



Public Sector Retirement News & Views | Q4 2020



NAGDCA ANNOUNCES 2020 LEADERSHIP AWARD WINNER

The National Association for Government Defined Contribution Administrators (NAGDCA) awards plans with notable successful initiatives and strategies each year. This year, NAGDCA's top award went to the City of Los Angeles, for their Retirement Security Week campaign, "The Best Plans are With Your Friends." The campaign's concept was derived from the observation that peers and colleagues can be the most effective influencers of retirement plan participation. Employees and plan participants had access to interactive exercises and challenges designed to engage or re-engage with the plan. The City measured results include a 57% increase in enrollments compared with the prior year. The NAGDCA press release for the award can be found [here](#). More information about all award winners will be available later this year.

TECHNIQUES FOR INCREASING ENROLLMENT

Leadership awards in 2019 showed a number of themes for enrollment increases – including new enrollments and contribution increases. Plan sponsors can learn from one another and apply techniques that make sense for your plan, with the objective of experiencing some of the same successes others have seen.

So, what are some of the most successful strategies? You can start by **simplifying the enrollment process**. Providers can offer online enrollment, and employees can direct contributions to the plan's default investment (often, the age-appropriate Target Date Fund) to make investment selection easier. A **focus on the benefits of participation** can help participants understand the long-term value of getting started and envision their own financially secure retirement. Be sure to include information about the value of increasing deferrals, too. Get to **know your audience**, and target messages to appeal to different factions of your employee population. Use a **multi-channel approach** to deliver a variety of formats and content. Targeted messages to different audiences and multi-lingual material may be great ways to reach new participants. Entertaining, theme-oriented messages may be especially attractive! **Partner with your plan provider(s)** so that employees know who to ask for information and other needs. Develop campaigns together and attend benefit fairs, education and other events so that employees know their employer supports helping them achieve their savings goals. Offer employees the opportunity to **meet on-on-one with the plan representatives**, so they can review their goals with an investment professional. Ask your provider to be visit various worksites to make it easy for employees

to attend. **Offer incentives** for new enrollments or contribution increases. An employer match is an obvious incentive, but if your plan doesn't offer that, other incentives can be prize drawings, management recognition, or parties for the teams with the most participants, new enrollments, or increases. Your plan provider may be able to help support your incentive programs, too.

NAGDCA offers a summary of the 2019 award-winning strategies and each winner's program details at this [link](#). Your NFP advisor is also here to help you brainstorm enrollment and engagement strategies!

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) ISSUES NEW STATEMENT

The GASB has issued a new statement, GASB 97, pertaining to Governmental Deferred Compensation Plans. The Statement requires that a 457 plan be classified as either a pension plan or an other employee benefit plan. NFP has discussed the statement with public sector auditors and it appears that most plans will be defined as other employee benefit plans. The statement is effective for fiscal years ending after June 15, 2021. NAGDCA provided comments to GASB during the development of Statement 97, and their summary of the statement and its impact on governmental plans can be found [here](#).

GASB typically issues an Implementation Guide prior to the effective date, to assist governmental entities in implementing the required changes. No Implementation Guide for Statement 97 has yet been issued; NFP strongly recommends that plan sponsors consult with their Finance department and their auditors for preliminary guidance about if and how the statement will affect their financial reporting.

IRS PROVIDES TEMPORARY RELIEF FROM SIGNATURE REQUIREMENTS

Earlier this summer, the IRS issued Notice 2020-42, authorizing temporary administrative relief to plan participants by allowing remote/electronic signatures for certain elections for their retirement savings plans. The change allows the "physical presence requirement" for signatures to be waived and participants may use electronic signatures in most cases.

The change is temporary only, for electronic signatures during the period January 1, 2020 through December 31, 2020. It accommodates shutdowns and social distancing guidelines and is primarily intended to help facilitate coronavirus-related distributions permitted by the CARES Act. The change is allowed, however, for qualifying participant elections outside of the CARES Act.

State laws vary in regard to physical signature requirements. Notice 2020-42 relaxes the federal requirement for signatures. It will be important for plan sponsors to also know what their state laws require, and under what circumstances their state may allow remote/electronic signature.

You can read the full text of Notice 2020-42 [here](#), and the IRS' summary [here](#).

NAGDCA CONFERENCE GOES VIRTUAL

With the annual NAGDCA conference being cancelled this year, NAGDCA has created a virtual interactive learning opportunity for members – NAGDCA Connect.

NAGDCA Connect is launching in October, coinciding with National Retirement Security Month. A variety of topical sessions and small group discussions will be offered throughout October, providing new opportunities to learn and network with peers.

For more information about NAGDCA Connect, click [here](#).

WE NEED A NEW TRUSTEE!

Trustees are an integral component of developing a well-run and -managed plan. Trustees are responsible for ensuring that fiduciary duties are addressed and carried out, that the plan is competitively priced, and that it offers features and benefits that make it attractive to employees. Occasionally a vacancy occurs on the oversight committee or board, and a replacement must be selected to fill the vacancy. What are some important considerations when recruiting and retaining new trustees?

Trustee Recruitment

Identifying your target population for a vacant trustee position is an important first step in recruiting trustee candidates. Perhaps you have specific requirements for the positions – a certain department, labor or management representatives, retirees. In addition, many plans require that their trustees are plan participants. You may also want to evaluate potential trustees for their level of knowledge and interest in the subject matter that the board of trustees regularly considers.

Once you know where to look for candidates, it will be important to develop interest in the position. Potential candidates will want to know what are the expectations for the position, such as time spent, board orientation, and opportunities and requirements for continuing education, for example. A strong and well-developed board of trustees will have many of these defined and/or in place and may have by-laws that discuss expectations for trustee engagement or performance. They may also have standing meeting items, particularly continuing education. Some boards even have mentoring programs, where a long-term trustee will be available to a new trustee for questions and guidance. Setting expectations will help you recruit candidates that are willing, able, and enthusiastic about assuming important fiduciary and trustee responsibilities.

Trustee Retention

Now you have a new trustee, ready to join your board of more seasoned trustees! Congratulations! But...your work is not done. Not only do you want to retain your new trustee and help them learn and understand their new responsibilities – you also want to retain your existing trustees. Making sure trustees understand the expectations of their positions and that they have ongoing opportunities for continuing education are just a couple of retention strategies. Trustees can be motivated by leading positive improvements to your plan and helping employees further their opportunities for a secure retirement. Bringing education about industry trends, benchmarking plan data, and keeping up to date about legislative developments help trustees identify areas they can focus on for plan improvement.

EMPOWER RETIREMENT ACQUIRES MASSMUTUAL RETIREMENT PLAN BUSINESS

In early September, Empower and MassMutual jointly announced that they have agreed that Empower will acquire MassMutual's retirement plan business. The terms of the agreement, subject to regulatory approval, provide for the transfer to occur by the end of this year.

Empower is a leader in the retirement industry and will have roughly 67,000 retirement savings plans once the transfer is complete. Empower has grown annually at more than twice the industry average rate, largely due to their integrated financial technology tools, their commitment to customer service, and their commitment to governmental defined contribution plans.

NFP is keeping a close watch as this transfer occurs and will keep clients with MassMutual fully informed of developments as they occur. Please reach out to your NFP representative if you have questions or concerns.

About NFP

NFP is a leading insurance broker and consultant that provides employee benefits, specialized property and casualty, retirement, and individual private client solutions through our licensed subsidiaries and affiliates. Our expertise is matched by our commitment to each client's goals and is enhanced by our investments in innovative technologies in the insurance brokerage and consulting space.

NFP has more than 5,700 employees and global capabilities. Our expansive reach gives us access to highly rated insurers, vendors, and financial institutions in the industry, while our locally based employees tailor each solution to meet our clients' needs. We've become one of the largest insurance brokerage, consulting, and wealth management firms by building enduring relationships with our clients and helping them realize their goals.

Recently NFP was named the 2nd largest retirement plan aggregator firm, as ranked by Investment News; the 6th largest US-based privately owned broker, the 5th largest benefits broker by global revenue, and the 8th best place to work in insurance by Business Insurance; the 10th largest property and casualty agency by total 2019 P&C revenue by Insurance Journal; the 13th largest broker of US business by Business Insurance; and the 13th largest global insurance broker by Best's Review.

For more information, visit nfp.com.

NFP GOVERNMENTAL RETIREMENT PLAN EXPERTISE



Bill Tugaw is the governmental plan practice leader for NFP. He has assisted public sector employers in meeting the fiduciary obligations associated with operating their plans for more than 30 years. Bill is a faculty instructor for the International Foundation of Employee Benefit Plans (IFEBP) on public sector 457(b), 401(a) and 403(b) plans. Bill is frequently invited to lecture on employee benefits, post-employment health plan options, requests for disclosure and requests for proposals. Bill is co-author of two books: *Deferred Compensation / Defined Contribution: New Rules / New Game for Public and Private Plans*, and *Defined Contribution Decisions: The Education Challenge*.

bill.tugaw@nfp.com | P: 650.888.8983

This material was created to provide accurate and reliable information on the subjects covered but should not be regarded as a complete analysis of these subjects. It is not intended to provide specific legal, tax or other professional advice. The services of an appropriate professional should be sought regarding your individual situation.

Investment advisory services offered through NFP Retirement, Inc., a registered investment adviser.
NFPR-2020-209 ACR#359120 09/20

