

# Financially Fit Minnesota

**FINANCIALLY FIT**  
Minnesota

*Strengthening the financial fitness of  
individuals and families in our community*

June 2, 2009



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## INTRODUCTION TO THE ITASCA PROJECT

**What is Itasca**

- An employer-led alliance to drive regional efforts to keep the Twin Cities' economy and quality of life competitive with other regions



**Who is Itasca**

- 50-plus community leaders
- Primarily private sector CEOs
- Includes a handful of public sector leaders, such as Governor of Minnesota, Mayors of Minneapolis and St. Paul, Chair of Met Council, leaders of University of Minnesota and MNSCU, and Presidents of Foundations

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More information available at [www.TheItascaProject.com](http://www.TheItascaProject.com)

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## HOW ITASCA IS ADDRESSING REGIONAL COMPETITIVENESS

- Participants agree on priority issues
- An individual CEO takes the leadership on each issue and assembles a task force
- Task forces identify a unique role for Itasca, typically working in partnership with scores of organizations around the region

Task forces to date

- Advancing a Comprehensive Transportation Plan
- Building Financial Fitness**
- Creating a World-Class K-12 Education System
- Improving Early Childhood Education
- Retaining and Growing Leading Employers
- Setting Regional Performance Indicators
- Strengthening University-Business Partnerships
- Supporting the Growth of Small Business
- Supporting the Strategic Re-Direction of Minneapolis Public Schools
- Understanding and Addressing Socioeconomic Disparities**

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## WHAT ARE WE ASKING FROM FFM EMPLOYERS?



- 1 Set a goal for organization to increase employee participation in direct deposit and/or retirement savings, with a focus on closing gaps between employee groups; implement initiatives to achieve goal
- 2 Report direct deposit and retirement plan participation data by age, salary, and ethnicity cohorts on quarterly basis
- 3 Leadership Council meetings quarterly
  - Best practice/case study presentations
  - Project updates and input
  - Affinity group discussions
  - Networking

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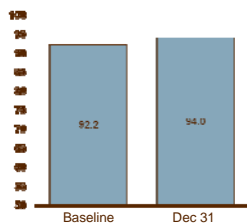
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## HOW ARE WE DOING? IMPACT ON DIRECT DEPOSIT



Participation rate in direct deposit  
Percent



### Direct deposit

- Participation rates have increased by 1.8%
- Progress has been made in the younger, lower paid, and minority categories
- There are about 2,600 additional employees using direct deposit

Note: Data is submitted quarterly by most of the participating companies allowing the tracking of progress towards the total goal as well as progress in closing the disparities in participation rates

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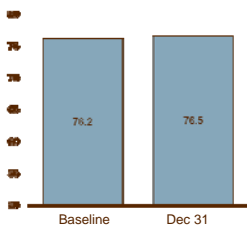
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## HOW ARE WE DOING? IMPACT ON RETIREMENT SAVINGS



Participation rate in retirement savings  
Percent



### Retirement plan

- Participation rates increased by 0.3%
- There were losses were in the youngest, lowest paid categories
- Even though the participation rate increased only slightly, there are 2,000 additional employees participating in retirement plans (total employee count has increased)
- 5 companies are also tracking the net number of employees who have increased their retirement plan deferral percentage. They are reporting the net number increasing as 515 employees

Note: Data is submitted quarterly by most of the participating companies allowing the tracking of progress towards the total goal as well as progress in closing the disparities in participation rates

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**EACH COMPANY HAS DESIGNED THEIR FFM APPROACH DEPENDING ON THEIR NEEDS AND STARTING POINT**



Examples	Goal	Tactics
	<ul style="list-style-type: none"> <li>Increase participation in retirement plan, with focus on retail employees</li> </ul>	<ul style="list-style-type: none"> <li>Auto-enroll all new and current employees in 401(k)</li> </ul>
	<ul style="list-style-type: none"> <li>100% participation in direct deposit</li> </ul>	<ul style="list-style-type: none"> <li>Implement pay cards for employees who don't have banking relationship</li> <li>Require new hires to use DD or pay cards</li> <li>Targeted campaign to move existing employees</li> </ul>
	<ul style="list-style-type: none"> <li>Increase participation in direct deposit</li> <li>Increase participation in retirement plan</li> </ul>	<ul style="list-style-type: none"> <li>Will use employee research to drive marketing communications and resources that will increase participation rates</li> <li>Switched to 401(k) auto-enroll for all employees</li> </ul>

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**LESSONS LEARNED ABOUT WHAT WORKS**



- The employer must see the value in playing this role with it's workforce and be committed to improving participation
- CEO involvement makes a difference
- Though many employers have high overall participation on direct deposit and retirement, most found significant gaps when considering participation by age, income level, or ethnicity
- One size doesn't fit all – each approach has been unique
- It doesn't have to be a costly campaign, you just have to be creative

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**EFFECTIVE STRATEGIES TO INCREASE DIRECT DEPOSIT AND RETIREMENT**



- Brand the effort and align it with the goals of the organization so that employees know this is important to the company
- Know what motivates your audience and use that information to incent participation; start with employee research if necessary to build the understanding
- Consider both benefit design changes (e.g. pay cards, auto-enroll) and communication tactics
- Engage leaders and line managers to deliver the message (not just HRI), and reward the leader whose department is most successful during the campaign
- Segment your audience to tailor the messages (e.g. Gen Y vs. Traditionalists)
- Talk to employees to learn what the participation barriers are, and then address those barriers
  - Bad credit? There are now ways to participate even with bad credit
  - No bank account? Our banking partners will help – and even reward you for opening an account
  - Lack of trust? Use data to illustrate how safety of these systems

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**THOUGH THE ECONOMIC ENVIRONMENT HAS SHIFTED  
DRAMATICALLY, THE PRINCIPLES OF FFM ARE STILL RELEVANT**



- Financial fitness is more important than ever before
- Employers are still in a position of leverage to assist their employees' move towards financial fitness
- Americans will need to provide for a significant portion of their own retirement funding
- Employer matches of retirement saving remains "free money" to help employees prepare for retirement
- Saving sooner rather than later makes goal attainment easier
- When the economy recovers, investment returns could reach unprecedented favorable levels
- Withdrawing retirement funds to support daily living expenses should be one of the last resorts
- People are likely more focused on the need for solid financial management decision-making than they were one year ago
- Direct deposit benefits to the employer and the employee are still available

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Visit our website to see the information and  
resources we have assembled for Minnesota  
employers

<http://www.financiallyfitmn.org/>



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