

# Servicemember TSP Enrollment

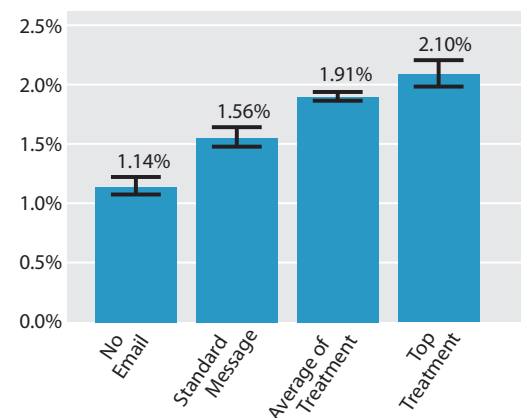
*Clear action steps, presenting choices, and emphasizing benefits promote savings enrollment*

**Agency Objective.** Increase enrollment in Thrift Savings Plans among interested active duty Servicemembers using behaviorally designed email communications.

**Background.** The Federal Government operates a workplace savings program called the Thrift Savings Plan (TSP) for all of its employees.<sup>41</sup> While the Federal Government automatically enrolls its civilian employees in TSP, it does not automatically enroll Servicemembers, and military enrollment rates average roughly 42 percent.<sup>42</sup> In order to enroll, Servicemembers need to log in to the Department of Defense’s (DOD) Defense Finance and Accounting Service (DFAS) MyPay website and select a contribution percentage. As TSP savings through traditional (pre-tax) or Roth (after-tax) contributions can confer both short- and long-term benefits, many of the over 800,000 unenrolled Servicemembers might choose to enroll in TSP if actively presented with a chance to do so.

**Methods.** DFAS, in collaboration with the Social and Behavioral Sciences Team (SBST) and academic researchers, tested the impact on TSP enrollment of sending unenrolled Servicemembers emails that highlighted the opportunity and potential benefits of TSP.<sup>43</sup> In addition to a no-email control and a standard message drawn from TSP and DFAS web materials, eight different messages utilized different combinations of behavioral insights: clear action steps, fresh-start messaging, presentation of the decision to enroll in TSP as a choice between two options, and emphasis on short- and long-term benefits.<sup>44</sup> The 806,861 Servicemembers who were not enrolled in TSP as of April 27 were assigned to these ten groups based on the last two digits of their Social Security Number (SSN). After DFAS sent out the emails on April 29, 2015 (May 4 for Marines), it tracked TSP enrollment by SSN.

**Results.** One month after the emails were sent, 14,491 Servicemembers had enrolled: 920 in the no-email group (1.14 percent), compared with 1,255 sent a standard message (1.56 percent) and 12,316 across those sent the eight treatment emails (1.91 percent). The most effective email clarified the action steps needed to enroll and emphasized the potential long-term benefits of saving even a little each month. The increase in enrollment rates due to the standard email was 0.42 percentage point ( $p < 0.01$ , 95% CI [0.30, 0.53]), compared with 0.77 percentage point for treatment emails ( $p < 0.01$ , 95% CI [0.69, 0.85]). This means that 67 percent more Servicemembers—4,930—enrolled in TSP in May 2015 as a result of being sent a treatment message.



**Conclusions.** Informational email campaigns are effective at prompting Servicemember enrollment in TSP, especially when designed based on behavioral insights. Lessons about which messages were most effective at motivating Servicemember action are being used to inform future outreach efforts that continue to support Servicemembers, and may help to inform future reforms to other elements of the military compensation and retirement system currently under consideration.<sup>45</sup>

<sup>41</sup>For general background information on TSP, see: [tsp.gov](http://tsp.gov)

<sup>42</sup>Enrollment rates for TSP as of late 2014 are reported here: [frtib.gov/pdf/minutes/MM-2014Dec-Att1.pdf](http://frtib.gov/pdf/minutes/MM-2014Dec-Att1.pdf)  
The differing enrollment procedures are described at: [tsp.gov/planparticipation/eligibility/establishingAccount.shtml](http://tsp.gov/planparticipation/eligibility/establishingAccount.shtml)

<sup>43</sup>Katherine L. Milkman collaborated with SBST on this project.

<sup>44</sup>John Beshears, James J. Choi, David Laibson, and Brigitte C. Madrian, “Simplification and Saving,” *Journal of Economic Behavior & Organization* 95 (2013): 130–145. Eleanor Putnam-Farr and Jason Riis, “‘Yes, I want to enroll’: Yes/No Response Formats Increase Response Rates in Marketing Communications,” (working paper, 2015).

<sup>45</sup>See: [www.whitehouse.gov/the-press-office/2015/07/13/fact-sheet-white-house-conference-aging](http://www.whitehouse.gov/the-press-office/2015/07/13/fact-sheet-white-house-conference-aging)