

Servicemember Roth TSP Re-Enrollment

A “fresh start,” action-oriented communication encourages Servicemember re-enrollment

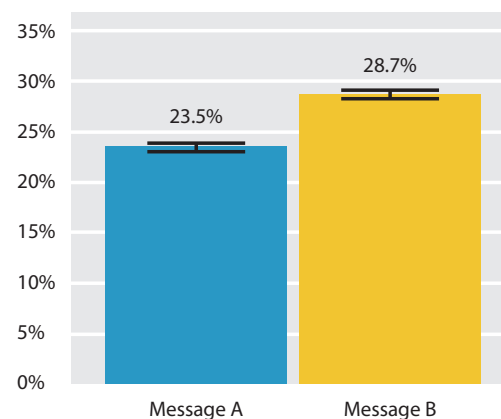
Agency Objective. Increase re-enrollments in Roth Thrift Savings Plans among interested Servicemembers, using action-oriented, simplified email communications.

Background. Due to a change in the military pay system, 139,273 members of the Armed Forces needed to re-enroll in their Roth Thrift Savings Plans (TSP) in January 2015 to avoid having their contributions suspended indefinitely. To re-enroll, Servicemembers needed to log in to the Department of Defense’s (DOD) Defense Finance and Accounting Service (DFAS) MyPay website and select a contribution percentage. DFAS conducted a broad media and email campaign to encourage affected Servicemembers to re-enroll in TSP.

Methods. As part of this campaign, DFAS, in collaboration with the Social and Behavioral Sciences Team (SBST), redesigned the standard email sent by DFAS to Servicemembers announcing the opening of the re-enrollment window. The redesigned, simplified email emphasized the New Year as a fresh start, laid out the three steps needed to complete the re-enrollment process, and encouraged action in order to avoid losing the chance to contribute savings.⁴⁶ The 139,273 Servicemembers were assigned to two groups based on the last two digits of their Social Security Number (SSN), with those with SSNs ending in 0–49 ($n = 69,318$) sent the standard email, and Servicemembers with SSNs ending in 50–99 ($n = 69,955$) sent the redesigned email. After sending the emails on January 2, 2015, DFAS tracked re-enrollment requests by SSN.

Results. One week after the emails were sent, 16,291 Servicemembers who were sent the standard email (23.5 percent) had re-enrolled, compared with 20,061 Servicemembers who were sent the redesigned email

(28.7 percent). Because the last four digits of SSNs are effectively randomly assigned, the increase in re-enrollment rates of 5.2 percentage points ($p < 0.01$, 95% CI [4.7, 5.6]) can be attributed to the redesigned email. This means that 22 percent more Servicemembers—3,770—re-enrolled in their Roth TSP, or at least accelerated their re-enrollment, as a result of being sent the redesigned email instead of the standard email.



Conclusions. Because the redesigned email was more effective at prompting re-enrollment after one week, a modified version of the more effective message was subsequently scaled to the entire population in follow-up messages that encouraged Servicemembers to act before the deadline. Thus, in addition to demonstrating the relative impact of using behavioral messaging to drive action, this project also illustrates the rapid scalability of insights identified as effective via this type of rapid low cost pilot.

⁴⁶Hengchen Dai, Katherine L. Milkman, and Jason Riis, “The Fresh Start Effect: Temporal Landmarks Motivate Aspirational Behavior,” *Management Science* 60 (2014): 2563–2582. Daniel Kahneman and Amos Tversky, “Prospect Theory: An Analysis of Decision under Risk,” *Econometrica*, 47 (1979): 263–291.