

Social Science Update

Presented By

Elizabeth Perry, Office of Communications and Education

September 27, 2022

Behavioral science:

Psychology

Behavioral economics

Neuroscience

Insights

Active choice

Anchoring

Availability bias

Clear action steps

Cognitive overload

Commitment devices

Confirmation bias

Dual process theory

Endowment effect

Framing

Intertemporal choice

Loss aversion

Mental accounting

Overconfidence

Peer influence

Planning

Prospect theory

Query theory

Reciprocity

Reminders

Reputation management

Salience

Scarcity

Selective attention

Simplification

Status quo bias

Current project

Are lower-salaried participants using the TSP differently?

Gisile Goethe

Gerald Rush

Rosalind Hackett

Lorraine Terry

John Gniadek

Donald Sapp

Jill McClenney

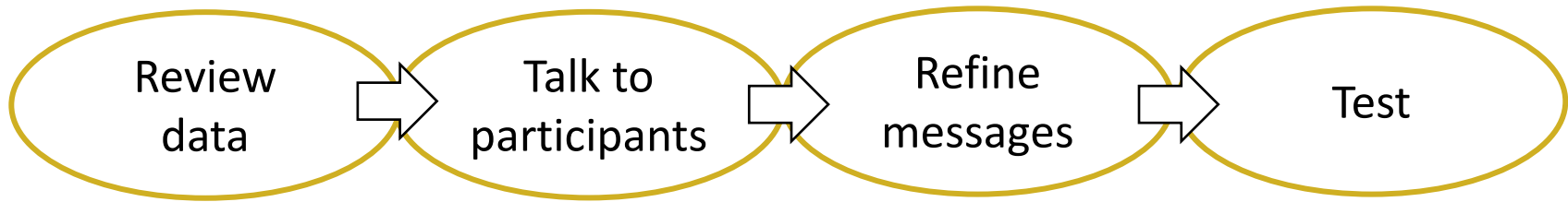
Equity team

Jaye Beggs

Susan Crawford-Jones

Social science help

How did we approach this?



1. Review data

	<u>Participation Rate</u>	<u>% of Account in L Funds</u>	<u>No Activity after AE at 3%</u>
Q1 Lowest Paid	93.8%	30.0%	35.0%
Q2 Lower Paid	92.2%	17.0%	16.0%
Q3 Mid-Range	92.9%	24.8%	11.0%
Q4 Higher Paid	95.7%	24.3%	7.0%
Q5 Highest Paid	97.4%	22.7%	6.0%

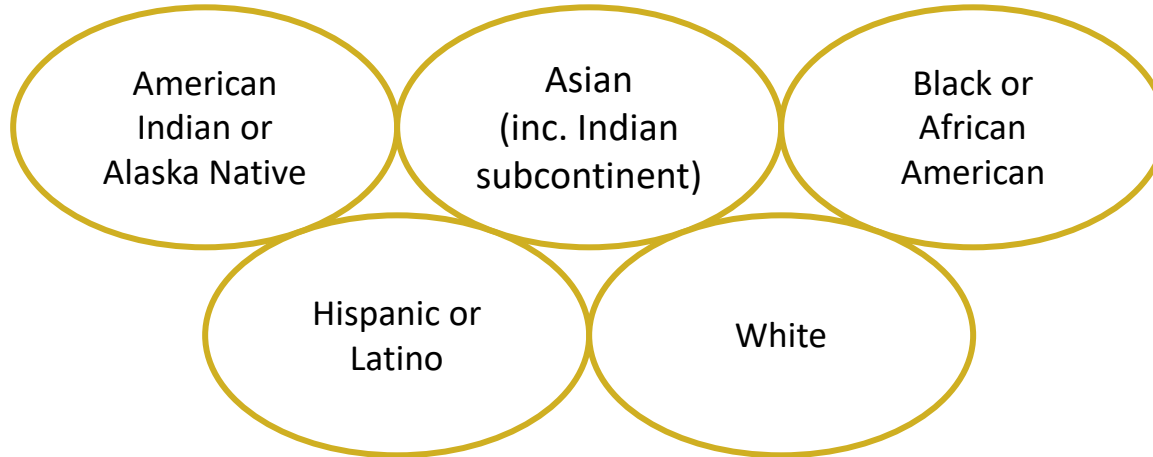
Source: 2016-2020 Participant Behavior and Demographics (FERS) Report

2. Talk to participants

Five focus groups

-Most in Q1 salary

-Asked about attitudes toward saving, familiarity with TSP match, and tested related messaging

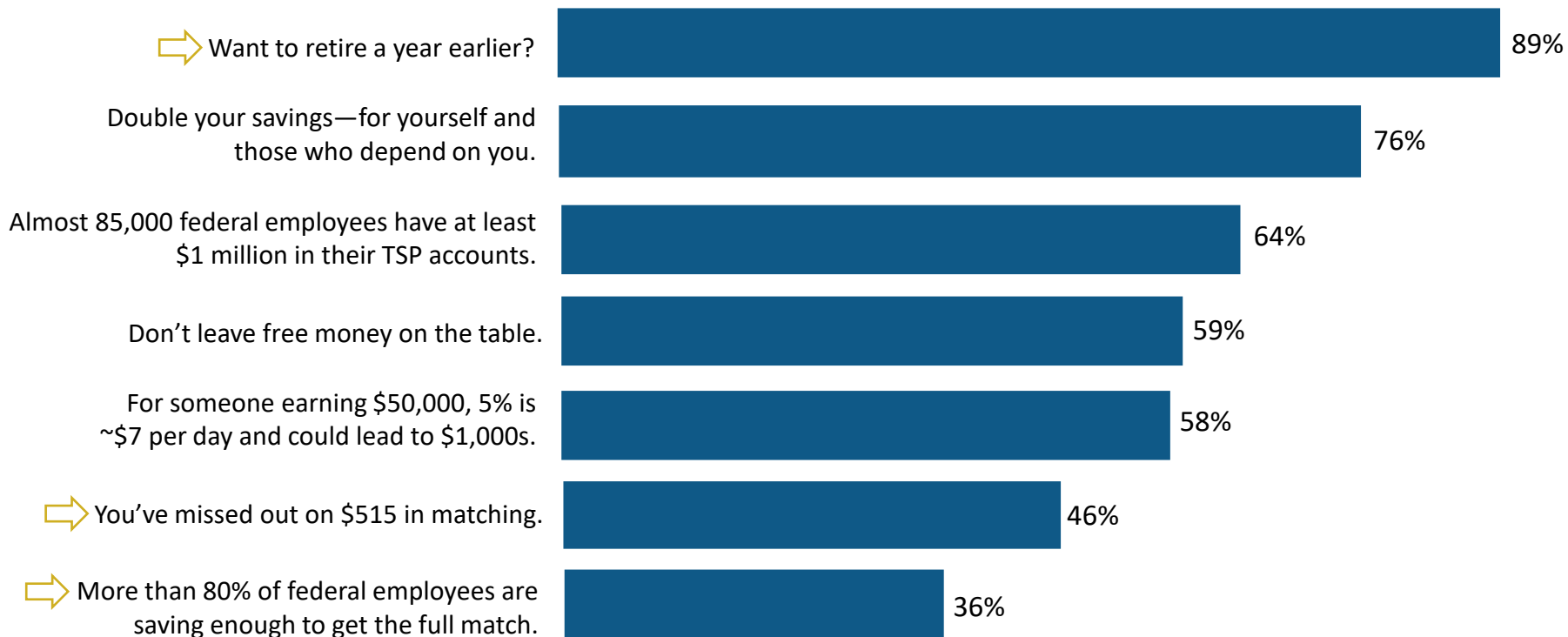




What we learned

- Some participants said that **watching their parents save** and retire early **motivated them** to invest
- Others noted that **growing up, saving was “a luxury”** that their family did not have
- A small number grew up in cultures where **communities care for their elders**, so personal retirement saving could feel less urgent
- Most said they **understood the TSP match pretty well**, though gaps existed

We also tested messages...



Percent of respondents who said each message would make them more likely to contribute at least 5%.

3. Refine messages

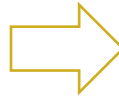
Add “Take action, it’s easy” or “It only takes a few seconds” to **reassure us that it’s an easy process.**

“Unless you take action” feels **threatening.**

Makes you the **problem.**

ORIGINAL:

You’ve missed out on \$515 in matching so far this year. **Unless you take action, you could miss even more.**



UPDATED:

You’ve missed out on \$515 in matching so far this year. **But you can change that going forward with just a few clicks.**

4. Test

- Almost 3,000 active federal employees
- Contributing 3%
- Estimated salary in lowest quintile
- Missed at least \$100 in matching in 2021
- Younger than age 50
- 2 versions; 2 reminders
- Follow-up after 3 months

Goal: Increase contributions

2,978 ppl

Peer influence
(one-third)



Personalized
(one-third)



No email
(one-third)



You're missing out on free money. Here's how to get it



You're currently contributing less than 5% of your salary to your TSP retirement account according to our records. But you only get the full "match" from your agency if you contribute **at least 5%** of your pay. When you contribute 5%, your agency contributes a total of 5% too.

More than 80% of federal employees are contributing enough to get the full match. Why not join them? Let 2022 be the year you change your future. To update how much you save:



- Log in to Employee Personal Page: <https://nfc.usda.gov/epps>
- Select "TSP." Click "Self-Service" and then "Change." (For Roth TSP, choose the "Roth contribution" option.)
- Enter your new biweekly amount or percentage (**for example, 5%**), decide the pay period it should start, and click "Continue."
- Review the changes. Select "Yes" to continue and then "Submit."
- **Or** submit Form TSP-1 (scroll down to "Forms and publications" at tsp.gov) to your benefits/payroll office.

Can't log in? Call 1-855-632-4468 and select option 5.



We thank you for being a TSP participant and appreciate your time.

Sincerely,
Your TSP Team

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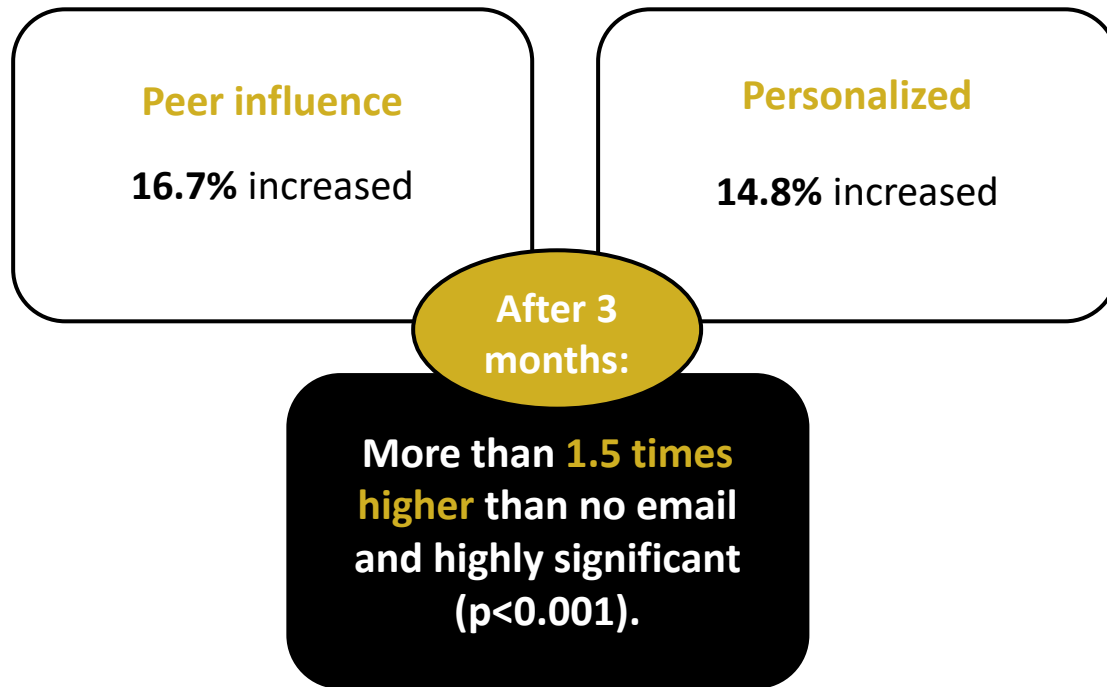
You missed out on about **\$515** in matching last year. But you can change that going forward with just a few clicks. Let 2022 be the year you change your future. To update how much you save:

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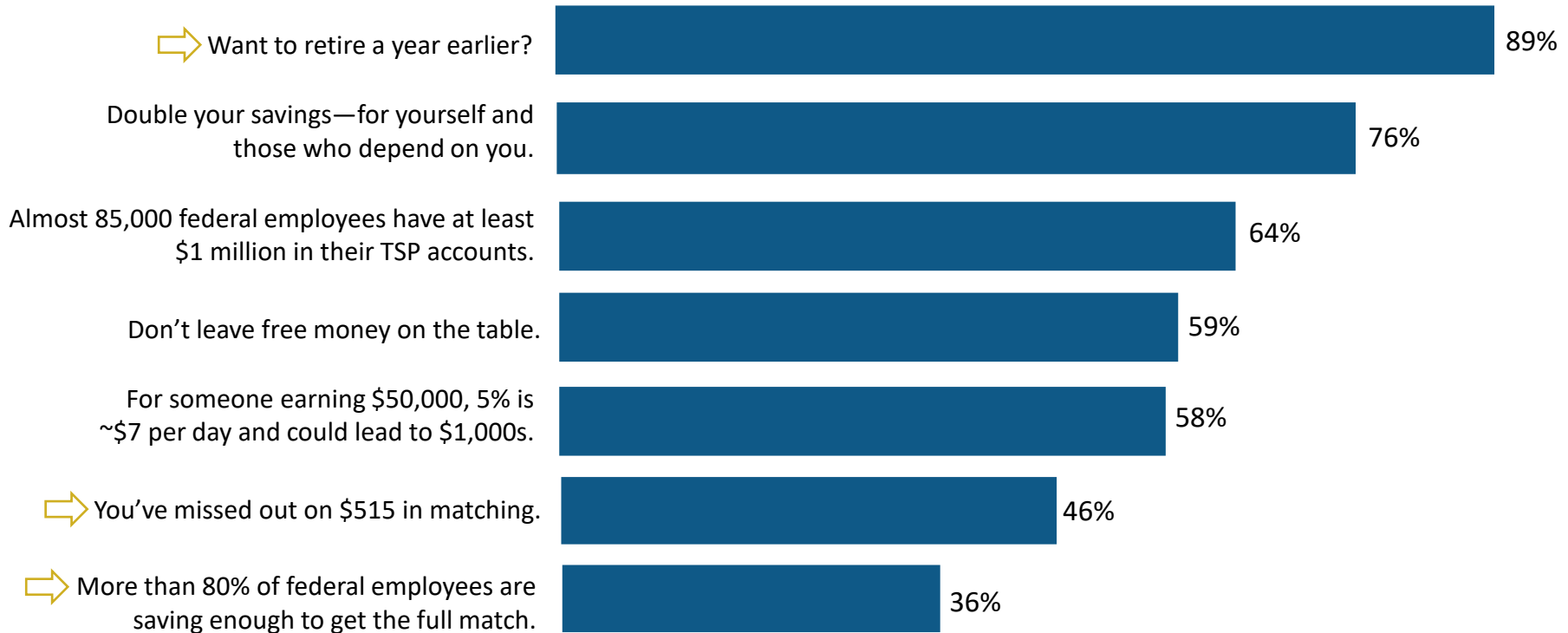
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~\$73,000 more by age 65 if maintained.
Potentially another year or more in retirement.

Remember?



Percent of respondents who said each message would make them more likely to contribute at least 5%.

Spillover

- **Issue:** Some participants (age 50+) were making catch-up incorrectly and missing match

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- Contributions “spill over”
- Matching
- Simplified tracking

Spillover

Launched in 2021:

- Roughly **\$80 million** more in catch-up (most ever)
- Record catch-up participation

Questions?