

what's working

howard university
enhances and simplifies the
retirement planning process



Larry A. Callahan
Associate Vice President
of Human Resources,
Chief Human Resources Officer,
Howard University,
Washington, D.C.

by | **Kathy Bergstrom, CEBS**

Participants in the Howard University defined contribution (DC) savings plan had numerous choices for investing their money—too many choices, in fact.

Recognizing that the plan needed to be streamlined, the university embarked on a process to consolidate from five plan recordkeepers to one and narrow the selection of fund choices for both its 403(b) plan and 457(b) plan.

Larry A. Callahan, associate vice president of human resources and chief human resources officer, said the university's president "is very interested in ensuring the retirement security of people who work both at the university and the university hospital."

"We needed to adapt to a modern world in terms of a single recordkeeper," Callahan said, but the university also wanted to engage and motivate participants to take advantage of their benefits.

In 2018, the university selected TIAA as its plan recordkeeper and began working on moving assets from the old recordkeepers and providing select funds in collaboration with plan consultant Aon for the new plan.

"Our objective was to help each individual make the most of their retirement benefits and to plan and save for their future financial well-being," said Timothy A. Rodgers, managing director of institutional solutions and relationships at TIAA.

Plan Basics

Howard University, a historically Black university in Washington, D.C., has nearly 6,000 employees at thirteen schools and colleges and a hospital. The 403(b) plan is open to all full-time faculty and staff. The university annually contributes 6% of full-time staff members' base salary to the plan and provides a matching contribution for those who make voluntary contributions. Partici-

pants receive the maximum matching contribution of 2% of their base salary by contributing 4% of their salary.

The 457(b) plan is available to employees who have a minimum annual salary of \$150,000. The university also has a defined benefit (DB) pension plan that was frozen in 2010.

The value of assets in the 403(b) plan was about \$800 million. Prior to the switch, plan members could choose from 150 funds. "That's impossible to manage," Callahan said.

After choosing the new recordkeeper in May 2018, the plan completed the switch in November 2019. "It was a very aggressive time line because we had a lot of data challenges, but I believed we could accomplish the goal and we could do so flawlessly," Callahan said.

Simplifying the Retirement Process

Through data analysis, focus groups, surveys and town halls, it was clear that having multiple recordkeepers created confusion among participants and prevented them from taking advantage of all of their benefits, including matching contributions, individual advice and accessing their accounts on multiple platforms online. The plan needed clarity for participants, Callahan said.

In addition to the overload of investment fund choices, representatives of the different vendors were visiting the university and the hospital to market different products, Callahan noted.

When participants enter the system today, they are welcomed to the Howard University Savings Plan from the TIAA website and select from 25 different funds that are managed by the plan consultant.

"It's much simpler than before," Callahan said. The Howard University plan fiduciary committee also reviews the funds every 90 days.

Communication and Education

One of the challenges in the process was a reluctance by some participants to move their money into new funds, especially among those who had a longstanding relationship with one of the former plan providers, Rodgers said.

However, “some people had no idea where their money was, what they had invested in and what their returns were,” Callahan said. “It was a huge opportunity to educate people.”

“We went everywhere and talked to everyone about what was happening,” he added. “We communicated, communicated and communicated.”

In addition to emails and printed material, the university offered a variety of on-site and virtual information events to motivate employees to take advantage of their benefits:

- Individual counseling sessions were increased to ensure all participants had an opportunity to meet in person with a financial consultant. They could discuss their individual accounts or financial planning.
- In-person and online educational presentations were offered to answer participant questions.
- TIAA representatives staffed information tables at both the university and the hospital to answer employee questions. They also attended benefit fairs, employee appreciation days, job fairs, Founders Day celebration events and new-hire orientations.
- The university also offered seminars and workshops on various financial topics throughout the year, including one highlighting financial wellness in the African-American community in collaboration with TIAA and AARP, which was attended by 500 students, faculty and staff. (See the sidebar on page 14.) Workshops are available online, and there are eight to ten per month. When normal campus activity resumes following the COVID-19 pandemic, the university plans to continue to hold virtual webinars and add regular on-campus seminars.

On-site events were attended by 845 faculty and staff, and about 460 people attended at least one of the semi-



Pictured is one of the communication pieces Howard University retirement plan participants received during the university's efforts to consolidate plan recordkeepers.

nars. In addition, 120 participants spoke with representatives at the information desks at various locations, and 1,045 people updated their beneficiary information. Participants also took advantage of financial advice, with 314 meeting with a financial consultant and 129 using online advice.

Results

Prior to the change, “participation was not as high as it should be. Faculty and staff were not maxing the match, and oftentimes they were receiving only the 6% Howard University contribution,” Callahan said.

The percentage of participants making voluntary contributions to the 403(b) plan increased from 51% as of June 30, 2019 to 64% as of June 30, 2020, and the percentage of participants that increased their contributions rose from 13.9% to nearly 61% during the same time period.

The plan also saw increased participation in activities such as online account log-ins, portfolio rebalancing and use of financial advice services. Satisfaction with the plan overall also has increased, Callahan noted.

Howard and TIAA also were recognized with a 2020 Signature Award from the Plan Sponsor Council of America in the category of plan changes among large companies.

"It was a journey. It was well worth it," Callahan said.

Discussion Explores Financial Wellness Among African Americans

Howard University, TIAA and AARP partnered to present "Financial Wellness in the African-American Community: Reviewing the Evidence, Spotlighting Innovation and Considering Solutions" in January.

The event brought together industry experts for a discussion on the financial challenges African Americans face and potential solutions to critical issues including financial literacy, saving for retirement, managing debt and student loans, homeownership and wealth inequality.

In a prepared statement, Howard University President Wayne A. I. Frederick said, "In working with our

students and community, Howard University witnesses firsthand the economic challenges African Americans face, and we are striving to help find and implement tangible solutions."

TIAA's 2019 Personal Finance Index showed that African Americans often exhibit lower financial well-being and financial literacy than other demographics.

"We believe businesses, organizations and higher education institutions can work together to solve these challenges today, so African-American students, families and communities can be successful tomorrow," Frederick said.

benefits
MAGAZINE

Reproduced with permission from *Benefits Magazine*, Volume 57, No. 10, October 2020, pages 12-14, published by the International Foundation of Employee Benefit Plans (www.ifebp.org), Brookfield, Wis. All rights reserved. Statements or opinions expressed in this article are those of the author and do not necessarily represent the views or positions of the International Foundation, its officers, directors or staff. No further transmission or electronic distribution of this material is permitted.



pdf/920