

DEFERRED COMPENSATION PLANS

2021 Q4 BUSINESS UPDATE

PLANS MANAGEMENT BOARD

MARCH 2022 MEETING



DEFERRED COMPENSATION PLANS– 2021 Q4 BUSINESS REPORT



Program Summary:

The Delaware Retirement Savings Plans, also known as DEFER, exist to provide retirement security for State of Delaware employees. DEFER consists of the State's 457(b) plan which is available to full time benefit eligible employees, the 403(b)-plan available to State education employees employed by public school districts, the DOE, and DTCC as well as DSU, and the 401(a)-match plan which is currently suspended. Employees voluntarily elect to have contributions deducted from their paycheck and deposited into a DEFER account. The current vendor for the plans is Voya Financial.

DEFER objectives:

- Increase participation
- Review investments and grow assets.
- Enhance plan operations.

Target audience:

State employees and educators

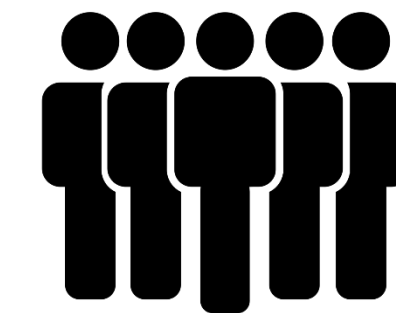
Fourth Quarter (2021) Highlights:

- **396 new enrollments** in Q4 up 27% from Q3 2020.
- **Beneficiary campaign resulted in a 16.1% response rate** with 2,279 participants making beneficiary elections since Q2 2021.
- **243 Consolidations (up 12%) totaling \$9,289,836 (up 62%)** compared to 216 consolidations totaling **\$5,721,253 in Q4 2020**.
- **8,554 employee engagements – Local Advisors** –(914 Scheduler Appts, 3,755 Calls, 2,792 Emails) up **12%** compared to full year 2020.

Upcoming Initiatives:

- **Q1 participant statement communication** - Topic focused on increasing contributions to the Plan. Encourages participants to examine their tax return and determine whether they can increase contributions to the Plan.
- **America Saves Week**– Theme of campaign is focused on developing good money habits.
- **Participant Outreach**- 40 outreach calls per week focused on account consolidation, beneficiary designation and k-12 outreach
- **Onsite One-on-One sessions**– Sessions scheduled for 2/14 at Lake Forest District. Other districts looking to schedule.
- **Group Education/Information Sessions Continue** – Q1 training sessions include Dept. of Corrections and HR Lunch & Learn scheduled for 3/15
- **Plan Operations**- Revisions to the process for requesting the deferral sick and vacation pay
- **Open Enrollment Campaign** – Planning underway to coincide with State of Delaware open enrollment (May 2- May 13th)

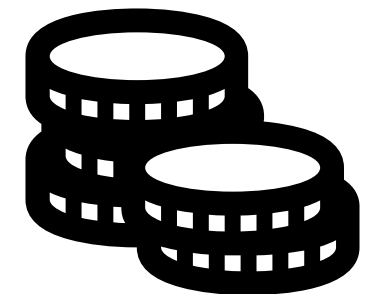
2021 vs 2020



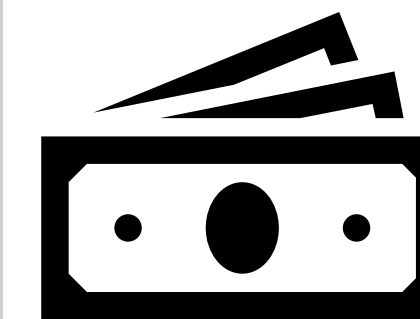
Enrollments
+ 13%

Total contributions

+ 7%



- Total contributions were \$70.5 million in 2021



\$1.22 billion
in plan assets

- Does not include 403(b) legacy vendor assets which are valued at approximately \$308 million as of 12.31.2021



DEFERRED COMPENSATION PLANS– PARTICIPANT PROFILE

<i>Both Plans</i>	Active	Eligible
Average Age	46	44
Average Tenure	16	11
Average Salary	\$68,210	\$48,146

	457	403
Enrolled and Contributing	85%	86%
Gender of Contributing	40% Male 60% Female	26% Male 74% Female
Average Contribution	\$161	\$175

Key Takeaways

- Participation rate increase with longer tenured employees
- 15% of people within the plan have stopped actively contributing
- Female employees are more active within the plan



APPENDIX





1 INCREASE PARTICIPATION

Goal One – **Build Upon the Enrollment Growth Momentum**

Goal Two – **Analyze the Opportunity to Allow Casual/Seasonal Employees to Contribute**

Goal Three – **Explore Auto-Enrollment Opportunities for Deferred Compensation Plans**

Goal Four – **Support Efforts to “Unfreeze” the 401(a) Match Plan**

2 REVIEW INVESTMENTS AND GROW ASSETS

Goal One – **Review and Broaden Tier Two Core Investment Options**

Goal Two – **Explore Environmental, Social, and Governance (ESG) Investment Offering**

Goal Three – **Promote Account Consolidations**

Goal Four – **Investigate the Benefits of Offering Flat vs Percentage Based Deferrals**

3 ENHANCE PLAN OPERATIONS

Goal One – **Improve Existing Internal Controls and Operating Efficiencies**

Goal Two – **Increase Beneficiary Designation Rate**

Goal Three – **Continue to Strengthen Oversight with Board and Committees**

Goal Four – **Enhance Retiree Experience**

• *Green font represent “always on” efforts*

Focus Timeline

2021

- ✓ *Build on enrollment growth*
- ✓ *Promote account consolidations*
- ✓ *Increase beneficiary designation rate*
- ✓ *RFP for Plan*

2022

- *Improve existing controls*
- *Enhance retiree experience (SVD)*
- *Review and broaden Tier Two Investments*
- *Explore ESG investment offerings*
- *Flat vs fixed contribution research*
- *Oversight Fiduciary Training*

2023

- *Casual Seasonal Opportunity*
- *Auto-enrollment –Phase 1*

2024

- *Auto-enrollment*
- *Oversight Fiduciary Training*

