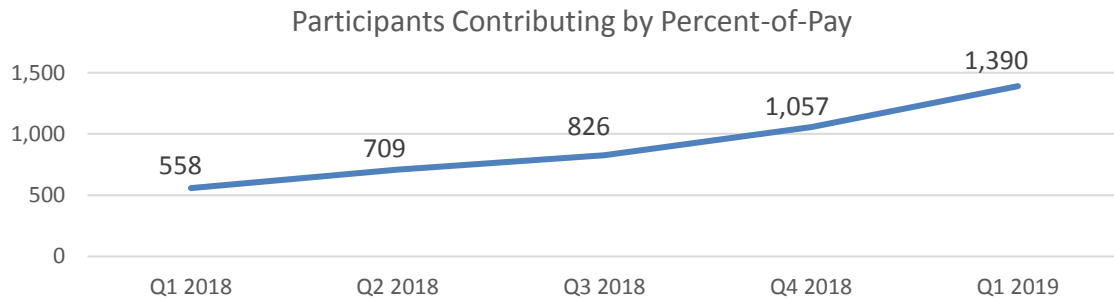
Staff has worked with Voya to develop a video development strategy that includes professional video production. Voya supports its plan sponsor clients with resources for communications and engagement. These resources are used to produce items like local print materials, quarterly newsletters, mailers to new hires and recent retirees, and targeted email campaigns. Voya has agreed to provide the City's DCP with four professionally produced videos each year through their vendor, VisionMix, at no cost to the DCP. These videos would supplement staff's in-house produced videos and ensure a steady stream of new content throughout the year.

Staff is separately developing in-house videos. A current project involves creating a video focused on the retired population. Staff is also developing concepts for creating testimonial videos featuring Plan participants. In the past, all videos have been presented to the full Board for approval before being posted. Staff intends to continue providing the videos to the Board for approval.

(4) Promotion of Percent-of-Pay Contribution Option

The percent-of-pay contribution option was introduced in October 2017. Compared to the flat dollar amount contribution option, percent-of-pay savings better support higher contributions over time by ensuring that participant contributions rise as income rises.

With partial data in for the first quarter of 2019, 1,390 participants are now contributing using percent-of-pay, representing approximately 4% of contributing participants. In January and February of 2019, 40% of new DCP enrollees elected percent-of-pay. The chart below indicates the rapid progress being made in increasing utilization of this feature.



To continue to build momentum in utilization of percent-of-pay, staff is developing specific goals related to increasing utilization of this feature which will be incorporated into proposed DCP goals for FY 2019-20. Staff has begun implementing specific strategies with Voya to encourage percent-of-pay saving, including:

- Listing percent-of-pay first on paper enrollment and contribution change forms
- Having the online enrollment journey default to percent-of-pay
- Updating local Retirement Counselor presentations to provide illustrations in percent-of-pay rather than a fixed dollar amount
- Ensuring new communication materials promote the benefits of percent-of-pay contributions

(5) Stakeholder Development: Labor Organization Partnerships

At its July 17, 2018 meeting, the Board approved staff's recommendation to issue bi-annual communications to City department heads and labor organization representatives. These communications include retirement readiness data for their respective employee populations compared to City-wide averages. The first communications were issued in September 2018.

A particular goal for issuing the communications was increasing collaboration with labor organization representatives to identify opportunities to engage their membership and promote the DCP and its resources. Traditionally, the DCP has focused on departmental stakeholders when coordinating outreach and engagement. Those partnerships will continue; however, staff believes that expanding partnerships with labor representatives creates new opportunities for improving participant engagement and outcomes. Examples of partnership opportunities include coordinating joint communications from the DCP and labor organizations to their members and participating in labor organization events by providing local Retirement Counselor presentations and table service.

Following the issuance of the September 2018 communication, staff made more personalized outreach efforts to try and arrange meetings with several organizations. Meetings have already been held with representatives of Service Employees International Union (SEIU) and the Orange County/Los Angeles County Building and Construction Trades. Invitations to meet have also been extended to the Engineers and Architects Association (EAA) and United Firefighters of Los Angeles City (UFLAC). Updated bi-annual communications to all City employee organizations (as well as department heads) have been developed and will again extend the offer to hold meetings (**Attachment A**). Staff's objective is to meet with all or most employee organizations by the end of 2019.

In the discussions with SEIU and the Orange County/Los Angeles County Building and Construction Trades, staff discussed the benefits of joining the Auto-Enrollment Program (AEP). Both organizations expressed interest in the AEP and discussions are continuing.

B. Developing Innovative DCP Messages and Gender/Age Marketing

Engaging communications requires compelling messages as well as effective messengers. Most retirement industry messaging has been well-established for many years. While core components of that messaging (e.g., the importance of saving and planning for retirement, the time value of money, and the importance of investment diversification) are essential for any defined contribution plan, it is important to develop more novel and innovative messages in order to gain the attention of potential or current participants who may have "tuned out" the other messaging because they find it repetitive or otherwise not compelling.

At its February 15, 2019 meeting, the Board recommended that the Committee consider the potential value of communication strategies framed around gender and age (or associations with different age groups such as new hires, millennials, those nearing retirement, and those in retirement). Messages could also be targeted around special topics of interest (for example, those who are interested in saving to purchase their first home) or City population subsets (by department or job categories).

Developing new messaging requires a significant investment of staff and TPA time and resources. As a result, before proceeding, it would be helpful for the Committee to provide guidance to staff on a topic or topics upon which to focus. In staff's view, a strong candidate for trying out a unique messaging approach would be gender-based messaging. Gender-based marketing has the value of potentially appealing to large participant audiences. It is also supported by research on differences in retirement approaches between men and women. For example, a 2006 academic study¹ noted that men generally feel higher levels of confidence when it comes to making investment decisions while women prefer more support.

To further inform consideration of this topic, staff has developed additional data reviewing gender differences refined by Department. The table below lists each City department and

¹ Gender Differences in Investment Behavior <http://kgk.uni-obuda.hu/sites/default/files/Article.pdf>

breaks out the DCP participation rate by gender. The table is sorted by the disparity in male versus female participation rate from highest to lowest.

Department	Female		Male	
	Eligible Full-Time Employees	Participation Rate	Eligible Full-Time Employees	Participation Rate
El Pueblo	4	25%	4	75%
Ethics	13	46%	13	85%
Aging	18	67%	17	82%
Economic & Workforce Development	67	57%	58	69%
Cultural Affairs	39	46%	23	57%
Fire (Sworn)	120	84%	3,333	93%
Neighborhood Empowerment	15	53%	15	60%
Disability	11	36%	10	40%
Housing	289	63%	326	65%
Public Works – Board	65	82%	37	84%
Fire (Civilian)	158	70%	213	72%
Building & Safety	206	62%	722	63%
Emergency Management	15	60%	10	60%
Office of Public Accountability	2	100%	2	100%
City Clerk	59	75%	47	74%
Transportation	434	75%	931	74%
Planning	216	68%	155	66%
Animal Services	174	59%	149	56%
Public Works – Engineering	275	75%	537	72%
Public Works - Contract Administration	74	72%	252	68%
Police (Sworn)	1,869	92%	8212	89%
Personnel	351	71%	171	67%
Mayor	132	39%	85	35%
ITA	126	78%	268	74%
Harbor	281	80%	630	76%
Cannabis Regulation	6	33%	7	29%
Airports	1,211	68%	2,261	63%
Zoo	124	63%	105	57%
CAO	81	80%	39	74%
Public Works - Street Lighting	44	68%	255	62%
Council	190	49%	200	41%
Police (Civilian)	1,809	79%	1,294	70%
Controller	89	78%	51	69%
Water & Power	2,318	76%	7,877	67%
Public Works – Sanitation	605	65%	2,264	56%
City Attorney	604	76%	376	65%
LACERS	94	84%	48	73%
GSD	310	59%	1,104	47%
Fire & Police Pensions	70	86%	46	74%
Office of Finance	195	76%	116	64%
Recreation & Parks	412	65%	1,031	50%
Library	576	66%	266	51%
Public Works - Street Services	161	66%	899	49%
Convention Center & Tourism	5	100%	3	67%
Employee Relations	1	100%	2	50%
Grand Total	13,918	74%	34,464	72%

To supplement this analysis, staff has prepared an interactive data analysis report that will be presented at the Committee meeting. This presentation will allow staff and Committee members to further analyze gender differences in the workforce.

If the Committee supports prioritizing gender-based marketing, staff can develop materials and a proposed campaign strategy for consideration at the Committee's next quarterly meeting. Alternatively, if the Committee identifies another topic, that marketing proposal can also be prepared in advance of the next Committee meeting.

C. Seminar Partnership with LACERS

Staff has been engaging in ongoing meetings with LACERS to discuss coordination of certain initiatives relating to the LACERS Wellness Program and the LAwell Benefits LIVEwell Wellness Program for civilian employees. As part of these discussions, both agencies have also been exploring the feasibility of co-hosting an all-day weekend financial wellness seminar for active and retired members. The seminar would cover topics such as retirement saving and managing retirement income, budgeting, preventing identity theft, elder law, and investing.

Staff believes that participating in this event as a pilot endeavor would be beneficial. Finding new opportunities and venues to engage DCP participants supports the DCP's mission and core goals. Participating in the event can also benefit those who don't attend, as event materials can be published after the fact on LA457.com. Staff can also assess whether attendees found the seminar beneficial by conducting a post-event survey. This feedback would help guide consideration of additional future seminar events.

LACERS has experience in organizing these types of events, but thus far the events have only been available to LACERS members. In the proposed event co-hosted with the DCP, LACERS has agreed to include members of the Water and Power Employee Retirement Program (WPERP) and Los Angeles Fire and Police Pensions (LAFPP) in a joint seminar.

The proposed event would follow the same general structure of past LACERS events. It would take place in a hotel conference area that can accommodate up to 300 attendees, be an all-day event, and provide attendees with lunch. The maximum number of attendees is 300. The hotel cost is approximately \$18,000 which equates to \$60 per attendee. The cost covers the rooms, audio/visual support, and lunch.

LACERS has inquired about the willingness of the DCP to help fund the event. If the Committee supported the concept of participating, staff believes that a reasonable approach to funding would be to commit 50% of the cost of LACERS DCP participant attendees. Staff has further research to conduct regarding addressing the costs of LAFPP and WPERP participants. The cost of the DCP's contribution to the event would be funded by the DCP's adopted communications budget.

LACERS and DCP staff have tentatively outlined seminar topics and have a proposed event date of August 3, 2019. Staff recommends that the Committee recommend to the Board that the DCP co-host and co-fund a financial wellness seminar in concert with LACERS.

Submitted by: _____
Daniel Powell

Reviewed by: _____
Isaias Cantu

Approved by: _____
Steven Montagna



[DATE]

«Style» «First_Name» «Middle» «Last_Name», «Title»
«Department_Name»
«Address_Line_1», «Address_Line_2»
«City», «State» «Zip»

**Supplementing Employee Retirement Readiness with the City’s Deferred Compensation Plan
Bi-Annual Status Update for Your Employees**

I am pleased to provide you with an update for «Department_Name» employees. The City’s Deferred Compensation Plan (DCP) is a voluntary retirement savings program. Our mission is to support your active and retired DCP participants in achieving and maintaining financial security and a comfortable retirement. For most employees, their City pension alone won’t be enough to reach this goal, so the DCP exists to bridge that gap.

Important Metrics Regarding Your Employees – Data as of March 1, 2019

To improve DCP participation and savings rates for «Department_Name» employees, we segment the employee populations to identify opportunities for outreach and engagement. Regularly we provide you with key information about your workforce and how that compares to the entire City workforce and national benchmarks.

Retirement Readiness Metric	«Department_Name»	Citywide Average	National Benchmark
Participation Rate	«Participation_Rate»	73%	65%
Contribution Rate	«Contribution_Rate»	6.87%	6.3%
Account Balance	«Account_Balance»	\$ 86,798	\$ 53,822

These metrics can be improved by targeted outreach coordinated with DCP staff and a team of local retirement counselors. Our counselors are available to participate in «Department_Name» events, meetings, specialized outreach, or targeted communications and custom content for your workforce.

New Resources on LA457.com

In late 2018, the DCP introduced a new online resource center for participants. This custom-built resource for the City’s active and retired populations is updated monthly with financial wellness and retirement readiness information, news about the DCP, and helpful tips and tools. Visit LA457.com to see what’s new!

We look forward to partnering with you to create improved retirement readiness outcomes for your members. We recommend meeting with DCP staff to discuss strategies and opportunities. To schedule a meeting, or if you have questions or otherwise need assistance, please contact Daniel Powell of the DCP staff at (213) 978-1586 or via email at Daniel.Powell@lacity.org. Thank you for your support of the City’s DCP.

John R. Mumma, Chairperson
Board of Deferred Compensation Administration