TIAA-CREF Institute
2013 Fellows Symposium

Engaging Early Career Workers in their Financial Wellbeing

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Acknowledgement

We gratefully acknowledge the TIAA-CREF Institute for asking the questions pursued in this symposium, for its research in this area, for the white papers we have read and utilized and for the encouragement to apply what we discover at this symposium. These strategies all influence what an employer can do to enrich capability to be great stewards of our retirement savings plans.
HR Perspective: What Employers are Uniquely Positioned to Do?

Employers can leverage institutional resources to engage faculty and staff and create a climate that encourages behaviors that build greater financial wellbeing.
How Employers Can Do It

1. Promote financial wellbeing through active communications and raise awareness of resources
2. Offer effective tax-advantaged savings products not available to the general public
3. Sponsor workshops and forums with content experts and industry thought-leaders
4. Develop partnerships with organizations that can share expertise through a collaborative approach that can lead to creating effective initiatives and best practices
5. Support research that expands the knowledge base of financial wellbeing and disseminate the findings
6. Ask targeted groups for their ideas on resources that would be valuable and the ways to communicate
1. Promote financial wellbeing through active communications and raise awareness of resources

The U-M experience

Periodic targeted communications throughout the year to the university community using email, print, and electronic newsletters

Key messages

• Save for retirement and start early
• Periodically increase your savings rate
• Manage your accounts (ex. address, beneficiaries are current)
• Meet with a financial planner to develop a savings goal and create a strategy for savings events (ex. college, first home) and retirement
• Promote online tools, calculators, and webinars
Other ways for universities to promote financial wellbeing

• Use employee orientation as a venue to introduce newly hired employees to financial literacy and financial well being
  – Include examples of how saving while young can create significant financial benefits later in life that employees will find meaningful (ex. fund your retirement, save for first home or child’s college education, etc.)

• Sponsor a grant or provide funding (ex. for graduate students in business or computer science) to develop mobile apps or tablet games that can:
  – Simulate life events in order to test financial decision making that can be teachable moments and that lead to better management of one’s financial affairs
  – Illustrate the benefits of compounding
  – Provide calculators and tools to assist in evaluating financial products, banking services, investments, and insurance products
  – Search the web and collect articles on financial planning
  – Provide expense tracking based on online purchases that can help budget and manage credit card debt and student loans
  – Release the app for commercial use on tablets and smartphones
• Promote financial apps for tablets and smartphones that teach financial literacy and can be used as tools and calculators

• Create a financial wellbeing dashboard on your institution’s website:
  – Post resources, links, apps, and interactive tools and calculators
  – Show statistics of savings rates and targeted savings accumulations by life stage
  – Illustrate how compounding can create significant financial resources
  – Show the cost and risk of not saving and not taking advantage of employer retirement plans to one’s economic security later in life

• Foster an institutional climate that promotes financial wellbeing

• Teach financial literacy and economic planning to the student body
Reach Millennials with Social Media

Millennials grew up using the Internet and engaging in social networking and texting. They are adept at using these technologies to gather news and information:

- 92% use the Internet at least occasionally
- 80% report texting within the last 24 hours
- 75% have created a social networking profile
  - 29% visit their social networking profiles several times a day
- 59% cite the Internet as their main source of news; 65% cite television
- 54% believe new technology brings them closer to friends and family

Social Media Outlets

Use social media to market key messages on financial literacy and building financial wellbeing (ex. how to budget, stay out of debt, invest for retirement) and allows employees to learn and network through interactive experiences.

Twitter

• Create an HR Twitter account
  – Send periodic tips and reminders on financial topics to subscribers

• Host Twitter chats
  – Individuals access Twitter at a specific time and date to be part of a live interactive discussion
  – Have content experts lead the discussion on financial well being
  – No video is used but any number of people can participate using a smart phone, tablet, or other mobile device
Google Plus

• Create a Google Plus page
  – Access is available only to subscribers
  – Provides a great opportunity for employees to network
  – Post content specifically tailored to your employee population; include videos, notices of upcoming events and links to relevant sites, topics, and resources

• Host a Google Hangout
  – Allows up to 10 people to participate in an interactive video chat featuring voice, video, and photos
  – Have contents experts lead the discussion on financial topics
  – The video is then posted on your Google Plus page (the video is hosted by YouTube) and can be accessed for viewing at a later date
  – Video can provide a greater impact to viewers than text-only Twitter chats although only a very small audience can participate in the live portion of the video event
Other Outlets

• Create a Facebook page for employees to connect and network
• Create podcasts on financial planning topics that can be downloaded by users at their convenience
• Create webinars and weblogs that are posted on the university website
• Develop apps for smartphones that help users find resources and connect with financial service providers
• Develop an internet forum for employees that can foster a community of users to share experiences, provide referrals and teach
2. **Offer effective tax-advantaged savings products not available to the general public**

- Use savings vehicles that are portable, given that millennials are transitory and not likely to seek lifetime employment with a single institution
- Use automatic enrollment and automatic escalation of savings rates to quickly build account accumulations
- Use a default investment fund that will provide diversification and simplicity for individuals who may otherwise not enroll due to lack of investment knowledge or time to manage their funds
- Offer a broad array of fund choices using low-cost fund share classes when available
- Partner with plan investment companies to offer retirement planning specialists and workshops
The U-M experience
A comprehensive portfolio of savings vehicles with high participation rates

**Base Retirement Plan**
- Minimum eligibility to enroll
- Immediate vesting
- Generous employer matching contribution
- No distributions prior to retirement and no loans to prevent loss of assets
- Compulsory participation at age 35

**403(b) Supplemental and 457(b) plans**
- Additional tax-deferred savings vehicles to build economic security with loans and cash out options while employed to meet savings events

**Roth 403(b) and Roth 457(b) plans**
- May be more attractive to early career workers than tax-deferred plans
U-M plans foster participation through effective design

- Low-cost share class to minimize expenses and maximize earnings potential
- Online enrollment and election changes for ease of participation
- No minimum contribution required to enroll in 403(b) Supplemental and 457(b) plans
- Comprehensive fund choices
- Use of target-date retirement funds as default to provide a simple investment fund for those who lack the time, confidence or investment knowledge to create and manage their own portfolio
- Products are portable, which will be highly attractive to a young workforce that is more likely to be transitory
- Comprehensive on-site financial planning services available through plan investment companies
**U-M Use of Automatic Enrollment**

- Faculty and staff are automatically enrolled in the Basic Retirement Plan upon meeting all of the following criteria if they are not participating:
  - Age 35 or older with two or more years of service and a 100% appointment

- TIAA-CREF Lifecycle Index Funds are the designated fund default to provide diversification; the individual may change this at any time

- **Contribution**
  - U-M provides a 5% contribution and the staff member does not contribute on earnings up to the FICA wage base ($113,700 for 2013)
  - On earnings exceeding FICA U-M contributes 10% and the individual contributes 5%
  - FICA is used as an integration point to provide a higher benefit to compensate for the fact that the relative value of Social Security decreases as pay goes up
  - Approximately 1,500 faculty and staff participate at this rate but may change to the standard 5% individual and 10% U-M contribution on all earnings at any time
Result: high participation in the U-M Basic Retirement Plan by early career workers

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<th>AVERAGE SALARY</th>
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<tr>
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<td>28%</td>
<td>44</td>
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3. Sponsor workshops and forums with content experts and industry thought-leaders

The U-M experience

• Department-level workshops taught by HR, community partners, and investment companies on topics like:
  – Saving for retirement
  – Budgeting and debt management
  – Financial planning

• Public forums held by leading investment professionals and prominent mutual fund managers

• Workshops conducted by U-M Credit Union at university-sponsored conferences and for graduate students
4. Develop partnerships with organizations that can share expertise through a collaborative approach that can lead to creating effective initiatives and best practices

The U-M experience

Partnered with U-M Credit Union, the U-M Institute for Social Research, the TIAA-CREF Institute, and plan investment companies to develop and provide financial education, raise awareness of savings needs and strategies, and collaborate on content expertise.

Partnered with a local bank who provides a debit card to the community and access to a broad range of financial services essential to building economic security. Bank representatives attend new hire orientation to assist those who are searching for banking services, many for whom U-M is their first job.
U-M and TIAA-CREF Team Up for Women’s Financial Literacy

- In 2011, U-M collaborated with TIAA-CREF to pilot a program for women about financial literacy and how to successfully save for retirement
- Six workshops drew 300 attendees and was enthusiastically received, generating requests for 100 follow-up individual counseling sessions
- The program has since been extended to several other universities
- Three additional workshops were developed as part of the Woman to Woman Financial Empowerment Series

“Our partnership with TIAA-CREF is a natural fit because of our shared commitment to diversity and women’s education.”

-Gloria D. Thomas
Director, U-M Center for the Education of Women
5. Support research that expands the knowledge base of financial wellbeing and disseminate the findings

The U-M experience

- The U-M Institute for Social Research (ISR) is the world's largest academic social science survey and research organization
- The ISR Health and Retirement Study (HRS) examines income, work, assets, pension plans, health insurance, disability, physical health and functioning, cognitive functioning, and health care expenditures
- HRS provides an invaluable and growing body of multidisciplinary data that researchers can use to address important questions about the challenges and opportunities of aging, including the role of economic security in life stages
6. Ask targeted groups for their ideas on resources that would be valuable and ways to communicate

The U-M experience

What we learned from the Voices of the Staff and the HR community of practitioners:

- They are eager to share feedback and appreciate being asked
- They want to tell personal stories and life experiences about savings and how they built economic security
- Faculty and staff can serve as important financial ambassadors to early career workers, encouraging them to enroll in your retirement plan, take advantage of institutional resources, and sharing their own experiences
- Providing infographics can be a simple yet effective way to communicate
Engaging Early-Career Workers in Their Financial Well-Being.

**Financial Education:**
Studies find that younger generations are more receptive to workplace education.

**Auto Enrollment:**
More people participate sooner if they don’t have to take action to sign up for the plan. In a study, 59% of young workers compared to 39% of all workers said “stop trying to communicate and just sign me up.”

**Social Media:**
54% of young workers said they’d be influenced by a Facebook page on saving and other social media outreach.

Millenials Connect With Social & Mobile

**Growing Up Social:**
Millennials grew up using the Internet and engaging in social networking and texting. They are adept at using these technologies to gather news and information:

- **TXT**: 80% have texted within the last 24 hours
- **Twitter**: 75% have created a social networking profile
- **Like/Share**: 29% visit their social networking profiles several times a day
- **RSS**: 56% cite the Internet as their main source of news, (65% cite television)
- **Friends & Family**: 54% believe new technology brings them closer to friends and family

Summary

• Employers are uniquely positioned to influence behaviors in early career workers that can build their financial wellbeing

• Strategies include:
  – Promote resources, raise awareness, and sponsor the intellectual creativity of your employees and students who can innovate and produce new ideas
  – Offer effective savings products (ex. tax-advantaged, automatic enrollment)
  – Educate employees through access to content experts and industry thought leaders
  – Partner with organizations to collaborate and innovate on best practices
  – Support research that grows the intellectual knowledge of financial wellbeing
  – Outreach to targeted groups within your organization for feedback and advice

• Social media is key to reaching and engaging the millennials
  – Use Twitter and Twitter chats, Google Plus and Google hangouts, Facebook