

# NDC Annual Administrative and Strategic Plan

## 2022 Goals and Objectives/Strategic Priorities

<b><u>Goals &amp; Objective</u></b> <b><u>/Strategic Priority</u></b>	<b><u>WHY</u></b> Why does this exist & what is the purpose?	<b><u>HOW</u></b> How are we going to fulfill and measure throughout the year?	<b><u>WHAT</u></b> What are we going to do to achieve the Goal & Objective/Strategic Priority?
<b>Improving Employee Engagement, Participation, and Enrollment Rates</b>	To improve the Financial Wellness of Government employees and their families throughout the State of Nevada.	<ul style="list-style-type: none"> <li>• 100% on-boarding interactions</li> <li>• Regular Employee engagement</li> <li>• Enact Communication and Marketing Plan</li> <li>• Through planned seminars &amp; webinars, group meetings, one-on-one meetings, and participation in financial wellness campaigns (i.e.- NFSW &amp; America Saves Week)</li> </ul>	<ul style="list-style-type: none"> <li>• Identify and market to government entities to bring the NDC Program on as an exclusive or additional voluntary supplemental DC option</li> <li>• Identify, measure, &amp; market agencies and divisions with low participation</li> <li>• Execute target marketing and communications to employees; quarterly campaign marketing</li> <li>• Group and one-on-one virtual interactions</li> </ul>
<b>Employee/Participant Marketing, Communication, Education, On-Boarding</b>	To improve Financial Wellness outcomes into and through retirement.	<ul style="list-style-type: none"> <li>• Personalized &amp; targeted messaging and communications; reminder messaging</li> <li>• Use of predictive modeling to create multi-touch and automated employee engagement</li> <li>• Measure data analytics, conduct targeted focus groups, &amp; Customer Service(s).</li> </ul>	<ul style="list-style-type: none"> <li>• Develop, execute, and measure participant engagement with developed communication calendar</li> <li>• Targeted enrollment and communication campaigns, webinars, seminars, etc.</li> <li>• Promote developing a personal financial wellness plan; attempt to involve &amp; interact W/other benefit agencies</li> </ul>
<b>Plan Design, Administration and Governance</b>	To maintain compliance to federal and state guidelines, support the governor and legislative initiatives, improve Financial Wellness.	<ul style="list-style-type: none"> <li>• Maintain compliance standards</li> <li>• Monitoring and measuring workload and performance measures</li> <li>• Maintain and review governing documents &amp; Plan design features regularly</li> </ul>	<ul style="list-style-type: none"> <li>• Evaluate plan compliance regularly;</li> <li>• Receive and monitor plan data: loan, UE, and distribution activity monthly &amp; quarterly</li> <li>• Annual fiduciary, OML, committee training</li> <li>• Conduct RFP's /contract management</li> </ul>
<b>Investment Management</b>	Maintain, manage, and develop an open-architecture investment platform that drives and supports participant engagement and cost transparency.	<ul style="list-style-type: none"> <li>• Maintain Investment Policy Statement and review regularly</li> <li>• Receive and review quarterly investment/watch list report</li> </ul>	<ul style="list-style-type: none"> <li>• Review Invest. Consult. recommendations</li> <li>• Conduct fund searches as needed</li> <li>• Regularly monitor plan cost structure &amp; program generated revenue</li> </ul>
<b>Maintain or improve administrative, contractual, and budget management</b>	Provide a valuable yet well-managed Program for the benefit of government employees across the State of Nevada in an effort to improve financial wellness outcomes.	<ul style="list-style-type: none"> <li>• Maintain and manage the approved program budget</li> <li>• Proper contract management</li> <li>• Maintain customer service standards &amp; positive employee interactions</li> </ul>	<ul style="list-style-type: none"> <li>• Monitor budget &amp; revenue status reports</li> <li>• Conduct regular contract evaluations</li> <li>• Process, monitor, &amp; direct all program service and enrollment forms</li> <li>• Monitor internal controls &amp; policies</li> </ul>

# State of Nevada Public Employees Deferred Compensation Program (NDC) - 2022

## Administrative and Strategic Plan Narrative

I am excited to present the State of Nevada NDC Program 2022 Administrative and Strategic Plan: *The Journey to Financial Wellness Through Employee and Participant Engagement and Program Administration*.

In 2022 we will continue to give a strong emphasis to employee and participant engagement through virtual means, given continued COVID-19 mandates and restrictions, and various prescribed and proposed methods, digital engagement, group seminars, one-on-one interactions, and use of predictive modeling. We have proposed and developed an annual communications, marketing, and education Plan that we have already begun initiating, and that is attached as an addendum to this Administrative/Strategic Plan. We have broken our Plan out by five major goals and objectives outlined on the opposite page. These goals and objectives were presented, developed, and decided upon in the annual Strategic Planning Meeting held on January 21, 2022. This Plan utilizes the strategies and concepts developed by marketing and leadership professional, Simon Sinek, and centers around the WHY, HOW, and WHAT of what he labels as the “Golden Circle” of successful leadership and employee engagement and productivity. Each established goal and objective was developed with the following questions to be considered in developing what we hope to be a successful Administrative/Strategic Plan throughout the year:

1. **WHY** does this Priority exist and what is the purpose?
2. **HOW** will we fulfill and measure the goals and objectives throughout the year?
3. **WHAT** are we going to do throughout the year to achieve the goal/objective?

Multiple supplements or addendum plans have been developed and initiated to support the NDC Team in providing a financial wellness opportunity to all qualified employees in over 169 agencies and divisions we serve in the program. We hope that by working and following the Plan we can:

- Drive participation and enrollment rates
- Create a more robust and “call to action” communication and education plan
- Continue to develop the plan design and governance of the NDC Plan,
- Continue to maintain and develop a robust and valuable, but SIMPLE Investment platform
- Improve and continue to develop the administrative responsibilities to sustain Governor Sisolak’s initiatives, priorities, and emergency directives as well as the NDC Committee’s and DOA’s directives in the upcoming year.

The following supplemental components will support the success of the 2022 Administrative and Strategic Plan:

- Marketing, Communication, and Education Engagement Plan and Calendar to increase Plan engagement and enrollment rates
- Use of personalized messaging, target messaging to low participating agencies and entities, and use of predictive modeling to create multi-touch automated journey to reach participants with targeted messaging.
- Participation in National Financial Wellness Campaigns (i.e.- America Save Week & NFSW), and Plan organized and sponsored campaigns

- **Short Term Goal/Objective:**
  - Work with the ASD Team on discussing future initiatives for consideration in the upcoming biennium and as part of the 2022/2023 Budget Build
    - Discuss plan of action to reintroduce and develop BDR to make Deferred Compensation an Opt-Out program with built in auto features: Opt-Out Auto Enrollment and Opt-In Auto Escalation
    - Making current temporary position through Manpower a State full- time FTE and reclassifying Micah's position to meet her work performance standards and supervisory duties
    - Working on Work Programs for State issued communications (cell phones and telework computers) for Rob and Micah and estimated In-State Travel needs
- **Medium Term Goal/Objective:**
  - Discuss the potential of developing an Employer Match to Deferred Compensation as a potential component of wider employee recruitment and retention reform with Division Human Resource Management
    - Engaging with Frank Richardson and his team, ASD and their Rates team, GFO, and leveraging national research, data, and models to develop a robust and viable Employee Recruitment and Retention Reform Bill for consideration in future biennia.
- **Ongoing Strategic Priorities/Goals and Objectives for NDC Administration:**
  - Continue to evolve and manage Strategic Plan with Committee involvement
    - Continue to maintain and improve Customer Service and administrative component of day-to-day Administration
    - Continue to maintain and/or improve contract management, development, and negotiation practices and framework



# NV

# Voya's Emergency Savings Solution

Presented on January 10, 2023

your  
retirement



**Nevada**  
Deferred  
Compensation

# Saving for unexpected expenses can improve retirement outcomes



Protection



Spending &  
Saving



Emergency  
Fund



Retirement



Debt



Other Goals



## Out-of-plan SOLUTION

Not tied to retirement  
plan, easy to implement

SOLUTION INCORPORATES  
**best practices** for helping  
employees build emergency savings



**Automated  
savings**



**Option for employer  
contributions**



**Employee engagement  
support & reporting**



# Saving for unexpected expenses can improve retirement outcomes



**American workers are vulnerable to financial emergencies**

**78% U.S. workers** live paycheck to paycheck<sup>1</sup>

**40% Americans** would have to use credit cards or borrow money to cover a \$400 expense<sup>2</sup>

**2 in 10 individuals** have less than 3 months' emergency savings and **3 in 10** have no emergency savings at all<sup>3</sup>

**(!) Lack of emergency savings puts retirement at risk<sup>3</sup>**

*Employees without adequate emergency savings are...*

**30%** more likely to decrease contribution rates

**13x** more likely to take a hardship withdrawal

**3x** more likely to take a loan from their retirement plan



**Employees are looking to their employers for help<sup>4</sup>**

**71%** likely to participate in a payroll-deduction rainy day savings program if their employer offered one

**87%** more likely to participate in a savings program with an employer match to the emergency savings fund

<sup>1</sup>Careerbuilder Survey, 2017.

<sup>2</sup>Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2018, May 2019.

<sup>3</sup>Voya internal data, October 2020.

<sup>4</sup>AARP Public Policy Institute, Saving at Work for a Rainy Day Results from a National Survey of Employees, September 2018.



If you are interested in learning more about our Emergency Savings Solution, please contact your Voya representative.

<sup>1</sup> Voya internal data, October 2020.

<sup>2</sup> Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2018, May 2019.

<sup>3</sup> PwC, Employee Financial Wellness Survey, 2019.

<sup>4</sup> AARP Public Policy Institute, Saving at Work for a Rainy Day Results from a National Survey of Employees, September 2018.



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# Voya's Emergency Savings Solution

Flexible, convenient, out-of-plan emergency savings solution offered via our strategic relationship with Millennium Trust



## *for* **Employers**

- Employee contributions made via payroll deduction or ACH.
- Option to make employer contributions.
- Flexible options for payroll contribution data processing.
- Quick implementation with limited integration requirements.
- Dedicated team for implementation and ongoing support.
- Drive participation through employee engagement campaigns.
- Manage program through employer administration portal.
- Preferred pricing through your relationship with Voya.



## *for* **Employees**

- Dedicated savings in a fully liquid FDIC-insured, interest bearing account.
- Opportunity to make automated and ad hoc contributions.
- Quick and convenient access to funds through online withdrawals.
- Easily access digital experiences from computer, tablet or mobile phone.
  - Account opening
  - Portal for monitoring and managing account
- Call center support via phone and email.
- Portable account so employee can take savings with them when they separate from service (employee responsible for fees).

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**VOYA**  
FINANCIAL





# Evolve your workplace offering with Voya's Emergency Savings Solution

A flexible, convenient out-of-plan emergency savings solution

# Inadequate emergency savings can reduce employee workplace productivity and delay retirement

Many Americans share a common financial vulnerability—a single unplanned expense can disrupt their financial stability because they have little or no emergency savings.



**Two in 10** individuals have less than three months' of emergency savings and **three in 10** have no emergency savings at all. Only **28%** of individuals have six or more months.<sup>1</sup>

In fact, a 2019 Federal Reserve report noted that nearly **40% of Americans would have to use credit cards or borrow money to cover a \$400 expense.**<sup>2</sup> This means most of your employees are one unexpected event away from depleting their existing savings. And this problem spans across all household incomes, ages, and genders.

## The bottom line on inadequate emergency savings

Inadequate emergency savings doesn't just impact the employee, the problem spills over into the workplace in more ways than one.

### Lack of emergency savings impacts workplace productivity

Not having enough emergency savings is a major contributor to financial stress, which is the leading stressor in the workplace—more than all of the other stressors combined.<sup>3</sup> Financial stress—often caused by financial emergencies—affects how your employees feel, how they perform and ultimately your organization's bottom line.

#### How your employees perform



43%

report finances have been a **distraction at work**<sup>4</sup>

21%

of employees **admit financial worries** impact their productivity<sup>4</sup>

### Lack of emergency savings puts retirement at risk

Employer-sponsored retirement plans are the foundation for building retirement security, but if employees aren't contributing enough—or participating at all—they may not be able to retire. **Employees without adequate emergency savings tend to:**

**Save less.** Employees are 30% more likely to decrease contribution rates.<sup>1</sup>

**Withdraw from their retirement plan.** Employees are *13 times* more likely to take a hardship withdrawal than those with adequate savings and 3x more likely to take a loan.<sup>1</sup>

71%

of employees are likely to **participate in a payroll-deduction rainy day savings program** if their employer offered one<sup>4</sup>



## Voya's Emergency Savings Solution incorporates best practices for helping employees build emergency savings

We believe a workplace solution that allows for automatic contributions to a dedicated emergency savings fund can help employees be more prepared for emergencies and ultimately retirement. Voya has formed a strategic relationship with Millennium Trust Company—a savings account custodian—to offer employers an emergency savings solution for their employees that is easy to implement and flexible to manage.

### A flexible, streamlined emergency savings program for employers to add to their benefit offering

Voya's Emergency Savings Solution is easy to implement and manage:

- Allows employees to easily make contributions through payroll deduction or ACH transfers.
- Access to dedicated team for program implementation and ongoing support.
- Option to make employer contributions.
- Drive employee participation through engagement campaigns.
- Provides flexible options for payroll contribution data processing.
- Manage emergency savings program and monitor impact through employer administration portal.
- Offers preferred pricing through your relationship with Voya.

### A simplified way for employees to save for emergencies

Voya's Emergency Savings Solution helps to make it easy for employees to save for the unexpected:

- A fully-liquid, FDIC-insured interest bearing account.
- Automated contribution options make saving easy.
- Quickly access funds as emergency expenses arise through online withdrawals.
- Conveniently open and manage emergency savings fund via smartphone, computer or tablet.
- Access support via phone and email.
- Fund is portable, which means your employee's emergency savings can go wherever they do (employee responsible for fees).



Privately-owned trust company headquartered in Chicago area

Specializing in retirement and custody services



Over 1.6 million client accounts

More than \$30 billion in assets under custody



Implemented by over 120,000 retirement plans

Regulated by the State of Illinois







If you are interested in learning more about our Emergency Savings Solution, please contact your Voya representative.

<sup>1</sup> Voya internal data, October 2020.

<sup>2</sup> Federal Reserve, Report on the Economic Well-Being of U.S. Households in 2018, May 2019.

<sup>3</sup> PwC, Employee Financial Wellness Survey, 2019.

<sup>4</sup> AARP Public Policy Institute, Saving at Work for a Rainy Day Results from a National Survey of Employees, September 2018.



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## Retirement at risk

# Building financial resiliency with an emergency savings fund

How employers can increase workplace productivity and protect retirement accounts by encouraging employees to save for unexpected expenses

Produced by Voya's Thought Leadership Council  
January 2021

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# Table of contents

American workers are vulnerable to financial emergencies	3
Unplanned expenses are surprisingly common	4
Inadequate emergency savings negatively impacts workplace productivity	6
A lack of emergency savings puts retirement at risk	7
COVID-19 has heightened awareness of the need for emergency savings	8
Employees are looking to their employers for savings help	9
Key takeaways	15

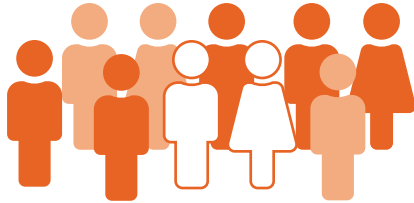
# American workers are vulnerable to financial emergencies

Many Americans share a common financial vulnerability—a single unplanned expense can disrupt their financial stability because they have little or no emergency savings. Even relatively small unanticipated expenses, such as a minor car repair or an unexpected medical expense, can be a hardship for families without adequate savings.

Most participants in focus groups conducted by The Pew Charitable Trusts agreed that having enough money to comfortably pay the bills and build savings is a core requirement of a stable financial life.<sup>1</sup> But expenses or lost income that families do not plan for, such as from job loss, illness, injury or a major home or vehicle repair, can create significant financial stress, even for higher-income individuals.

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## According to Voya internal data:<sup>2</sup>



Two in 10 individuals have less than three months' of emergency savings and three in 10 have no emergency savings at all. Only 28% of individuals have six or more months.

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Few respondents in a recent Bankrate survey<sup>3</sup> have six months' of emergency savings. In fact, a majority of respondents to a recent Voya survey said if they experienced a job or income loss due to COVID-19, they would draw down savings and more than a quarter would rely on credit cards.<sup>4</sup> A lack of emergency savings is not surprising, as many low- to middle-income workers see it as an unreasonable goal on top of day-to-day living expenses and saving for retirement. However, 52% of the Bankrate survey respondents said they need that much money readily available to feel comfortable about their financial situation. Clearly, desire and reality are not aligned.



Voya defines “inadequate emergency savings” as the inability to cover three months or more of expenses without borrowing money.

The coronavirus pandemic has made the situation even worse. Job furloughs, layoffs, reduced hours of work, significant market volatility, medical bills and general economic uncertainty are just some of the financial consequences putting increased financial pressure on workers—particularly those with inadequate emergency savings.

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<sup>1</sup>The Pew Charitable Trusts, American's Financial Security: Perception and Reality, March 2015.

<sup>2</sup> Voya internal data, October 2020.

<sup>3</sup> Bankrate, Financial Security Index, January 2020.

<sup>4</sup> Results from an Ipsos survey among adults aged 18+. With additional question content that is specific to Voya Financial. Wave 1 = 1,005 interviews from March 25-26, 2020, Wave 2 = 1,005 interviews from April 23-24, 2020, Wave 3 = 1,007 interviews from May 29 – June 1, 2020, Wave 4 = 1,002 interviews from June 29 – June 30, 2020, Wave 5 = 1,005 interviews from July 30 – July 31, 2020, Wave 6 = 1,005 interviews from September 24 – September 25, 2020, Wave 7 = 1,005 interviews from October 22 – October 23, 2020, Wave 8 = 1,004 interviews from November 19 – November 20, 2020. The data is weighted to be representative of the general adult US population age 18+ according to the most recent census data. The precision of Ipsos online polls are calculated using a credibility interval with a poll of 1,000 accurate to +/- 3.5 percentage points. For more information on the Ipsos use of credibility intervals, please visit the Ipsos website ([www.ipsos.com](http://www.ipsos.com)).

# Unplanned expenses are surprisingly common

People of all ages and income levels experience unexpected financial setbacks.

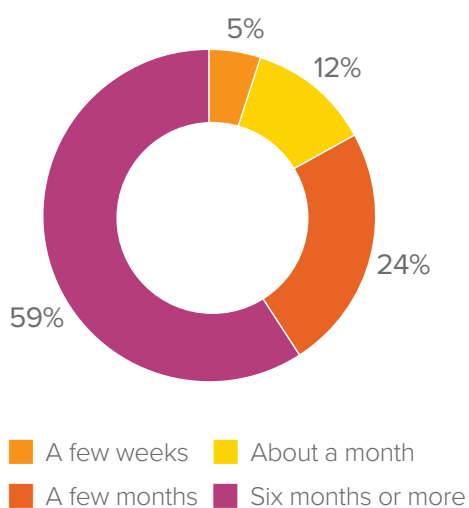
A recent Pew Charitable Trusts survey found that 60% of households had experienced a financial shock in the previous 12 months. And, a third of those had to contend with two or more emergencies in the same timeframe.<sup>5</sup>



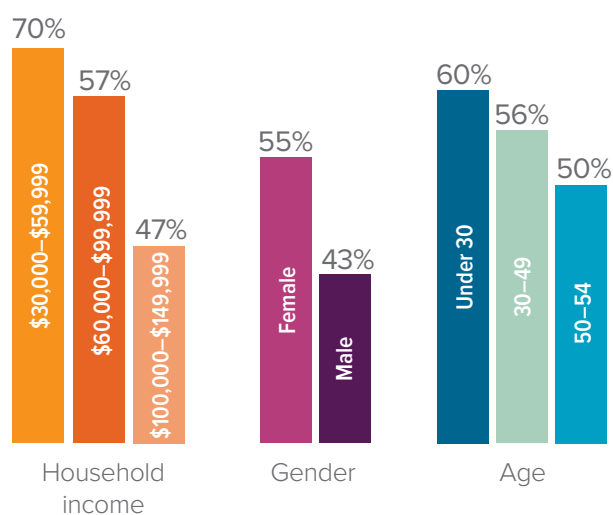
The average unexpected expense Americans faced in 2019 was about \$3,500.<sup>3</sup>

Even one major event may deplete any existing cash reserves, making it difficult to rebuild the emergency account. Add another financial shock in short order and it becomes a frustrating seesaw effect. If one were to plot it on a chart, it would be a jagged, up-and-down line indicating a perpetual save, spend, save, spend pattern that prevents a full financial recovery. It is one reason why financial emergencies can negatively impact a person's financial wellness and confidence long after the triggering event is over.

How long it takes to recover from a financial shock<sup>5</sup>



The prevalence of inadequate emergency savings:<sup>2</sup>



<sup>5</sup> The Pew Charitable Trusts, Financial Security and Financial Shocks, May 2015.

## Common unplanned events and financial emergencies with estimated costs:



### Car expenses

Most common unplanned expense.<sup>1</sup>

*New transmission — \$2,324<sup>6</sup>*



### Household repairs

Second most common unplanned expense.<sup>1</sup>

*Flooded basement repair — upwards of \$10,000+<sup>7</sup>*



### Medical emergencies

Insurance may not cover all medical expenses.

*Emergency room visit — \$150–\$3,000+<sup>8</sup>*



### Funeral costs

In addition to the funeral itself, there are often bereavement travel expenses.

*Full-service funeral — \$15,000+<sup>9</sup>*



### Vet bills

Pets are family members, and owners will go to extraordinary lengths to keep their pets healthy.

*Canine radiation therapy — \$2,000–\$6,000 per treatment<sup>10</sup>*



### Job instability or loss

Bridging the income gap for at least three months is critical to remaining financially and emotionally healthy.

<sup>6</sup> Costhelper, How much does replacing a transmission cost?, 2020.

<sup>7</sup> Costhelper, How much does a flooded basement cost?, 2020.

<sup>8</sup> Costhelper, How much does an emergency room visit cost?, 2020.

<sup>9</sup> Costhelper, How much does a funeral cost?, 2020.

<sup>10</sup> Costhelper, dog cancer treatment cost?, 2020.



# Having inadequate emergency savings negatively impacts workplace productivity

Not having enough emergency savings for unexpected expenses is the top concern of Millennial and Gen X employees. It's a major contributor to financial stress, which is the leading stressor in the workplace—more than all of the other stressors combined.<sup>11</sup>

## Stressors in the workplace<sup>12</sup>



Financial stress, which can be caused by financial emergencies, affects the mental and physical well-being of employees. This, in turn, impacts how they perform their jobs. It can even influence when they plan to retire. In short, employees' financial stress hits an organization's bottom line.

A recent survey of working adults nationwide found striking differences in the financial well-being of those who are stressed about finances and those who aren't. Stressed employees are far less prepared for retirement. They have saved less and are more likely to pull money out of their retirement plans before retirement.<sup>11</sup>

## In addition, the survey found that among stressed employees:

40%

indicate their health has been impacted by financial worries

47%

report financial issues have been a distraction at work, and nearly half of those employees spend three hours or more at work each week dealing with personal finances

78%

would be attracted to another employer that cares more about their financial wellness

<sup>11</sup> PwC, Employee Financial Wellness Survey, 2019.

<sup>12</sup> PwC, Employee Financial Wellness Survey, 2020.

# A lack of emergency savings puts retirement at risk

Individuals without adequate emergency savings often turn to their retirement plans to meet short-term financial needs. These early withdrawals come with costs. In addition to fees, penalties and taxes, the opportunity costs of reduced savings and potential investment earnings impact long-term retirement savings. About half of workers across all age groups think it's likely they will need to use money from their retirement plans to deal with unexpected expenses.<sup>12</sup> While retirement savings seems like an easy source of cash, it could mean selling investments when markets are down, and then missing out on the potential for growth when markets recover. In addition, tapping retirement savings for emergencies often creates two quantifiable problems:

## ↓ Savings rates go down

Participant contributions to a workplace retirement plan directly affect retirement outcomes. The lower the contribution rate, the harder it is to reach retirement income goals. Voya analyzed contribution rate activity for Voya's Financial Wellness assessment respondents based on whether they had inadequate or adequate emergency savings.

Participants with inadequate emergency savings were **30% more likely to decrease contribution rates** (15.3% with an inadequate emergency fund vs. 11.8% with an adequate emergency fund).<sup>2</sup>

## ↑ Hardship withdrawals and loans go up

**Participants with inadequate emergency savings are 13 times more likely to take a hardship withdrawal than those with adequate savings.**<sup>2</sup>

Workers may justify the withdrawal by saying they will “pay themselves back” when they replace the money they took out. Unfortunately, “repaying” the withdrawal can be difficult if medical and other costs continue to pile up.

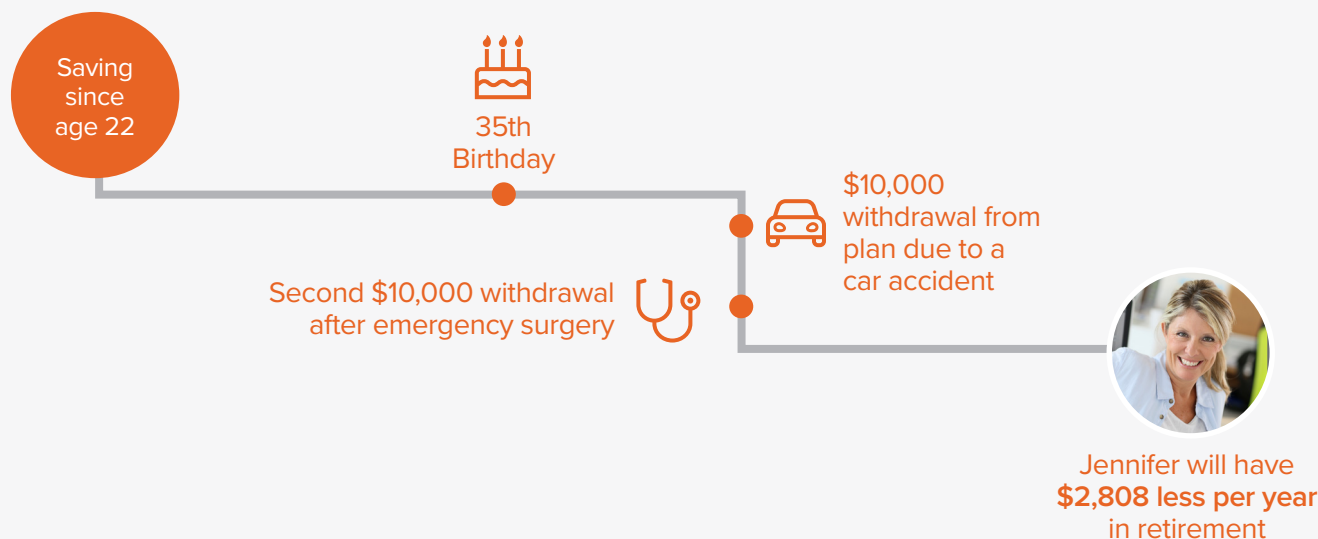
Participants with inadequate emergency savings are three times more likely to take a loan from their retirement plan. In addition, participants who borrow from their plan save 9% less than participants who don't borrow.

Importantly, those *with* adequate savings feel more positive about their finances. Not only do these individuals save more (51% more, in fact), they're also, on average, on track for a secure retirement and have a higher income replacement (14% higher).<sup>2</sup>

Taking early distributions can create compounding shortfalls for younger workers that will require them to increase savings rates for years to come. This could make it harder for them to build emergency savings funds alongside their retirement contributions. For employees who are nearing retirement, lower plan balances due to early withdrawals may require them to work longer. **Voya has calculated that the average cost of delayed retirement to an employer is \$51,000 per employee.**<sup>13</sup>

<sup>13</sup> Voya Internal Data. Assumptions: An incremental aggregate cost of \$51,000 for every individual whose retirement is delayed by three years. This cost is estimated assuming that a 65 year old employee is not replaced by a mid-career employee for three additional years, and assumes a flat 31% cost of benefits as per Bureau of Labor average.

## The long-term impact of an emergency



Jennifer is considering retirement and discussing with her advisor when she might be able to do so. Jennifer started working at age 22 and has been saving consistently for the length of her career. However, when Jennifer was 35 years old she had to make two unexpected \$10,000 withdrawals from her retirement plan. The **first withdrawal was due to a car accident**. Later in the year, Jennifer made a **second withdrawal after a trip to the emergency room** that resulted in emergency surgery. **These two withdrawals mean that Jennifer will have \$2,808 less per year in retirement than she would have had if she hadn't taken any withdrawals, or she can delay retirement by more than a year.**

## COVID-19 has heightened awareness of the need for emergency savings

The pandemic has shocked employees into focusing on the need for emergency funds. In a survey of retirement plan participants, conducted in March 2020, Voya found that, in terms of preparation for future emergencies, COVID-19 reinforced the need for an emergency savings fund.<sup>14</sup> Over one-quarter (27%) of employees say that saving money for a possible emergency is an action they have already taken, and 58% are more likely to save for emergencies in this environment.<sup>15</sup> According to Voya proprietary data, nearly half of Americans report that achieving financial security is their top goal in a post-COVID world.<sup>4</sup> While the actual dollar amounts may not be very large, this change in savings attitude is a positive sign going forward.

Since the COVID-19 crisis began, two-thirds of employers have taken action to understand their employees' financial wellness needs. A third have surveyed employees and a quarter have examined existing employee benefit data during this time.<sup>15</sup>

<sup>14</sup> Voya's COVID-19 Poll was conducted through our proprietary research platform, the Online Consumer Community. This is a private digital space where a targeted group of consumers have been recruited to participate in research-related activities over an extended period of time. There are n=400 consumers in the Online Consumer Community, balanced by age, gender and U.S. Census region. For this research, we executed an online survey and discussion with n=192 (n=108 Ages 18-44; n=84 Age 45-70) consumers from March 20 to March 25, 2020 in order to understand current consumer sentiment regarding COVID-19.

<sup>15</sup> Employee Benefit Research Institute, 2020 Employer Financial Well-Being Survey, August 2020.

# Employees are looking to their employers for savings help

American workers are continuing to look towards their employers for financial support and guidance on how to prioritize their spending and manage debt. When these cornerstones of a household budget are under control, it's much easier for individuals to allocate money to savings accounts—both retirement and emergency. And emergency savings is the number one financial challenge workers want their employer to help with as a result of COVID-19.<sup>16</sup> Employers also have a unique opportunity to help employees avoid short-term financial decisions, such as taking retirement plan distributions to cover emergency expenses that could hurt their long-term financial wellness.



Nearly 90% of employers say they are somewhat or very interested in offering the protection of an emergency savings program to their employees. And, even before the start of the COVID-19 pandemic, two-thirds of employees were interested or very interested in this offering.<sup>17</sup>

As Americans began to experience the financial impact brought on by the COVID-19 pandemic, interest in receiving support and guidance—specifically related to emergency savings—became employees' top priority.<sup>4</sup>

There are many different approaches that plan sponsors can take to help employees with emergency savings. Solutions can run the gamut from adjustments to existing benefits, to stand-alone programs solely focused on building and maintaining an emergency fund.

<sup>16</sup> LIMRA Secure Retirement Institute, Institutional Retirement Reference Guide, 2019.

<sup>17</sup> Results from an Ipsos survey among adults aged 18+. With additional question content that is specific to Voya Financial. Wave 1 = 1,005 interviews from March 25-26, 2020, Wave 2 = 1,005 interviews from April 23-24, 2020, Wave 3 = 1,007 interviews from May 29 – June 1, 2020, Wave 4 = 1,002 interviews from June 29 – June 30, 2020, Wave 5 = 1,005 interviews from July 30 – July 31, 2020, Wave 6 = 1,005 interviews from September 24 – September 25, 2020, Wave 7 = 1,005 interviews from October 22 – October 23, 2020, Wave 8 = 1,004 interviews from November 19 – November 20, 2020. The data is weighted to be representative of the general adult US population age 18+ according to the most recent census data. The precision of Ipsos online polls are calculated using a credibility interval with a poll of 1,000 accurate to +/- 3.5 percentage points. For more information on the Ipsos use of credibility intervals, please visit the Ipsos website ([www.ipsos.com](http://www.ipsos.com)).

## Six steps plan sponsors should consider

There are a variety of actions that plan sponsors can take to help their employees. These range from employee engagement methods to emerging solutions for funding emergency savings.

### Employee engagement methods

#### 1. Increasing education and communication

Employees need encouragement to save more for emergencies. They are looking for information that speaks to the real-world ramifications of having adequate or inadequate emergency savings, such as testimonials and motivational stories from their peers. They also want actionable information on how to achieve positive outcomes. Employers may consider offering guidance on household budgeting, spending and cost cutting plans, along with step-by-step saving strategies.



**Voya Learn** is a comprehensive education platform that offers live and on-demand sessions on a variety of topics, including saving for emergencies, market volatility, retirement investing, debt management and more. Individuals are presented with actionable steps, as well as additional tools and resources to help them achieve the future they envision.

When educating, be straightforward with terminology. Voya research<sup>18</sup> found that a majority of consumers use the term “emergency fund” in conversations. Euphemisms such as “rainy-day fund” were less well-received. “Emergency fund” directly explains what the fund is for and provides a sense of urgency around the need to save. Additional consumer feedback suggests that terms such as “unexpected expenses” and “reserve account” boosted affinity for the emergency fund moniker.

Messaging should also be simple but comprehensive and presented in a logical order to take employees through the saving journey. It should help them understand that even a few hundred dollars is a good place to start and even relatively small balances in an emergency fund may help them limit credit card debt or keep them from dipping into their retirement savings.

#### **Communications should answer the basic questions an employee might ask, including:**

- What is an emergency fund?
- What would I use it for?
- How much do I need to save?
- How can I allocate money to my emergency fund and still save for retirement?
- Where should I keep my emergency savings?

**Employer opportunity**—Providing employees easy access to relevant and actionable financial information will help them gain the confidence to take control of their finances. According to Voya data, 73% of individuals with adequate emergency savings feel positive about their financial situation.<sup>2</sup> This can help to reduce financial stress, which can translate into happier, more productive workers. Employees will see that their employer cares about their financial well-being.

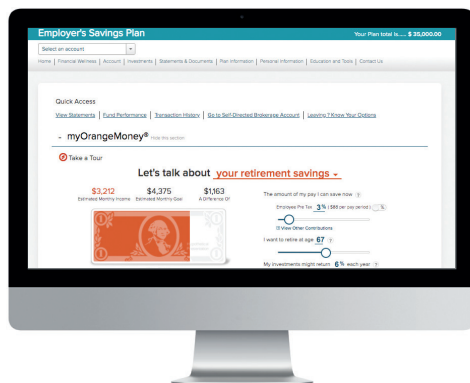
<sup>18</sup> Voya “Emergency Funds” study conducted through Voya’s Online Consumer Community with n=101 consumers balanced by age (August 2018).



## 2. Driving action with tools and calculators

Promoting interactive tools and calculators in conjunction with education initiatives gives employees the ability to turn their knowledge into action.

One example is Voya's myOrangeMoney® experience. This personalized, interactive calculator is built into a sponsor's participant website and illustrates how a participant's current savings strategy translates into monthly retirement income. Users can model different savings scenarios to help close savings gaps, factor in other sources of income like Social Security or pensions and explore how healthcare costs in retirement might impact their income needs.



A budgeting calculator is another example that is relevant to the emergency savings discussion. A common reason given by employees as to why they can't save money is: "I can't afford it." A budget calculator can help employees understand spending patterns and guide them to make small changes to free up extra money that can be directed into an emergency savings account. It's important to build in goals and progress meters so users can make adjustments and actively manage their budgets over time.

**IMPORTANT:** The illustrations or other information generated by the calculators are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. This information does not serve, either directly or indirectly, as legal, financial or tax advice, and you should always consult a qualified professional legal, financial and/or tax advisor when making decisions related to your individual tax situation.

**Employer opportunity**—Calculators that are served up at the point of employee engagement, such as a pop-up calculator that spells out the long-term impacts of taking a loan or hardship withdrawal right on the application web page, may convince some employees to explore other options.

## 3. Promoting Health Savings Accounts as a general safety net

Health Savings Accounts (HSAs) provide employees covered by a high-deductible healthcare plan a way to use tax-advantaged dollars to help cover medical expenses. **According to Voya internal data, 32% of unexpected expenses are medical in nature, so the HSA can be used to directly defray some of these costs.**<sup>2</sup> However, employees may need help understanding the benefits of an HSA. According to a study Voya conducted, if faced with an unexpected medical emergency, employees were most likely to rely on their savings (54%) vs. on their HSA (20%).<sup>19</sup>

But employees may be able to broaden how they utilize their HSA balances. If an employee can pay covered medical expenses out-of-pocket, and they save their receipts, they can submit those receipts months or years later for reimbursement, and then use the reimbursed funds to pay for non-medical emergency expenses.

**Employer opportunity**—Promote HSAs, if offered, as a retirement savings vehicle. And, thinking outside the box and coming up with different ways to utilize existing benefits, such as the HSA future reimbursement process, provides a way to effectively "add" a benefit without actually making a change to the benefits structure.

<sup>19</sup> The online survey was conducted September 2 – 6, 2020 among 315 U.S. Consumers currently enrolled in an employer-sponsored health plan. For research-related inquiries, email [info@russellresearch.com](mailto:info@russellresearch.com).

## 4. Expanding financial wellness programs

According to the Employee Benefit Research Institute (EBRI), 52% of companies with at least 500 employees are currently offering financial wellness programs to their employees. Another 25% are in the process of implementing these benefits. Larger firms are more likely to offer a holistic program with a defined strategy for improving their employees' financial well-being.<sup>15</sup> And, employees are interested: 75% of plan participants are interested in receiving information about ways to address their overall financial wellness.<sup>20</sup>

The top two issues addressed by 40% of employers through their financial wellness programs are helping employees with healthcare costs and retirement preparedness. Slightly less than one-quarter of employers focus on helping employees cover unexpected expenses. And just 27% are offering emergency fund or employee hardship assistance as part of their financial wellness programs.<sup>15</sup>

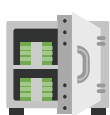
**Voya's Financial Wellness Experience offers one example of how to incorporate emergency savings into a holistic program. The guiding principles of Voya's program center around six financial pillars:**



Protection



Spending  
& Saving



Emergency Fund



Retirement



Debt



Other Goals

When an employee completes a Financial Wellness assessment, they are given a score for each of the pillars and provided with guidance on how to improve their wellness in each area. Nine out of 10 users who complete the assessment take action to improve their financial situation.<sup>2</sup>

**Employer opportunity**—About 75% of organizations are not addressing emergency savings in their financial wellness initiatives.<sup>15</sup> Consider adding saving incentives, such as matching contributions and access to high yield savings accounts. This may further motivate employees to take action. Employers who direct more attention to helping employees manage unexpected expenses within their holistic financial programs could be seen by employees and prospects as leaders in offering benefits that workers are asking for today.

## Emerging solutions

### 5. Offering out-of-plan savings accounts

Some employers are giving their employees access to third-party emergency savings accounts by forming partnerships with a bank, credit union or taxable trust. This helps employees keep their emergency funds separate from other money sources.

Employers can incentivize sign-ups by negotiating favorable fee structures and interest rates that would not be available to individuals in a retail setting, and by streamlining the account set-up process through direct links to specially branded landing pages on the banking institution's website.



Just 20% of employers currently offer any type of emergency savings vehicle that leverages payroll deductions, and even fewer (13%) offer out-of-plan or other types of emergency savings accounts.<sup>17</sup>

<sup>20</sup> Voya's Voice of Customer Research (July/August 2020).

## Best practices for out-of-plan savings accounts

While out-of-plan accounts are still a relatively new approach, there are best practices emerging that can improve the success of these programs.



### Automatic payroll deductions

Automation features have proven effective in retirement plans and will make it easier for employees to make steady contributions to their emergency fund.



### Employee engagement

Awareness campaigns should promote the value of the program, encourage action and make it easy to get started.



### Employer contributions

Similar to matching contributions in a retirement plan, employer contributions to an emergency fund can be a powerful incentive for employees to save and speed up balance growth. It also demonstrates a bottom-line commitment by the employer to improving employees' financial health.



### Campaign monitoring

It's important to track progress on awareness and enrollment campaigns to ensure employees are taking advantage of the program or if messaging alterations need to be made. Results monitoring can provide sponsors with insights into how to drive engagement and improve outcomes for the sidecar program and other employee benefit initiatives.

**Employer opportunity**—If an emergency savings account is attached to or marketed alongside the defined contribution plan, it can act as a gateway for employees who are not yet saving in the retirement plan. Non-participants may be more apt to save for short-term emergency needs knowing they can get at their money. Once they are in the habit of saving, they may be more receptive to retirement savings communications, which could help drive retirement plan enrollments.

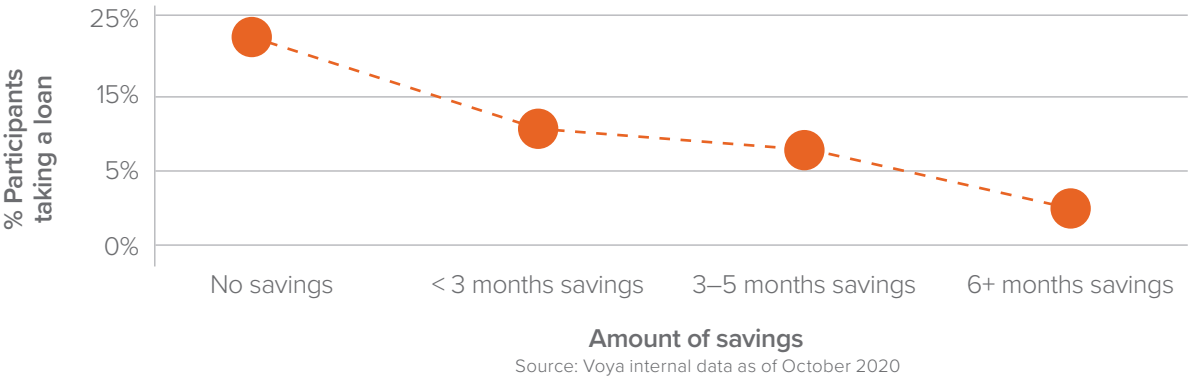
## 6. Making retirement plan design changes

**Rethinking plan loans**—Loans are often heralded as a benefit of a workplace retirement plan. And clearly there are instances where a plan loan can make sense for a participant. When faced with a financial emergency, taking a low-cost, low-interest loan from a retirement plan may be a better option than taking a hardship withdrawal or opting for a high-interest personal or payday loan.

But plan loans also carry downsides, and they have the potential to negatively impact a participant's retirement readiness. If a plan loan is used to cover emergency expenses and the participant cannot pay it back on time, the loan is considered a taxable withdrawal and there may be a 10% early withdrawal penalty.

To strike a balance between suggesting loans as an emergency cash solution and protecting long-term retirement savings, sponsors may consider limiting the number of plan loans allowed. A more aggressive approach would be to eliminate plan loans entirely, which removes the temptation to raid retirement savings, but also eliminates a source of cash for unexpected expenses that can't be met by other means. There is evidence to suggest that limiting loan benefits may encourage better long-term savings behaviors. In fact, Voya research shows that, in plans that do not allow loans, participant savings rates are higher than those in a plan that offer one loan (7.2% compared to 6.7%).<sup>2</sup>

The need for a hardship loan



**Repositioning after-tax accounts**—Some plan sponsors are encouraging participants to think of their after-tax accounts as a convenient emergency fund. Voya research found that 29% of participants saving to after-tax accounts report they have no emergency savings at all.<sup>2</sup> This may indicate that participants are unaware that after-tax accounts could be used as an emergency savings vehicle.

Advantages for plan sponsors include:	Advantages for participants include:
Leverages an existing plan benefit	Saving through convenient payroll deductions
Eliminates the need to create a separate emergency savings program	Easy access to the money, with the contribution portion not subject to taxes at withdrawal
Requires only an education campaign to shift participant perceptions	Potential for employer matching contributions

**One caveat:** Encouraging regular withdrawals from a retirement plan account—even though it’s after-tax money—may send a mixed message to participants who are accustomed to hearing that retirement plans are exclusively for long-term savings. And any retirement plan withdrawal has the potential to reduce retirement readiness.

**Employer opportunity**—Work with your plan provider to make plan design changes that give employees the features they want but that also encourage good savings habits—both for retirement and for emergencies. This allows you to frame what could be seen as a takeaway, such as limits on loans, as a convenient way to drive positive outcomes over the long haul.

# Key takeaways

- For many Americans, inadequate emergency savings has long been a problem, and it has been exacerbated by the impact of COVID-19. For many, a single unplanned expense can disrupt their financial stability because they have little or no emergency savings to cover household expenses. If experienced a job or income loss due to COVID-19, the majority of Americans would use or draw down savings, followed by more than a quarter who would rely on credit cards.<sup>4</sup>
- Unplanned expenses are surprisingly common across all age groups and economic levels. Sixty percent of households experienced a financial shock in the previous 12 months, and a third of those had two or more financial emergencies in the same timeframe, making it very difficult to get their finances back to normal.<sup>5</sup>
- Not having adequate emergency savings to cover unexpected expenses is a major contributor to financial stress.<sup>11</sup> This negatively impacts workplace productivity and the employer's bottom line, plus it puts employees' retirement at risk.
- Improving financial resilience by maintaining an emergency fund first requires an employee to acknowledge the value of saving for an emergency, and then commit to the savings process.
- Employees are looking to their employers for emergency saving help. Employers can provide access to financial tools, expand financial wellness programs, offer branded third-party savings accounts and look to emerging solutions that would make it easier for employees to build an emergency fund.



This report is for educational purposes only. Each plan must consider the appropriateness of the investments and plan services offered to its participants.

All investing involves risk, including the loss or principal. There is no guarantee an investment, investment strategy, or managed portfolio will meet its stated objective.

Products and services offered through the Voya® family of companies.

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The Nevada State logo, consisting of a white outline of the state of Nevada. Inside the outline, the letters "NV" are written in a large, white, sans-serif font. The logo is positioned in the upper left corner of the slide, partially overlapping the background image of hikers.

NV

# Annual NDC Strategic Communication Plan

your  
retirement





# NV

## Consumer Trends

your  
retirement

# How are consumers feeling?

Change is constant and people anticipate a difficult road ahead

more than **3 in 4**

“ Everyday it feels like there's something new to worry about in the world

Inflation and the economy have the largest impact on the ability to save for retirement

almost **9 in 10**

“ My money doesn't go as far as it used to

**74%** “ Inflation has made me more stressed about my personal financial situation

People are looking for a lift and some help

**54%** “ Peace of mind would improve my overall well-being if I had more of it

**47%** “ I do not have as much discipline as I would like when it comes to how I spend my money

# How can we help?

Understand how consumers engage with us today to continue to deliver education to help them reach their goals

## Key drivers of satisfaction for participants<sup>1</sup>



- helping prepare for retirement
- helping stay the course / keep a long-term view
- help know where they stand
- help know what steps to take
- communicate in a way that is easy to understand

## Education trends<sup>2</sup>



“Steps” and “Tips” content continually receives high engagement

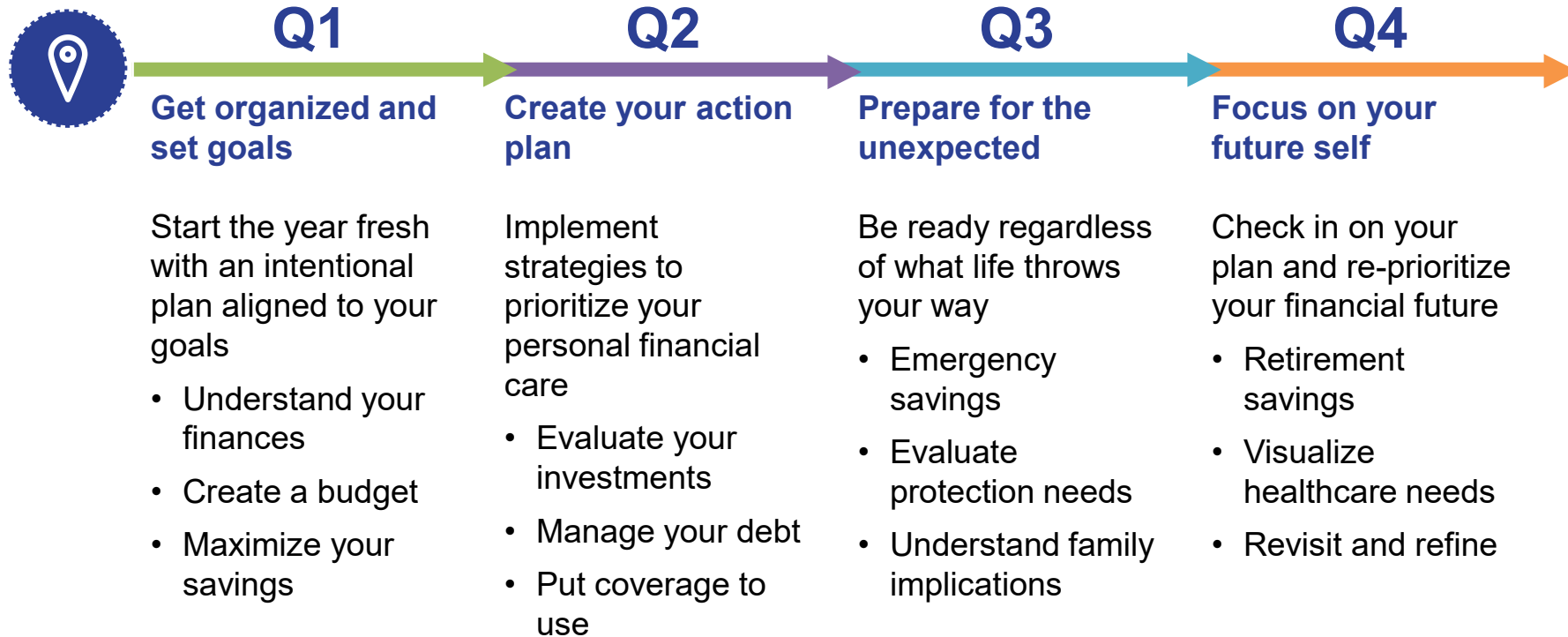
- Retirement
- Investing and market volatility
- Personal finances and family

<sup>1</sup> Voya Consumer Insights & Research Team, Participant Voice of the Customer Survey

<sup>2</sup> Voya Internal Data 1/1/22-10/31/22

# Voya's 2023 Consumer Education Calendar

Helping individuals gain control over their whole financial life with specific actions and helpful resources so they can feel confident and prepared today and in the future



# Voya's Q1 2023 Content Hubs

Starting the year fresh with an intentional plan to help consumers align their goals, understand their finances, create a budget, and maximize their savings



	Articles	Video	Learning pods	Live sessions
<b>Jan</b>	<ul style="list-style-type: none"><li>• Budgeting post</li><li>• Recession proof your finances</li></ul>	<ul style="list-style-type: none"><li>• Setting financial goals</li><li>• Creating a budget</li><li>• Establish emergency savings</li></ul>	<ul style="list-style-type: none"><li>• Steps to organize your spending and saving</li><li>• Steps to understand investing and the market</li></ul>	<ul style="list-style-type: none"><li>• Get organized and on track</li><li>• Savers Tax Credit</li></ul>
<b>Feb</b>	<ul style="list-style-type: none"><li>• Black History Month celebration article</li><li>• Inflation and your money</li><li>• Beneficiaries post</li></ul>	<ul style="list-style-type: none"><li>• Prioritizing debt</li><li>• Strategies to save more</li><li>• Financial accounts and beneficiaries</li></ul>	<ul style="list-style-type: none"><li>• Steps to manage your debt</li><li>• Steps when you are starting in the workforce</li></ul>	<ul style="list-style-type: none"><li>• Financial tips when you are starting out</li><li>• Get organized and on track</li></ul>
<b>Mar</b>	<ul style="list-style-type: none"><li>• International Women's Month celebration article</li></ul>	<ul style="list-style-type: none"><li>• Retirement planning for women</li><li>• Investing 301</li><li>• Personal finances and family</li></ul>	<ul style="list-style-type: none"><li>• Steps to set your financial goals</li><li>• Steps to plan for your future</li></ul>	<ul style="list-style-type: none"><li>• Financial tips when you are starting out</li><li>• Establish good spending and savings habits</li></ul>





# NV

## 2023 NDC Participant Communication Calendar

your  
retirement

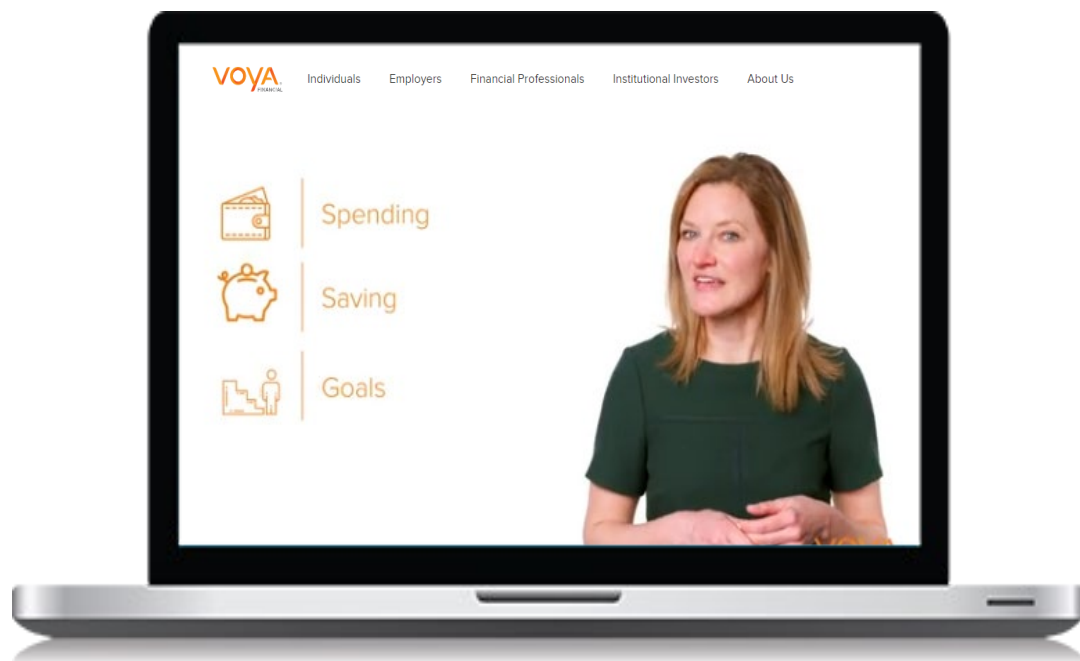


# America Saves Week

February 27 – March 3

## ***Commit to feeling confident***

Financial confidence takes that all into account and helps you feel better prepared, even when the going gets tough. Make the commitment to build your financial confidence and the savings is sure to follow.



# Financial Literacy Month

April

## *Introducing myMoneyIQ*

With myMoneyIQ, we created a space online to discover a wide range of money skills to increase your money knowledge and make confident financial decisions. No matter your goals, we've got the tools you need to succeed.



# Annual Retirement Evaluation Campaign

## Awareness

### Awareness postcard (early summer)

- ☐ Sent to all active participants
- ☐ Sent to inactive participants under age 55 w/ \$10k+ balance



### Awareness email (early summer)

- ☐ Sent to all active participants w/ email
- ☐ Sent to inactive participants w/ email, under age 55 and \$10k+ balance



Week 1

## Evaluation

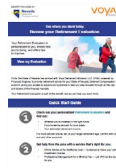
### Retirement Evaluation packet (mid-summer)

- ☐ Sent to all active participants
- ☐ Sent to inactive participants under age 55 w/ \$10k+ balance



### Retirement Evaluation email (mid-summer)

- ☐ Sent to all active participants with email
- ☐ Sent to inactive participants w/ email, under age 55 and \$10k+ balance



Week 2 - 3

## Action

### Action postcard (mid-summer)

- ☐ Sent to all active participants
- ☐ Sent to inactive participants under age 55 w/ \$10k+ balance



### Action email (mid-summer)

- ☐ Sent to all active participants w/ email
- ☐ Sent to inactive participants w/ email, under age 55 and \$10k+ balance



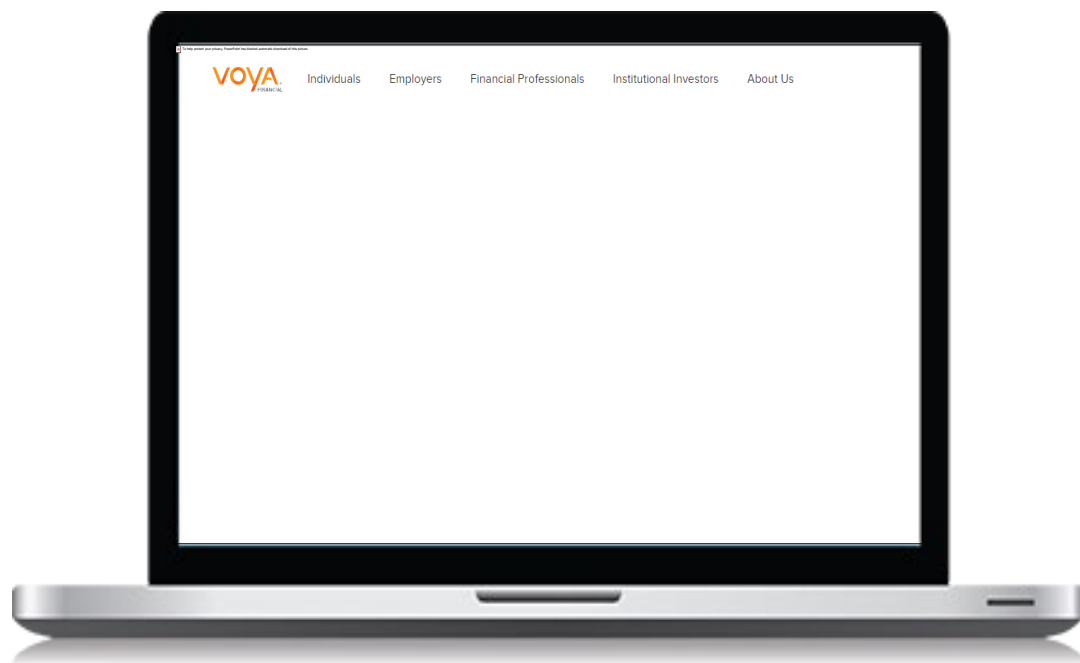
Week 4 - 6

# Nevada Saves Month

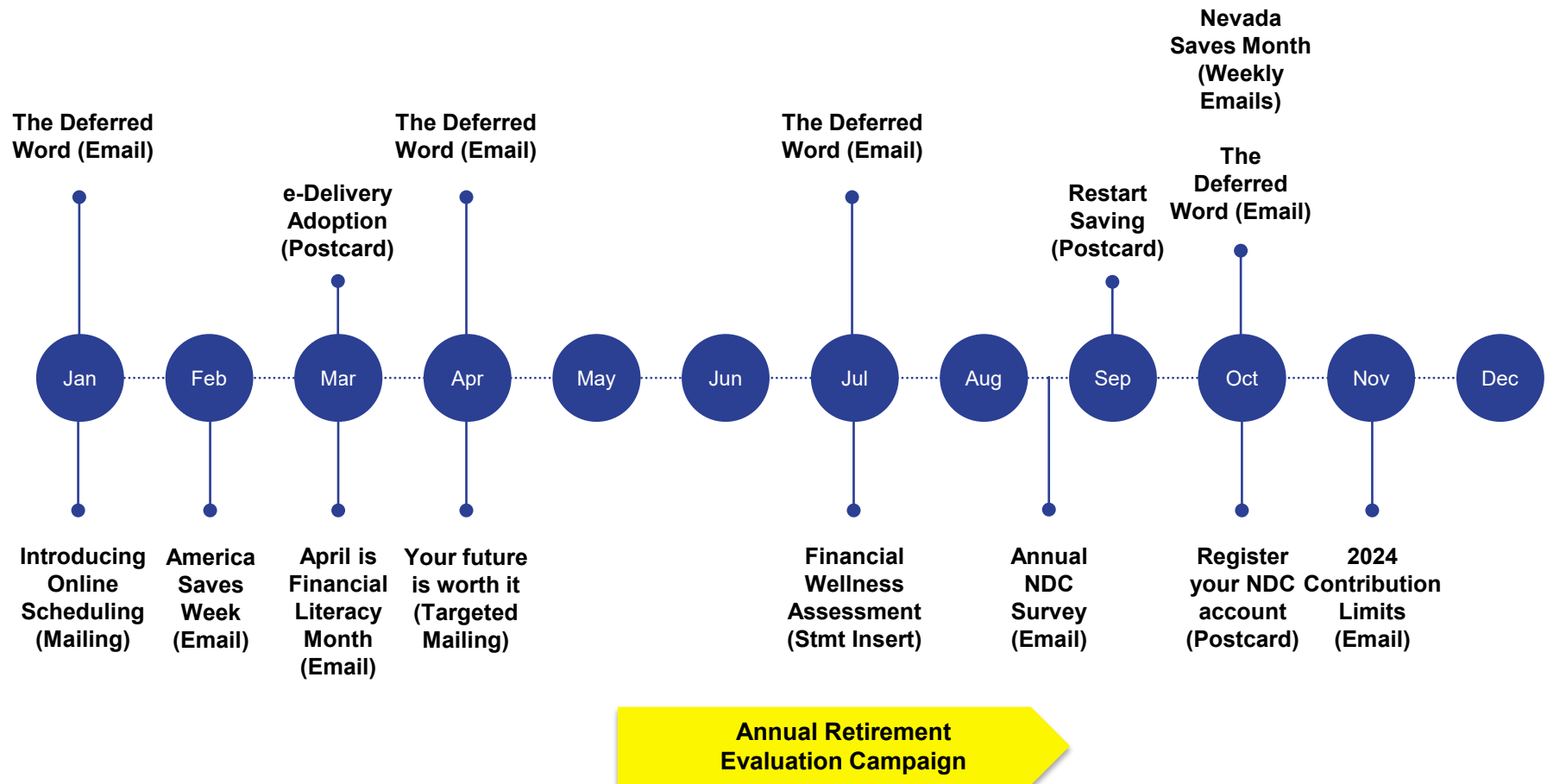
October

## ***Ready. Set. Save.***

No matter what life stage and career stage you are in, the Nevada Public Employees' Deferred Compensation Program has a variety of public resources and tools to help you set, save, and reach your short- and long-term financial goals.



# 2023 NDC Communication Calendar



**“Always On” Messaging – Financial Wellness, Diversification, Beneficiary, Birthday**



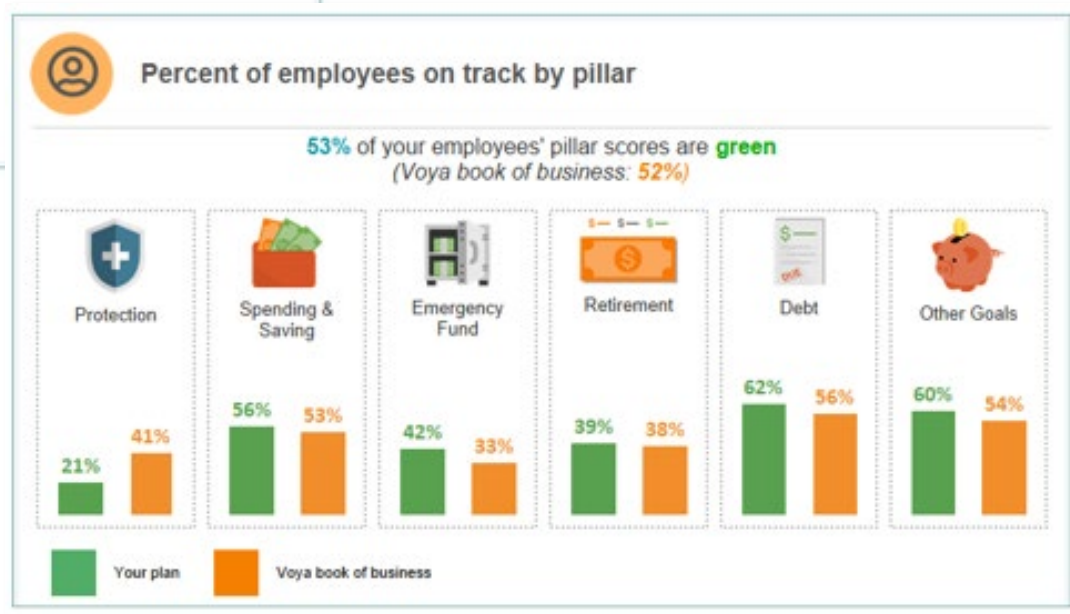
The logo consists of the letters 'NV' in a large, white, sans-serif font, enclosed within a white square border. The background of the slide is a scenic photograph of two hikers with backpacks standing on a rocky ridge, looking out over a vast, green valley with rolling hills under a blue sky with scattered clouds.

# NV

## NDC Participant Engagement Metrics

your  
retirement

# Financial Wellness



Data as of October 31, 2022



# Financial Wellness by Pillar & Income

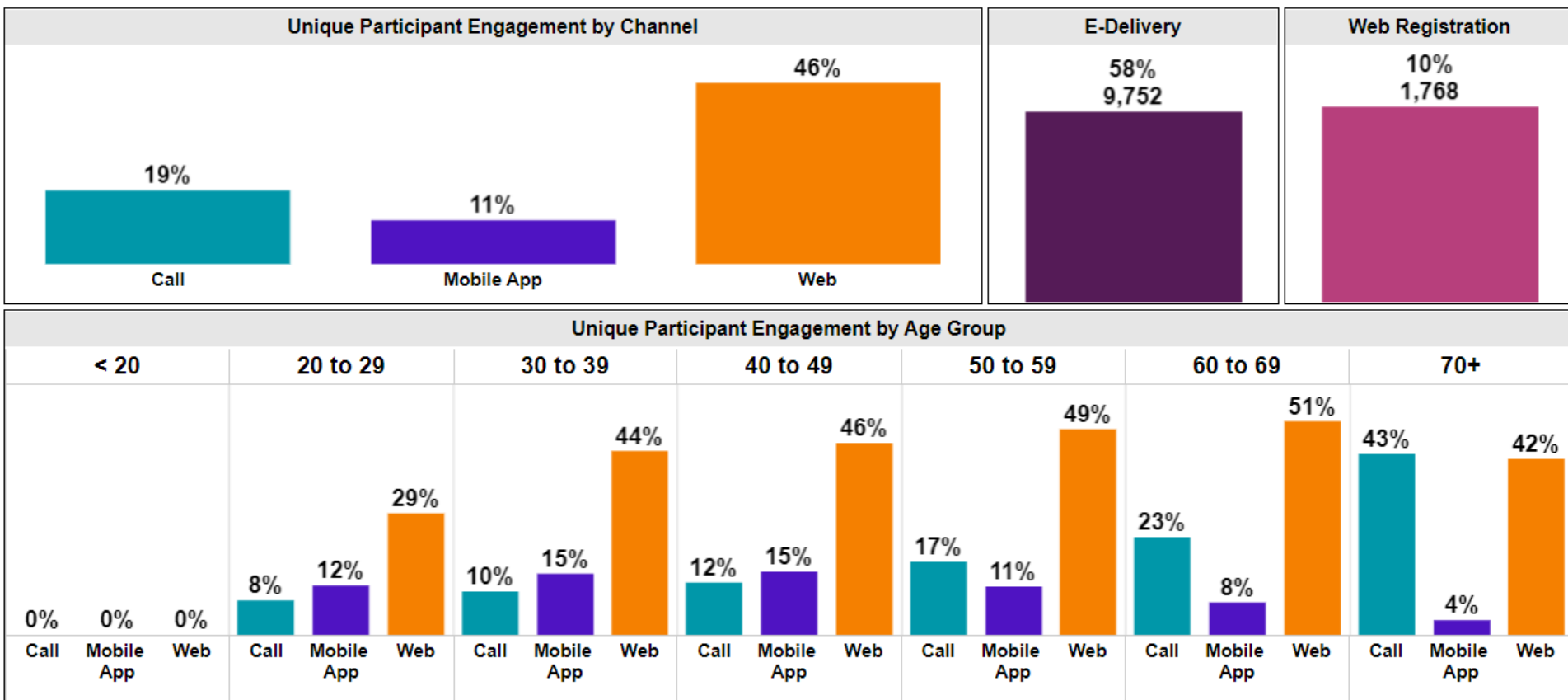


Data as of October 31, 2022

# Participant Engagement Trends

## Engagement

54% of plan participants have engaged (used web, mobile, or called) over the past 12 months  
46% of plan participants have digitally engaged over the past 12 months



NDC 625031, Political Subdivision 625032 and NSHE 625033 participants; Data as of September 30, 2022

# Personalized Email Messaging

Personalized Financial Wellness Messaging has reached out to **10,059** participants

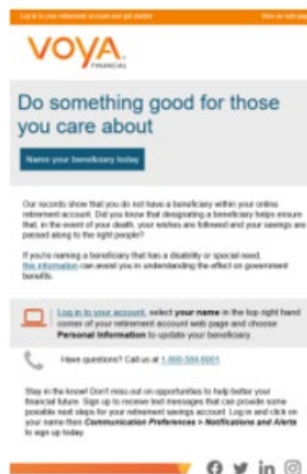
Of those, **73%** engaged with personalized financial wellness emails.

## Quarterly Education



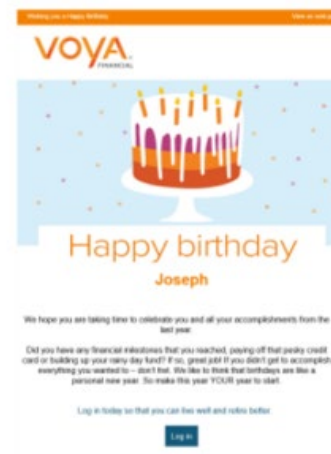
**25** completed a financial wellness assessment

## Beneficiary



**13** named a beneficiary

## Birthday



**262** participants logged into their account

Data as of November 10, 2022