# From Nothing to Something: Increasing Retirement Saving in Non-Contributors

**Elizabeth Perry, Thrift Savings Plan**[1]

Numerous interventions have examined ways to encourage people to save more for retirement. While many have focused on the power of defaults and inertia, a substantial number have aimed to inspire participant action. Many of these efforts have successfully increased saving among those who were already participating. However, those contributing nothing toward retirement have historically been less responsive to educational nudges in the literature. We sought to determine: Which approaches increase retirement saving among non-contributors?

In a randomized intervention among 32,135 federal employees who were not saving, we tested several strategies from the behavioral literature, including personalization and reciprocity. We also explored social norms, which have made a difference in everything from voter turnout and energy conservation to respecting nature in national parks. However, they are historically less reliable in financial contexts.

We randomly assigned everyone into one of five groups: Group 1 received a personalized estimate of how much money they had missed in matching that year. Group 2 (reciprocity) was informed that their retirement accounts contained money from their employers; participants were then invited to contribute too. Group 3 was given an estimate of how much *other* non-contributors had missed in matching on average, a new approach that we have pioneered and now shown to be effective in five other interventions with a total of 70,000 participants. Group 4 (social norms) learned that 90% of federal employees contribute to their retirement accounts. The fifth group received no outreach at that time.

After three months, we determined the total in each group who had started saving, using Chi square and two-sample proportion tests (two-tailed) to determine significance. All treatment groups were significantly more likely (14% to 21%) to be saving than those who received no outreach ($p < 0.0001$).

The unique design of the plan we studied allowed us to test reciprocity in what appears to be its first application in a retirement context. It was significantly effective, as were traditional social norms, running contrary to findings from the literature. To our knowledge, this is also one of the first randomized interventions to test the effects of personalization on retirement saving, and results suggest it can be very effective. Finally, the “what others missed” approach also made a positive difference.

No differences between the four approaches were significant, except for personalization, which was statistically more effective than what others missed ($p = 0.025$). However, those who learned what others missed saved more on average than any other treatment.

These findings may be useful for policymakers encouraging saving and financial wellness. Demonstrating the efficacy of a variety of approaches is important. For example, sometimes personalized information may not be available, but summary information about other savers will be. Other times, the proportion of people undertaking a desired action may be low, likely making traditional social norms less effective. Thus, having multiple strategies to choose from can help policymakers and financial communicators be nimbler in their approach.

## References

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