

# On-Base Servicemember TSP Enrollment

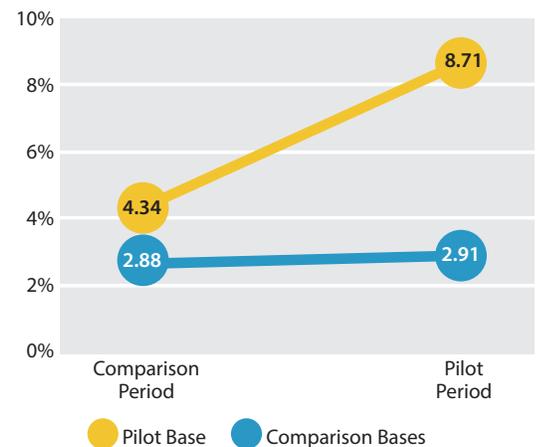
*Prompted choice during a reset moment promotes savings enrollment*

**Agency Objective.** Actively presenting Servicemembers with a choice to enroll in Thrift Savings Plans (TSP), in order to promote enrollment.

**Background.** The Federal Government, including the military, operates a savings program for its employees known as the Thrift Savings Plan (TSP). Roughly 58 percent of the over 1.3 million active duty Servicemembers in the Armed Forces are not currently enrolled in any TSP plan, and only around 1 percent of non-enrolled Servicemembers newly enroll each month. The success of “prompted choice” interventions in other workplace savings contexts—where employees have to actively choose whether to contribute or not—suggests that many Servicemembers might enroll if prompted.\* Because Permanent Change of Duty Station (PCS), or transferring to a new location, is often tied to changes in compensation and duties, in-processing briefings are a natural reset moment during which Servicemembers may benefit from prompts to make a financial decision.

**Methods.** In collaboration with the Department of Defense, the Office of Evaluation Sciences (OES), designed a cover sheet for the TSP-U-1 Thrift Savings Plan Election Form that (a) provided information on benefits of TSP investing, and (b) actively prompted Servicemembers to contribute—or not—to TSP. The cover sheet was included in the in-processing package at Ft. Myer in Arlington, VA, and briefed Servicemembers were required to submit the completed cover sheet along with other required paperwork. Briefing logistics made random assignment infeasible; for purposes of estimating impacts of the treatment period at Ft. Myer, TSP enrollment data was collected on enrollment rates at Ft. Myer over the year preceding the pilot period and from a comparison set of comparable forts: Fts. Belvoir, Bragg, and Meade.

**Results.** TSP enrollment rates for Servicemembers in-processed and not already enrolled at Ft. Myer during the pilot period were 8.71 percent, compared to 2.91 percent in the other three forts (Belvoir, Bragg, and Meade) during the same period. During the same date range one year prior to the pilot in 2014 (4/20/14–6/12/14), and over a comparable length window 53 days prior to the pilot period (2/23/15–4/17/15), the average enrollment rate at Ft. Myer was 4.34 percent compared with an average of 2.88 percent at the other three forts. Using a difference-in-difference estimate, the pilot is estimated to have led to a 4.3 percentage point increase in the rate of TSP enrollment among un-enrolled Servicemembers ( $p < 0.05$ , 95% CI [0.26, 8.42]).



**Conclusions.** While auto-enrollment and auto-escalation savings plans have shown dramatic success at increasing participation in savings plans by new employees, prompted choice interventions can also be used to increase participation by existing employees through finding reset moments. These findings can inform broader policy discussions regarding defined contribution savings participation in the armed forces and beyond.



\* Previously cited as notes 16 & 17: Punam Anand Keller, Bari Harlam, George Loewenstein, and Kevin G. Volpp, “Enhanced Active Choice: A New Method to Motivate Behavior Change,” *Journal of Consumer Psychology* 21 (2011): 376–383; Gabriel D Carroll, James J. Choi, David Laibson, Brigitte C. Madrian, and Andrew Metrick, “Optimal Defaults and Active Decisions,” *Quarterly Journal of Economics* 124 (2009): 1639–1674.