



The Silent 170k

Engaging the Disengaged

Nearly 170,000 participants in plans at T. Rowe Price contributed \$50 or less in 2016. Data show that these participants are less engaged than their peers. How do we gain their attention and get them to act?

The 170k—By the Numbers

Out of the more than 1.4 million participants who were eligible to defer retirement plans at T. Rowe Price throughout all of 2016, 169,850 contributed \$50 or less. This means that at some point in 2016, they may have deferred part of their salary but stopped contributing—and may have stopped engaging with the plan altogether.

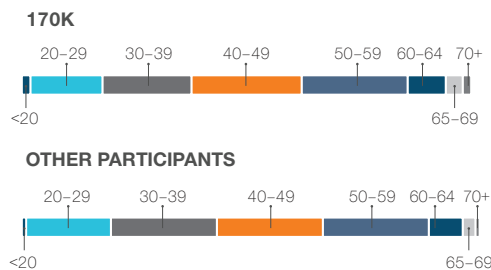
Here's What the Data Show About These 170,000 Participants

Demographics don't appear to play a role.

The breakdown of age groups within the Silent 170k—shown below—closely resembles that of other participants, and they're from regions across the country. Over half of the population (51%) has less than \$10,000 in plan account assets. The Silent 170k are also more likely to have a high tenure in the plan.

They've always saved less, and rates are dropping.

Last year, the vast majority of the Silent 170k made no contributions—far less than the \$5,366 the average participant outside this group contributed.



When they restart their savings, it's often at a lower rate.

Although some in the Silent 170k restart their contributions, their contributions tend to remain below other participants'. Over the past few years, the Silent 170k had an average contribution of \$260 per pay period compared with \$540 for other participants.

They're less engaged across the board.

In 2016, the Silent 170k connected with T. Rowe Price less than other participants across all channels (Web, phone, email, etc.). For example, in 2016, only one in four opened an email from T. Rowe Price, and of those, only 5% clicked on a link within the email.

Some good news

A lack of engagement doesn't always produce negative outcomes. For example, the Silent 170k were less likely to opt out of an automatic enrollment service (if their plan offered it). They were also less likely to take a loan or make a hardship withdrawal. However, it's unclear if their inaction stems from a lack of understanding of plan features or a lack of money to withdraw or borrow.

The 170k	All participants	
1%	11.6%	Auto-enroll opt out
17.3%	23.8%	Loan balance
0.1%	1.4%	Hardship withdrawals

Engagement by channel¹

41% less likely

to log in to Workplace Retirement site
1 in 4 logged in during 2016

50% less likely

to open an email sent by T. Rowe Price
1 in 4 opened an email

60% less likely

to click on a link within an email
5% clicked on a link

49% less likely

to log in through a mobile device
Just over half logged in to the mobile site

25% less likely

to contact T. Rowe Price's call center
19% contacted the call center

¹Compared with all other participants who deferred in 2016.
Source: T. Rowe Price 2016.

Moving the Dial

Participants disengage for a wide variety of reasons, most of which we cannot clearly determine by looking at data alone. However, over the years, T. Rowe Price has learned that changing employee behavior for the better requires a combination of service offerings that motivate employees and make it easy to take action:



Plan Design

Plan design features have demonstrated positive results in changing participant behavior in many plans. This is true even for disengaged participants. As demonstrated earlier, only 1% of the Silent 170k opted out of their plan's auto-enrollment feature in 2016 compared with 11.6% of all participants. Plans without auto-enrollment had the highest percentage of participants in the Silent 170k population compared with plans that have auto-enrollment.

Many plans at T. Rowe Price have adopted features designed to help drive positive outcomes for participants.

88%
compared
with 46%

Auto-enroll

- Enrolls participants in the plan automatically
- Can help increase average participation and deferral rates in the plan

In the nearly 55% of plans with auto-enrollment, the average plan participation rate is **88%** compared with a **46%** rate in plans without auto-enrollment.

The average deferral rate in auto-enrollment plans appears to be increasing from the 3% industry standard. In 2016, more than **33%** of plans had a default deferral rate of **6%**.

48%
most plans
opt for a
fixed percent

Company match

- Encourages participants to increase deferrals by revising contribution formulas

Revising the company match formula can **incentivize** participants to save more to get the full company match (e.g., changing the formula from 100% on first 3% to 50% on first 6%). At T. Rowe Price, employer match types are diverse, but we see most plans opt for a fixed percent (48% of plans), for example, matching 50% up to the first 6% (32% of plans).

66%
automatic
enrollment



12%
voluntary
enrollment

Auto-increase with opt out

- Enrolls participants automatically for annual increases of the deferral rate (as opposed to the voluntary "opt in" approach)

Plans that automatically enroll participants in auto-increase average a **66%** adoption rate, meaning that only 34% of participants opt out of the saving feature.

In comparison, the adoption rate drops to **12%** in plans that require participants to opt in to the auto-increase feature.

AutoBoost® Service Campaign. **DEMONSTRATED RESULTS**

SERVICE

- Provides a one-time increase of deferral rates for all participants saving below a plan-specific threshold, such as the deferral rate to maximize matching contributions.

CLIENT

- Manufacturing company
- Nearly 4,000 participants and over \$380 million in plan assets

OPPORTUNITY

- Provides a one-time increase of deferral rates for all participants saving below a plan-specific threshold

RESULTS

- **94%** average participation rate
- **7.9%** average deferral rate

Removing Barriers

As previously stated, the Silent 170k have a track record of saving less than the other plan participants—their average annual contribution was just over \$4 compared with the \$5,366 other participants contributed, according to T. Rowe Price data. This dramatically low contribution was driven by the 130,000+ participants who did not contribute 2016.

When participants restart deferrals after stopping, their new deferral rate tends to be lower. For example, so far in 2017, the Silent 170k have deferred an average of \$122 per pay period—a vast improvement from 2016 but a 50% decrease from 2015, when they contributed an average of \$246.¹

While we cannot determine why a participant chooses to stop contributing, low savings and participation rates could indicate that participants are facing immediate financial challenges that restrict their ability to save for the long term.

Financial Wellness

One potential solution is to implement a strong financial wellness program that motivates employees to overcome the barriers that prevent them from building their financial foundation.

SmartDollar Campaign.

DEMONSTRATED RESULTS

CLIENT

- Utility company
- Nearly 4,000 participants and over \$800 million in plan assets

OPPORTUNITY

- Promote SmartDollar and encourage participation

SOLUTION

- Client-led on-site meetings
- Promotional postcards and posters

RESULTS

- **25%** enrollment in SmartDollar within first two months



Tools for assessing current financial health

An important first step to improving financial well-being is assessing a participant's current financial outlook. Online calculators and videos provide an approachable, easy-to-use way to get a snapshot of a participant's financial health.

For example, **Confidence Number**[®] score adds a gamification element to engage and make financial planning seem less like a chore.



Set meaningful financial goals

Since 2013, the Silent 170k have saved no more than one-third of what other participants saved, with the amounts of their annual contributions dropping each year through 2016.¹

This population may benefit from programs such as **Retire With Confidence**[®] and **SmartDollar** that use relevant messaging and provide small, progressive steps designed to slowly but steadily build the amount participants are saving.



Make reaching goals automatic

The Silent 170k contributed far less than other participants in 2016, and that trend continued in 2017, with the Silent 170k contributing just one-fifth of the amount other participants deferred.¹ This population may be facing financial challenges that prevent them from contributing to their retirement plan.

One way we're addressing these challenges is by introducing a new **cash flow management tool**, powered by DoubleNet Pay, that allows participants to set up automatic funding for critical financial goals, such as emergency savings, bill payment, and debt reduction.

¹Source: T. Rowe Price, as of July 31, 2017.

Being Heard

On average, the Silent 170k engage with T. Rowe Price and their retirement plan less often than many other participants. This lack of engagement spans across channels.

Engagement

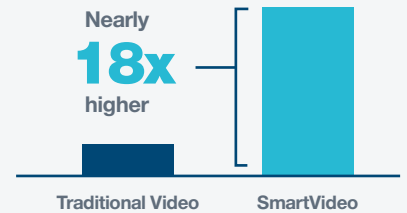
According to a 2017 study, the average person will spend five years and four months on social media over a lifetime. That's a little less than they'll spend watching TV (seven years, eight months) and more than they'll spend eating and drinking (three years, five months).¹

The influx of new media makes it harder to capture the attention of a population that was already hard to gain. Our Participant Experience uses insights into effective technology and marketing approaches to increase our engagement with employees and drive them to the retirement planning and financial wellness resources we've developed.



SmartVideo. DEMONSTRATED RESULTS

SmartVideo yields higher click rates than traditional videos:



Participants who watch SmartVideo are **2x more likely to make a deferral increase.**

Based on non-auto-increase participants in a pilot program June–December 2016.



SmartVideo

In 2016, only 5% of the Silent 170k clicked on a link in an email from T. Rowe Price. Our SmartVideo experience is working to reverse this trend by incorporating real-time participant data to deliver more relevant messaging that engages participants and drives them to act.



Targeted education

Only 25% of the Silent 170k logged in to the Workplace Retirement site in 2016, and some of them did not navigate beyond the homepage. Driving them to resources available on the website and capturing their attention when they log in is an ongoing focus of our Participant Experience.

Our Web experiences are designed to encourage deeper engagement by delivering messaging and content that help participants understand if they're heading in the right direction. Participants receive clearly worded calls to action and next steps that encourage them to act.



Relevant messaging

The Silent 170k were 50% less likely than other participants to open an email from T. Rowe Price in 2016 and 25% less likely to call. However, research shows that participants are more likely than other participants to engage when presented with relevant content based on participant demographics, such as age, account status, and deferral rate.

At T. Rowe Price, relevant messaging is yielding higher-than-normal click rates. For example, of all participants at T. Rowe Price who received a message based on their age and account balance, 45% clicked on the link to learn more.

Start connecting with your employees. We can help.

Contact your T. Rowe Price representative to explore our plan design features and innovative approaches for engaging participants—now and in the future.

¹Source: Mediakix.

Source: T. Rowe Price 2016. Unless otherwise noted.

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