

# Case Study: A complex implementation in a system of 34 locations distributed across the state

**Name:**

Washington State Board for Community and Technical Colleges

**Type of institution:**

Public, Higher Education

**Geographic location:**

Olympia, Washington

**Assets (\$):**

\$1.9 billion in 401(a) plan; \$500 million in 403(b)\*

**Number of participants:**

22,000; 9,800 active

**Number of eligible employees:**

10,000 in the State Board Retirement Plan; 15,000 in the Voluntary Investment Program

**Participation rate:**

RP = 100% (Mandatory Plan), VIP = 24%

\* Assets as of October, 2013.

## Opportunity

Over the course of a four-decade relationship with TIAA-CREF, the Olympia, Washington-based Washington State Board for Community and Technical Colleges (SBCTC) had made many small changes to their investment lineup. The Board wanted to maintain the successful sole recordkeeping arrangement with TIAA-CREF, a collaborator since 1970, while offering a more diversified, lower-cost range of investment choices. The changes were driven by the need for SBCTC to improve the competitiveness of its retirement plan so they could continue to attract and retain high-quality talent to help meet the education needs of the system's students.

The Board considered consulting with an outside advisor but ultimately decided against it. "We understood that there was some risk involved in moving forward without a consultant," John Boesenberg, Deputy Executive Director of Human Resources for SBCTC said. "But we needed to make an impact and make it fast. We began to leverage the plan design expertise of TIAA-CREF. Our TIAA-CREF Relationship Manager brought in a team of his colleagues and we started walking through options."

TIAA-CREF recommended an open architecture structure — a complete reshaping of their investment line-up. It would include 50% new fund investments and 50% existing investments for a well-balanced offering of TIAA-CREF proprietary and nonproprietary funds. TIAA-CREF's open-architecture recordkeeping solution allows for simplified retirement plan oversight that may ease fiduciary challenges that can arise from providing different funds on multiple platforms.

The Board knew that communicating the changes across all the sites and to all participants would be a significant and unique challenge given the 34 locations across the state. For months prior to the implementation of the changes, SBCTC and TIAA-CREF engaged both Human Resources administrators — who would be fielding most participant questions — and participants themselves with an aggressive communications strategy designed to communicate the reasons for the change, the impact on participants, and action plans for transitioning and mapping to the new investment lineup.

## Challenges

One of the first challenges the Board faced was to find an appropriate menu that would maintain investment choices while offering simplified options and taking advantage of the scale of the plans to provide lower share classes. In addition, once the changes were decided upon, the Board would have a significant challenge explaining the changes to its more than 28,000 participants across 34 locations, as well as to the leadership at each location.

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Financial Services



“Our approach was to recognize who is involved at each location and within each institution and collaborate with them,” said Boesenberg. “Each of our colleges is a separate employer, a separate entity. But the state board has some central control oversight and decision-making responsibilities. As an HR representative, if you don’t get the buy-in from your clients, you’re not going to be successful.”

SBCTC participants were familiar and comfortable with TIAA-CREF, and this was the first major restructuring of the investment menu in a long time. “Our faculty had developed a high degree of trust in TIAA-CREF, having worked a career in our system in which TIAA-CREF had always been their retirement plan provider,” said Boesenberg. “They had some concerns about what they perceived was a move away from TIAA-CREF.”

## The solution

In the fall of 2012, SBCTC—with input from TIAA-CREF—conducted a thorough review of the investment options available within the existing retirement plans and potential additions to the lineup. By early spring 2013, the Board had developed a fund lineup that would achieve SBCTC’s goals and an advanced implementation and communications plan best suited for the client.

The new menu retained many popular choices that were previously available while offering new selections that covered a spectrum of asset classes. The new lineup did not impact the overall design of the plan itself; contribution rates, eligibility, vesting, and all other aspects of the plan’s design remained the same. “It was clear to me that the choices were always ours,” said Boesenberg. “There was transparency. We had full access to the 1,500 different choices we should consider, and great guidance from TIAA-CREF every step of the way. When I had questions about the investment choices, we had an open dialogue, which further convinced me that I could trust TIAA-CREF.”

Together, SBCTC and TIAA-CREF held administrator training sessions for a sneak preview of these enhancements, with the understanding that the administrators would play a key role in helping participants understand the changes and the benefits of the changes, allowing participants to make the most of the new choices available to them. The training explained the plan changes in detail, the rationale behind the changes, and the positive impact for SBCTC’s participants. Alongside TIAA-CREF, Boesenberg held two separate group seminars for the college presidents and local administrators. The sessions were well-attended, as were location-specific meetings and one-on-one counseling sessions.

The communications plan for participants gave plenty of notice to participants and included step-by-step guidance, a transition guide that provided full details about the plan changes, frequently asked questions, in-person counseling sessions, and seminars at locations throughout the state.

## Results

In June 2013, the new investment lineup was introduced and was enthusiastically received by participants. In a survey of plan administrators conducted after training:

- 73% of administrators felt that the training provided was excellent or very good
- 93% of administrators strongly agreed or agreed the training provided a complete overview of the upcoming transition; the same number was confident that they knew how to find out additional details about the plan transition
- 73% of administrators agreed or strongly agreed that they felt prepared to answer questions from employees about the upcoming enhancements

### Number of proprietary TIAA-CREF funds before menu adjustment:

46 TIAA-CREF funds

### Nonproprietary funds prior to menu change:

0 before (20 after)

### Number of information/training sessions offered:

25

### Number of participants that attended training sessions:

620

The changes improved employee outcomes through **increased participation** (181 new enrollments in the Voluntary Investment Program from January through October 11, 2013; 862 new enrollments in the Retirement Plan from January through October 11, 2013). **Increased savings**— 706 participants increased deferral amounts from January through June 2013. And, 200 participants **rebalanced or reallocated** their portfolio from January through June 2013.

## Summary of how TIAA-CREF and SBCTC engaged participants

### In person

- Transition Seminars
  - 25 In-person Transition Seminars were held.
  - More than 620 employees attended a Transition Seminar.
- 1:1 Counseling sessions
  - TIAA-CREF held a total of 128 counseling days across the SBCTC System for the period of January through September 2013.
  - Total one-on-one counseling sessions conducted by TIAA-CREF for the period of January through September 2013 was 664.
- Benefits Fairs: At the request of plan administrators, TIAA-CREF hosted a booth at six benefits fairs and was available to answer questions about the transition.

### Online

- On-demand Transition Seminar: The on-demand version of the Transition Seminar was viewed 359 times.
- Online Account Activity ([tiaa-cref.org](http://tiaa-cref.org) secure login by SBCTC participants)
  - 162 new secure site online login ids created from the period of January through September 2013.
  - 11,780 individuals logged in to the secure site 104,448 times from January through September 2013.
- Custom Retirement Website ([www.tiaa-cref.org/sbctc](http://www.tiaa-cref.org/sbctc))
  - 3,694 visits to the site from January 1 through October 16, 2013.
  - 8,829 page views from January 1 through October 16, 2013.
- Online Advice Sessions: 410 employees completed online advice sessions from January through June 2013.

### On the phone

- Customer Service Phone Volume
  - There were a total of 917 calls received by TIAA-CREF from April 15 through October 14 related to the transition.
  - TIAA-CREF saw a brief spike in calls in April; however, call volume returned to normal from May through October.
- Phone Counseling Sessions: 343 advice and guidance sessions were given over the phone from January through June 2013.

## Summary

The goal of the SBCTC investment education program was to communicate an investment menu change and both re-launch and re-brand the plans to ensure participants connected their retirement benefit with their employer. SBCTC also wanted to re-energize participant engagement in saving for retirement. “We now have a best-in-class retirement plan designed to attract, engage and retain employees,” says Boesenberg. “The implementation of the plan went better than we could have hoped. Socializing the information with campus leaders proved to be very effective and provided the forum for questions. The investment in early training for administrators was key to the success of the transition.”

“We had very high confidence that the transition would go smoothly,” said Boesenberg. “But until we sent the transition guides and approached the go-live date, the concern was that it was a huge change for folks, and people deal with change in a variety of ways. Retirement is a big benefit and big deal, particularly for our employees who have an average age in their 50s. I had no reason to doubt that it would go well. And it did.”

This article describes the circumstances and experiences of a specific TIAA-CREF institutional client/individual participant. Each institution's/participant's situation and results will vary, as will the approach used by TIAA-CREF.

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