

# Simplified Calculator Education 2019 Excellence & Innovation Awards



www.modeferredcomp.org | 800-392-0925

## What is the initiative you are nominating?

The State of Missouri Deferred Compensation Plan would like to nominate our simplified, one-page **RetiremenTrack** and **Grow Your Retirement Savings** calculators coupled with the associated video walk-thru's and education and marketing techniques to promote use and help participants financially prepare for their future.

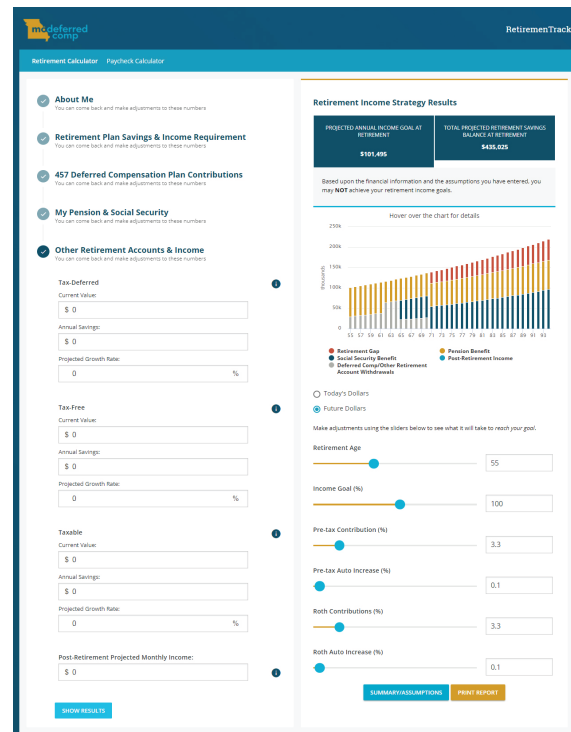
## What did the fund or plan accomplish that was new?

Retirement savings and income calculators are important tools for plan participants. Our goal with this initiative was to provide retirement planning tools in a succinct yet comprehensive fashion that do not inundate the typical plan participant. We approached this endeavor by making an effort to develop tools that answer the typical participant questions. The main questions that most plan participants ask are "How much should I be saving?", "Will I have enough to retire?" and "Where does my income come from in retirement?"

**RetiremenTrack** is a one-page comprehensive calculator that allows the employee to see what their defined benefit pension (with the ability to choose their specific state pension plan), social security and specific level of retirement savings will provide in income in retirement based on a chosen pre-retirement income replacement percentage, and let them know if they have a shortfall and what they can do to alleviate that problem – whether that is working longer, increasing their current contribution, utilizing automatic increase – with easy-to-use sliders.

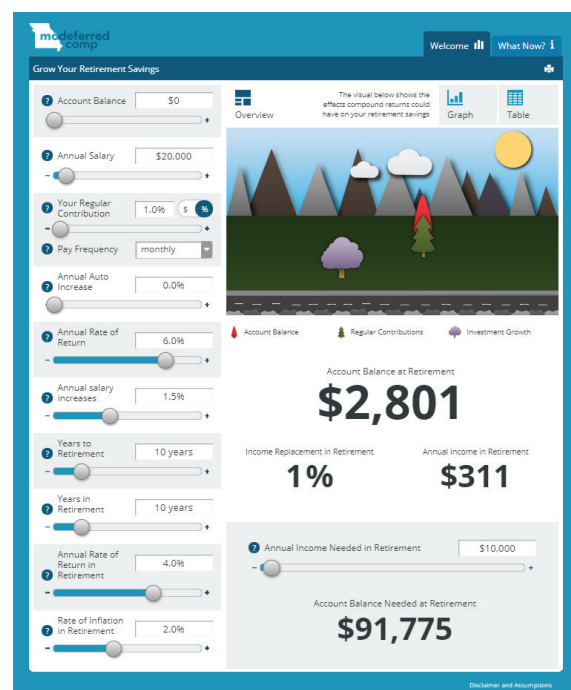
The **Grow Your Retirement Savings** calculator not only calculates an eventual savings balance at retirement based on anticipated years working and saving, but also tells the employee what percent income replacement and annual income in dollars that balance will provide them in retirement. You can even back into a required starting balance at retirement based on how much annual income you need that balance to produce each year in retirement. It also tells them how much a chosen percent contribution means in dollars per pay period.

To promote and help employees better understand the tools, staff developed calculator walk-thru's detailing what to enter and where to click as well as fun videos with real life examples of why these tools are important and how easy they are to use to get the most sought after answers quickly.



**"I'm not fluent in matters of money, however these calculators were relatively easy to use."**

*- MO Deferred Comp Saver -*



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### How does it demonstrate innovation or excellence?

Even though we make a valiant and sometimes overly-aggressive effort, we don't have the ability and reach to sit down and meet with almost 70,000 eligible employees. Even if we did, discussing their retirement income sources, where they stand with regard to retirement income replacement facts, how much more they need to be saving to reach a goal, approximately how much their pension, social security and personal savings will replace given a specific number of years worked, how much is their shortage or surplus may be, and what tweaks can they make to alleviate and better attempt to reach a goal would take an overwhelming amount of time and may be too complex for most participants to comprehend. We know, from surveys and focus group data, that our typical employees do not have an hour or even a half hour to attend a seminar or visit with a plan representative. Despite their lack of time and little financial knowledge, they still strive to understand their retirement income source potential and need to know how much they should be saving to reach their goals and hopefully retire comfortably.

In an attempt to combat all of these obstacles facing MO Deferred Comp savers and the plan as well, we created two calculators: **RetirementTrack** and **Grow Your Retirement Savings**. These tools help participants not only understand their income sources, but can also provide quick estimates on how much they may receive from their defined benefit pension, social security and retirement saving. With both, we have eliminated the monotony of clicking the dreaded "Next page" button and by making each calculator's inputs and outputs on the same page and the ability to complete the tasks in a few minutes or less.

### Why did your organization or the organization that you are nominating undertake this initiative?

First, we looked at typical plan savings rates and average and median balance data by age group and by years of service. That data tells us that plan participants are not saving at the appropriate levels to accumulate the necessary balance that will produce needed supplemental income in retirement to complement their income from their defined benefit pension and social security. The plan also collects annual survey responses from employees on a variety of retirement income and planning questions. The results tell us that only 23% of employees under 35 and only 43% of mid-to-late career employees are aware that they have a defined benefit pension. When we asked the question: "Do you know what percentage of your retirement paycheck will be replaced by a defined benefit pension and how much you'll have to save to make up your shortage of income?", only 9% of employees under age 35 and just under 20% of mid-to-late career employees have actually performed a calculation. The survey results from these questions are very concerning because if most employees are not aware that they have a defined benefit pension, then they do not have a base idea as to where to start in determining how much they should be saving in addition to that income source to produce their required retirement income replacement.

### What internal/external obstacles were encountered and how were they navigated?

As mentioned above, personally talking 70,000 employees is nearly impossible. The MO Deferred Comp Plan uses numerous ways to reach state employees including (but not limited to) text, mobile app, email, direct mail, social media. Using these tools we are regularly gaining more traction with participants and making **RetirementTrack** and **Grow Your Retirement Savings** universal, sought after tools.

### What is the anticipated outcome of the initiative?

The anticipated outcome of our calculator education initiative is to produce widespread knowledge and usage of these tools so that employees can get a better idea of their retirement income sources and potential so that they are aware of what they need to adjust to succeed.

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### How will success be measured?

Over time, success will be measured by ongoing calculator usage and clicks/visits as well as overall contribution increases and balance growth (based on relative pay levels and years-of-service) so to produce the necessary supplemental retirement income to an employee's pension and social security benefits.

In May of 2019, we completed a marketing campaign to more thoroughly explain these tools by providing fun videos as well as easy-to-understand video walk-thrus. This campaign was delivered via email and text and included a survey request of employees to solicit responses as to feedback on the calculators. We received 381 completed surveys and **RetiremenTrack** and **Grow Your Retirement Savings** calculator usage more than tripled from April to May.

Calculator usage data from the previous calendar year and 2019 year-to-date through May:

Calculator	Usage in Calendar Year 2018	Usage in Calendar Year 2019 through May
RetiremenTrack	2,604	<b>5,836</b>
Grow Your Retirement Savings	3,413	<b>6,648</b>

This notable increase in usage was driven by our email, text, and social media marketing. **We had more than 15,400 email opens with a successful click rate of 19.6% surpassing the industry average of 2.6%. Of the 5,441 mobile texts sent, we experienced a 20% click rate.**

### How could the initiative you are nominating be useful to other funds/plans?

Employees need tools that are quick and easy to use that will tell them what they need to know to be successful in retirement. Time and investment savvy are not necessarily on their side and that is okay. That is why tools like these are necessary to make it easier. Lengthy multi-page online tools are not ideal, especially those that don't provide more of a one-stop shop to get answers. Feedback from our recent survey supports this. A few of those comments include:

- "Great to see the projections for what I might need and how I am doing compared to that. Helpful tool."
- "Great tool...it makes you think about things that haven't come up before."
- "Grow your Retirement Savings Calculator was pretty cool."
- "I found it helpful to see what percentage I may need to reach 100,000."
- "I liked being able to know what percentage of income put away will really boost retirement savings."
- "I'm not fluent in matters of money, however these calculators were relatively easy to use."
- "It gave me a good look at how every dollar saved affects my future."
- "It was very comparable with setting down with a financial advisor."
- "Really like the ability to try multiple possibilities to see various outcomes."
- "They were very insightful. Thank you."
- "They were easy to use."
- "These are great! They helped me to decide to add more money into def. comp"

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### How could it make a fundamental change to the pensions/retirement industry?

By creating more simplistic tools and tutorials that will “quickly” answer employee retirement planning questions, this will create increased universal use of these tools, increase awareness and provide the potential to replace necessary pre-retirement income. Taking out the complexity and time spent on the retirement planning endeavor is key.

### How long has the project been in process – from initial concept to implementation, if that has occurred?

The projects have been in process for a few years, but the improved tools were not completed in their current state until mid-year 2018.

### Additional Resources & Links

#### Calculator Links:

- RetirementTrack: <http://modeferredcomp.org/retirementtrack.html>
- Grow Your Retirement Savings: <https://www.icmarc.org/prebuilt/static/growyoursavings/mosers/>

#### Email Marketing:

- Calculator Email: <http://modeferredcomp.org/news/2019-Calculators.html>
- DC Update Emails:
  - RetirementTrack: [http://www.modeferredcomp.org/dc\\_update/2019DCUpdate-MidLateCareer-Spring.html](http://www.modeferredcomp.org/dc_update/2019DCUpdate-MidLateCareer-Spring.html)
  - Grow Your Retirement Savings: [http://www.modeferredcomp.org/dc\\_update/2019DCUpdate-EarlyCareer-Spring.html](http://www.modeferredcomp.org/dc_update/2019DCUpdate-EarlyCareer-Spring.html)

#### Videos:

- Website Walk-Thru Videos:
  - RetirementTrack: <https://www.youtube.com/watch?v=RT09V6NA9IE>
  - Grow Your Retirement Savings: [https://www.youtube.com/watch?v=M\\_Vmv3J8Vv4](https://www.youtube.com/watch?v=M_Vmv3J8Vv4)
- DC Update Videos:
  - RetirementTrack – “Overcoming Hurdles”: <https://youtu.be/gTi-eLBt7ks>
  - Grow Your Retirement Savings – “Life of the Party”: <https://youtu.be/PRubV-JzaoE>

# RetirementTrack Calculator



RetirementTrack

Retirement Calculator Paycheck Calculator



## About Me

You can come back and make adjustments to these numbers



## Retirement Plan Savings & Income Requirement

You can come back and make adjustments to these numbers



## 457 Deferred Compensation Plan Contributions

You can come back and make adjustments to these numbers



## My Pension & Social Security

You can come back and make adjustments to these numbers



## Other Retirement Accounts & Income

You can come back and make adjustments to these numbers

### Tax-Deferred

Current Value:

\$ 0

Annual Savings:

\$ 0

Projected Growth Rate:

0

%



### Tax-Free

Current Value:

\$ 0

Annual Savings:

\$ 0

Projected Growth Rate:

0

%



### Taxable

Current Value:

\$ 0

Annual Savings:

\$ 0

Projected Growth Rate:

0

%



Post-Retirement Projected Monthly Income:

\$ 0



SHOW RESULTS

## Retirement Income Strategy Results

PROJECTED ANNUAL INCOME GOAL AT RETIREMENT

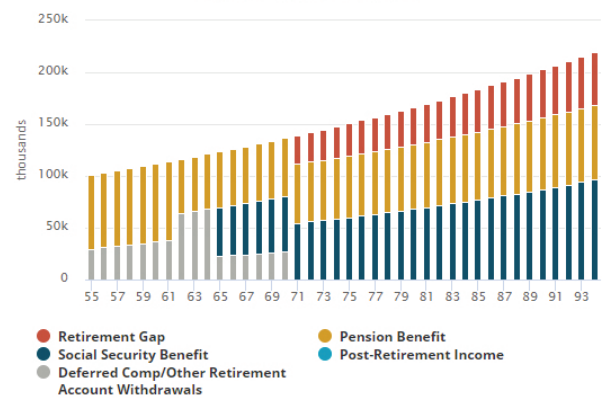
\$101,495

TOTAL PROJECTED RETIREMENT SAVINGS BALANCE AT RETIREMENT

\$435,025

Based upon the financial information and the assumptions you have entered, you may **NOT** achieve your retirement income goals.

Hover over the chart for details



☐ Today's Dollars

☒ Future Dollars

Make adjustments using the sliders below to see what it will take to *reach your goal*.

Retirement Age

55

Income Goal (%)

100

Pre-tax Contribution (%)

3.3

Pre-tax Auto Increase (%)

0.1

Roth Contributions (%)

3.3

Roth Auto Increase (%)

0.1

SUMMARY/ASSUMPTIONS

PRINT REPORT



## Grow Your Retirement Savings Calculator



Welcome

What Now?

### Grow Your Retirement Savings

Account Balance

Annual Salary

Your Regular Contribution  \$ %

Pay Frequency

Annual Auto Increase

Annual Rate of Return

Annual salary increases

Years to Retirement

Years in Retirement

Annual Rate of Return in Retirement

Rate of Inflation in Retirement



Overview

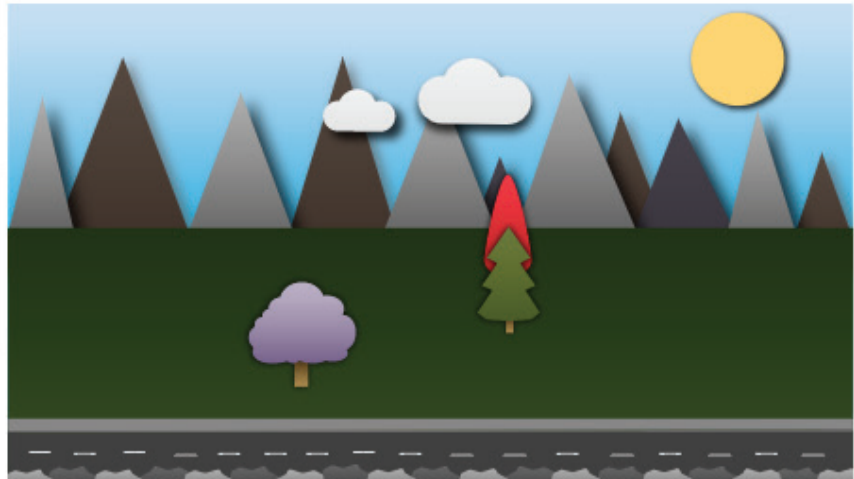
The visual below shows the effects compound returns could have on your retirement savings



Graph



Table



Account Balance



Regular Contributions



Investment Growth

Account Balance at Retirement

**\$2,801**

Income Replacement in Retirement

**1%**

Annual Income in Retirement

**\$311**

Annual Income Needed in Retirement

Account Balance Needed at Retirement

**\$91,775**

Disclaimer and Assumptions

DCUPDATE

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## Overcoming Hurdles

### 2019 Spring DC Update

In the newest DC Update video, *Overcoming Hurdles*, we take a closer look at how the [RetiremenTrack](#) calculator can help you find solutions to questions, like:

- Am I saving enough to replace what Iâ€™m currently making or should I increase my contributions? Or,
- When I do retire, how much will I actually receive from my defined benefit pension, social security, and personal savings each year?

When youâ€™re finished watching, be sure to use [RetiremenTrack](#) to create a custom retirement strategy and then take a short survey and tell us how it went!

USE CALCULATOR

TAKE THE SURVEY

## Simply Put Newsletter

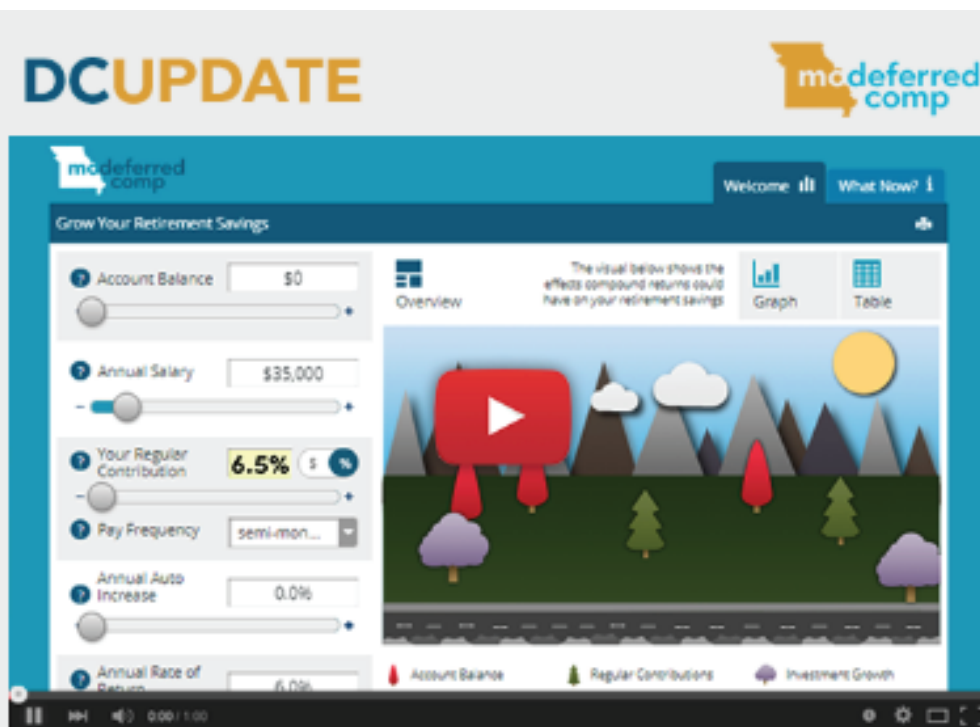
### Roth vs Pre-Tax: Which is right for you?

There's more than one way to save for your future, including saving with pre-tax and after-tax (Roth) retirement savings accounts. Deciding on which option is best for you and your future begins with learning the basics. This edition of [Simply Put](#) highlights the difference between Roth and pre-tax retirement savings accounts, discusses which option fits your situation best, and takes a look at how each will play a factor in your retirement.

LEARN MORE



## Grow Your Retirement Savings DC Update Email



### The Life of the Party 2019 Spring DC Update

The newest DC Update video, *The Life of the Party*, shows how the [Grow Your Retirement Savings](#) calculator can help you figure out a savings plan that works best for your personal financial needs and how to get there.

When you're finished watching, be sure to use the [Grow Your Retirement Savings](#) calculator to create a custom retirement strategy and then take a short survey and tell us how it went!

[USE CALCULATOR](#)

[TAKE THE SURVEY](#)

### Simply Put Newsletter

#### Roth vs Pre-Tax: Which is right for you?

There's more than one way to save for your future, including saving with pre-tax and after-tax (Roth) retirement savings accounts. Deciding on which option is best for you and your future begins with learning the basics. This edition of [Simply Put](#) highlights the difference between Roth and pre-tax retirement savings accounts, discusses which option fits your situation best, and takes a look at how each will play a factor in your retirement.

[LEARN MORE](#)





## Calculator Email



[Check the online version](#)

### Create a custom retirement savings plan with a few simple clicks!

MD Deferred Comp's award-winning calculators can help you answer common retirement savings questions, define your goals, and create a savings strategy in less than five minutes! After using these handy tools, take our [quick survey](#) and you'll be entered into a random prize drawing! See details below.

#### Which calculator is right for you?

The [Grow Your Retirement Savings](#) and [RetiremenTrack](#) calculators can help you answer common retirement savings questions, such as those listed below.

#### Grow Your Retirement Savings

- How much money do I need to save now to reach \$100,000 in retirement?
- What savings balance do I need at retirement to pay me \$5,000 a year for 25 years?
- How much should I be saving to supplement my defined benefit pension and social security in retirement?

[Grow Your Retirement Savings](#) →

#### RetiremenTrack

- Will I have enough money in retirement or will I have a gap or shortfall?
- Approximately, how much money could I receive in retirement from my defined benefit pension, social security, and retirement savings?
- How much should I be saving to supplement my defined benefit pension and social security in retirement?

[Use RetiremenTrack](#) →

#### Take a quick survey & win!

After using the deferred comp calculator(s), we'd love to hear about your experience. By doing so, you'll be entered into a random prize drawing for a t-shirt, backpack, director's chair, cutting board, or goodie bag full of deferred comp swag!

[Take the Survey](#) →



#### Become a calculator pro!

Watch our short video tutorials for a step-by-step guide to using the [Grow Your Retirement Savings](#) and [RetiremenTrack](#) calculators.

#### Grow Your Retirement Savings Calculator



website walk-thru



#### RetiremenTrack Calculator



website walk-thru



## Website Walk-Thru Videos



RetirementTrack Tutorial

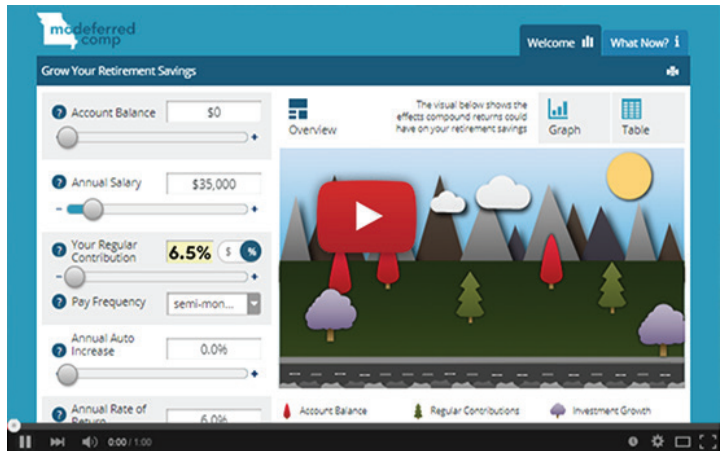


Grow Your Retirement Savings Tutorial

## DC Update Videos



RetirementTrack - "Overcoming Hurdles"



Grow Your Retirement Savings - "Life of the Party"