Using Behavioral Science Insights to Better Serve the American People

Financial Literacy Roundtable & Servicemember Retirement
March 9, 2016

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Social and Behavioral Sciences Team

- Cross-agency group of applied behavioral scientists

- Mission: *Translate findings and methods from the social and behavioral sciences into improvements in Federal policies and programs for the benefit of the American people.*

- Chaired by the Office of Science and Technology Policy (OSTP); includes representation from over a dozen agencies, as well as offices within the Executive Office of the President.
Social and Behavioral Sciences Team & Executive Order 13707
Building on Precedent

2001
Research is published showing that switching from opt-in to an opt-out enrollment in retirement savings plans dramatically increases participation rates

2006
Congress passes, and President Bush signs, the Pension Protection Act which codifies the practice of automatically enrolling workers into retirement savings plans

Estimates suggest that automatic enrollment and automatic escalation have led to billions of dollars in additional savings by Americans

Retirement Security: Streamlining Access to Programs
Retirement Security: 2015 TSP Projects

1. Asking Servicemembers to choose to enroll (or not) at inprocessing led to significant increases in enrollment: 8.7% vs. 2.9% in comparison bases, vs. 4.3% comparison periods.

2. Sending behaviorally informed emails to unenrolled Servicemembers: most effective message nearly doubled rate of new sign-ups, led to 5,000 new enrollees.

3. Sending emails to Servicemembers encouraging re-enrollment in Roth TSP in January 2015 led to 3,770 more re-enrollments – a 22% increase.
Retirement Security: 2015 TSP Project Takeaways

1. **Potential for Impact through Applying Behavioral Science**: in email / SmartDocs study, 5,000 additional savers saving $1.3 mm in new contributions in the first month alone.

2. **Moments of Choice**: On-Base pilot shows military has regular opportunities to “re-set” or prompt action that other employers don’t.

3. **Across Populations**: Roth TSP Re-enrollment project conducted on early adopters, financially literate population – and had largest effects.

4. **Complementary Tools**: In SmartDocs project, Navy baseline was 1.97%; Top performing email across Air Force, Marines, Army was 1.92%
2016 Retirement Security Projects: Preview

• SmartDocs & suggested contribution rates

• “Active choice” in more settings – larger bases, refined pilot tactics

• Civilian TSP Projects: take advantage of the full match, avoid 100% allocation of G-Fund

• Decumulation
Discussion Points for Future of Military Retirement
Discussion Points for Future of Military Retirement

1. New blended retirement system is well-designed – thanks to all who worked on it!

2. In the intermediate term, there will be hundreds of thousands of servicemembers who need support towards financial readiness – not joining new system, not currently investing in TSP.

3. In the long term, we need strategies to help servicemembers increase their contributions later in their career to ensure financial readiness and retirement security: prompted choice, pre-commitments, etc.
Thank you!

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Retirement Security:
Thrift Savings Plan (TSP) Re-Enrollment
Retirement Security: Thrift Savings Plan (TSP) Re-Enrollment

**Standard Message**

GROUP A ROTH TSP: SMARTDOCS for January 2, 2015

Subject: Important! Your Action Needed in January to Continue Your Roth TSP Election

As a Roth TSP participant, your window to submit new contribution elections is here. You may submit your new Roth TSP elections based on percentages of basic pay, special pay, incentive pays and bonuses any time through Jan. 31, 2015, to avoid any interruptions in your retirement investment plans.

Your elections may be submitted quickly and securely using mypay. You may also use the revised TDF-0-1 form available at www.tsp.gov. Forms must be submitted to your finance office to be applied to your military pay account.

We will send you reminders throughout January to make sure you have the information, worksheets and time to get your Roth TSP elections completed within the allotted time.

Election submissions received after Jan. 31, 2015, will result in a lapse in both TSP contributions.

For more information on the change to percentage-of-pay elections and how you can make sure your investment plans continue, visit www.dfas.mil/TSP_AC.html.

My POC for this effort is Matthew Seyler at matthew.seyler@dfas.mil.

Bruce N. Keith
Director, EBS Military Pay

**Redesigned Message**

GROUP B ROTH TSP: SMARTDOCS for January 2, 2015

Subject: Roth TSP - You Must Take Action Now to Avoid Interrupting Your 2015 Retirement Investment Contribution

Dear Servicemember,

It's a New Year! Re-enroll in your Roth TSP by submitting your new contribution percentages today! Because of changes to the way contributions are now being calculated, you must re-enroll this January or your contributions will be stopped February 1.

Avoid interrupting contributions by taking these three simple steps:

1) Log in at mypay.dfas.mil
2) Click on the "Traditional TSP and Roth TSP" link.
3) Enter your Roth TSP contribution percentages of basic, special, incentive, and bonus pay.

For more information on the change to percentage-of-pay elections, visit www.dfas.mil/TSP_AC.html. If you prefer to use a paper form, complete the TDF-0-1 form available at tsp.gov and submit it to your finance office.

Matthew Seyler (matthew.seyler@dfas.mil) is the POC for this Roth TSP update.

Sincerely,

Bruce N. Keith
Director, EBS Military Pay

PS: Start 2015 off on the right foot - go to mypay.dfas.mil and take care of your future today. Make continuing your retirement investment plans an easy to do New Year’s resolution.

Retirement Security: Thrift Savings Plan (TSP) Re-Enrollment
Retirement Security: On-Base Servicemember TSP Enrollment
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Retirement Security: On-Base Servicemember TSP Enrollment

![Graph showing retirement security enrollment changes over time.](image-url)
Retirement Security: Thrift Savings Plan (TSP) New Enrollments
Encouraging New Enrollments through Email Communications

TSP Smart Docs
- 5,000 new enrollments
- $1.3 million in savings in the first month