

## TOP STORY



### **ANC Foundation Matching Donor Program**

NAGDCA and the ANC Foundation invite you and your company to participate in the third annual matching donor program during this year's NAGDCA Annual Conference, September 11-15, 2010, in Philadelphia, PA. All industry members are invited to participate.

During the NAGDCA Annual Conference we will be encouraging attendees to donate to the ANC Foundation. Companies who sign up to participate in the program agree to match, up to their pledged amount, the donations pledged/received by both public and private sector conference attendees from Saturday, September 11 through Wednesday, September 15. After the conference, we will notify each private-sector donor of its total match contribution. All donations are tax deductible.

### **ANC Foundation Silent Auction**

Again this year at the 2010 NAGDCA annual conference there will be a silent auction and various raffles to raise money to support the Arthur N. Caple Foundation.

You can help by contributing an item or a monetary donation towards the silent auction and raffle. We would like to have all donations by August 13, 2010. All donations are tax deductible. Government members are encouraged to contribute an item representative of their state. For more information contact Tracy Tucker at [ttucker@amrms.com](mailto:ttucker@amrms.com) or 859-514-9210.

### **30<sup>th</sup> Anniversary T-shirts**

During this year's annual conference we will be selling 30<sup>th</sup> anniversary t-shirts to raise money to support the Arthur N. Caple Foundation. To order a t-shirt, contact Kari Emmons at [kemmons@amrms.com](mailto:kemmons@amrms.com). The t-shirts will be available for pick up at the conference registration desk. The cost of the t-shirt is \$10.00.

*The ANC Foundation provides scholarships to college students studying retirement and financial planning. In addition to the money the Foundation awards towards tuition, the scholarship winners are brought to our annual conference for them to participate and meet the government and industry leaders.*

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## PRESIDENT'S CORNER



Dear NAGDCA Friends

Public-employer sponsored deferred compensation plans were in their infancy thirty years ago. NADGCA was founded to fill that information gap and to provide deferred compensation plan sponsors and administrators with a national network where they could share ideas, create educational opportunities, and advance best practices in administration and responsibilities. NAGDCA has grown from its initial founding members of administrators of state deferred compensation plans to include local plans and the wider defined contribution community. This year has been another testament to meeting those goals and continued growth.

Planning for the Annual Conference is nearly complete. The Conference Committee has put together another exemplary array of breakout topics to be led by knowledgeable presenters. Philadelphia is an exciting city that is full of historical sites and significance. We hope that all NAGDCA members will be able to attend the Conference, partake in the educational opportunities, and experience a little history.

Part of our future is in the hands of the next generation. Again this year, college students will be attending the Conference to obtain insights to serving public employees through defined contribution plans and the opportunities this provides. Being a mentor to a student during the Conference is a very rewarding experience. We are currently seeking volunteer mentors and heartily recommend that you share your time and expertise through this program.

The Arthur N. Caple Foundation will again be awarding scholarships to very deserving students. This year's full scholarship is being awarded to Graham Brown of the University of Georgia. Graham's academic accomplishments and extracurricular activities show great aptitude toward financial planning and a wide open future. Congratulations to Graham. Five additional travel scholarships are also being awarded.

We have been working to provide an educational program for colleges that explains retirement issues in the public sector. For the second year, NAGDCA has been invited to college campuses to make this presentation. But we can't always honor a request to do an in person presentation. This year we developed a web based presentation that any one can download from our website. Special thanks to the Education Committee for creating the slide show presentation and to Jack Schafroth (Oregon) who provided the presentation voice over.

2010 is another exciting and productive year thanks to all of you. Your active participation on committees and task forces, as speakers at the Annual Conference and on web casts, as respondents to the NAGDCA surveys and numerous listserve questions, and as participants in the various programs and services permits NAGDCA to grow and continually strive to meet its

founding goals. We have come a long way and I know that NAGDCA will continue to provide quality services over the next thirty years.

It is hard to believe that this is my last installment of the President's Corner. Thank you for allowing me to serve you and NAGDCA as President this year and as an Executive Board Member for the past five years. It has been a very rewarding experience. Enjoy your summer and I look forward to seeing you in Philadelphia.

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## INDUSTRY VIEWPOINT

### Educating and Engaging Early Career Public Sector Employees

*Written by Alex Hannah, ICMA-RC, Vice President Corporate Communications and Education*

Today's youngest employees — think 18 to 32 years old, are entering the workforce in record numbers. This group, known by most as Generation Y, and representing 60 million Americans is three times the size of Generation X.

Like most generations, as they start out their career, many will not even begin to start thinking about retirement for several more years. However, Generation Y differs from past groups in that they are starting their careers during very challenging economic times and often are entering the workforce with financial disadvantages already. According to a 2008 MSN article titled, "Why Generation Y is Broke," the average college debt for recent grads is more than \$20,000. In addition, this generation is the first to have easy access to credit cards early on in their lives and this has caused additional debt for many of them before they enter the workforce. According to a 2008 study by college-lending firm Sallie Mae, college seniors graduated with an average credit card debt of \$4,138 — up 44 percent from 2004.

Many public employees who are just starting their careers are focused on paying off credit cards and student loans, buying their first homes and starting families. Those immediate financial needs will often trump savings needs. However, some members of Generation Y are aware of the personal responsibility it takes to build retirement security. A report from the Employee Benefits Research Institute (EBRI) shows that one in six Generation Y workers have given some thought to retirement. Twenty-percent say they have given a great deal of thought to retirement. A separate study by EBRI and the American Association of Retired People (AARP) showed that three in five young adults already feel that they are behind in preparing for retirement. The availability and abundance of financial-related information is partially responsible for this heightened sense of awareness among people starting their careers. The recent changes in the market may also have had an impact on attitudes and decision-making for this demographic. Interestingly enough, even with all of the media coverage about saving and retirement, only one in 10 young adults ranging in age from 19 to 39 consider saving for retirement, affording retirement, or maintaining one's lifestyle in retirement as part of their definition of being financially secure, according to results from a 2008 joint study by EBRI and AARP.

What is evident about this group of individuals is that they are technology-savvy, plugged-in, constantly looking for stimulation, diverse, social, and smart. Having grown up with computers, the Internet, mobile phones, video games, and mp3 players, this demographic is always connected to information: from their peers, the media, and many other digital outlets. With this in mind, it makes sense to make financial education engaging, accessible, and distributable in the ways with which Generation Y are most familiar.

The challenge for plan sponsors and retirement plan providers lies in developing and implementing education and communication strategies and tools that will inspire early career public sector employees to save as well as manage their retirement savings. Effective solutions run the gamut but most tend to leverage technology and engage the user in a simple, fun, and interactive manner. Currently there are a number of noteworthy retirement education-focused tactics being used. The following are three we thought were worth mentioning.

**Enrolling wirelessly.** Most individuals who fall into the Generation Y category are “digital natives,” meaning that they were born into a generation where technology has been present throughout their lives. This group tends to adopt new technology early on and is usually very comfortable with using it in myriad ways. For these reasons, it seems natural to offer retirement plan enrollment through mobile technology. MassMutual Financial Group did just that by introducing a wireless hand-held device that allows workers to receive financial education and enroll in their employer-sponsored plan<sup>1</sup>. MassMutual calls it the e4, which stands for “Enhanced Electronic Education Experience.” When meeting with clients, MassMutual hands out the e4 to employees to give them a quick, fun, and easy way to receive financial education and information and sign up for the plan. The company has had a 95 percent success rate of enrollment among non-participants who use the device.

**Turning saving into a game.** Mortenson Construction, a private employer based in Minneapolis, MN, decided to partner with a software programmer to create a video game about saving for retirement<sup>2</sup>. The game, called “Cabin Fever,” requires players to make certain financial decisions which ultimately affect the type of home they will reside in the future. If the player makes the right choices he or she ends up in a comfortable and cozy retirement cabin. If the player makes the wrong choices he or she winds up in a cardboard box instead. Cabin Fever provides interactive and engaging scenarios where the player’s financial decisions can affect them 10 to 40 years in the future. The game is provided on disk with other Mortenson Construction HR benefit materials during new employee orientation. It was developed to stand out from all of the other information provided during orientation. So far the response has been positive among employees. In addition, the game has received industry recognition. It received a first place Eddy Award in March 2010 from Pension & Investments Magazine.

**Leveraging social media and early career voices.** ICMA-RC recently launched a new financial education Web site called [www.thedreambigsite.org](http://www.thedreambigsite.org) to connect with early career public sector employees. The site leverages social media and offers young public employees opportunities to learn about and discuss topics like saving and retirement in a way that is second nature to them: among their peers on various online media platforms. The site offers a number of features such as blogs written by and for Generation Y users focused on five main topic areas: credit, investing, loans, saving, and retirement. Also available on the site are RealityCheck, straightforward and simple savings and retirement planning calculators, and Save & Share, a Web-based application that allows users to discuss their dreams, post their savings goals and strategies, and share them with friends on Twitter or Facebook. Fans of thedreambigsite.org can get regular updates and articles on Facebook and Twitter as well.

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<sup>1</sup> MassMutual Financial Group. <http://www.massmutual.com/retire/media/blueglow/blueglow3.htm>

<sup>2</sup> Pensions & Investments Magazine. “Eddy winners: Creativity trumps problem” by Nancy K. Webman. <http://www.pionline.com/article/20100322/PRINTSUB/303229983>

Since the Web site's late April launch, metrics have been closely monitored and thus far, they show that the site has been well received.

Overall, identifying, creating and implementing effective financial education tactics for Generation Y public sector employees is necessary to inspire and help them build retirement security. As an industry group, we need to monitor and continually advance our education tactics and strategies to connect and engage this constantly evolving and technology-focused demographic.

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## **WASHINGTON REPORT**

*By Susan J. White and Jonah Mainzer, Susan J. White and Associates, Inc.*

### **Economy**

With the completion of health care reform, Congress has transitioned into jobs based measures and major financial regulatory reform legislation—all which had waited for the completion of federal health reform.

The economy is now the Administration's number one priority and a number of jobs bills have been worked on in the House creating [H.R. 4213](#) (The American Jobs and Closing Tax Loopholes Act of 2010). Due to cost concerns among Blue Dog Democrats, a number of provisions were stripped from this bill to ensure passage. The Senate is currently debating the measure and Majority Leader Reid (D-NV) is trying to pull together a coalition allowing him to put the omitted provisions back into the bill. A number of Democrats have indicated that they may not support the bill and even if Majority Leader Reid can get yes votes from all the Democrats he would still need at least one Republican to vote yes to avoid a filibuster. A number of moderate Republicans have supported jobs based legislation in the past but the cost of this bill has them wary and at this time they have not committed to vote either way.

### **National Save for Retirement Week**

Both Representatives Schwartz (D-PA) and Johnson (R-TX) have committed to sponsoring the National Save for Retirement Week resolution and NAGDCA is working closely with their offices to work out final language so that the Resolution can be introduced soon. The Resolution would follow the same timeline as last year and allow ample time for planning events during the week of October 17-23.

The Senate has been mired down in a number of other issues, including scheduling hearings for Supreme Court nominee Elena Kagan, but staff for Senate Committee on the Budget Chairman Kent Conrad (D-ND) and Senate Committee on Health, Education, Labor and Pensions (HELP) Ranking Member Mike Enzi (R-WY) have indicated that they will sponsor a Senate Resolution this summer.

### **Roth 457**

NAGDCA continues to advocate for a Roth 457 option for state and local government employees and it was originally included in draft for H.R. 4213. However due to political considerations the measure was dropped in the House and it is unlikely that the Senate will attempt to put the provision back in for any possible conference with the House.

The Senate Committee on Finance has supported this provision for a number of years, as it sees the Roth as an important additional savings tool. Importantly, in the current tight federal budget climate, the Roth 457 provision also raises federal revenue over a ten-year period and although the number is not as large as other measures there are few measures available that would raise money and Roth 457 is one of them. This fact alone will ensure that Roth 457 will remain on people's radars and it should eventually become law.

## **Financial Regulatory Reform**

After the economic downturn and failure of a number of banks, Congress turned to legislation aimed at reforming the financial regulatory system. Both the House and the Senate have passed bills and they are currently in conference, with a conference report expected shortly. It is likely that once a conference report is agreed to, it will then pass the House and Senate in short order sending it to the President for his signature.

NAGDCA is concerned that the definition of swaps in the Restoring American Financial Stability Act of 2010 may have a serious and unintended detrimental impact on stable value investment options offered through state and local government defined contribution plans. In a letter to conferees, NAGDCA proposed that that benefit responsive investment wrap contracts issued with respect to stable value funds offered through Section 457 eligible deferred compensation plans, 401(k) and 403(b) plans be excluded from the definition of a swap. NAGDCA is concerned that failure to exclude wrap contracts from the definition of a swap in the bill will result in higher costs for the protection provided by wrap contracts and a commensurate lower return for investing plan participants.

We continue to work with House and Senate conferees to bring attention to the issue.

## **Fee Disclosure**

The House Committee on Education and Labor, led by Chairman George Miller (D-CA) passed [H.R. 2989](#), the 401 (k) Fair Disclosure for Retirement Act of 2009. No movement had occurred on that bill since the bill had passed out of committee, but parts of it were added to the tax extender/jobs legislation that passed the House recently. These sections would require more disclosure to both plan administrators and participants. In particular these provisions would require a written statement to the plan administrator describing the services to be provided and the total annual revenue to be collected by the service provider. For plan participants this would require the plan administrator to provide employees with a notice describing the plan and characteristics of each investment option. Included in this notice would be a plan fee comparison chart. Plan administrators must also provide employees with a quarterly benefit statement that includes information on each investment option that the employee is invested in. Small plans are only required to provide annual statements.

The Senate is currently debating H.R. 4213 and Majority Leader Reid removed these provisions from his Manager's Amendment. It is unclear whether the Senate will put these provisions back into the bill or whether the House would fight in conference to ensure that these provisions are included in the final bill.

## **Draft Legislation**

NAGDCA has been working with Representative Schwartz's staff on legislation she is in the process of drafting. Provisions of the proposed legislation include: financial literacy grants, auto-Consolidation of 401(k) accounts, a federal match for 401(k) contributions, a temporary

deduction for retirement account losses and one free yearly credit score. The federal match for the 401(k) contributions is meant to be an expansion of the saver's credit.

### **Legislative Webcast**

NAGDCA recently held its annual legislative webcast and we were pleased that Kevin O'Connor, Assistant to the General President for Governmental Affairs and Public Policy, International Association of Firefighters (IAFF) was able to join us and present on issues of concern to IAFF. The discussion was also focused on NAGDCA's legislative priorities as well as where Congress was headed with legislation this year and National Save for Retirement Week.

### **Industry Roundtable**

On April 23rd, NAGDCA held its sixth Industry Roundtable. Speakers that participated on the Legislative Panel included the Associate Benefits Tax Counsel at the Department of the Treasury, Majority Senior Benefits Counsel to the Senate Committee on Finance and Minority Tax Counsel to the House Committee on Ways & Means. Issues that that were covered included the Saver's Credit, Roth 457s and fee disclosure.

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## **AROUND THE COUNTRY**

### **Call for NAGDCA's 2010 Media Recognition Award Nominations**

Nominations are still being accepted for the Media Recognition Awards. Please take this opportunity to acknowledge outstanding colleagues and outstanding work.

The Media Recognition Award recognizes a member of the media for outstanding coverage of pension and retirement issues in newspapers, magazines, national newsletters or research reports.

[Click here](#) to submit your Media Recognition Award nomination. The deadline for submissions is **June 30, 2010**.

All nominations must be submitted online.

Awards will be presented to government and industry partners at NAGDCA's Annual Conference in Philadelphia, PA on September 13, 2010.

Winners will be recognized in a printed publication at the conference.

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## **NAGDCA MEMBER SPOTLIGHT**

### **Steven Montagna**

**What do you do in the retirement industry?** I'm the Plan manager for the City of Los Angeles Deferred Compensation Plan.

**How has your membership in NAGDCA benefited you/your entity?** NAGDCA has provided a forum for sharing best practices, keeping abreast of legislative changes and policy issues, and networking with other plan sponsors and service providers. This all has contributed towards improvements to our Plan over the years.

**What is your favorite NAGDCA memory?** My first conference, which was also my first time traveling for a work-related reason. This was in 1995, in St. Louis, and I was pretty nervous. I had never traveled solo before. I think I got to the airport three hours before the plane took off. It was my first few months working with our Plan and I was particularly nervous about being around people who were so much more experienced and knowledgeable about their programs. But on the cab ride from the airport to the hotel I somehow found the nerve to ask the cab driver, "Is it true there's a gambling riverboat nearby?" That night I went there by myself and had a great time. Everything that followed was like a revelation. The sessions were wonderful and the people so friendly. I wasn't nearly as shy as I thought I'd be. I feel like I grew up a little at that conference, discovering new possibilities for creating an identity as a professional.

**If you could meet anyone in the world for a cup of coffee and an hour of conversation, who would you like to meet?** The Dalai Lama. I want to know what's up with this crazy world.

**How do you like to spend time away from work?** I love to do writing on the side. Nothing makes me happier than sitting at a coffee shop with my laptop and letting the creative juices flow.

Complete a Member Spotlight Questionnaire at <http://www.nagdca.org/content.cfm/id/anniversary>.

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## NAGDCA MEMBER BENEFIT SPOTLIGHT

To remind members of benefits they receive throughout the year, NAGDCA spotlights a benefit of membership in each edition of *The Contributor*. For more information on this or any benefits of membership, please visit our website at <http://www.nagdca.org/> or contact NAGDCA staff at (859) 514-9161.

### Information

- Career Center - Post job openings and review resumes
  - The Contributor, NAGDCA's quarterly newsletter that provides the latest information on association issues, members and legislative matters
  - Free or discounted participation in NAGDCASTs. NAGDCA's interactive, web-based educational programs.
  - An interactive Web site at [www.nagdca.org](http://www.nagdca.org) that provides current information on federal activities, meetings, members, RFPs, presentations and more!
  - An electronic clearinghouse with resources that offer answers and perspectives on various issues by showing actual practices used by members across the country
  - Legislative representation in Washington, DC
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## **NEW MEMBERS**

Please visit the NAGDCA on-line directory for member's full contact information. You will need a username and password to access the information. Join me in welcoming our new members!!!

### **Local Government Primary Member**

City of Boise  
City of Mount Dora  
City of Westminster  
San Francisco Unified District

### **NAGDCA Primary Industry Member**

BlackRock  
BNY Mellon  
Calamos Investments  
ERISA Fiduciary Advisors  
InSight Employee Benefits Communication

### **NAGDCA Associate Industry Member**

Federated Investment  
Fiduciary Guidance Counsel  
Nationwide  
Great-West  
Goode Investment  
ING  
TD Ameritrade  
Hyas Group  
Federated Investors

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## **ABOUT THE CONTRIBUTOR**

*The Contributor* is published quarterly by the National Association of Government Defined Contribution Administrators, Inc. (NAGDCA). NAGDCA encourages the submission of articles on topics relating to defined contribution/deferred compensation retirement savings/plans. Articles that appear under the by-line of an individual express the opinions of the author and not those of NAGDCA as an organization. The deadline for submissions for the next issue is May 24, 2010. Articles should be approximately two pages in length and should be submitted in Word format. Please direct all newsletter items and questions to NAGDCA, 201 East Main Street, Ste. 1405, Lexington, KY 40507. You may also e-mail submissions to Kari Emmons at [kemmons@AMRms.com](mailto:kemmons@AMRms.com).

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