Increasing contributions in automatically enrolled federal employees Year 2018

What was the goal?

We wanted to encourage participants who made no changes after being automatically enrolled at 3% of salary to increase their contributions. Since eligible participants receive matching on the first 5% of salary, saving more would provide interested employees with additional matching from their agencies.

Who were the participants?

We contacted 1,254 employees who had been with the federal government for less than two years. All employees were automatically enrolled into the TSP between January 1, 2017, and July 1, 2018, and had made no changes to the default contribution amount of 3% of salary. All participants worked at agencies that used the National Finance Center for payroll transactions, had at least one email address on file, and had no outstanding TSP loans.

How did the project work?

Participants were randomly assigned into three groups:

- 30% received an email that included vivid colors and design as well as a personalized estimate of how much they had missed in matching.
- 30% received an email that featured an estimate of what *other* people contributing 3% of salary had missed.
- The final 40% received neither email at that time.

When did this project happen?

Emails went out in late August 2018, followed by reminders in mid-September 2018. In mid-December 2018, we noted the total in each group who had started contributing more than 3%, using both Chi square and two-sample proportion tests (two-tailed) to determine statistical significance.

What were the results?

After 3½ months, 22.7% of those who received the personalized email had increased their contributions as did more than a quarter (26.3%) of those who received the email with what others missed. In both cases, this was more than double the rate of those who received no email (10.0%) and highly statistically significant at the $p < 0.0001$ level. Both approaches were better than no email, and the difference between the personalized approach and what others missed was not statistically significant.

Preventing early max-outs in high-contributors — Year 2018

What was the goal?

Each year, the IRS limits the amount that participants can contribute to 401(k)-type plans including the TSP. For most participants in 2018, that limit was $18,500 (the elective deferral limit). If participants reach the limit early, they are not able to contribute their own money to the TSP for the remainder of the calendar year. When that happens, eligible participants can miss out on matching, since they are not contributing. Our goal was to encourage high contributors to avoid maxing out early, so they would not miss matching.

Who were the participants?

We contacted 1,602 employees who were on track to reach the elective deferral limit between late July and mid-November 2018. All participants were younger than 50, had no tax-exempt contributions, worked at agencies that used the National Finance Center for payroll transactions, and had at least one email address on file.

How did the project work?

Participants were randomly assigned into three groups:

- 30% received an email that included a personalized estimate of how much they were on track to miss in matching that year.
- 30% received an email that featured an estimate of what *other* people who reached the limit early had missed—and noted that roughly 1% of TSP participants reach the limit early.
- The final 40% received a general education email about the elective deferral limit and how it can affect participant accounts.

When did this project happen?

Emails went out in mid-June 2018, followed by reminders in late July 2018. In January 2019, we noted the total in each group who had not missed any matching during 2018, meaning that they adjusted their contributions successfully and were able to contribute for the entire year. We used both Chi square and two-sample proportion tests (two-tailed) to determine statistical significance.

What were the results?

At the end of the year, 38.0% of those who received the personalized email had missed no matching as had 36.0% of those who received the email with what others missed. In both cases, this was roughly a third higher than the general education email (28.0%) and statistically significant at the $p < 0.001$ and $p < 0.01$ levels, respectively. Both approaches were better than the general education email, and the difference between the personalized approach and what others missed was not statistically significant.

Increasing contributions in automatically enrolled federal employees   Year 2019

What was the goal?

We wanted to encourage participants who made no changes after being automatically enrolled at 3% of salary to increase their contributions. Since eligible participants receive matching on the first 5% of salary, saving more would provide interested employees with additional matching from their agencies.

Who were the participants?

We contacted 6,466 federal employees who had been automatically enrolled into the TSP between 2010 and 2016 and had made no changes to the default contribution amount of 3% of salary. All participants worked at agencies that used the National Finance Center for payroll transactions, had at least one email address on file, and had no outstanding TSP loans.

How did the project work?

Participants were randomly assigned into three groups:

- 30% received an email that included a personalized estimate of how much they had missed in matching.
- 30% received an email that featured an estimate of what *other* people contributing 3% of salary had missed.
- The final 40% received neither email at that time.

When did this project happen?

Emails went out in late March 2019, followed by reminders in late April and early June. In mid-December 2019, we noted the total in each group who had started contributing more than 3%, using both Chi square and two-sample proportion tests (two-tailed) to determine statistical significance.

What were the results?

After 3½ months, 21.1% of those who received the personalized email had increased their contributions as had 19.8% of those who received the email with what others missed. In both cases, this was more than double the rate of those who received no email (8.2%) and highly statistically significant at the $p < 0.0001$ level. Both approaches were better than no email, and the difference between the personalized approach and what others missed was not statistically significant.

Increasing saving in non-contributing federal employees Year 2019

What was the goal?

We wanted to encourage participants who were not contributing to their TSP accounts to start saving. Since eligible participants receive matching on the first 5% of salary that they contribute, saving more would provide interested employees with matching from their agencies.

Who were the participants?

We contacted 32,135 employees who were not contributing to the TSP at the time of our outreach. All participants worked at agencies that used the National Finance Center for payroll transactions and had at least one email address on file.

How did the project work?

Participants were randomly assigned into five roughly equal groups:

- Group 1 received an email with a personalized estimate of how much they had missed in matching.
- Group 2 received an estimate of what *other* non-contributors had missed.
- We reminded Group 3 that their agencies automatically contribute an amount equal to 1% of salary to the TSP—and invited participants to contribute too.
- We informed Group 4 that roughly 90% of federal employees contributed to the TSP.
- Group 5 received no email at that time.

When did this project happen?

Emails went out in late September 2019, followed by a reminder in late October. In early January 2020, we noted the total in each group who had started contributing, using both Chi square and two-sample proportion tests (two-tailed) to determine statistical significance.

What were the results?

After 3½ months, all groups who received an email were more likely to have increased their contributions. Compared to Group 5, Group 1 (personalized) was 21.4% higher, Group 2 (what others missed) was 14.4% higher, Group 3 (reciprocity) was 15.9% higher, and Group 4 (social norms) was 17.8% higher. In all cases, these differences were statistically significant at the $p < 0.0001$ level. The personalized outreach was statistically higher than what others missed ($p < 0.03$), and no other differences between the emails were statistically significant.

Increasing saving in non-contributing federal employees Year 2020

What was the goal?

We wanted to encourage participants who were not contributing to their TSP accounts to start saving. Since eligible participants receive matching on the first 5% of salary that they contribute, saving more would provide interested employees with matching from their agencies.

Who were the participants?

We contacted 19,846 employees who had not contributed any of their own money to the TSP during the calendar year. All participants worked at the Department of Veterans Affairs or the Department of Health and Human Services and had at least one email address on file.

How did the project work?

Participants were randomly assigned into five roughly equal groups:

- The first three groups received an estimate of what *other* non-contributors had missed, along with instructions for how to make changes in their payroll system.
    - While the text was exactly the same, Group 1's instructions were grouped into four longer steps, while Group 2's instructions were presented as 8 shorter steps.
    - Group 3 received the longer steps as well as a closing salutation that thanked participants for being a part of the plan.
- We reminded Group 4 that their agencies automatically contribute an amount equal to 1% of salary to the TSP—and invited participants to contribute too.
- Group 5 received no email at that time.

When did this project happen?

Emails went out in mid-February 2020, followed by a reminder in early March. In early June 2020, we noted the total in each group who had started contributing, using both Chi square and two-sample proportion tests (two-tailed) to determine statistical significance.

What were the results?

After 3½ months, all groups who received an email were more likely to have started contributing. Compared to Group 5, Group 1 (less steps) was 22.2% higher, Group 2 (more steps) was 24.3% higher, Group 3 (salutation) was 24.2% higher, and Group 4 (reciprocity) was 26.4% higher. In all cases, these differences were statistically significant at the $p < 0.0001$ level when compared to no email.

Providing additional short steps appeared to be slightly better than providing half as many longer steps, and adding a salutation appeared to be more effective than not having one. However, none of the differences between approaches was statistically significant.

Increasing saving in non-contributing federal employees Year 2020

What was the goal?

We wanted to encourage participants who were not contributing to their TSP accounts to start saving. Since eligible participants receive matching on the first 5% of salary that they contribute, saving more would provide interested employees with matching from their agencies.

Who were the participants?

We contacted 7,059 employees who had not contributed any of their own money to the TSP during the calendar year. All participants worked at agencies that used the Interior Business Center for payroll transactions and had at least one email address on file.

How did the project work?

Participants were randomly assigned into three groups.

- 30% received an email that included an estimate of what *other* non-contributors had missed in matching.
- 30% received an email pointing out that roughly 90% of federal employees contributed to the TSP.
- The final 40% received neither email at that time.

When did this project happen?

Emails went out in late February 2020 with no reminders. In late May 2020, we noted the total in each group who had started contributing, using both Chi square and two-sample proportion tests (two-tailed) to determine statistical significance.

What were the results?

Compared to those who received no email after 3 months, those who learned what others missed were 22.2% more likely to start contributing ($p < 0.005$), and those informed how many others saved were 33.6% more likely to start contributing ($p < 0.0001$). Both approaches were better than no email, and the difference between the social norms approach and what others missed was not statistically significant.

Increasing contributions in automatically enrolled federal employees Year 2020

What was the goal?

We wanted to encourage participants who made no changes after being automatically enrolled at 3% of salary to increase their contributions. Since eligible participants receive matching on the first 5% of salary, saving more would provide interested employees with additional matching from their agencies.

Who were the participants?

We contacted 1,031 employees who had been automatically enrolled into the TSP during 2019 and had made no changes to the default contribution amount of 3% of salary. All participants worked at agencies that used the National Finance Center for payroll transactions and had at least one email address on file.

How did the project work?

Participants were randomly assigned into three groups:

- 30% received an email that included an estimate of what *other* non-contributors had missed in matching.

- 30% received an email pointing out that roughly 90% of federal employees contributed to the TSP.

- The final 40% received neither email at that time.

When did this project happen?

Emails went out in early March 2020 with no reminders. In early June 2020, we noted the total in each group who had started contributing, using both Chi square and two-sample proportion tests (two-tailed) to determine statistical significance.

What were the results?

After 3 months, 20.6% of those who received what others missed had increased their contributions as did 23.7% of those who learned that 90% of federal employees were contributing. In both cases, this was more than double the rate of those who received no email (10.8%) and highly statistically significant at the $p < 0.0001$ level. Both approaches were more effective than no email, and the difference between what others missed and social norms was not statistically significant.

However, we interpret these results with some caution because 44 participants were not available for follow-up, which is abnormally high. Of the 44, 32 had left the federal government, and 12 were not paid during May 2020, perhaps due to voluntary leave without pay during the COVID-19 pandemic.