



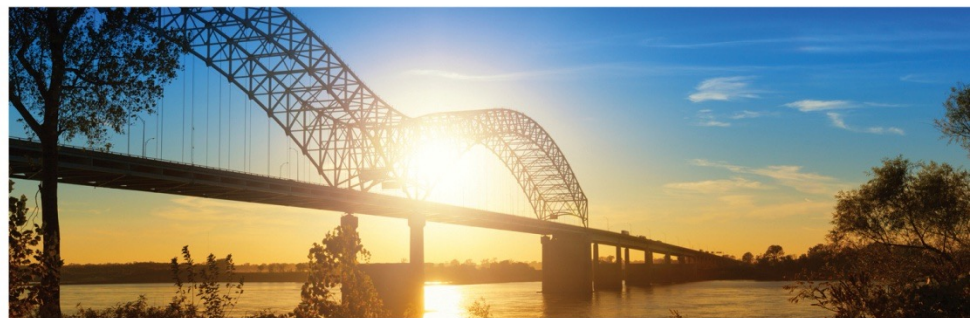
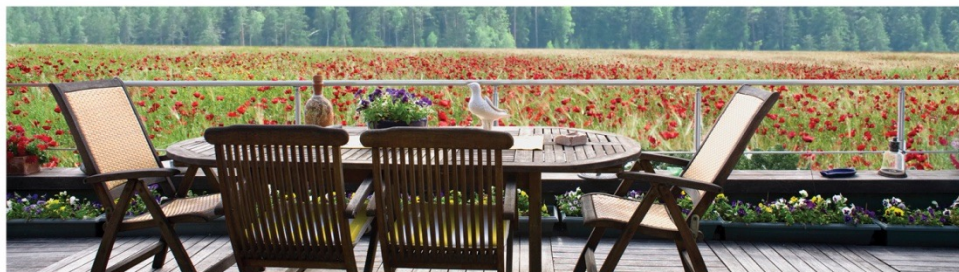
NATIONAL INSTITUTE ON
Retirement Security

Reliable Research. Sensible Solutions.



Engaging plan participants to improve retirement readiness

Webinar | May 12, 2022





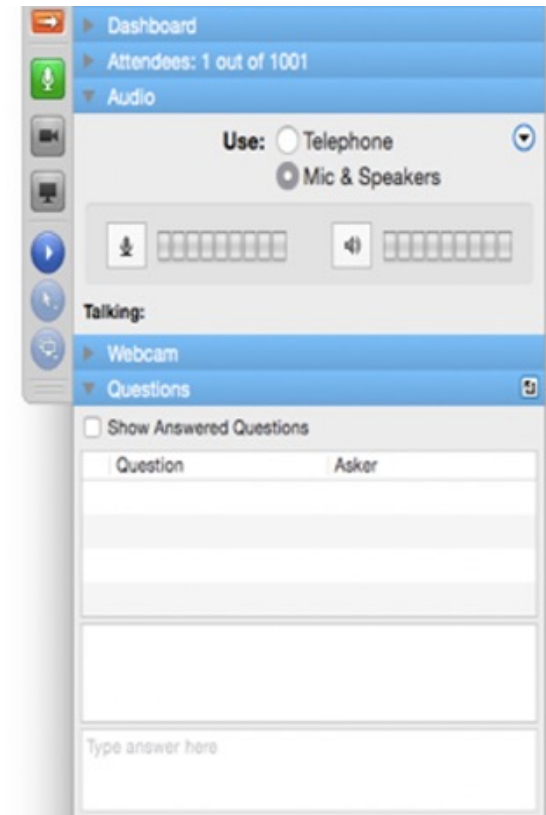
Agenda

1. Logistics & Introductions
2. Overview of TCRS and Approach to Retirement
3. Participant Engagement Strategy
4. Questions



Logistics

- Attendees in listen only mode.
- Questions are welcome. Submit using “Question” function on control panel.
- Audio/technical issues during webinar: call GoToWebinar at 1-800-263-6316.
- Webinar replay and slides will be posted at nirsonline.org/events.



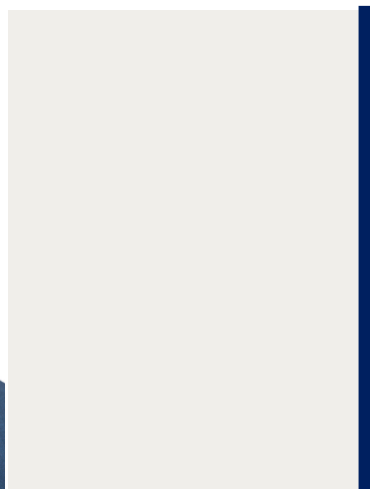


Speakers



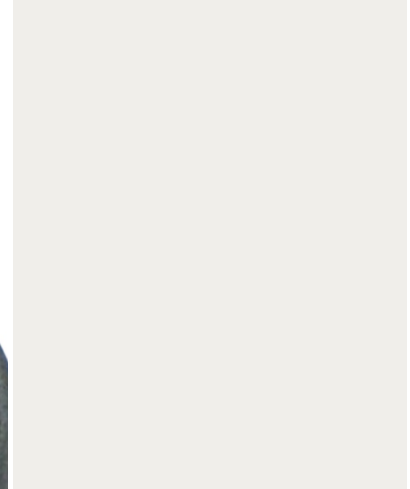
Dan Doonan

NIRS Executive Director



Ashley Nabors

Assistant Treasurer, Financial Empowerment

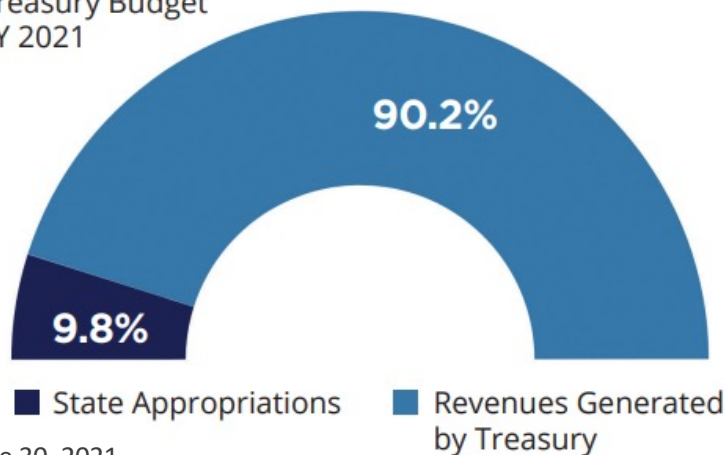




The Tennessee Department of Treasury

- Our mission: To invest in the well-being of Tennesseans through exceptional financial leadership, management, service and education
- Responsible for more than \$99.2 billion in assets under management through various investment programs
- Approximately 275 full-time employees, including an internal investment division comprised of 35 professionals with extensive training and education

Treasury Budget
FY 2021



Total Budget
\$66 million





Program administration

- Tennessee Consolidated Retirement System (\$65.8 B)
- State of Tennessee Deferred Compensation Plans (\$11.7 B)
- State Pooled Investment Fund and Local Government Investment Pool (\$20.2 B)
- Unclaimed Property (\$1.2 B)
- TNStars College Savings 529 Program (\$266.8 M)
- ABLE TN (\$34.0 M)
- Division of Claims and Risk Management



Pulse Check Question

Are your defined benefit and defined contribution plans administratively attached to the same state agency/organization?

- A. Yes
- B. No



TCRS by the numbers

Active Members in the Legacy Plan
(closed to new members on June 30, 2014)

159,293

Active Members in the Hybrid Plan

61,479

Retired Members

148,025

TCRS paid

\$2.9 billion



in benefits to **148,025**
retirees

92% of TCRS retirees
remain in Tennessee

GASB Funded Status FY 2021

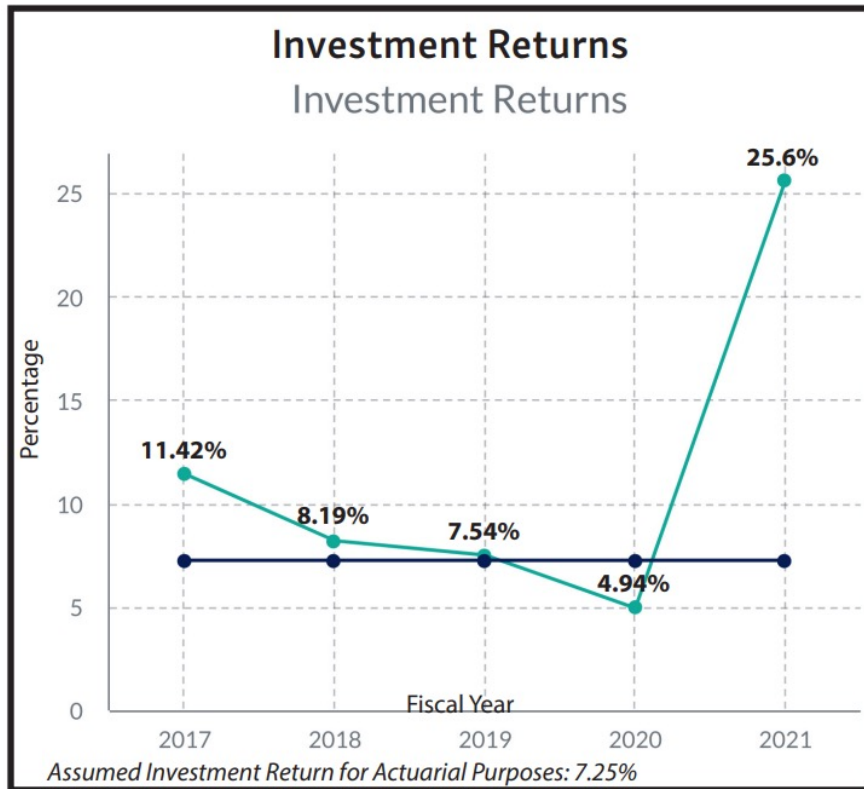
	Assets	Liabilities	Funded %
State Legacy	\$ 15,746,112,791	\$ 17,384,423,117	90.58%
State Hybrid	308,241,289	273,028,004	112.90%
Teacher Legacy	25,456,436,717	24,693,863,023	103.09%
Teacher Hybrid	401,015,022	344,150,852	116.52%
Political Subdivisions*	11,439,968,483	11,199,061,543	102.15%

*In the aggregate. Each Political Subdivision is a separate liability pool.

TCRS administers 624 pension plans on
behalf of 588 local government entities



TCRS by the numbers



- TCRS concluded FY21 recording a historic 25.6% investment return, the fourth highest annual percentage return since consolidation in 1972
- TCRS lowered its assumed rate of return from 7.25% to 6.75% beginning July 1, 2021



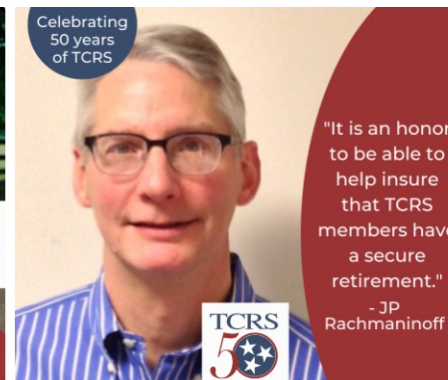
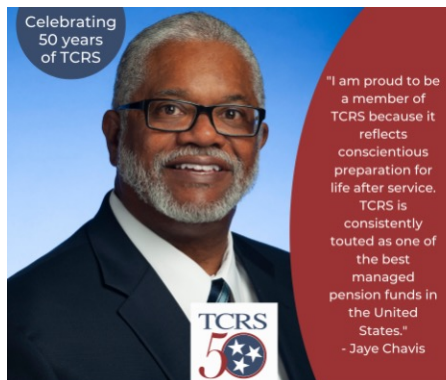
TCRS governance

- The TCRS Board of Trustees consists of 9 ex-officio members, 9 representatives of active TCRS membership and two representatives of retirees. The ex-officio members are:
 - State Treasurer
 - Director of TCRS
 - Chair and vice chair of the Legislative Council of Pensions (non-voting)
 - Commissioner of Human Resources
 - Commissioner of Finance and Administration
 - Comptroller of the Treasury
 - Secretary of State
 - Administrative Director of the Courts
- Responsible for approval of actuarial assumptions, investment policy and employer contribution rates
- The board of trustees may delegate to the state treasurer the duty to carry out the day-to-day operations and responsibilities for the administration of the retirement system



TCRS turns 50

- In 2022, TCRS celebrates 50 years as a consolidated retirement plan
- On July 1, 1972, Governor Winfield Dunn signed the Consolidation Retirement Act to combine seven separate pension plans into the Tennessee Consolidated Retirement System

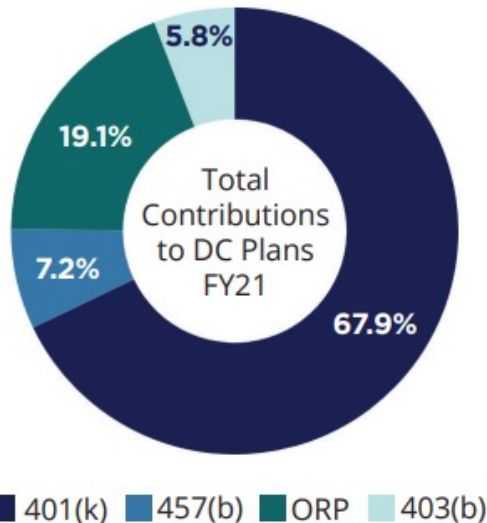




TCRS Economic Impact



DC Plans by the numbers



Defined Contribution Plan	Members
401(k)	171,878
457(b)	14,466
Optional Retirement Program	36,593
403(b)	6,061

Deferred Compensation Total Assets as of June 30, 2021

401(k)/457(b)	\$6.06 billion
Optional Retirement Plan (ORP)	\$4.7 billion
403(b)	\$955.5 million
Total	\$11.7 billion

- Faculty and exempt employees of the University of Tennessee or the Tennessee Board of Regents may choose to participate in the Optional Retirement Plan (ORP), a defined contribution plan.
- Treasury is also the plan administrator for the higher education 403(b) plan.



DC Plan Service Providers

401(k) and 457(b) Plans:



ORP and 403(b) Plans:





DC Plan Governance

- Commissioner of Finance and Administration, Chairs of the Finance, Ways and Means Committees of the Senate and House of Representatives and the State Treasurer serve as trustees
- Responsible for approval of plan document and investment policy
- Trustees shall delegate the duty to conduct the day-to-day responsibilities for managing the investment vehicles to the state treasurer



2014 Pension Reform

- Bipartisan supported legislation to close legacy retirement plan and establish a hybrid retirement plan for state and higher education employees and teachers hired on or after July 1, 2014 (Public Chapter No. 259)
- Employer Goal
 - Mitigate contribution rate volatility through cost controls
- Participant Goal
 - Provide employees with a retirement package capable of producing a comparable benefit to that provided under the legacy plan
 - Focus of participant financial education



Hybrid Retirement Plan

- Established for general state and higher education employees¹ and teachers hired on or after July 1, 2014

	Employer Contributions	Member Contributions	Total Contributions
TCRS	4%	5%	9%
401(k)	5%	2% ²	7%
Total	9%	7%	16%

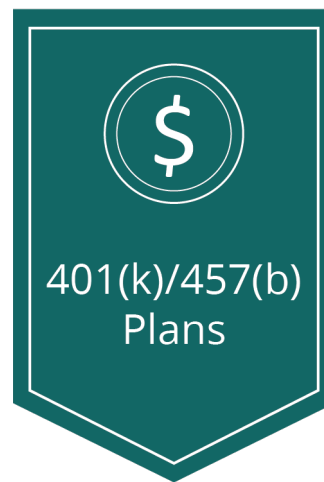
- Members are contributory to TCRS
- 5-year cliff vesting under TCRS, immediate vesting in 401(k)
- TCRS Service Retirement at age 65 or by meeting the “rule of 90” (service credit + age = 90)
- TCRS Benefit Formula: $1\% \times \text{AFC} \times \text{Creditable Service} = \text{Annual Benefit}$

¹ Higher education employees who are exempt from the Fair Labor Standards Act may elect membership in the ORP in lieu of the Hybrid Retirement Plan.

² Members have 30 calendar days to opt out of the 2% member contribution before a contribution is made to the member's account; otherwise, contributions to the 401(k) of 2% will be deducted each pay period from the member's paycheck. The member may modify, or opt out of, future contributions to the 401(k) plan at any time.



RETIRE READY

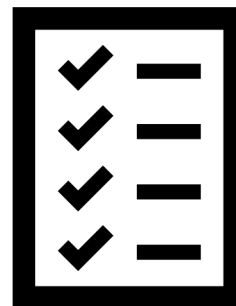
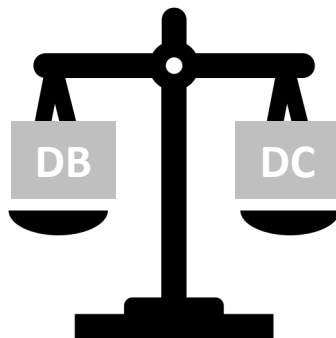


We strive to empower public employees to take actionable steps toward preparing for the future.



Approach to ensuring retirement security

1. Position the defined benefit and defined contribution components of the hybrid plan as equally important sources of retirement income
2. Design the define contribution component with features to encourage positive behavior
3. Equip members with the resources, education and personalized advice to support informed decision-making





Defined contribution plan features



- Auto-enrollment for hybrid plan members
- Carefully selected and monitored investment options
- Target Date Funds as default investment option
- Investment advice and professionally managed accounts



Retirement readiness resources



- One dedicated Call Center to assist members with their TCRS and 401(k)/457(b) accounts
- Access to one-on-one and group counseling services provided by FINRA series 6, 63 and 65 licensed investment advisors
- Online tool providing a comprehensive picture of retirement readiness
- *Services procured through a contract with Empower Retirement, the State's 401(k) and 457(b) recordkeeping provider*



Call Center Services

- One phone number for all incoming calls for TCRS or the DC plans
- Complex TCRS calls routed to Treasury Assist Team
- Service level agreement: 90% of calls answered within 90 seconds

Volumes	2019	2020	2021
DC Calls Answered	72,794	89,858	66,474
DC Calls Abandoned	807	644	728
DB Calls Answered	74,302	80,493	84,084
DB Calls Abandoned	997	933	901
Total Calls Answered	147,096	170,351	150,556
Total Calls Abandoned	1,804	1,577	1,629
Metrics			
Average Speed of Answer	0:32	0:28	0:39
Percent of Calls Abandoned	1.21%	0.92%	1.02%
Average Handle Time	6:43	7:09	7:15
After Call Survey Scores	4.58	4.54	4.58
Percent of Call Answered			
Within 90 Seconds	90%	90%	90%



One-on-one counseling

Retirement Readiness Reviews

Available to members at any stage in career

- Review TCRS and defined contribution accounts, debts and outside assets
- Discuss retirement goals and planned retirement age
- Determine if contribution levels and investment options are in line with your goals
- Perform a personalized retirement analysis and provide investment advice

Retirement Counseling

Available to members within three years of retirement

- Determine the total income needed in retirement
- Review benefit estimate and annuity options from TCRS and Social Security
- Review 401(k) and 457(b) balances, investments, and distribution options
- Discuss how to execute retirement plan



CY2021 RetireReadyTN Plan Advisor Satisfaction

Plan Advisor Net Promoter Scores based on 3,365 respondents



Promoters

90% of respondents rate their RPA meeting a 9 or 10



Detractors

3% of respondents rate their RPA meeting a 1 – 6

NEUTRALS

7% of respondents rate their RPA meeting a 7 or 8

Net Promoter Score = 87



Pulse Check Question

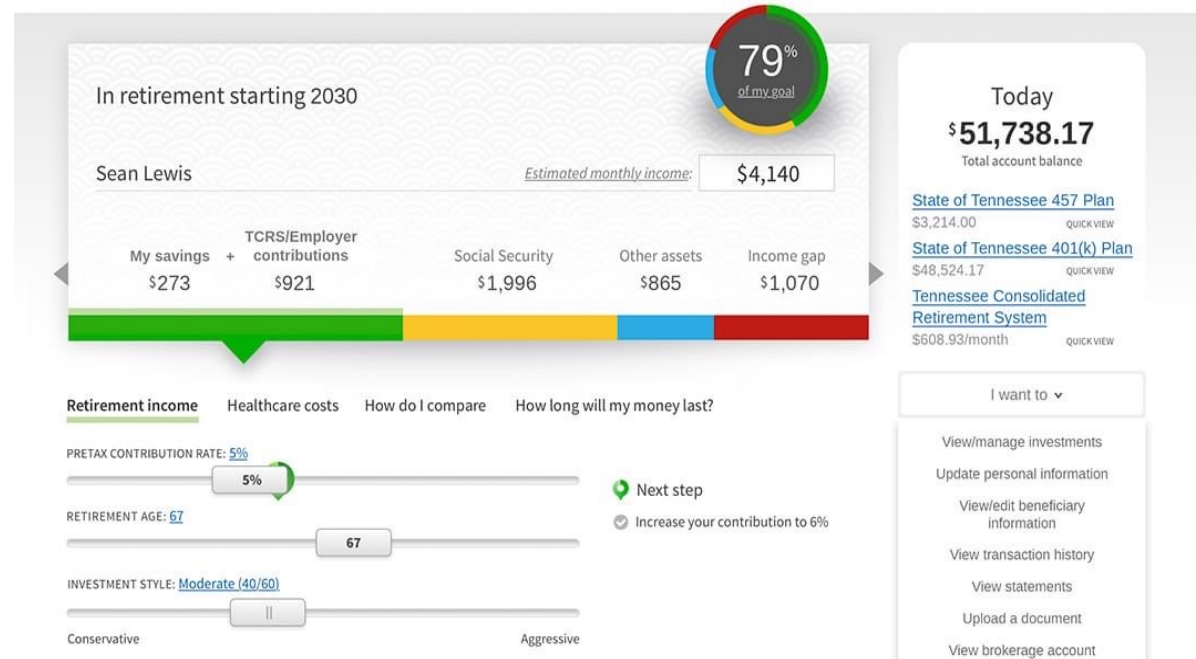
Does your retirement program provide counseling services? If so, which members have access to those services?

- A. We provide limited or no counseling services
- B. We provide counseling to all members with little to no restrictions
- C. We focus counseling services on members nearing retirement



Lifetime Income Score

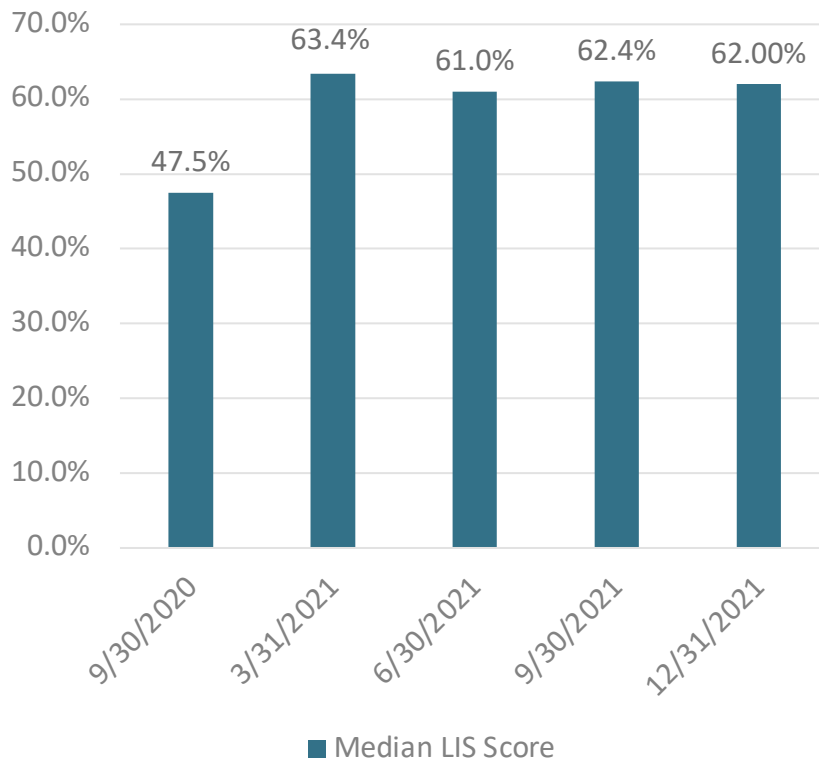
- Available through the 401(k)/457(b) participant portal.
- The Lifetime Income Score (the percentage shown the circle) is the percentage of a member's retirement income goal that is covered by their estimated retirement income.
- Once vested, a projection of the TCRS benefit will be included in the score.



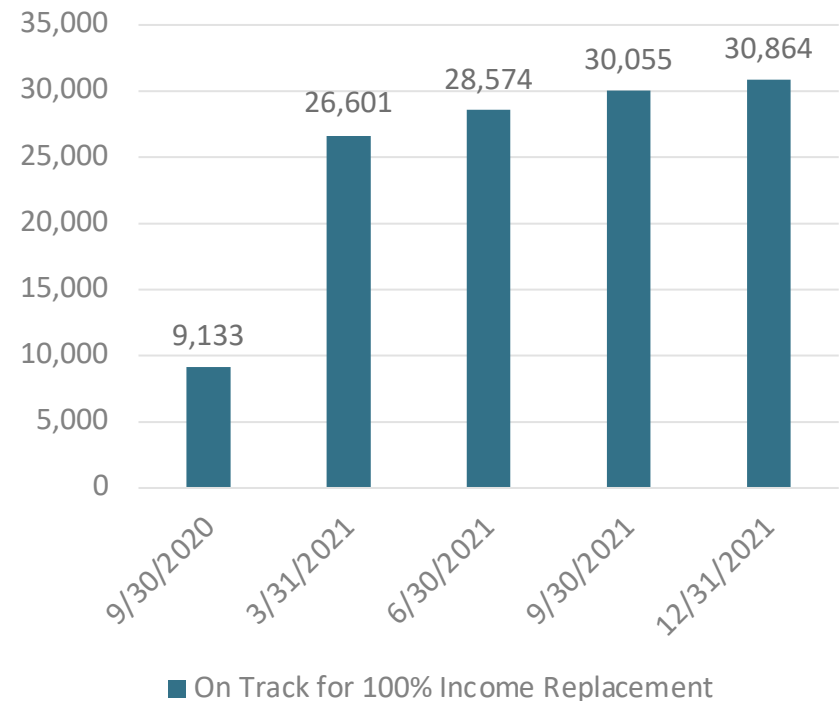


401(k) participant LIS - impact of TCRS benefit

Median LIS Score



On Track for 100% Income Replacement





Participant communication and outreach

- Goal-based annual communication strategy incorporating specific calls to action for all members
- Focused communication and outreach to high need (at-risk) participants:
 - Lifetime Income Score below 70%
 - Hybrid plan member not deferring to the 401(k) (members opting out of auto-enrollment)
 - Equity risk (Age 50+ with 75%+ equity exposure)
 - Inflation risk (Age 50+ with 10% or less equity exposure/Under 50 with 25% or less equity exposure)



5-point plan for engaging high need participants

1. Create communications directly targeting these participants
2. Maximize meeting capacity
3. Leverage Treasury Outreach staff to develop relationships with participating employers
4. Promote education resources through regular employer meetings
5. Provide continuing education opportunities to plan advisors



Targeted email campaign samples

RETIRE⁺READY
TENNESSEE'S RETIREMENT PROGRAM

A program of the
Tennessee Treasury Department
David H. Lillard, Jr., Treasurer

75%
of my goal

Edit

Here's a nudge to check in on your progress toward your retirement goals

Are you on track to reach your retirement income goal? There's an easy way to find out — log in to your account to view your Lifetime Income ScoreSM.

CHECK YOUR SCORE

Your Lifetime Income Score represents the percentage of your current working income you're on track to replace in retirement. The closer you can get to 100%, the better.

Currently, your score is below 70%, but don't worry, there are things you can do now to impact your score and increase projected retirement income, such as:

- Saving more.
- Reviewing your investment strategy.
- Scheduling a Retirement Readiness Review.¹

Remember, a TCRS benefit projection is included in the estimated retirement income and Lifetime Income Score for all vested TCRS members.

We're here to help

Get up a Retirement Readiness Review! Your local RetireReady/TN Plan Advisor can walk you through your savings options, talk to you about your Lifetime Income Score and more. Click the link where you live to schedule a virtual meeting today.

West Tennessee Middle Tennessee East Tennessee

RETIRE⁺READY
TENNESSEE'S RETIREMENT PROGRAM

A program of the
Tennessee Treasury Department
David H. Lillard, Jr., Treasurer

You have at least 75% of your account invested in the Market.

Are you inadvertently putting your retirement in jeopardy?

There is no better time to schedule your retirement review. Even if you think you are correctly allocated, we are here to review your investments and talk about ways to help reduce your investment risk.

Your RetireReadyTN Plan Advisor is available to meet with you over the phone or by videoconference.

During the meeting, your dedicated RetireReadyTN Plan Advisor will:

- Answer your questions during these times of market volatility and see whether any changes in your strategy are appropriate to keep you on track for your future.
- Review your savings level and investments and determine whether it might be appropriate to make any changes.
- Help you determine a possible retirement age if you're considering retirement in the near future.
- Help you look at all of your income sources to give you a complete picture of your progress toward your future needs.

Contact your RetireReadyTN Plan Advisor today to make an appointment by clicking below.

Schedule your personal 1:1

RETIRE⁺READY
TENNESSEE'S RETIREMENT PROGRAM

A program of the
Tennessee Treasury Department
David H. Lillard, Jr., Treasurer

You have less than 25% of your account invested in the market.

Are you inadvertently putting your retirement in jeopardy?

There is no better time to schedule your retirement review. Even if you think you are correctly allocated, we are here to review your investments and talk about ways to help reduce your investment risk.

Your RetireReadyTN Plan Advisor is available to meet with you over the phone or by videoconference.

During the meeting, your dedicated RetireReadyTN Plan Advisor will:

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RETIRE⁺READY
TENNESSEE'S RETIREMENT PROGRAM

A program of the
Tennessee Treasury Department
David H. Lillard, Jr., Treasurer

Start saving. Keep living.

We noticed you recently opted out of contributing to the State of Tennessee 401(k) plan, and we're hoping to change your mind! Making regular contributions to your 401(k) account is an easy way to boost your savings for the future.

Here are a few things to consider:

1. Get started with as little as \$10 or 1% of your salary per pay period.
2. Pre-tax contributions to your 401(k) account can reduce the amount of taxes you have to pay on your current income.¹
3. It's easy to save through automatic deductions from your paycheck.
4. Dedicated representatives at the RetireReadyTN call center are available to help you plan for your future. Also, keep an eye out for online presentations at your workplace.
5. A little saved now could become a lot more for your future.

Contribute now \$50 per month → It could equal \$415 per month more in retirement

2. FOR ILLUSTRATION PURPOSES ONLY. This hypothetical illustration does not reflect a particular investment and is not a guarantee of future results. It assumes a 6% annual rate of return over 40 years, a 10% federal tax bracket and reinvestment of earnings with no withdrawals. Rates of return may vary. It assumes the taxable amount does not have any investment for more than 12 months and does not reflect medical costs or deductions. If held longer than 12 months, the account may qualify for capital gains and/or qualified distribution rates which, along with any reduced capital loss opportunities or other tax deductions, would make the return on the taxable investment more favorable. Ordinary income tax and/or a tax penalty may apply to distributions from a non-qualified account. This illustration does not reflect taxes that may be due at the end of an investment period or after an early withdrawal. It also does not reflect any changes, expenses or fees, which may change the net income potential. Investors should consider their current and anticipated investment horizon and tax bracket when making investment decisions.



Retirement Plan Advisor templated email samples

RETIRE[®]READY A program of the Tennessee Treasury Department David H. Lillard, Jr., Treasurer



Spring cleaning. Spring meeting.

Spring is a time of year to get organized around the house. It's also a good time to make sure your financial house is in order. Just as Spring cleaning is best accomplished with help, your financial strategy is, too. Meet with your local RetireReadyTN Plan Advisor to get fresh ideas about how to reach your goals.

 Find out if you're saving enough to reach your retirement income goal.

 Review your investment selections to make sure they align with your risk tolerance.

 Take a look at the online resources that can help you along the way.

Spring into action and schedule a meeting today!

SCHEDULE A MEETING

RETIRE[®]READY A program of the Tennessee Treasury Department David H. Lillard, Jr., Treasurer



You have a new RetireReadyTN Plan Advisor!

New face, same great service. Schedule time to meet your new RetireReadyTN Plan Advisor and get the help you need to achieve your personal retirement goals.

<First Name><Last Name>
Phone: (000) 000-0000
Email: firstname.lastname@tennesseeretirement.com

 Learn about your retirement plans, including TCRs and your State of Tennessee 401(k)/457 accounts.

 Learn how much of your working income you are on track to replace in retirement.

 Discuss financial planning and budgeting.

You don't have to face retirement planning alone. Schedule a meeting today!

SCHEDULE A MEETING

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Have we met?

As your local RetireReadyTN Plan Advisor, I'm available to meet with you, answer any questions you may have about your retirement strategy, and offer expert guidance on actions you can take to help you reach your long-term financial goals. Whether we've met before or have yet to meet, I'm here for you.

 We can see if you're saving enough to reach your retirement income goal.

 We can look at your investment selections to make sure they align with your risk tolerance.

 We can review some of the online resources available to help you along the way.

It's just you, me, and your future. Let's meet!

SCHEDULE A MEETING

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It is a pleasure to meet you!

As you get closer to retirement, you have the unique opportunity to meet with a local RetireReadyTN advisor to get personalized help with your planning and savings strategy. This valuable benefit could assist you in reaching your financial goals.

 Learn if your saving and investment choices are in line with your goals.

 Determine how much of your working income you may need to replace in retirement.

 Discuss how long you should work to maximize your retirement benefit.

What does your financial future hold? Schedule a one-on-one meeting to find out!

SCHEDULE A MEETING



Measurements of Success

- Email open and click-through rates
- Requests for meetings with Retirement Plan Advisors
- Positive actions occurring within a designated timeframe:
 - Enrollments
 - Increased deferrals
 - Account consolidations
 - Reallocations



Example high need targeted campaign

Audience:

- Equity risk – Age 50+ with >75% equity;
- Inflation Risk – Age 50+ with <10% equity, Any age with <25% equities

Email metrics:

- Equity risk: 34.9% open, 9.5% click
- Inflation age 50+: 35% open, 7.1% click
- Inflation under 50: 25.5% open, 8.7%

Results:

- 567 (3.5%) email click-throughs to set up an appointment
- 653 meetings scheduled for next 30 days
- 45% increase in meetings (203 more than average)

RETIRE^{READY}
TENNESSEE'S RETIREMENT PROGRAM

A program of the
Tennessee Treasury Department
David H. Lillard, Jr., Treasurer

Your investments may be out of balance with your life

You have less than 25% of your account invested in stock funds. This approach might be too conservative for someone your age.

Let's talk about aligning your investment strategy with your retirement goals

[Schedule your review online](#)

Click the link where you live to set up your virtual meeting today.
[East Tennessee](#)
[Middle Tennessee](#)
[West Tennessee](#)

Or call 800-922-7772 to set up a time

On the call, we'll review your savings and investments to see if you need a new strategy that's more aligned with your age, risk tolerance, and financial goals.

RETIRE^{READY}
TENNESSEE'S RETIREMENT PROGRAM

A program of the
Tennessee Treasury Department
David H. Lillard, Jr., Treasurer

Your investments may be out of balance with your life

You have at least 75% of your account invested in stock funds. This approach might be too aggressive for someone getting closer to retirement.

Let's talk about potentially reducing your investment risks.

[Schedule your review online](#)

Click the link where you live to set up your virtual meeting today.
[East Tennessee](#)
[Middle Tennessee](#)
[West Tennessee](#)

Or call 800-922-7772 to set up a time

On the call, we'll review your savings and investments to see if you need a new strategy that's more aligned with your age, risk tolerance, and financial goals.

You might be investing too conservatively or aggressively.

Schedule a no-cost, retirement review to talk to an experienced RetireReadyTN plan advisor to see if you need a new strategy that is more aligned with your age, risk tolerance and financial goals.

► Schedule your review online at [RetireReadyTN.gov](#)
Scroll down to Retirement readiness education and click on Register for Retirement Readiness Review.

Or call to set up a time to talk
800-922-7772 | Mon.-Fri. 8 a.m. - 7 p.m. Central time

Let's talk about your future

Together we will:

- ✓ Find out if you're saving enough to reach your retirement income goal.
- ✓ Review your investment selections to make sure they align with your risk tolerance.
- ✓ Take a look at the online resources that can help you along the way.

RetireReadyTN is the state's retirement program, combining the strengths of a defined benefit plan provided by the Tennessee Consolidated Retirement System (TCRS) 401(k) and 408(a) plans offered to Employer Retirement, and retirement readiness education. We strive to empower public employees to take actionable steps toward preparing for the future.

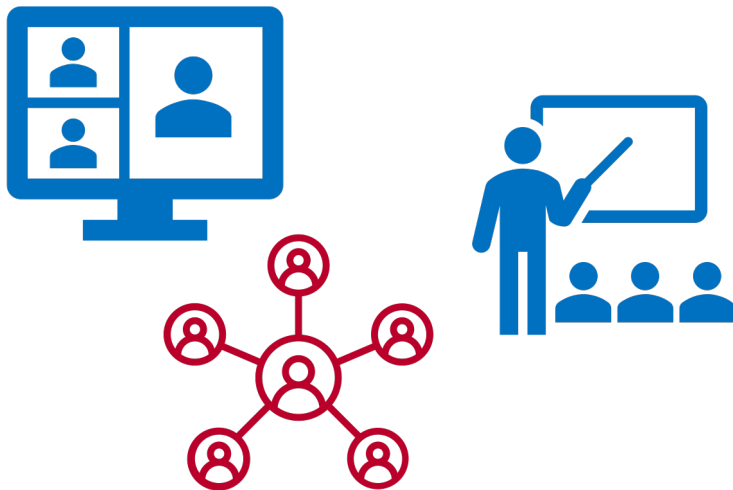
You should carefully consider your risk tolerance, investment horizon, retirement savings goals, and overall investment and retirement objectives prior to making investment decisions.

Past performance is not a guarantee of future results. The value of an account will fluctuate and it is possible for the value to be less than what was contributed.

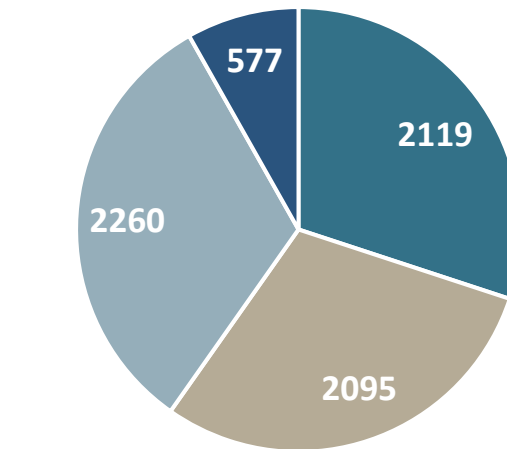


2021 Retirement Plan Advisor activity

- 16,289 total meetings in 2021 (a 25% increase over 2020)
 - 569 group meetings
 - 15,720 individual meetings



Advisor-Driven Actions



- Enrollments
- Deferral Changes
- Asset Allocation Changes
- Account Consolidations



Year-over-year comparison of at-risk populations

EQUITY

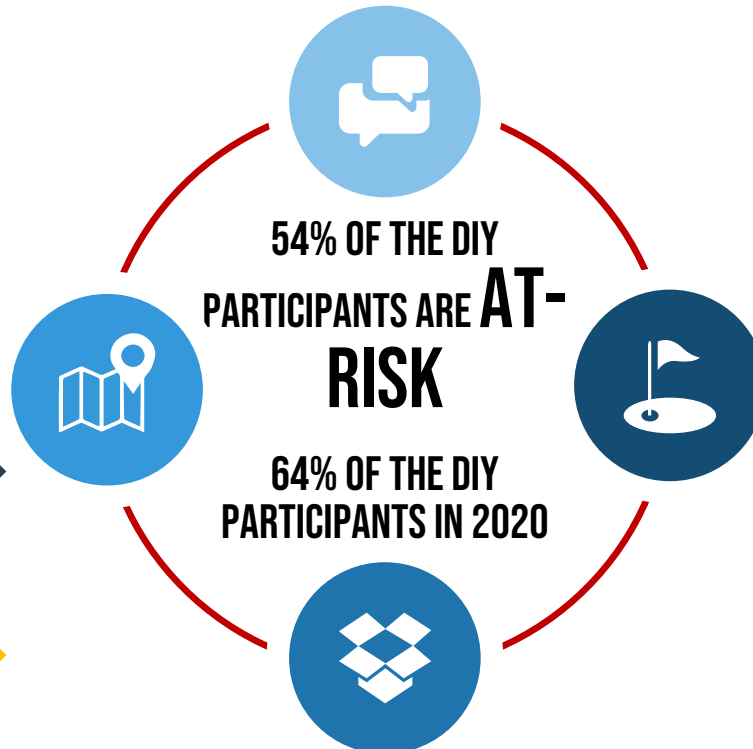
Defined: Age 50+ and
75%+ equity exposure

ASSETS:
21' \$1.75B
20' \$1.46B

PARTICIPANTS:
21' 17,011
20' 22,073

ACCOUNT BALANCE:
21' \$102K
20' \$66K

Averages



INFLATION

Defined: Age 50+ and $\leq 10\%$
equity exposure / Under 50
and $\leq 25\%$ equity exposure

ASSETS:
21' \$261M
20' \$297M

PARTICIPANTS:
21' 8,883
20' 9,953

ACCOUNT BALANCE:
21' \$29k
20' \$30K

Averages



Pulse Check Question

What have you found to be the best communications method for “nudging” plan participants?

- A. Email communications
- B. Webinars/video content
- C. Social media
- D. In person meetings/events



2022 Engagement Strategy

- Continued focus on High Need audiences
- Initiating automated email campaigns creating targeted and personalized email journeys for participants
- Developing more video resources
- Launching new website experience allowing enhanced account aggregation tools



Q&A



Agenda

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3. Participant Engagement Strategy
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