



Ms. Dina Morrow  
Department of Retirement Systems  
PO Box 48380  
Olympia, WA 98504-8380

May 15, 2019

Re: Monthly Employee Contributions for Washington State's Deferred Compensation Program (DCP)

Dear Ms. Morrow –

The Faculty Council on Benefits and Retirement (FCBR) at the University of Washington, which I chair, has recently discussed the complications faculty members on a 9-month salary experience annually when adjusting their monthly contribution amount to be consistent with the maximum annual contribution limit set by the IRS (i.e, USD 19,000 for 2019).

For faculty on a 9-month salary, who wish to contribute USD 19,000 over the course of the year, the desired monthly contribution amount would be USD 2,111.11. Unfortunately, the DCP web site (see Figure 1 below) does not allow participants to elect a monthly contribution amount above USD 1,583, which is the relevant amount for employees on a 12-month salary. However, there is no corresponding limit when setting the monthly contribution in terms of % of salary, which can be set to 100% (see Figure 2 below).

Participants can increase the monthly dollar contribution amount through a rather complicated process of i) calling the record keeper, Empower Retirement, ii) being connected with someone at the DRS as the record keeper cannot make this change, and finally iii) receiving a paper form that needs to be signed and returned to the DRS. Unfortunately, this process needs to be repeated every year in which the IRS contribution limit changes.

Therefore, on behalf of the Faculty of Council of Benefits and Retirement at the University of Washington, I would like to ask you to change the underlying processes and their online implementation such that faculty on a 9-month salary can easily select the monthly contribution consistent with the maximum annual IRS contribution limit, without having to go through the time-consuming process described above.

I would furthermore strongly suggest to allow participants to choose a default setting, by which their monthly contribution is automatically updated every year to reflect increased IRS limits. As a matter of fact, such a default setting could be implemented right away on the paper form that needs to be signed by participants, who wish to increase their limit beyond the one permissible on the web site. Such a policy would not only save time for plan participants and DRS staff, it would also be an effective way for participants to commit to save more in the future as proposed by Nobel Laureate Richard Thaler and Shlomo Benartzi in "[Save More Tomorrow](#)."

I hope you find this feedback helpful. I would, of course, be happy to provide more information or answer any questions you might have.

I am looking forward to hearing from you regarding possible short- and long-term solutions.

Best regards,



Stephan Siegel

Professor of Finance & Business Economics  
Michael G. Foster Endowed Professor  
Michael G. Foster School of Business  
University of Washington

Figure 1:

### Standard contribution

Select the contribution to be automatically deducted from your paycheck.

Select another contribution rate

MY STANDARD CONTRIBUTION

**\$1,583**

Per month

The estimated amount to be deducted from your paycheck is based on the salary provided times your contribution rate.

Figure 2:

### Standard contribution

Select the contribution to be automatically deducted from your paycheck.

Select another contribution rate

MY STANDARD CONTRIBUTION

**100%**

The estimated amount to be deducted from your paycheck is based on the salary provided times your contribution rate.