

CASE STUDY

City of Springfield



Key Takeaways

- Effective communication and education strategies lead to higher retention and participation rates in retirement programs.
- Compensation statements give complete picture of wages/benefits.
- Collaborating with MERS to create income replacement projections allows employees to see the potential future value of their retirement benefits.



Municipality Profile

- Approximately 5,300 residents and 16 full-time employees.
- Springfield's employees have a diverse range of service years, from 2.5 years to 25 years, reflecting a mix of newer and more experienced staff members.

MERS Programs Used

- Defined Benefit Plan
- Defined Contribution Plan
- 457 Program

Situation

Employee retention is always a focus for the City of Springfield. Management recognized a gap in education around benefits and financial wellness for employees, which was crucial for conveying the value of retirement benefits and the impact of financial choices on future security.

Process

Springfield initiated a project titled “**Employee Retention through Income Replacement and Retirement Education**,” beginning in early 2024. In April 2024, MERS provided an education session to Springfield employees focused on personal financial wellness. By June 2024, employees received compensation statements that offered a comprehensive view of their wages and benefits. Additionally, Springfield collaborated with MERS staff to create income replacement projections, helping employees understand the potential value of their retirement benefits. MERS conducted education sessions in October to ensure an understanding of the compensation statements and answer any questions.

Strategy

Springfield's strategy involved several key components:

- **Education Sessions:** Partnering with MERS to deliver sessions on personal financial wellness.

- **Compensation Statements:** Providing detailed statements to employees to illustrate the full value of their wages and benefits.
- **Income Replacement Projections:** Working with MERS to develop projections that give employees a clearer picture of their retirement benefits.
- **Retirement Benefits:** Continuing to offer defined benefits to new non-union employees and an employer match up to 5% into the 457 program, aiming for a total projected income replacement of up to 91% for employees earning the full employer match.

Results

The project yielded positive outcomes for Springfield:

- **Low Turnover:** Springfield continues to experience very low turnover, with all full-time employees having at least 2.5 years of service and half of them with 9+ years of service.
- **High Participation:** All employees participate in the MERS 457 program, with 94% taking advantage of the full employer match.
- **Enhanced Understanding:** Employees now have a better understanding of their retirement benefits and the impact of their financial decisions, contributing to improved financial wellness and job satisfaction.



Best-in-class team accepting Impact Award at the MERS 2024 Annual Conference

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