Thank you for joining us for today’s webinar:

Moving the Needle on Retirement Planning & Saving: The Role of Education

The webinar will begin promptly at 12pm CT (1pm ET, 11am MT, 10am PT)
Moving the Needle on Retirement Planning & Saving: The Role of Education

- Welcome
- Presentations
  - Study Overview & Findings
  - EMPOWER Program Overview & Insights
  - NEFE Overview & Insights
- Q & A
- Sign off
Our Presenters

**Carly Urban**
Assistant Professor of Economics, Montana State University
Research Fellow, Center for Financial Security
The University of Wisconsin-Madison

**Tarna Hunter**
Director of Strategic Engagement and Government Relations, WI Department of Employee Trust Funds

**Shelly Schueller**
Deferred Compensation Director, WI Department of Employee Trust Funds

**Billy Hensley**
Senior Director of Education, National Endowment for Financial Education
Adjunct Professor of Education and Human Development, University of Louisville
The Role of Information on Retirement Planning: Evidence from a Field Study

Carly Urban and J. Michael Collins

March 1, 2017
Motivation

Modern financial planning dominated by one topic: retirement planning.

Workers responsible for own retirement planning, as defined-benefit pensions decline.

Retirement savings rates remain low. According to Employment Benefit Research Institute:
- 1 in 4 workers has less than $1,000 in retirement savings and
- 43% of private-sector workers aged 25-64 participate in retirement savings.

Can a lack of information be generating these low savings rates?
Policy Responses

Defaults: Opt-out (vs. opt-in) plans
  ...but borrowers have different preferences

Match: Employer matching contributions
  ...still takeup is low?

Tax breaks: Tax advantages for qualified plans
  ...but these are costly and takeup is still low among low- and middle-income individuals

Can increasing information via workplace financial education increase retirement savings?
Financial Education Course

10-hour online course in 45 credit unions

1. Basics of Finance
2. Basics of Investing
4. Basics of Retirement Saving
5. Strategies
6. Mutual Funds
7. Saving for College
8. Understanding Investment Risks
9. Working with Financial Advisors
10. Getting Started
Information Shifting Savings Behavior

- Signal of focus on retirement planning: using a budget or spending plan.
- Helps people to limit consumption in order to allocate income towards savings.
- Information about non-employer based account such as an Individual Retirement Account (IRA).
Field Study

- Baseline: Initial Survey Sep 2009
- Treatment: Oct-Dec 2009 Fall Cohort
- Follow up: Second Survey Jan 2010
- Control Group: gets treatment in Feb-April 2010
## Differences in Samples at Baseline

<table>
<thead>
<tr>
<th></th>
<th>Control</th>
<th>Treatment</th>
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<tbody>
<tr>
<td>Married</td>
<td>0.736</td>
<td>0.684</td>
</tr>
<tr>
<td>Dependent &lt; 18</td>
<td>0.703</td>
<td>0.788</td>
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<tr>
<td>Own Home</td>
<td>0.819</td>
<td>0.801</td>
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<tr>
<td>College</td>
<td>0.324</td>
<td>0.236</td>
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<tr>
<td>Minority</td>
<td>0.175</td>
<td>0.209</td>
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<tr>
<td>Female</td>
<td>0.803</td>
<td>0.832</td>
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<tr>
<td>Age</td>
<td>40.5</td>
<td>40.4</td>
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<tr>
<td>Income</td>
<td>$51,100</td>
<td>$45,540</td>
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<tr>
<td>Observations</td>
<td>700</td>
<td>301</td>
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</table>
## Differences in Samples at Baseline

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<thead>
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<th>Control</th>
<th>Treatment</th>
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<tbody>
<tr>
<td>IRA</td>
<td>0.537</td>
<td>0.466</td>
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<tr>
<td>Budget</td>
<td>0.410</td>
<td>0.422</td>
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<tr>
<td>Benefits</td>
<td>0.798</td>
<td>0.739</td>
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<tr>
<td>3 Months Saving</td>
<td>0.501</td>
<td>0.441</td>
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<td>Observations</td>
<td>700</td>
<td>301</td>
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Survey Questions

**Financial Knowledge:**
1. How much do you know about credit scores and credit files?
2. How much do you know about investing for retirement?
3. How much do you know about interest rates and loans?
4. How much do you know about stocks and bonds?

**Financial Behaviors:**
1. Do you have an IRA retirement savings/investment account?
2. Do you have a weekly or monthly spending plan or budget?
Education Improves Retirement Knowledge (Self-Assessed)

- Credit Scores: 5%
- Interest Rates: 4%
- Stocks & Bonds: 25%
- Investing: 16%
Education Changes Behavior

IRA Participation: 12%

Making a Budget: 14%
Other Outcomes

The education did not change other outcomes:
- Auto savings
- Education savings
- Paying late fees
Using administrative data from retirement savings accounts, compare treatment and control group.

Find that education increased monthly savings by $26, on average.

If this was maintained for 10 years with a 3% rate of return → $4,200 in added retirement savings.

Cost of program is low ($10 per employee + work lost).
Takeaways

Workplace Financial Education Results in:
- Knowledge improvements,
- Use of IRA: 6 percentage point increase (baseline 52%),
- Budgeting: 6 percentage points (baseline 42%) 
- Increased employer sponsored monthly contribution: $26

Even among employees working in the financial industry; financial education program has potential to influence financial behaviors.
Targeting Women’s Retirement Issues

Case Study: The EMPOWER Campaign

Tarna Hunter and Shelly Schueller
Wisconsin Department of Employee Trust Funds
March 1, 2017
Issues unique to women

- Live longer
- Earn less
- Time away from work
- Part-time work
- Less in savings and pensions
- Living alone in retirement
Wisconsin Retirement System

WRS Average Monthly Annuity by Gender

<table>
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<tr>
<th>Year</th>
<th>Female Monthly Annuity</th>
<th>Male Monthly Annuity</th>
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<tr>
<td>2014</td>
<td>$2,034</td>
<td>$2,552</td>
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<tr>
<td>2013</td>
<td>$1,963</td>
<td>$2,291</td>
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<tr>
<td>2012</td>
<td>$1,998</td>
<td>$2,568</td>
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<td>2011</td>
<td>$2,457</td>
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<td>2010</td>
<td>$2,164</td>
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<tr>
<td>2009</td>
<td>$2,083</td>
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Female Monthly Annuity
Male Monthly Annuity
Grassroots Effort: The EMPOWER Campaign

- Statewide Affirmative Action Committee meetings
- Partners
- ETF Communications Office
- EMPOWER Team
- Survey to Participating Agencies
- Marketing Plan and Tools
EMPOWER Campaign

- EMPOWER Website
- Agency Toolkit
- Presentations & Webinars
- Workshops
- Posters, Brochures & Articles
- Benefit & Wellness Fairs
- One-on-One Counseling
- Twitter Campaign
- Financial Fitness Checkup
- Videos
April 23, 2015
EMPOWER KICKOFF

A Woman’s Road to Retirement
...Why It’s Different

Join us for this free educational forum, specifically developed to inform women of the unique challenges they face in achieving retirement security.

Guest Speaker:
Lara Hinz, Director of Programs
Women’s Institute for a Secure Retirement (WISER)

Start your financial journey to a secure retirement! No registration required.

Thursday, April 23
12:00 – 1:00 p.m.
Tommy Thompson Commerce Center
1st Floor Conference Room
201 W. Washington Ave.

Representatives from the Wisconsin Deferred Compensation Program will also be available for questions and consultations. To schedule an individual appointment call 608-241-6604.

Convenient parking may be available at the Overture Center Garage on W. Mifflin St.
EMPOWER Campaign Website
Here are some tools for your agency to use to spread the word about EMPOWER.

### Documents

#### May
- **May Checklist**
  - EMPOWER Email May 5
  - EMPOWER Email May 8
  - EMPOWER Email May 11
  - EMPOWER Email May 28

- **May Event Flyer**
- **May Presentation Slides**
  - WISER’s Financial Steps for Caregivers: What You Need to Know about Protecting Your Money and Retirement

- **WDC Documents for May event**
  - WDC Program Highlights 2015
  - Spectrum 2014
  - WDC Exec
  - Roll in Rescue Flier
  - WDC Beneficiary Form

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- **April Event Flyer**
- **April Presentation Slides**

### Logos

- EMPOWER

### Links

- WDC

### Speakers Bureau / Press

Disclaimer: Mention of a trademark, proprietary product, or commercial firm in text or figures does not constitute an endorsement by the State of Wisconsin or the Department of Employee Trust Funds, and does not imply approval of the exclusion of other suitable products or firms.
Lessons Learned by ETF

- Dedicated Resources
- Invested Partners: peer-to-peer is still important
- Customize Messages
- Multiple Nudges: online, in person, etc.
Measurement:
UW-Madison Center for Financial Security

• Professor J. Michael Collins – Director

• Which agency EMPOWER campaign methods resulted in the largest increase in employees **enrolling** or **making changes** to their WDC accounts or **making additional contributions** to their WRS accounts?

• Which campaign messages were most effective, overall?

• Which information delivery methods (in person, online, etc.) were most effective?
Post Tax Contribution Rates

- Non-EMPOWER, men
- Non-EMPOWER, women
- EMPOWER, men
- EMPOWER, women
Post-Tax Contribution Rates: Gap Between Men and Women

![Graph showing the post-tax contribution rates gap between men and women from January 2014 to January 2016. The graph compares the Non-EMPOWER gap (blue line) and the EMPOWER gap (red line).]
Empower webpage: [http://etf.wi.gov/empower/](http://etf.wi.gov/empower/)

Follow ETF on Twitter at [@WI_ETF](https://twitter.com/WI_ETF)

Tarna Hunter, ETF Director of Strategic Engagement and Government Relations Email: [Tarna.Hunter@etf.wi.gov](mailto:Tarna.Hunter@etf.wi.gov) Ph. 608-267-0908

Shelly Schueller, WDC Director Email: [Shelly.Schueller@etf.wi.gov](mailto:Shelly.Schueller@etf.wi.gov) Ph. 608-266-6611

March 1, 2017
WORKPLACE FINANCIAL EDUCATION’S EFFECTS ON RETIREMENT PLANNING

Billy J Hensley, Ph.D.
Senior Director of Education

NATIONAL ENDOWMENT FOR FINANCIAL EDUCATION (NEFE)
What is NEFE?

• National Endowment for Financial Education (NEFE)
  – Private Operating Foundation
  – National focus; headquartered in Denver, Colorado
  – Formed after the sell of the College for Financial Planning

• How we fulfill our mission:
  – Education
  – Awareness
  – Research
**NEFE Overview**

**NEFE Serves ...**
- youth up to retired adults
- particularly “underserved”
- people in difficult or unusual life circumstances

**NEFE Partners with ...**
- Financial educators and practitioners
- Other nonprofits

**NEFE Provides ...**
- Grants for research about the field of financial literacy
- Resources for consumers, educators, and facilitators
Workplace Opportunities and Challenges

• Excellent opportunity
• Capacity of Human Resources
• Opportunities for continued “lifelong learning”
• Relevant and Timely “captive audience”
• Opt out of workplace financial education?
Thank you for joining the Center for Financial Security for today’s webinar:

Moving the Needle on Retirement Planning & Saving: The Role of Education

Please remember that today’s webinar was recorded and will be posted on our website: cfs.wisc.edu within two business days.

Please contact Hallie Lienhardt with questions:

Hallie.lienhardt@wisc.edu
608-890-0229
Please join us on March 29, 2017 for our next webinar:

Exploring Cultural Competency, Equity & Inclusion in Financial Coaching

Please contact Hallie Lienhardt with questions:

Hallie.lienhardt@wisc.edu
608-890-0229