

All federal employees are eligible for a retirement savings program operated by the U.S. Government called the Thrift Savings Plan (TSP). While the vast majority of civilian employees participate in TSP, active duty service members in the Armed Forces have particularly low rates of participation – 58% of eligible service members do not participate in TSP. In this paper, we test the effectiveness of an informational campaign designed to encourage participation in TSP in the military. We test the impact of message framing as well as advice on contribution levels through two field experiments involving the over 800,000 participants – the universe of unenrolled service members – conducted in partnership with the Department of Defense (DOD) and the Defense Finance and Accounting Services (DFAS).

The first intervention focused on the framing of email notifications sent by DFAS to unenrolled service members informing them of their eligibility in TSP with steps on how they could enroll in the program. We tested eight different messages that highlighted behaviorally informed factors: clear action steps, fresh start messaging, simulated choices, and short- and long-term benefits of saving for retirement. While the standard informational message significantly increased enrollment in TSP compared to the group that received no email, the messages that utilized behavioral insights doubled the impact of the notification.

The second intervention sent another notification that included a common message about the benefits of TSP plus an additional component: a suggested contribution rate. Service members were randomly assigned to receive no suggestion or a suggested rate ranging from 1 to 8 percent. Preliminary results suggest some evidence of anchoring on the suggested rate. Additionally, while low suggested rates encourage participation, high suggested rates do not discourage participation when compared to participation rates of service members receiving no suggestion.