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Correspondence Memorandum

Date: November 25, 2019

To: Wisconsin Deferred Compensation Board

From: Shelly Schueller, Director
 Wisconsin Deferred Compensation Program

Subject: 2020 Strategic Partnership Plan Proposal: Asset Allocation Goals

ETF recommends the Board approve the proposed revised asset allocation goals for the 2020 Strategic Partnership Plan (SPP).

As in previous years, the draft 2020 SPP includes asset allocation goals intended to encourage appropriate diversification of participant assets in Wisconsin Deferred Compensation Program (WDC) investment options. At its meeting on October 31, 2019, the Board reviewed the proposed asset allocation goals for 2020, asked questions, and provided additional ideas and suggestions. The Board approved the 2020 SPP, subject to refinement of the asset allocation goals ([Ref. DC I 10.31.19 I 12B](#)). ETF was directed to revisit the asset allocation goals and present more specific asset allocation goals to the Board for consideration at a meeting in December 2019.

ETF proposes targeted communications to WDC participant groups as part of specific asset allocation goals for 2020. These goals include:

- Shifting at least 2% of those participants using both a target date fund and other investments to either one target date fund or the managed accounts service. As of September 30, 2019, 9,823 WDC participants were invested in a target date fund and another fund;
- Increasing diversification for participants aged 58 or older who have 90% or more of their account in equities by holding personalized retirement readiness reviews with at least 10% of them. As of September 30, 2019, nearly 3,350 participants were in this category;
- Increasing contribution rates by 7% via a “save more” campaign to participants currently saving \$50 or less per paycheck. As of September 30, 2019, more than 7,900 participants were saving \$50, or less than 1%, via their WDC deferrals;
and

Reviewed and approved by Matt Stohr, Administrator, Division of Retirement Services

Matt Stohr Electronically Signed 12/2/19

Board	Mtg Date	Item #
DC	12.19.19	2

2020 SPP Asset Allocation Goals

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- Offering the managed accounts “free look” to newly enrolled participants and those participants aged 58 or higher who have 90% or more of their account in equities, with a goal of enrolling and retaining 2% in the service after the free look period ends.

The specific numbers for these asset allocation goals will be generated after the calendar year end on December 31, 2019. Updated numbers will be provided in the first report to the Board in 2020.

The revised draft SPP scorecard and communications calendar, showing the new suggested asset allocation goals, are attached to this memo. The attachment also contains a table showing participant data for selected metrics and examples of the personalized participant communications that Empower can provide to complement the WDC’s proposed 2020 SPP communications. Emily Lockwood from Empower will review these optional communications and answer questions at the Board meeting.

ETF recommends the Board approve the 2020 SPP asset allocation goals. If the proposed asset allocation goals are approved, Empower Retirement will finalize the scorecard and use it to communicate SPP progress throughout 2020.

Staff will be available at the meeting to discuss the proposed asset allocation goals for 2020 with the Board.

Attachment: Proposed 2020 WDC SPP Scorecard v. 2 with 2020 Communications Calendar and Personalized Participant Communications examples

Proposed 2020 WDC Scorecard v. 2



	Goal/Action item	Tools adopted	Results desired
Enrollment	<ul style="list-style-type: none"> • Increase in-force accounts by enrolling new participants • Add new employers 	<ul style="list-style-type: none"> • Employee and Employer • Group meetings 	<ul style="list-style-type: none"> • 3% increase over 12/31/19 new enrollments • 8 new employers • Attend 1-2 conventions (WMCA plus one more) • Attend 45+ benefits fairs
Asset Allocation	<ul style="list-style-type: none"> • Help participants properly diversify 	<ul style="list-style-type: none"> • Asset allocation campaign Outreach to: <ul style="list-style-type: none"> • Participants using TDF and other investment(s) • Population age 58+ with 90%+ equity exposure (3,347 as of 9/30/19) to increase diversification • Save more campaign • Free Look for new hires and 58+/90%+ 	<ul style="list-style-type: none"> • 2% of participants using TDF and other investment move to one TDF or MTR • Provide RRRs for 10% of 58+/90%+ target group • 7% of campaign participants increasing their contribution • 2% of Free Look group enrolling in MTR
Education	<ul style="list-style-type: none"> • Complete retirement readiness reviews 	<ul style="list-style-type: none"> • Participant Education <ul style="list-style-type: none"> • Retirement Readiness Reviews (RRR) • WRS Data Pilot • State-wide webinar • Employer Education <ul style="list-style-type: none"> • Continue encouraging ACH and termination dates • Employer webinar – ex. PSC Tutorial • Increased communication with employers via PSC 	<ul style="list-style-type: none"> • Conduct 2,000 Retirement Readiness Reviews (including 581 of the 55+ population outlined below) • Pilot to involve 5-8 employers and 800-1,000 participants • 300 group meetings
Retention	<ul style="list-style-type: none"> • Increase in-force accounts by retaining accounts 	<ul style="list-style-type: none"> • Retirement Readiness Reviews • Retiree webinar • Stay in the Plan campaign 	<ul style="list-style-type: none"> • Provide RRRs for 10% of pre-retiree/retiree population [5,813 participants as of 12/31/18 were 55+ with twice the average plan balance or more and investing on their own] <p>*In the event there is a plan/employer initiated event that impacts this population, we'll adjust this number accordingly</p>



Proposed 2020 WDC Communications Calendar v. 2



	Q1	Q2	Q3	Q4		
THEME TARGET	DB Feed Pilot Participating employer's employees	Save More 7,919 contributing 1% or \$50	Survey All WDC participants	MTR 90 Day Free Look Campaign New plan enrollees as of 9/1/19 not utilizing MTR and at risk group	Asset Allocation Campaign 9,823 invested in a TDF and another fund*	Stay in the Plan All active participants with a balance, age 58-64 or reboot for 58+
Purpose	Outline the DB feed to pilot employees	Save 2% more due raise	Let us know what you think about the WDC	Enroll in MTR	Appropriate use of a TDF	Stay in WDC after you leave service
TACTICS	Stay in the Plan Mini Campaign <ul style="list-style-type: none"> • Biannual postcard • Biannual email 		SDBA Schwab MM Fund Annual Mini Campaign (Local office) <ul style="list-style-type: none"> • Letter 		(Reboot) Stay in the Plan Mini Campaign <ul style="list-style-type: none"> • Biannual postcard • Biannual email 	
	DB Feed Pilot Major Campaign <ul style="list-style-type: none"> • FAQ • Pre-pilot survey • Pre-pilot email • Halfway reminder email • Halfway reminder letter • Pilot ending reminder email • Pilot ending reminder letter • Post-pilot survey • Post-pilot email Bond article/video posted to website (Bill Thornton)	Survey Mini Campaign (Aug/Sept) <ul style="list-style-type: none"> • Pre login bulletin • Post login message • Email & reminder email • Tweets Asset Allocation Campaign Call to action: Meet with your RPA <ul style="list-style-type: none"> • TDF and another fund group • 58+/90% equity + group <ul style="list-style-type: none"> • Video • Targeted email • Targeted postcard mailing • Tweets 	MTR 90 Day Free Look Major Campaign (PPC or AAG) <ul style="list-style-type: none"> • Video • Targeted email • Targeted postcard mailing 		Annual Updates <ul style="list-style-type: none"> • Update library for 2021 NRSW Flyer for benefits fairs	
ONGOING	<ul style="list-style-type: none"> • Employer outreach and training to include employer payroll education to move paperless • Attend benefits fairs, 2020 Clerks convention and 1-2 additional conventions • Employer plan reviews as needed/requested 					



WDC Participant Data

Participant Data

Participants with a balance				65,014
Termination dates on file*				17,055
Contributing 1% or \$50 or less				7,919
With a balance but no longer contributing (no term dates on file)				10,063
Haven't increased their contribution in 2+ years (Actives with a deferral election on file and a hire date prior to 1/1/18)				37,389
Invested in a target date fund (TDF) and another fund				9,823**
Invested in more than one TDF				3,394
<ul style="list-style-type: none"> • 2 TDFs: 3,173 • 3 TDFs: 210 		<ul style="list-style-type: none"> • 4 TDFs: 9 • 5 TDFs: 2 		
100% in a fixed fund				1,993
<ul style="list-style-type: none"> • SVF 636 	<ul style="list-style-type: none"> • MM 169 	<ul style="list-style-type: none"> • FDIC 651 	<ul style="list-style-type: none"> • SDBA Schwab MM 537 	
Separated Service and under 35		Separated Service and over age 55		14,225
<ul style="list-style-type: none"> • 1,981 (1,658 with balance) 		<ul style="list-style-type: none"> • 12,244 (10,040 with balance) 		

* As of June 30, 2019

**Corrected number as of July 31, 2019; first report erroneously included another column in the total
As of July 31, 2019

Personalized Participant Communications (PPCs)

- Advantages of PPCs for WDC

- Automated, branded messaging to key participant groups:
 - Those without beneficiary designations
 - New to WDC
 - New to MTR
 - Need to update profile on file (email address, delivery preferences, etc.)
 - Those that may need to save more
- Complement campaigns
- Target more audiences

- Challenges of PPCs for WDC

- Potential to send communication to participant who has separated from service
- Emails sent from empower-retirement.com
 - Same as statement notification emails
 - May change to Wisconsin Deferred Compensation Program like campaigns are today



*Helping You Turn
Over a New
Retirement Leaf*



*Helping You Turn
Over a New
Retirement Leaf*

PPC Information

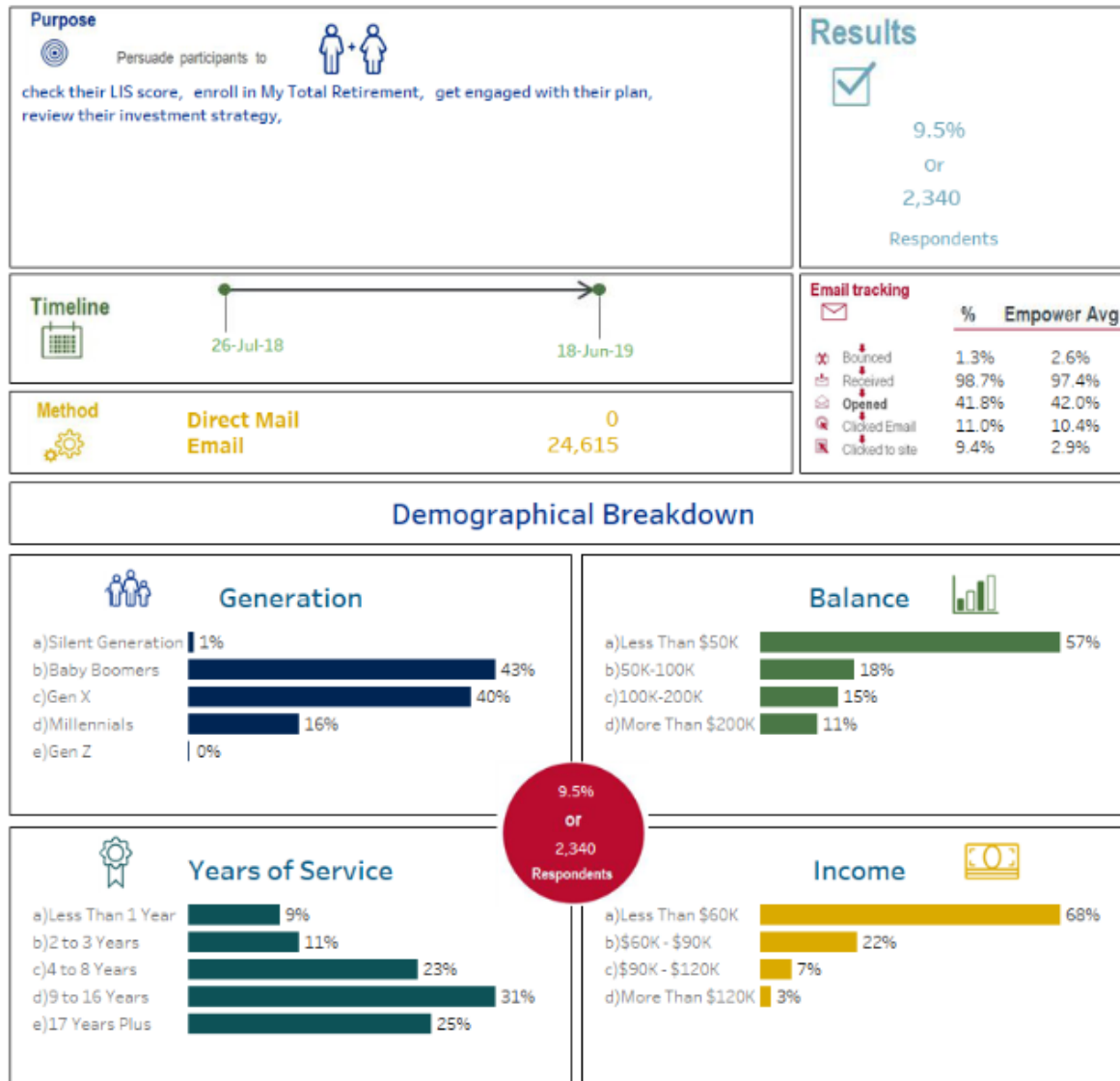
Frequently Asked Questions

- How does it work?
 - Participants and/or eligible employees with an email on file get specific messages based on:
 - Employee/participant data (e.g., age, account balance, activity)
 - Services offered within the program
- Which email address is used?
 - Personal
 - Work
- Currently available PPCs (see Appendix for PPC samples)
 - Your retirement and planning
 - Update your profile (for tenured employees)
 - Encourages beneficiary election or update and confirm communications preferences
 - Welcome (for new employees)
 - Encourages beneficiary election or update and confirming communications preferences
 - Check your savings
 - MTR Enroll
 - MTR Welcome (after enrolling)
 - Investing Wisely
- Other topics for 2020
 - MTR 90 day free-look (MTR Activation PPC suppressed during free-look)
 - Increase savings

Frequently Asked Questions

- Participants can opt out of PPC emails
 - Does not affect campaign messages currently
- Customization of automated messages
 - Logo, website, phone number, plan name
 - No opportunity to customize beyond that
- Emails sent from Empower Retirement <no-reply@mail.empower-retirement.com>
- Complement to targeted campaigns
 - Part of Empower's standard offering
- Notification of new topics and messages
 - Included in Plan Sponsor newsletter
 - Shared by Communications Lead as new messages are available
- Plan level reporting available as 1Q19

Plan Level Reporting Example



9.5%
Or
2,340
Respondents



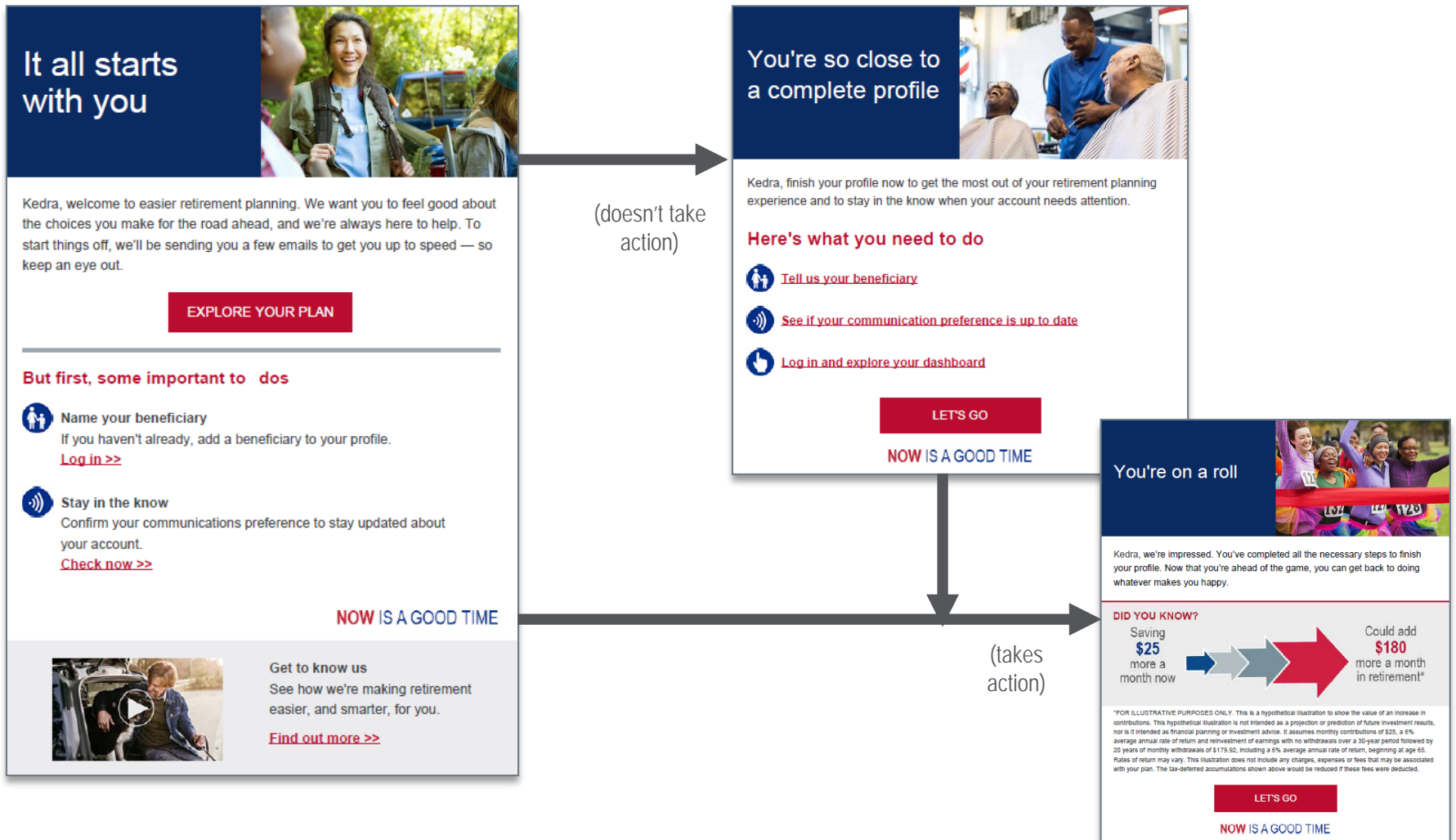
*Helping You Turn
Over a New
Retirement Leaf*

PPC Samples

Welcome To Your Plan Messages

- Triggers for sending the message:
 - Email on file
 - No minimum balance
 - New to Plan or transitioned into Plan
- Timing:
 - 1 week after first contribution to Plan
 - First contribution shows up about a month after enrollment
 - Receive 2 messages annually
 - Initial message
 - Reminder message or *You're on a roll* message
 - If a participant is in two plans, receive one welcome message for the higher account balance plan only

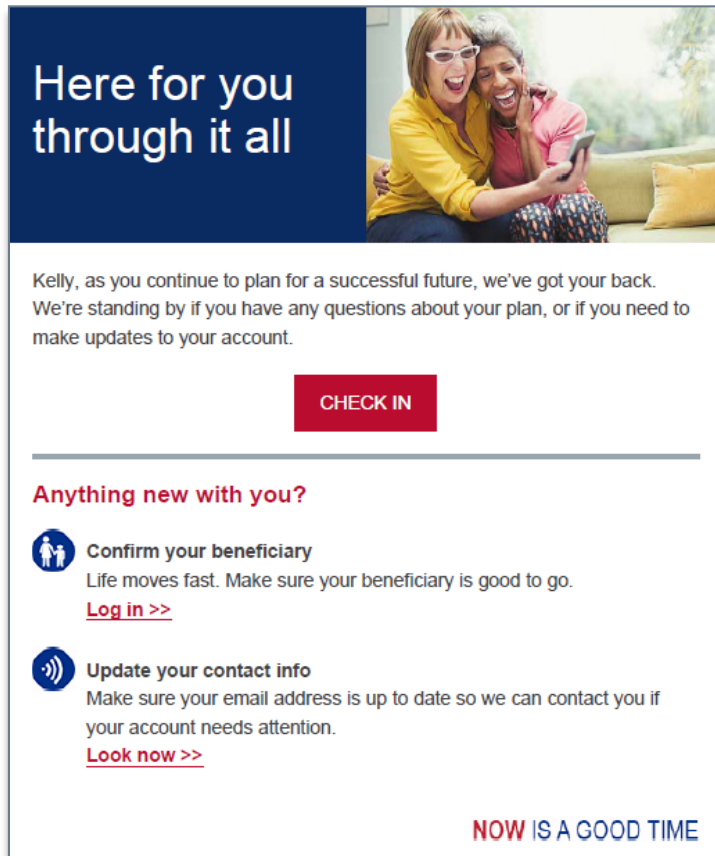
Sample: Welcome To Your Plan Emails



Profile Messages

- Triggers for sending the message:
 - Email on file
 - No minimum balance
 - Yearly anniversary of participant's first contribution to the Plan
- Timing:
 - One to six days after first contribution anniversary
 - Receive 2 messages annually
 - Initial message
 - Reminder message or *Get to know us* message

Sample: Profile With Beneficiary Emails





Here for you through it all

Kelly, as you continue to plan for a successful future, we've got your back. We're standing by if you have any questions about your plan, or if you need to make updates to your account.

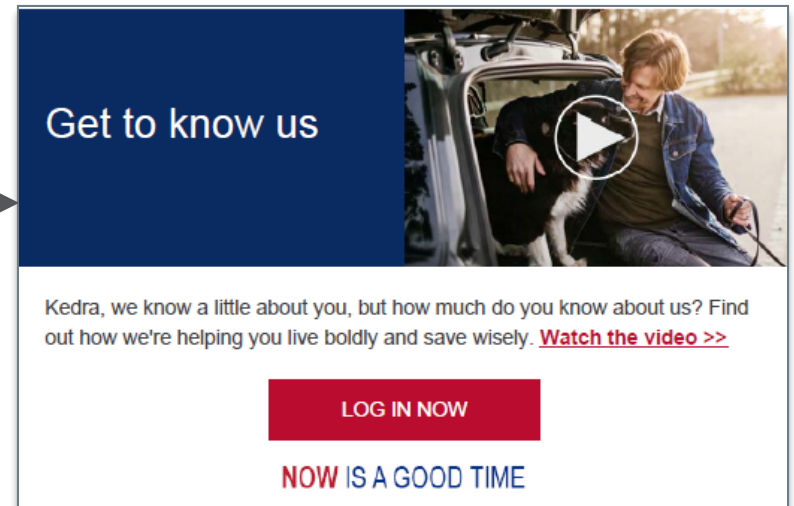
CHECK IN

Anything new with you?

-  **Confirm your beneficiary**
Life moves fast. Make sure your beneficiary is good to go.
[Log in >>](#)
-  **Update your contact info**
Make sure your email address is up to date so we can contact you if your account needs attention.
[Look now >>](#)

NOW IS A GOOD TIME

(opens and clicks)



Get to know us


Kedra, we know a little about you, but how much do you know about us? Find out how we're helping you live boldly and save wisely. [Watch the video >>](#)

LOG IN NOW

NOW IS A GOOD TIME

Sample: Profile Without A Beneficiary Emails



Here for you through it all



Kedra, as you continue to plan for a successful future, we've got your back. We're standing by if you have any questions about your plan, or if you need to make updates to your account.

CHECK IN


Anything new with you?

-  **Confirm your beneficiary**
If you haven't already, make sure you name your beneficiary.
[Log in >>](#)
-  **Update your contact info**
Make sure your email address is up to date so we can contact you if your account needs attention.
[Look now >>](#)

NOW IS A GOOD TIME


(doesn't take action)

You're so close to a complete profile



Kedra, finish your profile now to get the most out of your retirement planning experience and to stay in the know when your account needs attention.

Here's what you need to do


-  [Tell us your beneficiary](#)

LET'S GO

NOW IS A GOOD TIME

(takes action)

Get to know us



Kedra, we know a little about you, but how much do you know about us? Find out how we're helping you live boldly and save wisely. [Watch the video >>](#)

LOG IN NOW

NOW IS A GOOD TIME

MTR Enroll Messages

- Triggers for sending any message:
 - Email on file
 - Participant is not enrolled in MTR

Newly enrolled in the plan

- Balance greater than \$0
- Hire date in last 364 days
- Age 18-75
- Made first contribution in the last 30 days
- Frequency: only once and up to 2 emails (initial and reminder)

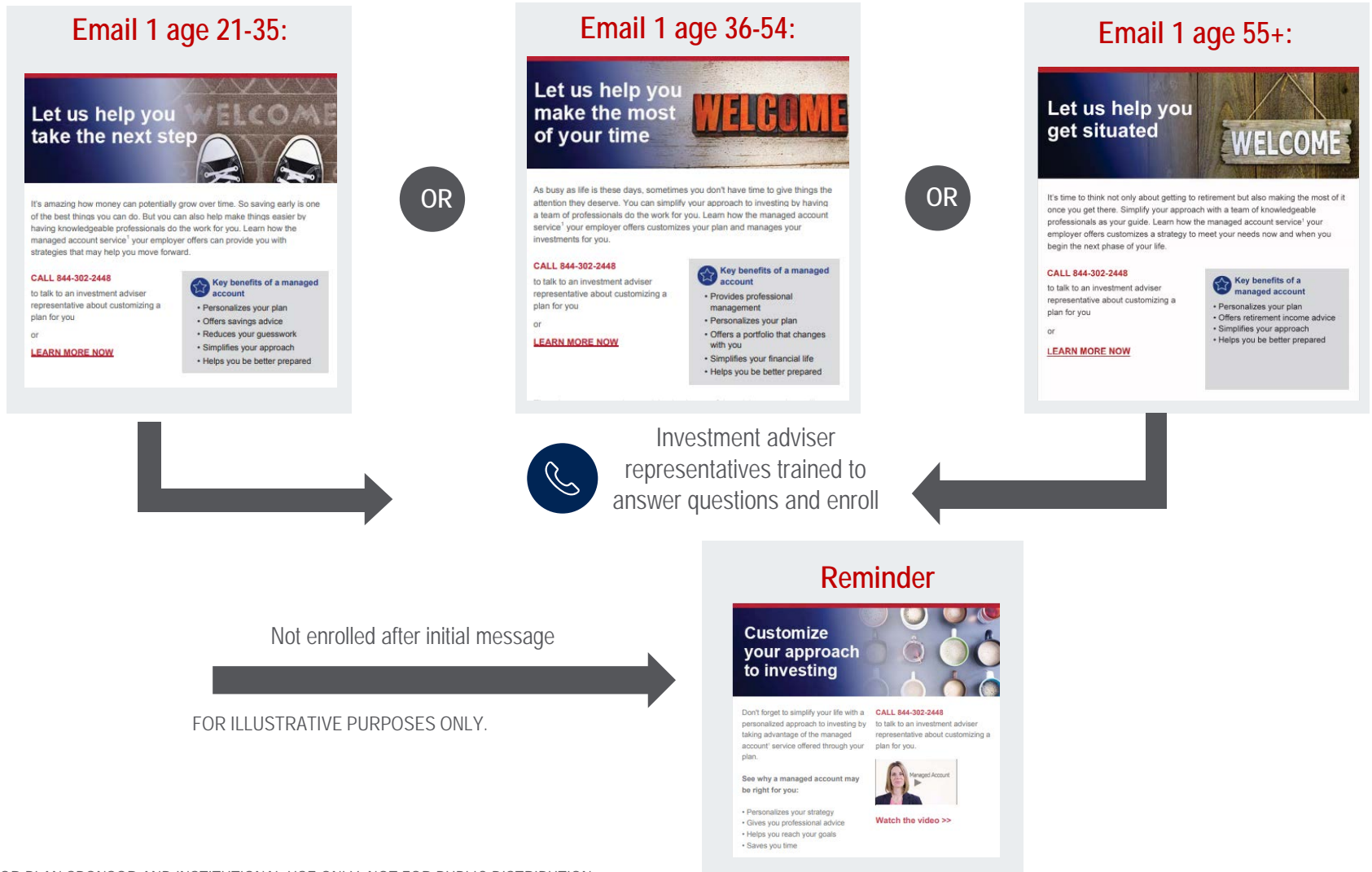
Tenured in plan

- Balance greater than \$5,000
- Hire date 365 or more days ago
- Age 18-75
- Currently contributing
- Frequency: once annually and up to 2 emails in a year (initial and reminder)

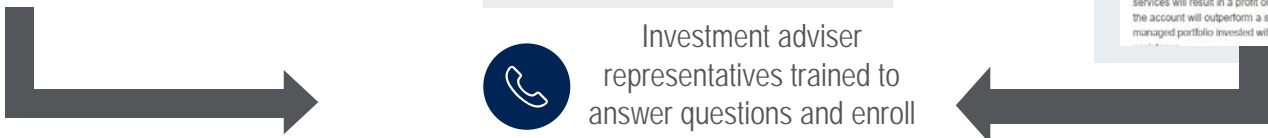
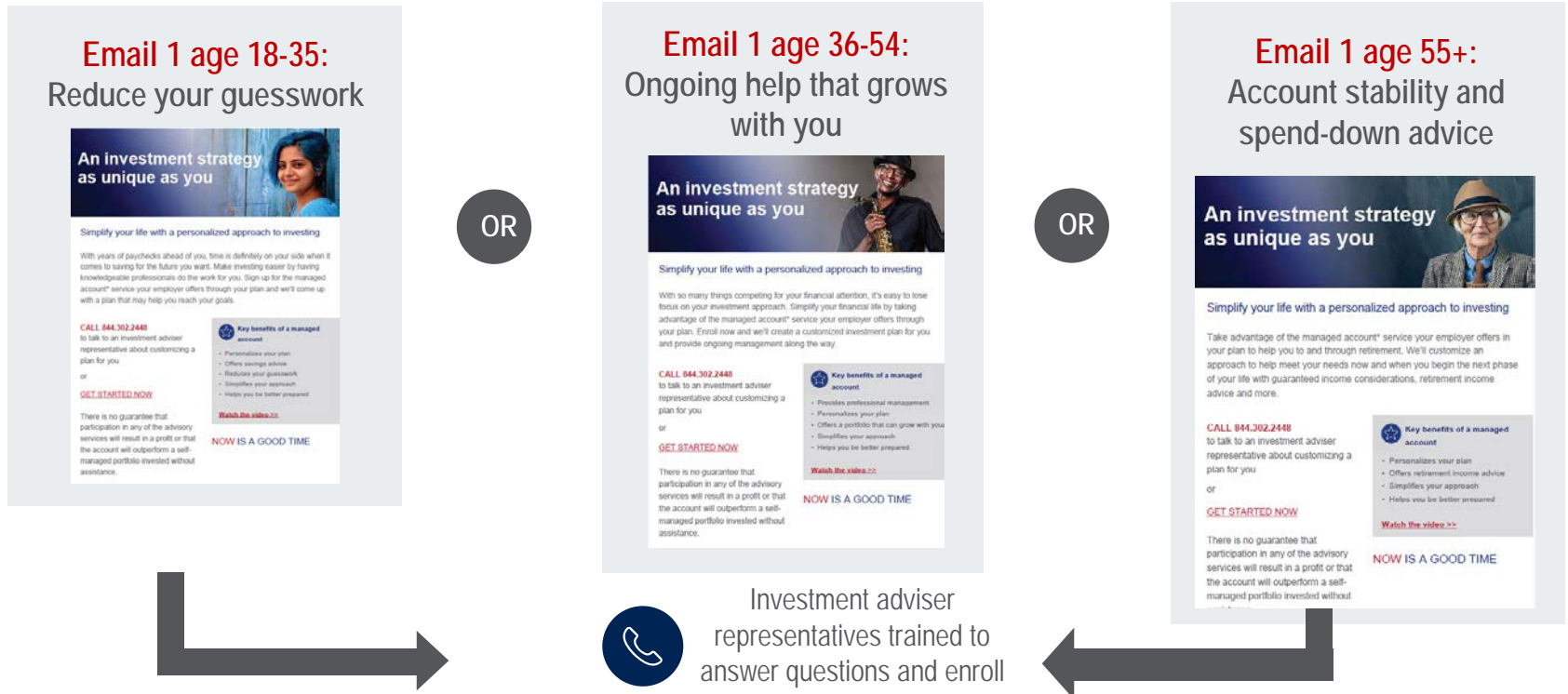
Terminated/retired

- Balance greater than \$5,000
- Hire date 365 or more days ago
- Age 18-75
- Not currently contributing
- Frequency: once per year and up to 2 emails in a year (initial and reminder)

Sample: "New Plan Enrollees" Sent MTR Enroll Emails



Sample: "Tenured In The Plan" MTR Enroll Emails



Not enrolled after initial message
FOR ILLUSTRATIVE PURPOSES ONLY.

Reminder

Customize your investments

Don't forget to make investing easier by taking advantage of the managed account* service offered through your plan.

See why a managed account may be right for you:

CALL XXX-XXX-AAG# to talk to an investment adviser representative about customizing a plan for you.

There is no guarantee that participation in any of the advisory services will result in a profit or that the account will outperform a self-managed portfolio invested without assistance.

Watch the video >>

Sample: "Terminated/Retired" MTR Enroll Emails

Simplify your path to retirement

Make saving easier with professional investment management

Keep the investments from your previous employer's plan working for you. Through the managed account service¹ your former employer offers, you can have knowledgeable professionals help simplify your financial life by managing the savings you worked so hard for.

CALL 844-302-2448
to talk to an investment adviser representative about customizing a plan for you

OR

[LEARN MORE](#)

Key benefits of a managed account

- Personalizes your plan
- Offers retirement income advice
- Simplifies your financial life
- Helps you be better prepared

There is no guarantee that participation in any of the advisory services will result in a profit or that the account will outperform a self-managed portfolio invested without assistance.

NOW IS A GOOD TIME

Not enrolled after initial message



Reminder

Customize your approach to investing

Don't forget to simplify your life with a personalized approach to investing by taking advantage of the managed account¹ service offered through your plan. **CALL 844-302-2448** to talk to an investment adviser representative about customizing a plan for you.

See why a managed account may be right for you:

- Personalizes your strategy
- Gives you professional advice
- Helps you reach your goals
- Saves you time

Watch the video >>

FOR ILLUSTRATIVE PURPOSES ONLY.

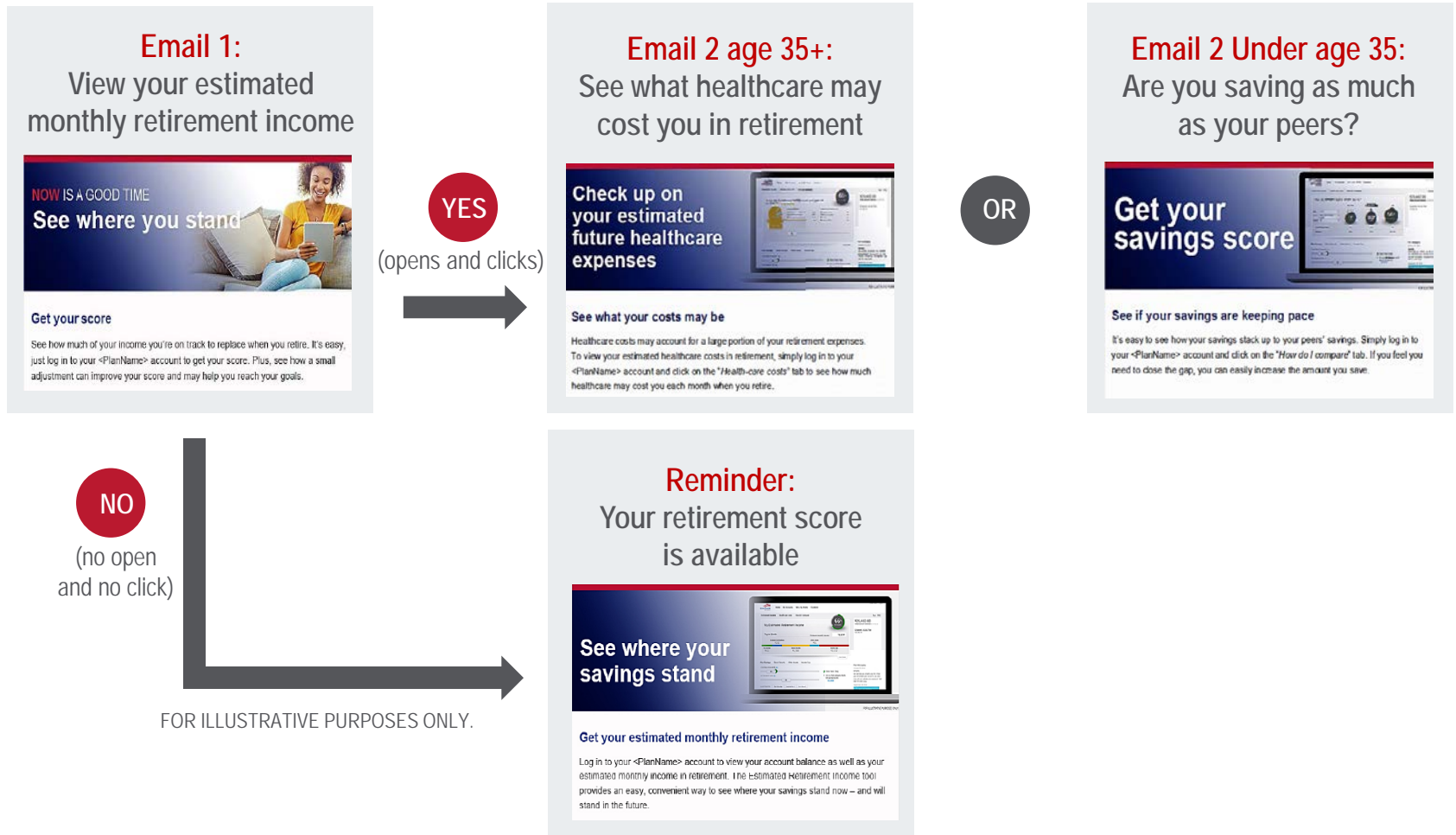


Investment adviser representatives trained to answer questions and enroll

Check Your Savings Message

- Triggers for sending the message:
 - Email on file
 - Balance of at least \$1,000
 - No termination date on file
- Timing:
 - Receive 2 messages annually
 - Initial message
 - Reminder message or age-based message

Sample: Check Your Savings Emails



Investing Wisely

- Triggers for sending the message:
 - Email on file
 - No minimum balance
 - Participant cannot be in MTRs
 - Yearly anniversary of participant's first contribution to the Plan
- Timing:
 - Approximately 90 days after first contribution anniversary
 - Receive 2 messages annually
 - Initial message
 - Reminder message

Sample: Investing Wisely Emails

Do you know your investing style?

<First Name>, sometimes we need a few signposts to guide us along as we save for retirement, but finding those reference points can be challenging. We're here to help. By knowing your unique investing style, you may get closer to your retirement goals and simplify the way you save.

How to find your style (and what to do next)

STEP 1
Answer three questions

1. Do I want to select my own mix of individual funds?
2. Do I want to decide how much to invest in each fund?
3. Will I manage and monitor my account regularly?

STEP 2

NO
If you answered NO to any of these questions, you might want some help! Consider a pre-mixed option that's already diversified for you, or have one of our licensed professionals manage your account.

YES
If you answered YES to all questions, you may be comfortable managing your investments on your own. To stay up-to-date on what's offered through your plan [go online now >>](#)

No matter your investing style, you have access to financial professionals who can talk to you about the investments and services your plan offers.

Call XXX-XXX-XXXX to discuss your options.

NOW IS A GOOD TIME

→ (doesn't take action)

Invest in yourself. Invest in your future.

<First Name>, in our last email we helped you uncover your [investing style](#) so you could feel more confident about your investing strategy. Now that you're ready to move forward, consider talking to a licensed consultant who can simplify your account management and tailor a plan to fit your needs.

Call XXX-XXX-XXXX
OR [LOG INTO YOUR ACCOUNT](#)
NOW IS A GOOD TIME

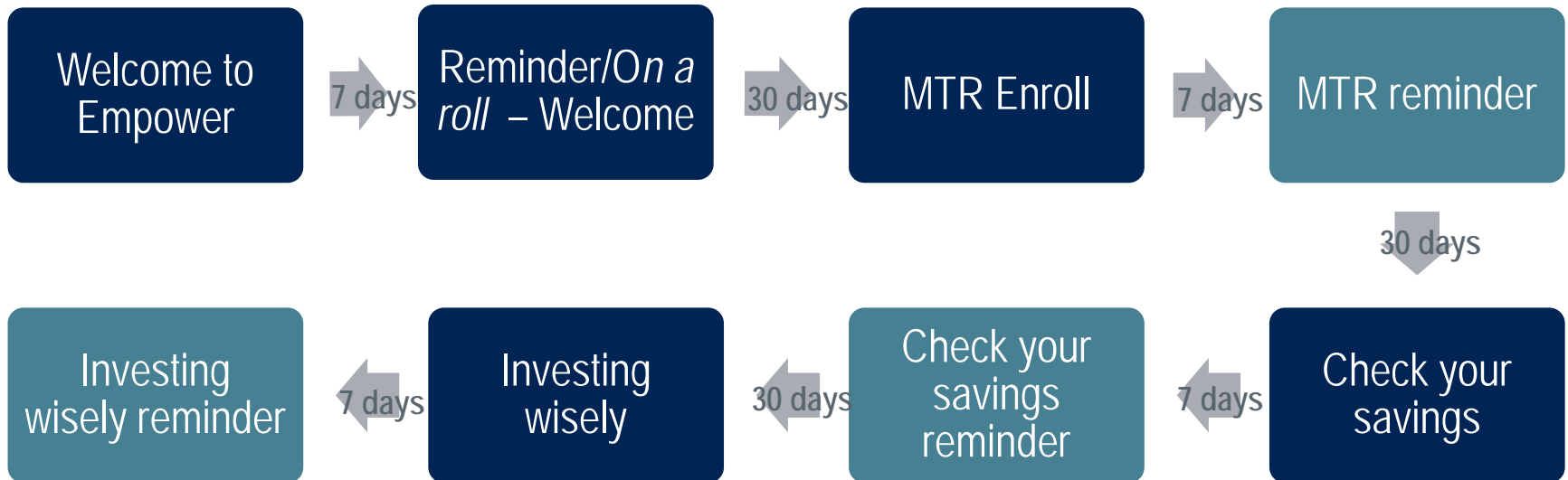
Investing doesn't have to be complicated
Discover the three concepts every investor should know.
[Watch now >>](#)

“Welcome” – new in the Plan, not in MTR

Current hierarchy and timing:

- Targeted with only one message stream at a time; minimum amount of time between new message streams (not reminder emails) is 30 days
- Based on behavior, data, plan benefits and services

Sample timeline: message timing is dependent on various factors and is subject to change

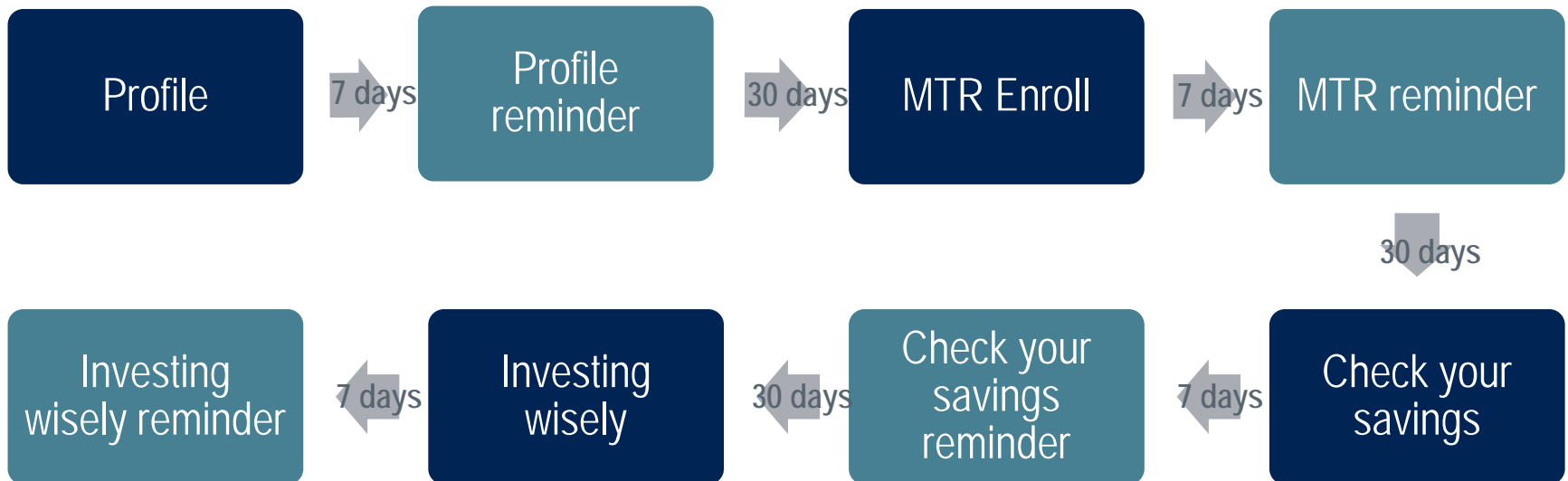


“Profile” – tenured in the Plan, not in MTR

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“Profile” – tenured in the Plan, in MTR

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