

Research with Voya Finds Small Changes to Retirement Enrollment Website Can Drive Positive Outcomes

Thursday, November 01, 2018 03:00:00 PM (GMT)

New study shows making simple, digital design enhancements can produce results that are similar to an employer substantially increasing its match limit

Voya Financial, Inc. (NYSE: VOYA), is sharing new findings today from research conducted in association with the [Voya Behavioral Finance Institute for Innovation](#). In a working paper titled "[Save\(d\) by Design](#)," scientists from Carnegie Mellon University, City, University of London and UCLA¹ published results from a pioneering field study that involved more than 8,500 employees across 500 workplace retirement plans. The workers, who were auto-enrolling into their employer-sponsored 401(k) plan, visited their respective enrollment websites to either confirm, decline or make personal adjustments to their savings selection.

The study examined what would happen to their choices when three types of design enhancements were made to the site. These changes included: 1) moving important plan information (i.e. the default savings rate) closer to where the individual was prompted to act; 2) simplifying and standardizing the language associated with the enrollment options; and 3) changing from a single color design on the election buttons to three "traffic light" colors.

"When it comes to helping workers with their retirement security, the industry has historically focused on automatic enrollment and providing generous match incentives as the primary tools for moving them in a positive direction," said Charlie Nelson, CEO of Retirement and Employee Benefits for Voya Financial. "While we should continue to apply these important strategies, this latest research suggests that making simple adjustments to website architecture presents another promising way to improve the choices of auto-enrolled workers — something that can be attractive to an employer that is not in a position to change its match level or plan design."

The findings revealed that small digital changes can lead to big results in terms of greater personalized enrollment, more employees taking advantage of the full company match, increased savings and improved long-term financial security.² Highlights included the following:

- 1. Greater enrollment personalization:** The number of employees who personalized their enrollment increased by **15 percent**. Among those who personalized, the average contribution rate was **7.8 percent**, compared to **3.4 percent** for those who accepted auto-enrollment.
- 2. Greater take-up of full company match:** The enhancements resulted in a **19 percent** increase in the share of employees who took advantage of the company's full match benefit. This demonstrated how optimized enrollment design could actually increase the effectiveness of existing matching incentives.
- 3. Greater plan savings and improved retirement security:** The design changes also led to an increase in savings levels, boosting the average contribution rate by **62 basis points, or roughly 10 percent** across all digital enrollees. That lift was equivalent to what one would expect from increasing the typical employer match by **62 percent**.

"Because employees don't often adjust their initial contribution rates after enrollment, these initial increases due to digital design can lead to meaningful improvements in long-run retirement security," said Dr. Shlomo Benartzi, UCLA Anderson School of Management professor and a senior academic advisor to the Voya Behavioral Finance Institute for Innovation. "The most compelling result was the shift toward personalization. When people personalize their plan choices, it suggests that they are being reflective and thinking about the best possible solutions for themselves. So it is great news that digital design enhancements can help increase the percentage of people who personalize their savings decisions."

This new evidence further suggests that by adjusting online enrollment architecture, employers have an opportunity to generate improvements that are similar to if they substantially increased their match program.

"If a company is looking to improve participant savings and overall plan engagement, making small digital enhancements to an enrollment website can be a powerful and cost-effective strategy," said Richard Mason,

head of Behavioral Finance at Voya Financial. “This is some of the first evidence we have seen to show that digital design matters in an online enrollment setting. We encourage plan sponsors and advisors to explore the potential benefits that can come with a deeper understanding of digital design.”

Voya’s Behavioral Finance Institute for Innovation is focused on gaining deeper insights into the decisions of American workers regarding their financial and retirement planning activities. By merging behavioral science with the speed and scale of the digital world, the Institute seeks to create large-scale solutions designed to help improve individual retirement outcomes. For more information and to view the findings from the current working paper or past studies, please visit [Voya.com/behavioralfinance](https://voya.com/behavioralfinance).

1. Saurabh Bhargava, Lynn Conell-Price, Richard T. Mason, and Shlomo Benartzi. “Save(d) by Design,” Working Paper, October 2018. Available at SSRN: <https://ssrn.com/abstract=3237820>.
2. The tested enhanced design led to a 9 percentage point increase in the share of employees who personalized enrollment (on a baseline of 60 percent), an 11 percentage point increase in the share of employees taking full advantage of their employer match (on a baseline of 58 percent), and 62 basis point increase in the average contribution rate by employees (on a baseline of 5.41 percent of income).

About Voya Financial®

Voya Financial, Inc. (NYSE: VOYA), helps Americans plan, invest and protect their savings — to get ready to retire better. Serving the financial needs of approximately 14.3 million individual and institutional customers in the United States, Voya is a *Fortune 500* company that had \$8.6 billion in revenue in 2017. The company had \$543 billion in total assets under management and administration as of September 30, 2018. With a clear mission to make a secure financial future possible — one person, one family, one institution at a time — Voya’s vision is to be America’s Retirement Company®. Certified as a “Great Place to Work” by the Great Place to Work® Institute, Voya is equally committed to conducting business in a way that is socially, environmentally, economically and ethically responsible. Voya has been recognized as one of the 2018 World’s Most Ethical Companies® by the Ethisphere Institute; one of the 2018 World’s Most Admired Companies by *Fortune* magazine; as a member of the Bloomberg Gender Equality Index; and as a “Best Place to Work for Disability Inclusion” on the Disability Equality Index by Disability:IN. For more information, visit voya.com. Follow Voya Financial on [Facebook](#), [LinkedIn](#) and Twitter [@Voya](#).

View source version on businesswire.com: <https://www.businesswire.com/news/home/20181101005654/en/>

--30-- PB/NY

Contact:

Media:

Voya Financial
Joe Loparco
Office: 860-580-2677
Cell: 860-462-6525
Joseph.Loparco@voya.com

or

Media:

Voya Financial
Laura Maulucci
Office: 860-580-1278
Cell: 508-353-6913
Laura.Maulucci@Voya.com

Copyright Business Wire 2018

1.2

Industries: Women, Education, University, Professional Services, Banking, Finance, Human Resources, Consumer, Men

Languages: English

Primary Identifiers: VOYA-US

Related Identifiers: VOYA-US

Source: Voya Financial, Inc.

Subjects: Survey