

Please note: This is a transcription so there may be slight grammatical errors.

Hello and welcome to Revamping Retirement, a podcast brought to you by CAPTRUST, where we explore the opportunities and challenges facing today's retirement plan sponsors and fiduciaries. Our hosts Jennifer Doss and Scott Matheson lead the employer-sponsored retirement plan practice at CAPTRUST, one of the largest registered investment advisors in the US and a thought leader in the retirement plan, advisory and consulting space. We hope you enjoy Revamping Retirement.

Scott:

All right. Welcome everyone to the 33rd episode of Revamping Retirement. I'm Scott Matheson. And as usual, I'm joined by my way more talented co-host Jennifer Doss. On today's episode, we're excited to be hosting two very prestigious guests to discuss a really cool initiative called National Retirement Security Month. This is an initiative that's aimed at enhancing retirement readiness for the American worker. And we're excited to get into it with two of our guests here. And of course, it wouldn't be Revamping Retirement without our Minute from Mike Webb, where he'll give a 60-second rundown on common mistakes with small balance force outs. So, let's get to our first guest, Matt Peterson. Welcome to Revamping Retirement and thanks for joining us.

Matt Peterson:

Thanks for having me today. I appreciate the invitation.

Scott:

Yeah. I'm excited to have you. Before we get into the questions here, I'm going to give a little bit of background. Matt here is the Executive Director of the National Association of Government Defined Contribution Administrators or NAGDCA. NAGDCA is the premier professional organization of public employer sponsored deferred compensation and defined contribution plan administrators. NAGDCA's mission is to support plan sponsors and service providers of government sponsored deferred compensation and defined contribution retirement plans in creating successful retirement security outcomes for their plan participants.

All in, NAGDCA government members oversee plans for participants from 59 states and territorial government entities and 177 local government entities. This includes counties, cities, public safety agencies and school districts as well as utilities. And Matt joined NAGDCA as the association's first full time dedicated staff resource in the summer of 2017. In his role as executive director, he works directly with the executive board and staff to develop strategies to help the organization achieve its mission and vision. Prior to joining NAGDCA, Matt spent an impressive 13 years on active duty in the US Air Force as a C-17 evaluator pilot and air drop specialist. He also served three deployments in support of Operation Iraqi Freedom and Enduring Freedom.

Matt is a graduate of the US Air Force Academy. He also has a master's in social sciences from the Maxwell School of Public Affairs at Syracuse, and an MBA from the Kellogg School of Management at Northwestern University. Well, Matt, first of all, thank you for your service to our country. And, again, thanks for joining us here today. With that, let's get right into the questions. First things first, what is National Retirement Security Month? And maybe as you're talking through that, give us a little bit of background, how it came about and what NAGDCA's roll has been in it?

Matt Peterson:

Absolutely. Well, like I said, I really appreciate you having me on today. The concept behind National Retirement Security Month is really pretty simple. What we wanted to do was dedicate some time for employers and employees to focus on the concept of retirement. Really, to set aside a little bit of time on a calendar where this is where you come back to your plan. We assume everybody isn't looking at their 401k balance every day. And so, we wanted to kind of give a little bit of a spur to say, "Hey, maybe now's the time."

And our hope is that when people engage with their plan, maybe they make a change. Maybe they do something to increase their own retirement security. So, for us, how it came about, we started the concept in 2006. So, it goes back a little ways. And originally, it was National Retirement Security Week. So it's evolved a little bit over time. We are members who are representative of government plans, as you mentioned, we're interested in having a little bit more time so we moved it to National Retirement Security Month.

Originally, the concept really was for our members to have some time to focus on engaging their employees, their participants, in their plan. So, they asked us to get engaged to create the month. And what we do as the national association, we're a 501(c)(6). So, we have some time set aside in our calendar to engage with Congress and we've engaged the Senate over the past 15 years on passing a resolution to recognize National Retirement Security Week and National Retirement Security Month as a national campaign. So originally, it was Senator Enzi from Wyoming, who tragically passed away this year, we were sad to see.

But that mantle has been picked up by Senator Cardin from Maryland and Senator Collins from Maine. And Senator Cardin, in particular, has been, as you both know, a real champion of retirement initiatives. And so, we were excited to get him on board to help us out with this. So, our role really was just to get it recognized more broadly. And over the past 15 years, we've really seen it evolved in some exciting ways. And it's been picked up by a lot of organizations, which we've been happy to see.

Jennifer Doss:

Yeah. Matt, I've done some perusing of your website. And there are some pretty comprehensive tools out there and campaigns and collateral that you guys have, like you said, really spent years refining and working on. And I know that you're focused, obviously, on the governmental space. But I think that a lot of these themes tie into both public and private employers. So, I guess, just tell us a little bit about how if an employer wants to get involved, whether it's public or private, how can they do so? And what kind of resources do you guys provide?

Matt Peterson:

Absolutely. So, like you said, we were very focused on government when this initiative started. And what we realized is that once Congress did pick it up, over time, a lot of private companies started to take it in their own directions. And so, we had some conversations internally to say, "Well, does that fit our mission? Is that really what we're trying to accomplish here?" But what we figured out is that, for us, anybody engaging with their retirement plan is good news.

So, we didn't want to limit the campaign or the concept of the month just to the government space. So, we absolutely support any organization, whether it be public or private, or if it's just an individual who is kind of managing their own retirement plan, if they take this month, and they think about their retirement, they think about how to make it more secure. That's great. That's a win for us. And so, you're correct. We did, in the past, we have created a couple of campaigns, one that we were particularly proud of was something that we call, Your Whole Story. The materials are on our website. And it's a pretty built out campaign.

And what we did see over the years was that there's a lot of creative ideas out there. And there are a lot of different angles that people wanted to take to engage with their own populations, whether it be a government plan or a private sector plan. And so, what we realized is that, in some ways, the best thing that we can do is get out of the way and let everybody be creative in their own way. And figure out the way that they want to communicate. We're on board with all of that. So we haven't created a campaign in the last couple of years. And we've really tried to focus our efforts on highlighting the good work that everybody else is doing.

So, we have an award every year for campaigns that stand out on the government end. But we've also seen through social media or just through the news, different efforts that companies and even like treasuries of states have put together to try to really engage people in their constituencies to focus on their retirement. And we love all of those things that's why we put it together.

Jennifer Doss:

Yeah. I love the idea of the awards, just kind of lifting people up, right? People that are just, like you said, trying to engage their plan sponsors and being creative. So, do you have maybe a few, I'm sure you do have a ton of examples, but maybe just a few success stories that you could share with us where you've seen it be particularly impactful?

Matt Peterson:

We do. Yeah, over the last couple of years, we've seen some really creative efforts. The move to virtual with a pandemic has changed some of what our members typically do. We usually try to give a few awards a year based on the campaigns we see because we get a lot of submissions, there are a lot of different organizations who are trying different things. This year, we had some really strong ones. There's a big push to try to get people reengaged as we kind of shift focus back towards some normalcy.

And so, we saw really good campaigns for like North Carolina and Massachusetts. MTA, which is the metro transit of New York, we serve all types of governments, had a really strong campaign. LA, the City of LA, had a really fascinating engagement campaign where they created a game that was all kinds of city landmarks that they highlighted and tried to see if people could solve some quizzes and puzzles to just find different ways to get people to pay attention for a bit.

And the Cal State Teachers Retirement System was one of our major award winners. They really focused on, in the government space as you can imagine, there's a lot of thinking to do when it comes to the role that your DC plan plays, your defined contribution plan, because most government employees have a defined benefit plan, kind of a more standard pension. And so, explaining the role of the DC plan and getting people to think about how that DC plan fits in your overall retirement picture is the big push and CalSTRS did a really fantastic job of that last year.

What we really tried to focus on is send us some numbers, send us some math to show. Did people actually do stuff? It's good to have cool graphics and a neat idea. But what we wanted to see and what we really have tried to create the awards for is, did somebody sign up? Did somebody start to save? Did somebody increase their savings? Did they change their investments, or start some kind of auto increase? Those types of things are what we know really moves the needle and what we hope employers are focused on.

So, all the campaigns, CalSTRS included, had not only hundreds, but often thousands of people sign up for their plans. That's a pretty big move in a month. And so, you can see all of those campaigns/ We have examples of them. We know that our members and probably other entities love to steal from each other. And there's always a high premium on seeing something and letting that spark your idea. So, we

put all of those campaigns on our website. They're sitting there and you can take a look at what everybody's done. And there are some really fantastic work out there.

Scott:

Yeah. I love the focus on outcomes because at the end of the day that's what matters. And I love that you guys are really driving that. Also love that you said CalSTRS and many thanks for the connection. We're actually chatting a little bit here with Sandy Blair, the director of Retirement Readiness at CalSTRS. We're excited about that. Before I go on to the next question, you mentioned your website, I just want to make sure that everybody knows what that is, It's www.N-A-G-D-C-A.org. And in an effort to impress you, I'll try and use my military telephony. So, www.alpha, I'm sorry, .Nov, Alpha, Golf, Delta, Charlie, Alpha.org. Did I get it close to right?

Matt Peterson:

You got it. You nailed it. Yeah, that was really good. And it's a long acronym. We've tried to figure out ways to shorten it, but we just can't do it. So, we just call it NAGDCA. We dropped the C when we're talking about it kind of colloquially. So, yeah, there's a lot of letters in there. But you nailed them all on the phonetic alphabet. So, good job.

Scott:

It's a silent C. We'll go with that.

Matt Peterson:

Right. Right.

Scott:

All right. So, financial literacy, as we look through your materials does seem to be a really important component of the successful retirement program. We agree. So, I'm curious how plan sponsors can leverage their own National Retirement Security Month efforts to really drive financial literacy throughout not even maybe just the month of October, which by the way, is National Retirement Security Month, but throughout the whole year, what are your thoughts there?

Matt Peterson:

Yeah. It's a really good question. And you're very much correct that we don't see October as the end of engagement with your retirement plan. We really hope it's a jumping off point for anybody who's participating in a retirement plan. So, financial literacy is something that we're focused on that everybody's focused on. It's especially important, I will say, in the public sector, as I mentioned, it's a really complex environment to have a DB plan, a DC plan, maybe a hybrid plan, maybe Social Security or not, about 25% of government employees don't participate in security.

So, trying to explain that landscape takes a lot of finesse. And it's a really complex environment. And what we've seen that's been successful in the government space and for our members is trying to simplify that as much as possible. So, as I mentioned, we really try to encourage new enrollments as a metric of success because at the end of the day, you can't have a secure retirement if you're not participating in your retirement plan. So, that's a pretty simple one. And it's not quite an advanced level of financial literacy. But it really starts the journey.

And so, we see that as kind of the primary step. And then once you're in, those next things, understanding compound interest and understanding what investments you're in and the fees that you're paying and all of those kind of concepts follow in an improvement sense once you're in the door. And so, we really try to, and what we've seen with our members, that's really been successful, is just breaking down those components, trying to be as targeted as they can be in working with different constituencies. So, we will see a lot of age-based communication that differentiates where people are at.

We'll see them target the group that is in, the group that's not in the plan differently. And those are really where we've seen people move the needle, because if you start talking about complex concepts to people who aren't even in the plan, it can shut them down right away. And so, just familiarizing them with the idea that saving for retirement is good and you should start right now, no matter how old you are, is kind of step one. And then, we go from there.

We've seen in the government space too, and I think this is a little bit unique to the government is that there is an emphasis on more personal and more one on one type of meetings. And that engagement does seem to really make a difference on the employee level. It's not for everyone. But at the same time, we have seen that for those who are willing to sit down with someone and think about it, just for a bit and National Retirement Security Month is a great time to start that, the decisions that follow tend to be better than the average. So, financial literacy, yes, is certainly a focus of everything the National Retirement Security Month is built around.

Really, what does that mean for the individual? And we lean on our plan sponsors to share their expertise and to use their expertise to figure that out. And they've done some fantastic things.

Jennifer Doss:

Yeah. Matt, we couldn't agree more with just how well one-on-one advice works, right, one-on-one interactions, and you really sitting down and having that personal conversation. So, we do a ton of that with our plan sponsors. So, we couldn't agree with you more. All right. We're going to pivot a little bit maybe to looking forward because you guys did mention, again, you do a lot of advocacy, right, within the retirement space. You mentioned working with Senator Cardin and I also know you've been working with a couple of other senators as well.

There are a couple of retirement bills out there right now. And I know you guys have been working with like the Portman, Cardin Bill and then we've got SECURE Act 2.0. And then we've got some retirement provisions in this Build Back Better Act that we've got. So, there's just a lot of focus in Congress right now on expanding retirement coverage and maybe fixing some of these things that maybe haven't been looked at in a while. And so like 403Bs being able to invest in Collective Investment Trusts. So, why is that not a thing, right, today, in this day and age, right?

So, tell us a little bit about how you feel about going into 2022? How do you feel about the focus in Congress?

Matt Peterson:

Well, I think, you brought up some really great points and Collective Investment Trust is a priority of ours. I think you put it exactly right. Why wouldn't you be able to invest in that type of vehicle at this point? It did make any sense to us. So, we create a list every year of legislative priorities that we bring to Congress, we talk to staffs, we talk to the senators and representatives and say, "Hey, these are things that would help people in your states, in your constituencies, have a more secure retirement."

The good news is that most of our priorities are in either the Cardin, Portman Bill or SECURE 2.0, some of the different legislation that's been floating around, especially CITs and 403B plans and a couple other priorities that we've been working on for quite some time. Maybe the less sanguine part of that is that it seems like things have slowed down a bit. We had some hope that this year that there might be some movement on some of those packages. But as you mentioned, the infrastructure bills and all that's going on in Congress right now have slowed down the movement of just retirement specific legislation.

There are certainly some in the social spending packages that we don't have too much of an interest in, but we're hoping. They look like good parts of that bill. And we hope they don't get pulled out. But we don't see any movement on retirement specific legislation in 2021. Now, you asked about 2022, which I'm guessing you kind of felt the same. We are hopeful that as the budget gets cleared out this year, and some of these conversations hopefully move on this year, we do think that they are going to address the bills that are looming, sometime next year. So we're very hopeful about that.

We've been engaged with Congress to make sure that the priorities of our members are continuing to remain in those bills. But the first SECURE took about a decade, I think, to get through. So, the timeline can sometimes be a little longer than you hope. That said, we're a group of optimists, so we're going to point towards 2022 and hope that we get something across the finish line that year. We know that there's still a lot of work to be done. And of course, we'll have the midterm elections next year as well. So, we'll see how much oxygen that takes out of the room, hopefully not too much to push forward some retirement legislation.

Scott:

I love that you guys are optimists, because you definitely have to be an optimist when it comes to some of these items.

Matt Peterson:

Yeah, you don't hear a lot of optimists about Capitol Hill these days, but we're going to stay in that camp.

Scott:

I'm glad you guys are doing that. Those are big, meaty issues that are important. And speaking of maybe issues, I'm curious, what are some of the other hot button issues that your members, your member plan sponsors, are really thinking about right now?

Matt Peterson:

Yeah, it's a good question. It evolves over time. One of the conversations that we have often is what the role is of public sector DC plans. So that's a little more specific to the public. Every state has, has undergone some form of pension reform in the past 10 or 12 years. So, it's changed what DC plans do in the public sector and the perception of DC plans for a long time, and rightfully so was that it was a supplemental vehicle and your pension was going to take care of you. You could have a little extra money on the side if you wanted to save it.

And so for us, focus has been really changing that conversation, especially if you're in a hybrid plan or a lower pension tier where some of the benefit has been reduced, it becomes more essential to your retirement for you to save on your own. Culturally in the public sector, that's not really where the conversation has been. So, for us, that's a big topic. I think, more broadly with SECURE 1.0 passing and the retirement income provisions, that's been a big topic. Again, I sound like a broken record, but it's a little more complex in the public sector when you do have the DB plan.

But, in some cases, you might not have social security. So, what role does your DC plan play? And how should you think about retirement income? That's a conversation that we haven't had very much. And I know that on the private side, that's very central when you don't have a DB plan, your retirement, your 401K, my 401K has to provide some kind of income stream. So what does that look like?

There's a lot of innovation going on with that, which is really encouraging. But when there's a lot of innovation going on, there's a lot of different directions, there's a lot of different ideas, there's a lot of new acronyms and concepts that have to be socialized and picked through. And so, you go back to financial literacy, how do you explain that to somebody who just wants to have enough money to get by month-to-month in their retirement? We talk a lot about that and figuring out what's the best way to approach that?

For our members too, most of them are solely focused on the DC plan. There are a few especially at the state level that oversee both the DB and the DC. But most of them are just focused on the DC plan. And so, as legislation has come out about things like emergency savings or student loans, HSAs, HRAs, those kind of concepts, really, they're a little more complex in the public sector, because a lot of times it's not under the purview of the person running the DC plan. Or it might end up coming under the purview of the person who's running the DC plan. But it's a little more holistic and big picture than just running that single plan.

And so, how to integrate those different aspects of holistic financial wellness or whatever you want to call it is kind of a new idea and really figuring out how to operationalize that process and how to integrate some of these components. If you have an emergency savings account, how much money do you put into it? If somebody draws it down, does that come out of their retirement? Is that good for the retirement plan? Those are kind of new concepts for everybody to have to think about. So, we spent a lot of time discussing that on both the provider side. So, we represent the governments but we also represent their service providers.

And so, we talked with the governments about the nuts and bolts of it, and also the providers about what they're offering and really try to lead the national conversation on, how do we get all this to the person at the end of the day so that they can make the right decisions?

Scott:

Yeah. I tell you, there's so much. Most of our plan sponsor clients are private, but we have a healthy number of government and other nonprofits. But it's the same issues. I mean, the private sector, to your point, is a little bit ahead of the government on that DB to DC transition and that becoming your primary source and then the retirement income issue is vexing even in the private sector. And I love your point on innovation, that it causes really confusion. And it is amazing how simple the concept is but how difficult the innovation makes it to actually move on.

It just continues to stymie the movement forward even in the private sector, unfortunately. And of course, the emergency savings and student loan, the holistic financial wellness, that is a topic as well for all corporate employers as well and try to figure out how that fits into total benefits and total employee experience and workforce management however you want to think about it. So, a lot of similarities there and good to hear that there's both sides of the equation, the publics and the privates are grinding on the same things, because we got work to do.

And in talking to you here, I'm quite confident that we have good representation on the public sector. So I appreciate that.

Matt Peterson:

There's plenty of work to do. That's true.

Scott:

Yes, that's right. I'm going to give you a doozy here. We're going to close out with a doozy. We're going to take it personal for a second. We like to do this at the end of each one of our sessions. And we're talking about retirement. Let's personalize it for you. So, what does retirement look like for you, Matt Peterson? And it's not lost to me as I asked you that, that you kind of already retired one time from your active duty service, which again, we appreciate so much. So, what does it look like for you when you retire again?

Matt Peterson:

Yeah, absolutely. Well, thanks. Well, I don't consider it a retirement. I consider it kind of a shift of gears, but much appreciated. I did love my time in the Air Force. It was a great experience. This is a second act for me.

It's a good question. My oldest son just entered high school. And so, you start to realize that some of this stuff is becoming a little more concrete, that they're actually going to go out the door and you have to think about what comes next. And, for me, I think of it more I guess in like, what's the next act? This is certainly a second act for me, a second career field in a very different environment. I've really liked the move, it's been really engaging, I've gotten to meet a lot of wonderful people like all of you.

And so, I don't know that I really think about it as sitting on a beach and drinking a Mai Tai or something like that. I kind of think of it as what's next. It's a little hard to put myself in those shoes right now, again, a little ways to go. But I think I'll be chasing kids around, hopefully around all over the place. This is the eighth state that I've lived in. And so, I'm hoping to get to check out a few more depending on where my kids end up. We live on kind of a farm, we're out in rural Michigan. So, I could see trying to spend a lot more time on the land and out on the acres to try to get something out of the ground but mostly just staying engaged.

My wife is getting her PhD right now. She's actually kind of on a third act. So I think it'll be, really, what the two of us, where we're at at the time and how we're shifting gears. It'll probably be a lower gear, I would guess. We'll slow down at some point, but not for a little bit. I don't really see us stopping completely or we're putting our feet up. It's just not really how we're built. So, we'll keep chasing something.

Scott:

I love that. That's a great answer. I think we might be wired very similarly. My wife told me I can't retire because I'd be at the house driving her nuts, so.

Matt Peterson:

Yeah, that's a good point. That's an important part of it.

Jennifer Doss:

All right, Matt. Well, thank you so much. We really appreciate it. You've given us so much good content for plan sponsors to go out and think about and again, how can they engage not just for National Retirement Security Month, but all months. And how can they adapt and make it unique to their workforce, and just a lot of good thoughts and innovation out there. So, thank you very much for your time, and we really appreciate it.

Next up, we've got our Minute with Mike and he's going to give us a little rundown on small balance force outs and some common plan sponsor mistakes. And then, we'll be back with Sandy Blair.

Mike Webb:

Thanks, Jennifer and Scott. Mike Webb here with another Minute with Mike. This month's minute focuses on common mistake that plan sponsors make in administering their automatic small balance cash out program. Now, that's a mouthful, so let's rewind a bit. An automatic cash out provision allows a retirement plan sponsor to issue distributions to terminated participants who have account balances less than \$5,000, unless the participants elect otherwise.

Most plants have an automatic catch up provision because small balances can lead to a number of issues. For example, small balances can reduce the average retirement plan account balance, which in turn can increase record keeping costs. Participants are also more likely to neglect an account with a small balance, which can create or exacerbate a missing participant problem. Here's the common plan sponsor misstep that we're talking about though.

Several years ago, the rules were changed to require the automatic distributions of more than 1,000 but less than 5,000 rollover to an individual retirement account, or IRA. Many plan sponsors dutifully amended their plan documents, not realizing that their catch up provision would still require that paper checks, yes, paper checks, be sent to those with account balances with 1000 or less. Paper checks are not only administratively cumbersome to issue, but they can also remain uncashed, which leads to yet another problem for plan sponsors.

So, if your plan is still issuing paper checks for distributions of 1000 or less, talk to your record keeper or other applicable service provider about changing that to an IRA rollover. For Revamping Retirement, I'm Mike Webb and this has been your Minute with Mike. Now back to Jennifer and Scott.

Jennifer Doss:

All right. Thanks, Mike. Appreciate that. And we are back with Sandy Blair. Sandy Blair is the director of Retirement Readiness for the California State Teachers Retirement System or CalSTRS. She started CalSTRS in 2009 in the Office of Client Outreach And Guidance, and she currently administers the CalSTRS Pension2 personal wealth plan, which consists of a 403 B, 457 and Roth 403 B plans. Pension2 serves as a supplemental savings plan for all the California school and community college employees.

Under her leadership, the CalSTRS defined contribution plan Pension2 has experienced really tremendous growth. It currently administers more than 1.5 billion in assets on behalf of more than 20,000 plan participants. Sandy also has some extensive private sector experience in consumer banking, finance and tax preparation before coming to CalSTRS. And finally, she earned a Bachelor of Science degree in Business Administration Finance from California State University, Sacramento. And she was a past president of the National Association of Government Defined Contribution Administrators or NAGDCA, as we just talked to Matt Peterson.

So Sandy, like I said, we just talked to Matt Peterson about NAGDCA. And we got a lot of background on National Retirement Security Month and that campaign. And we'll get to your experiences and accolades with that organization, I think, in a minute. But before we do, can you just give us a little background on your role as director of Retirement Readiness at CalSTRS. And thank you for joining us today, by the way.

Sandy Blair:

Thank you for having me. Happy to be here. So, I am responsible and oversee all of our defined benefit education for all California educators that participate in the CalSTRS defined benefit retirement plan. We have seven member centers across the state where we have members come in for benefit planning sessions, general counter services. We do workshops. Transition very quickly in that realm with COVID so that everything is online.

We most recently just reopened our offices this past Monday. So, really, excited to be able to do that. But also a part of my oversight, as you mentioned, is overseeing the 403B and 457 plans or our Pension2 plans that is available to all California school employees. So not just teachers, but all classified employees as well. We also are legislatively mandated to administer the 403bCompare website. So, back years ago, the California legislature because of the overwhelming choice and the many different vendors that school employees have to choose from, because we are at any willing vendor state. They voted to have us administer what's called 403bCompare.

And it's a comprehensive website where school employees can go and compare different vendors and product choices that are available in their school districts to participate in. So, we do that too.

Scott:

Well, that's great. It sounds like a lot of responsibility. Maybe I'll work that into my next question here because you, as Jennifer said, we were talking about Matt Peterson and he was raving about what you've done on the National Retirement Security Month campaign that you ran for CalSTRS. In fact, you received a Leadership Award from NAGDCA for your efforts there and congratulations on that.

Sandy Blair:

Thank you.

Scott:

Yeah. And with that and in the backdrop of all you just described with the role and the complexity that you just talked about in terms of any willing provider state, I'd really just love to know, maybe a little bit more about the campaign. And the twist here is why you decided to take it on and participate and just went into it maybe even just expand on your goals, share whatever strategies you're comfortable sharing. And, of course, we all want to know what the outcomes were. That'd be great too.

Sandy Blair:

Sure. So, we've been participating. I became the director of the Define Contribution Program back in 2013. And then, in 2016, the agency merged what you had mentioned, client outreach and guidance with the defined contribution. And we became the Retirement Readiness division, really looking at lessons learned and that synergy between the DB, your defined benefit pension, but knowing that that's not always enough. Right now, we estimate that teachers, on average, are getting about 50, 55% of their final salaries and pension benefits. And so, that's a pretty big gap to fill.

And so, our board is very conscientious about wanting to prepare our educators for a successful retirement that is part of the CalSTRS's mission. Really wanted to focus on that synergy with the talking points during benefit planning sessions to make sure people are preparing adequately for that successful retirement. So, we've participated for years and when it was National Retirement Security Week, I was on the NAGDCA board, when we decided to expand it. One of our members made the suggestion, "Why don't we expand it to a month, that way, it gives plan providers more of an opportunity," which Matt probably talked about, "to divvy up weeks, or do at different weeks, since it's usually open enrollment for most of us."

And so, we all thought that was a great idea that Congress, our sponsors, felt that was a great idea. So, a few years ago, we did that. And really, I think that's allowed us with our program to really expand our outreach in how we approached our marketing for the event. We have, over the past few years, launched our fall campaign, during National Retirement Security Month. This last year, with COVID, we actually were able to get phenomenal results, which we didn't see before in person.

It's really interesting, this pandemic, I think, has taught us a lot of things. I think people have been more open to explore different avenues of how they receive information, because we have tried to do webinars for the past five years prior during National Retirement Security Week, and we had limited, limited. We might have had 50 people sign up, and maybe 10 of them would attend. So, this pandemic environment has expanded the openness of our educators anyway, where we're filling up our webinars up to the maximum capacity of the 500 seats.

And then, we're seeing a 60 plus percent show up and attend our educational webinars. So, that's been just a phenomenal success for us. And we are going to continue to do that. But with this event, being a month, what we focused on last year, for the first time, was really looking at our members in career stages. So that new educator, then we went to our mid-career, then we did a financial awareness type week. So, just a general financial literacy week where we had developed a couple years ago a three-part financial literacy program that we offer. And then we went to our nearing retirement educators.

So, we market it specifically. We launched our It Takes Two campaign. Really kind of playing on that deep defined benefit defined contribution, it takes two to have that successful retirement, so kind of like milk and cookies, things like that, with that kind of campaign image that we did, as well as some others. But we had about 2000 people attended our month-long groupings and webinars that we offered in each individual week that we targeted. We had over, actually, 488 enrollments, which for some plans, that doesn't seem like a lot, but like we kind of talked about having that any willing vendor provider, there's a lot of competition out there.

We are now at almost \$1.9 billion in assets, Jennifer, so we continued to grow. We had a campaign within that about increasing your monthly contributions. So, we brought in almost an additional \$40,000 a month with members and participants increasing those contributions. So, that was a big win for us. So, we also look at what's your overall financial health. We have a really strong partnership with our record keeper, Voya, who helps us put all of this together. So, we felt really good. We carried on that same concept this year.

We switched it up a little bit where we targeted the first week new educators. So, brand new teachers before they're even vested. So, with five years or less of service credit, focusing on what is CalSTRS? What's my divine benefit? Why is this money coming out of my check every month? And what will this mean to me? And as we all know, the earlier you start saving, whether it's \$25, \$100 a month, that time value of money over time is going to far outweigh coming in at age 50, with maybe 10 or 12 more years and saving the maximum. So, really trying to get that message out to individuals.

And then we're, again, doing the early career, mid-career, and that nearing retirement group and mixed up some of the webinars that we're offering. We've developed a few over the past year. And I really think having this national event, it gives us the opportunity to come in on this event, promote via social media, through our marketing strategies, and do it on a national basis when other people are doing it as well. And hopefully, I mean, that is part of NAGDCA's goals is more and more plans that will participate in this kind of drives that overall awareness and participation rates up for all of us, because it's a national focus.

Scott:

That's phenomenal. I mean, all those things you rattled off are just incredible results. So, well done there. And obviously, it's very easy to see why you did receive that leadership award. I also was very distracted when you said milk and cookies. I'm just going to be honest, maybe a whole different pattern of thinking. But I love too the fact that you point out all the terrible things about the pandemic, there are these bright spots, these silver linings, and we're seeing the same thing. And I love that you guys are seeing that too. People's willingness to carve out that time, engage the intersectionality of the home, life and your work career seems to have faded a little bit, which in some ways is unhealthy.

But in these ways, it's actually very, very healthy and useful. And allowing families, if there's other spouses and other partners involved, to be able to engage, just different outcomes. I love that. So, one of the things, you talk about the movement from the week to the month, which obviously has fueled a lot of this movement and the success that you're talking about here too about being able to stage it out. And also, your approach to really customizing by career stage is important. I'm curious what you do at the end of the month, though, do you just box it up and put it away for next year? How are you leveraging that for the whole year to really drive consistent change and messaging and engagement?

Sandy Blair:

So what we've actually been able to focus on as well as really creating a larger annual event platform. So, we had some before, like we would focus July on financial awareness. And we really focused on, like I said, that three-part series that we developed around financial literacy. But what we have done most recently with this pandemic, and the success of the attendance in the webinars, because we have our member centers, but those are limited to maybe 50 capacity at each of the locations. So again, I mean, expanding out being able to offer multiple with registrations up to 500. That's the platform that we're using. And that's what we're limited to. We're using Zoom right now.

We really looked at an annual platform and what we can do for our members throughout the year. So like I said, we did this last July, we did the financial awareness day. So, we did a couple different weeks of that and had different webinars and events around that financial literacy piece. We begin our kickoff of National Retirement Security Month in as early as August. So we begin kind of sending out some messages via social media, kind of those teasers, pay attention, it's coming. And so, I think, that helps kind of get people a little more involved as well.

And then this month, so October, we're continuing to do national retirement security month. And we'll follow that up next month in November with a retired educator event. So, we started just a couple years ago, because we didn't focus a lot on our retired educators and what retirement looks like and still financial security in retirement, right. They're receiving their pension. They are probably the most engaged members that we have with CalSTRS. And we didn't do a lot for them. I mean, they would come into our member centers for questions on things like that. They call our call center.

But as far as offering them any financial education, we hadn't done that. So, we actually developed a couple different workshops for them. The third part series protect in our financial literacy series is really about protecting and preserving your wealth and retirement, kind of some spin down strategies, different things like that. So really highlighting those types of services that we have for them, as well as kind of building in some of that warm, fuzzy stuff, like, what are you going to do in retirement? We see many of our teachers going back to work in some capacity because they miss the kids.

And now, we're seeing teacher shortages. And so, they're being asked to come back into the classroom too. So, we will leverage that in November. Then, we're going to launch in December, a new educator event. So, really focusing on those new educators again. We've had some really good success this past year, it took us a couple years to kind of gear up to this. But working with teacher credentialing programs in the community college in California State Universities and talking to potential teachers,

really, our Department of Education has been a big partner in this and our State Superintendent Tony Thurmond, one of his big platforms is that retention and recruitment of teachers, as we're seeing these shortages across the state, and even throughout the country in some regards.

And so, how can we leverage the benefit that they have with CalSTRS to entice and retain, entice teachers to come into the profession, but also retain them once they're there. We see oftentimes they come in, they teach for two, three years, they say, "I don't know, I'm out, I'm going to do something different," or that market environment turns around, and they go into private sector or back into private sector, if it was a second career coming in. And so, really, talking about that value and this is part of being a teacher in a public service is your CalSTRS and benefits. So, this is what that means to you.

So, we're really putting a lot of focus in those new educators and potential educators coming in to the field. And then CalSTRS, also, we have community college teachers are part of our retirement base as well. And there are some different benefits for part time educators. And so, we focused these last couple years. I'm really building that relationship with our community colleges with those part time educators for them to understand, again, financial literacy around that and that complete package. You're working part time, how are you going to fill your gap? Because what does that mean to you? You're not going to receive this full 100% pension if you're working halftime.

And then, we thought we go into retirement season and we start looking at those near retirement educators, again, that February timeframe, we do a spring into retirement event in March, which during spring breaks, trying to get people who are going to retire to assist them with their retirement applications, again, focusing on that DC savings. And then that kind of takes us into our peak retirement season, which is that June, July, even early August timeframe, when that's the end of their contract term and year. So, providing that additional support throughout the year, through these events that we're doing now has been extremely helpful and very well received, I will say, by our membership.

And it's broadened out our base of who we connect with because before, most of time they come to see us is right before they're going to retire, right? I got to find out what I'm doing. So by broadening this, through this event platform throughout the year, we're reaching just a broader range of all of our members. And we're hoping a lot of those goals come too with word of mouth and wanting this to grow so that they come and seek out our services as well. So we're excited about that.

Scott:

Well, I can understand why and clearly, it comes across and how you convey it, there's a pure gold in there and best practice is plenty. So, thanks for sharing all that.

Jennifer Doss:

You've got some very unique things going on, reasons why you're running your campaigns the way you are and the benefits you're trying to convey and the people you're working with. But, again, a lot of the best practices you just laid out can be applied to not just the governmental sector, but also the private sector, right? I mean, especially like the financial literacy campaigns that you talked about, I mean, that is just applicable to everybody. So, whether it's a private employer or a public employer, I think it's just what can you do to, I guess, increase the retirement readiness, right?

And whether that's through just a, "Hey, we're going to start out dipping our toes in here participating in National Retirement Security Month," or whether we're going to do a full long campaign with all these different facets and ways to reach people like you just said, I mean, it's phenomenal stuff. So it's just, you can get started small and then you can expand and you mentioned working with your partners to get their ideas and talking to some other plan sponsors and figuring out what they're doing is always helpful.

So, I really appreciate all those insights. So, I think you mentioned this too, you mentioned some teachers, what retirement kind of looks like to them, right? They may be kind of running around with the grandchildren. They may be coming actually back to work now. So, we want to switch it to you actually, as a nice segue, is we ask all of our guests, because retirement is very personal to everybody. It's unique. So, what does retirement look like for you, Sandy Blair?

Sandy Blair:

So, I think like everyone, I mean, I want a comfortable retirement. I don't want to have to worry about paying my bills. I don't want to have to worry about rising healthcare costs or unexpected expenses that come into play. I want to be able to be healthy, have a sustained quality of living, travel some, spend time with my family and friends and grow old with dignity. I think being in your home and watching my parents age and other family members, you want to be able to have that independence to continue to live your life and to have the financial means, and to be able to age gracefully in your home and have the health and well-being to do the things that you've always dreamed of doing.

It comes very quickly. And I think some of my interest in coming into this environment and doing what I do has been influenced by probably the lack of planning of many of my family members, right, and then watching them struggle. And being a banker early, and I was 17 when I started working in the financial industry. Helping people through different things and saving and not saving. I want to be able to have that extra money put away that I don't have to worry and I can do what I want and be financially independent on my own. And that's really what I look to in the years ahead.

I still have several years to keep working. But that would be my biggest goal is to just be able to do what I want without worrying about it, and have that financial independence in the future to live an independent, long life. And hopefully, it's long enough, and I've saved enough money to be able to do that.

Jennifer Doss:

Yeah, no, absolutely. And I'm sure you'll have a great retirement whenever you're ready. Like I said, no rush.

I always tell people that. I'm like, "I want you to think about it. But we're not saying you should do it tomorrow. It's like you do it when you're ready. But when you're ready, what does that look like?" I think a lot of people can probably relate to that, right? Just wanting to be able to do comfortably what they want to do, whether that is traveling or like you said, just being comfortable at home or being with the grandkids and not having to worry, right, not having to burden family and things like that. So, I think that's spot on with a lot of people.

Well, Sandy, thank you so much for your time. We really appreciate you joining us and discussing some of your campaign work that you've done. And obviously, you've done way more than just the National Retirement Security Month, which is fantastic. And you guys are just doing so many great things and getting great outcomes, it sounds like. So, we really appreciate you joining us.

All right, that's going to be it for our episode today. So thanks everyone for joining us on another episode of Revamping Retirement. And don't forget to subscribe if you do not want to miss an episode. All right, thanks everyone.

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